

Edgar Filing: Wheeler Real Estate Investment Trust, Inc. - Form 10-K

Wheeler Real Estate Investment Trust, Inc.
Form 10-K
March 10, 2016

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

Commission file number 001-35713

WHEELER REAL ESTATE INVESTMENT TRUST, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

45-2681082
(I.R.S. Employer
Identification No.)

2529 Virginia Beach Blvd., Suite 200
Virginia Beach, Virginia
(Address of Principal Executive Offices)

23452
(Zip Code)

(757) 627-9088
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:
Common stock, \$0.01 par value (NASDAQ Capital Market)
Series B convertible preferred stock, no par value (NASDAQ Capital Market)
Warrants to acquire shares of common stock (NASDAQ Capital Market)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company”

in Rule 12b-2 of the Exchange Act.:

Large accelerated file

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

As of June 30, 2015 the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was \$108,315,321.

As of March 8, 2016, there were 66,259,673 shares of common stock, \$0.01 par value per share, outstanding.

Table of Contents

Part I

Item 1.	<u>Business</u>	<u>2</u>
Item 1A.	<u>Risk Factors</u>	<u>9</u>
Item 1B.	<u>Unresolved Staff Comments</u>	<u>9</u>
Item 2.	<u>Properties</u>	<u>10</u>
Item 3.	<u>Legal Proceedings</u>	<u>16</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>16</u>

Part II

Item 5.	<u>Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities</u>	<u>17</u>
Item 6.	<u>Selected Financial Data</u>	<u>19</u>
Item 7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>39</u>
Item 8.	<u>Financial Statements and Supplementary Data</u>	<u>39</u>
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>39</u>
Item 9A.	<u>Controls and Procedures</u>	<u>39</u>
Item 9B.	<u>Other Information</u>	<u>40</u>

PART III

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	<u>40</u>
Item 11.	<u>Executive Compensation</u>	<u>49</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters</u>	<u>52</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>55</u>
Item 14.	<u>Principal Accountant Fees and Services</u>	<u>58</u>

Item 15.

Exhibits and Financial Statement Schedules

58

EXHIBIT INDEX

FORWARD- LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") of Wheeler Real Estate Investment Trust, Inc. contains forward-looking statements, including discussion and analysis of our financial condition, anticipated capital expenditures required to complete projects, amounts of anticipated cash distributions to our shareholders in the future and other matters. These forward-looking statements are not historical facts but are the intent, belief or current expectations of our management based on its knowledge and understanding of our business and industry.

Forward-looking statements are typically identified by the use of terms such as "may," "will," "should," "potential," "predicts," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," or the negative of such terms and variations of those words and similar expressions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. You are cautioned to not place undue reliance on forward-looking statements, which reflect our management's view only as of the date of this Form 10-K. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results. Factors that could cause actual results to differ materially from any forward-looking statements made in this Form 10-K include:

- our business and investment strategy;
- our projected operating results;
- actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally and in specific geographic areas;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements;
- financing and advance rates for our target assets;
- our expected leverage;
- availability of investment opportunities in real estate-related investments;
- changes in the values of our assets;
- our ability to make distributions to our stockholders in the future;
- our expected investments and investment decisions;
- changes in interest rates and the market value of our target assets;
- our ability to renew leases at amounts and terms comparable to existing lease arrangements;
- our ability to proceed with potential development opportunities for us and third-parties;
- effects of hedging instruments on our target assets;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to maintain our qualification as a real estate investment trust ("REIT");
- our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act");
- availability of qualified personnel and management team;
- the ability of our operating partnership and each of our other partnerships and limited liability companies to be classified as partnerships or disregarded entities for federal income tax purposes;
- our ability to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional authorized but unissued shares of our preferred stock and to classify or reclassify unissued shares of our preferred stock;
- our understanding of our competition;
- market trends in our industry, interest rates, real estate values or the general economy;
-

the imposition of federal taxes if we fail to qualify as a real estate investment trust (“REIT”) in any taxable year or forego an opportunity to ensure REIT status;

•uncertainties related to the national economy, the real estate industry in general and in our specific markets;

•legislative or regulatory changes, including changes to laws governing REITs;

•adverse economic or real estate developments in Virginia, Florida, Georgia, Alabama, South Carolina, North Carolina, Oklahoma, Kentucky, Tennessee, West Virginia and New Jersey;

•increases in interest rates and operating costs;

•inability to obtain necessary outside financing;

•litigation risks;

•lease-up risks;

- inability to obtain new tenants upon the expiration of existing leases;
- inability to generate sufficient cash flows due to market conditions, competition, uninsured losses, changes in tax or other applicable laws; and
- the need to fund tenant improvements or other capital expenditures out of operating cash flow.

These forward-looking statements should be read in light of these factors.

Part I

Item 1. Business.

Overview

Wheeler Real Estate Investment Trust, Inc. is a fully-integrated, self-managed commercial real estate investment company focused on acquiring and managing income-producing retail properties with a primary focus on grocery-anchored centers. Our strategy is to opportunistically acquire and reinvigorate well-located, potentially dominant retail properties in secondary and tertiary markets that generate attractive risk-adjusted returns, with a particular emphasis on grocery-anchored retail centers. We target competitively protected properties in communities that have stable demographics and have historically exhibited favorable trends, such as strong population and income growth. We generally lease our properties to national and regional retailers that offer consumer goods and generate regular consumer traffic. We believe our tenants carry goods that are less impacted by fluctuations in the broader U.S. economy and consumers' disposable income, generating more predictable property level cash flows.

As of December 31, 2015, we own a portfolio consisting of fifty-three properties, including thirty-nine retail shopping centers and three freestanding retail properties totaling 3,151,358 gross leasable square feet of which approximately 94% are leased (our "operating portfolio"), one office property and ten undeveloped land parcels totaling approximately 81 acres. We believe the current market environment creates a substantial number of favorable investment opportunities in our target markets with attractive yields on investment and significant upside potential in terms of income and gain.

We have 59 full-time and 2 part-time employees. Our management team has experience and capabilities across the real estate sector with experience in the aggregate and expertise particularly in the retail asset class, which we believe provides for flexibility in pursuing attractive acquisition, development and repositioning opportunities. Because varying market conditions create opportunities at different times across the retail property sector, we believe our expertise enables us to target relatively more attractive investment opportunities throughout economic cycles. In addition, our fully integrated platform with in-house development capabilities allows us to pursue development and redevelopment projects with multiple uses. We believe that our ability to pursue these types of opportunities differentiates us from many competitors in our markets.

Our executive officers and the members of the management team have extensive experience in all aspects of the commercial real estate industry, specifically in our target/existing markets. Jon S. Wheeler, our Chairman and Chief Executive Officer, has over thirty-four years of experience in the real estate sector with particular experience in strategic financial and market analyses and assessments of new or existing properties to maximize returns. Mr. Wheeler has overseen the acquisition of over seventy properties. Wilkes J. Graham became our Chief Financial Officer in January 2016. Prior to joining us, Wilkes spent 16 years in the real estate financial services industry. Since 2010 Mr. Graham worked with Compass Point Research & Trading, LLC ("Compass Point"), an independent, full-service investment firm focused exclusively on the financial services sector, where he served as Director of Research and as a Senior Sell-Side Equity Research Analyst. Steven M. Belote was our Chief Financial Officer from August 2011 until January 2016, and is now our Chief Operating Officer. Prior to joining us, Mr. Belote was the Chief

Financial Officer of Shore Bank for fifteen years. As Chief Financial Officer of Shore Bank, he played an integral role in their initial public offering. Prior to Shore Bank, Mr. Belote spent seven years in public accounting. David Kelly, our Senior Vice President and Director of Acquisitions, has over twenty-five years of experience in the real estate industry. Prior to joining us, he served for thirteen years as the Director of Real Estate for Supervalu, Inc., a Fortune 100 supermarket retailer. While at Supervalu, he focused on site selection and acquisitions from New England to the Carolinas, completing transactions totaling over \$500 million. Jeff Parker is our Director of Leasing. Mr. Parker is responsible for leasing operations over our growing portfolio of commercial assets. Prior to joining us, Mr. Parker served as Real Estate Portfolio Manager for the Southeast and Mid-Atlantic regions of the United States for Dollar Tree Stores, Inc. While at Dollar Tree, Mr. Parker was responsible for a portfolio of over 1,100 stores and created many key relationships throughout the industry. Prior to Dollar Tree, Mr. Parker spent ten years handling the leasing and sale of commercial properties for CB Richard Ellis of Virginia, Inc.

Business Objectives and Investment Strategy

Our primary business objective is to provide attractive risk adjusted returns to our shareholders by increasing cash flows at our existing properties and acquiring additional properties with attractive yields below replacement cost. We intend to achieve this objective utilizing the following investment strategy:

Focus on necessity-based retail. We intend to invest in retail properties that serve the essential day-to-day shopping needs of the surrounding communities. These necessity-based centers attract high levels of daily traffic resulting in cross-selling of goods and services from our tenants. The majority of our tenants provide non-cyclical consumer goods and services that are less impacted by fluctuations in the economy. According to the Food Marketing Institute, the average consumer in the US makes a trip to a grocery store 2.2 times per week. We believe targeting centers that provide essential goods and services such as groceries results in a stable, lower-risk portfolio of retail investment properties.

Target secondary and tertiary markets with strong demographics and demand. We believe these markets have limited competition from institutional buyers and relatively low levels of new construction. In evaluating potential acquisitions, we focus on areas with strong demographics such as population density, population growth, tenant sales trends and growth in household income, and we seek to identify properties in locations where there is a need for necessity-based retail and limited new supply. We generally will seek to avoid markets where we believe potential yields have decreased as a result of acquisition activity from institutional buyers.

Acquire properties that are the number one or number two centers in their respective markets. After we identify an attractive target market, we look to acquire the top center in that market. These centers will have anchor tenants with dominant market share, high sales per square foot, significant capital invested in their respective stores and limited proximity to competing centers.

Increase operating income through leasing strategies and expense management. We employ intensive lease management strategies to optimize occupancy. Management has strong expertise in acquiring and managing under-performing properties and increasing operating income through more effective leasing strategies and expense management such as common area maintenance, or CAM reimbursement and experience utilizing exterior parking for build to suit outparcels or pad sales. Our leases generally require the tenant to reimburse us for a substantial portion of the expenses incurred in operating, maintaining, repairing, and managing the shopping center and the common areas, along with the associated insurance costs and real estate taxes. Operating expenses that qualify for CAM reimbursement include, but are not limited to, landscaping, parking field maintenance and repairs, building maintenance and repairs, utilities and their associated maintenance and repair within the shopping center. The amount that each tenant pays is determined on a pro-rata basis and our leases generally allow us to add an administrative fee of 15%. Some leases are structured such that there is a price per square foot cap on paying additional fees and charges. Additionally, in some cases the tenant is either fully or partially responsible for all maintenance of the property, thereby limiting our obligations towards maintaining the center and increasing our net income. We refer to this arrangement as a “triple net lease.”

Selectively utilize our capital to improve retail properties. We intend to make capital investments where the return on such capital is accretive to our shareholders. We have significant expertise allocating capital to value-added improvements of retail properties to increase rents, extend long-term leases with anchor tenants and increasing occupancy. We will selectively allocate capital to revenue enhancing projects that we believe will improve the market position of a given property.

Selectively utilize our development capabilities for third parties. We intend to invest capital in development and re-development opportunities where we believe the return on such capital is accretive to our shareholders. We believe

our experience in development will benefit us by providing opportunities to either develop properties for us at higher cap rates that result in positive returns to our operations or to develop for third parties which will result in development fee income for us. While this objective is not always possible, we generally want a development project to be at least 50% pre-leased prior to commencement.

Acquire properties that meet our strict underwriting guidelines and process. Initially, our underwriting process begins with a cursory review of the asset to determine if there is a fit with our acquisition criteria. The offering memorandum; seller's financials; lease abstracts (anchor and small shop); rent roll; delinquency reports; assumable debt, if any; tenant sales reports; and the general physical structure of the asset are reviewed. By analyzing the trade

area we can determine trade area demographics, how the target asset sits within the trade area compared to its competition and how that trade area is currently being serviced by the existing retail base. Provided the cursory review of the target asset is satisfactory we begin the primary underwriting. The acquisition analyst develops an eleven year cash flow analysis using Argus software utilizing lease abstracts, rent roll, financials provided by seller, and historical data from our own portfolio. Lease administration reviews the third-party abstracts of all leases giving particular attention to use restrictions/conflicts, lease termination rights, relocation rights and accuracy against the provided rent roll. Tenant interviews are done with all key tenants per a multi-point checklist. The property is reviewed internally by leasing, asset management and property management departments. Third party reports are generated for environmental, zoning, appraisal and property condition assessment. Legal reviews newly produced survey and title binder. Discussions are held with the local municipality, particularly economic development, zoning and planning to determine potential competitive activity, changes in traffic patterns and possible real estate tax exposure. Lastly, an on-site review of the asset by representatives of the Investment Committee of the Board of Directors, Mr. Wheeler, and Mr. Kelly, our Senior Vice President of Acquisitions, is required before the due diligence portion of any contract closes. In all, a checklist of over 100 items is reviewed and signed off prior to moving into the closing phase of the contract.

Policies With Respect to Certain Activities

The following is a discussion of certain of our investment, financing and other policies. These policies have been determined by our board of directors and, in general, may be amended or revised from time to time by our board of directors without a vote of our stockholders.

Investment Policies

Investments in Real Estate or Interests in Real Estate

We will conduct all of our investment activities through our Operating Partnership, Wheeler REIT, L.P., and its subsidiaries. Our investment objectives are to maximize the cash flow of our properties, acquire properties with cash flow growth potential, provide monthly cash distributions and achieve long-term capital appreciation for our stockholders through increases in the value of our company. Consistent with our policy to acquire assets for both income and capital gain, our Operating Partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with our investment objectives. We have not established a specific policy regarding the relative priority of these investment objectives.

We expect to pursue our investment objectives primarily through the ownership by our Operating Partnership of our portfolio of properties and other acquired properties and assets. We currently intend to invest primarily in retail properties. Future investment or development activities will not be limited to any geographic area, property type or to a specified percentage of our assets. While we may diversify in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one property or any one geographic area. We intend to engage in such future investment activities in a manner that is consistent with the maintenance of our status as a REIT for U.S. federal income tax purposes. In addition, we may purchase or lease income-producing properties for long-term investment, expand and improve the properties we presently own or other acquired properties, or sell such properties, in whole or in part, when circumstances warrant.

We may also participate with third parties in property ownership, through joint ventures or other types of co-ownership. We also may acquire real estate or interests in real estate in exchange for the issuance of common stock, units, preferred stock or options to purchase stock. These types of investments may permit us to own interests in larger assets without unduly restricting our diversification and, therefore, provide us with flexibility in structuring our

portfolio. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies.

Equity investments in acquired properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these properties. Debt service on such financing or indebtedness will have a priority over any dividends with respect to our common stock. Investments are also subject to our policy not to fall within the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”).

Investments in Real Estate Mortgages

We do not intend presently or at any time in the future to invest in real estate mortgages.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Although not presently contemplated, subject to the percentage of ownership limitations and the income and asset tests necessary for REIT qualification, we may in the future invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers where such investment would be consistent with our investment objectives. We may invest in the debt or equity securities of such entities, including for the purpose of exercising control over such entities. We have no current plans to invest in entities that are not engaged in real estate activities. While we may attempt to diversify our investments with respect to the retail properties owned by such entities, in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one entity, property or geographic area. Our investment objectives are to maximize cash flow of our investments, acquire investments with growth potential and provide cash distributions and long-term capital appreciation to our stockholders through increases in the value of our company. We have not established a specific policy regarding the relative priority of these investment objectives. We will not underwrite the securities of any other issuers and will limit our investment in such securities so that we will not fall within the definition of an “investment company” under the 1940 Act.

Investments in Other Securities

Other than as described above, we do not currently intend to invest in any additional securities such as bonds, preferred stocks or common stock, although we reserve the right to do so if our board of directors determines that such action would be in our best interests.

Dispositions

We disposed of the following free-standing properties in 2015: Harps, Jenks Reasor’s and Bixby Commons. Further, the following free-standing properties are currently listed for sale: Starbucks/Verizon and the Ruby Tuesday/Outback Steakhouse ground leases at Pierpont Centre. The sale and intended sale of these free-standing properties reflects the execution of our strategy of acquiring multi-tenant properties, monetizing core-assets and using proceeds to re-invest in our specialized markets. We may dispose of additional properties based upon management’s periodic review of our portfolio, and the determination by our board of directors that such activity would be in our best interest. The tax consequences to our directors and executive officers that hold common units resulting from a proposed disposition of a property may influence their decision as to the desirability of such proposed disposition.

Financings and Leverage Policy

In the future, we anticipate using a number of different sources to finance our acquisitions and operations, including cash flows from operations, asset sales, seller financing, issuance of debt securities, private financings (such as additional bank credit facilities, which may or may not be secured by our assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to us, or other sources that may become available from time to time. Any debt that we incur may be recourse or non-recourse and may be secured or unsecured. We also may take advantage of joint venture or other partnering opportunities as such opportunities arise in order to acquire properties that would otherwise be unavailable to us. We may use the proceeds of our borrowings to acquire assets, to refinance existing debt or for general corporate purposes.

Although we are not required by our governing documents to maintain a ratio of debt to total market capitalization at any particular level, our Board of Directors will review our ratio of debt to total capital on a quarterly basis, with the goal of maintaining a reasonable rate consistent with our expected ratio of debt to total market capitalization going forward. Additionally, we intend, when appropriate, to employ prudent amounts of leverage and to use debt as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes. We expect to use leverage conservatively, assessing the appropriateness of new equity or debt capital based on market conditions, including prudent assumptions regarding future cash flow, the creditworthiness of tenants and future rental rates. Our charter and bylaws do not limit the amount of debt that we may incur. Our board of directors has not adopted a policy limiting the total amount of debt that we may incur.

Our board of directors will consider a number of factors in evaluating the amount of debt that we may incur. If we adopt a debt policy, our board of directors may from time to time modify such policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. Our decision to use leverage in the future to finance our assets will be at our discretion and will not be subject to the approval of our stockholders, and we are not restricted by our governing documents or otherwise in the amount of leverage that we may use.

Lending Policies

We have not made any loans to third parties, although we do not have a policy limiting our ability to make loans to other persons. We may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We also may make loans to joint ventures in which we participate. However, we do not intend to engage in significant lending activities. Any loan we make will be consistent with maintaining our status as a REIT.

Equity Capital Policies

To the extent that our board of directors approve additional capital raises, we may issue debt or equity securities, including additional units or senior securities of our Operating Partnership, retain earnings (subject to provisions in the Code requiring distributions of income to maintain REIT qualification) or pursue a combination of these methods. As long as our Operating Partnership is in existence, we will generally contribute the proceeds of all equity capital raised by us to our Operating Partnership in exchange for additional interests in our Operating Partnership, which will dilute the ownership interests of the limited partners in our Operating Partnership.

Existing stockholders will have no preemptive rights to common or preferred stock or units issued in any securities offering by us, and any such offering might cause a dilution of a stockholder's investment in us. Although we have no current plans to do so, we may in the future issue shares of common stock or units in connection with acquisitions of property.

We may, under certain circumstances, purchase shares of our common stock or other securities in the open market or in private transactions with our stockholders, provided that those purchases are approved by our board of directors. Our board of directors has no present intention of causing us to repurchase any shares of our common stock or other securities, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Change in Investment and Financing Objectives and Policies

Our investment policies and objectives and the methods of implementing our investment objectives and policies, except to the extent set forth in our charter, may be altered by our board of directors, without the approval of our stockholders. If we change these policies during the offering period, we will disclose these changes in a prospectus supplement prior to the effective time of these changes. If we change these policies after the offering, we will inform our stockholders of the change within ten days after our board of directors alters our investment objectives and policies, by either a press release or notice of an "other event" on a Current Report on Form 8-K or another method deemed reasonable by our board of directors.

Conflict of Interest Policies

Overview. Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same time, we, as the general partner of our Operating Partnership, have fiduciary duties and obligations to our Operating Partnership and its other partners under Virginia law and the Partnership Agreement in connection with the management of our Operating Partnership. Our fiduciary duties and obligations, as the general partner of our Operating Partnership, may come into conflict with the duties of our directors and officers to our company.

Under Virginia law (where our Operating Partnership is formed), a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the Partnership Agreement or Virginia law consistently with the obligation of good faith and fair dealing. The duty of loyalty requires a general partner of a Virginia general partnership to account to the partnership and hold as trustee

for it any property, profit, or benefit derived by the general partner in the conduct of the partnership business or derived from a use by the general partner of partnership property, including the appropriation of a partnership opportunity, to refrain from dealing with the partnership in the conduct of the partnership's business as or on behalf of a party having an interest adverse to the partnership and to refrain from competing with the partnership in the conduct of the partnership business, although the Partnership Agreement may identify specific types or categories of activities that do not violate the duty of loyalty. The Partnership Agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of the Operating Partnership under its Partnership Agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners. The duty of care requires a general partner to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law, and this duty may not be unreasonably reduced by the Partnership Agreement.

The Partnership Agreement provides that we are not liable to our Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by our Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. The Partnership Agreement also provides that any obligation or liability in our capacity as the general partner of our Operating Partnership that may arise at any time under the Partnership Agreement or any other instrument, transaction or undertaking contemplated by the Partnership Agreement will be satisfied, if at all, out of our assets or the assets of our Operating Partnership only, and no obligation or liability of the general partner will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission. Our Operating Partnership must indemnify us, our directors and officers, officers of our Operating Partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of the Operating Partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which such person actually received an improper personal benefit in violation or breach of any provision of the Partnership Agreement, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

Our Operating Partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the Partnership Agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

No reported decision of a Virginia appellate court has interpreted provisions similar to the provisions of the Partnership Agreement of our Operating Partnership that modify or reduce the fiduciary duties and obligations of a general partner or reduce or eliminate our liability for money damages to the Operating Partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the Partnership Agreement that purport to modify or reduce our fiduciary duties that would be in effect were it not for the Partnership

Agreement.

Sale or Refinancing of Properties. Upon the sale of certain of the properties to be owned by us, certain unitholders could incur adverse tax consequences which are different from the tax consequences to us and to holders of our common stock. Consequently, unitholders may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness.

While we will have the exclusive authority under the Partnership Agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our board of directors.

7

Policies Applicable to All Directors and Officers. Our charter and bylaws do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We intend, however, to adopt policies that are designed to eliminate or minimize potential conflicts of interest, including a policy for the review, approval or ratification of any related party transactions. This policy will provide that the audit committee of our board of directors will review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party before approving such transaction. We have adopted a code of business conduct and ethics, which provides that all of our directors, officers and employees are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without our consent. However, we cannot assure you that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders.

Interested Director and Officer Transactions

Pursuant to the Maryland General Corporation Law ("MGCL"), a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, provided that:

- the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of our board, and our board or such committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;
- the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm or other entity; or
- the transaction or contract is fair and reasonable to us at the time it is authorized, ratified or approved.

Furthermore, under Virginia law, we, as general partner, have a fiduciary duty of loyalty to our Operating Partnership and its partners and, consequently, such transactions also are subject to the duties that we, as general partner, owe to the Operating Partnership and its limited partners (as such duty has been modified by the Partnership Agreement). We have adopted a policy that requires that all contracts and transactions between us, our Operating Partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of our disinterested directors even if less than a quorum. Where appropriate, in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although our board of directors will have no obligation to do so.

Policies With Respect To Other Activities

We have authority to offer common stock, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. We expect, but are not obligated, to issue common stock to holders of common units upon exercise of their redemption rights. Our board of directors has the authority, without further stockholder approval, to amend our charter to increase or decrease the number of authorized shares of common stock or preferred stock and authorize us to issue additional shares of common stock or preferred stock, in one or more series, including

senior securities, in any manner, and on the terms and for the consideration, it deems appropriate. We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our Operating Partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury regulations, our board of directors determines that it is no longer in our best interest to qualify as a REIT. In addition, we intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

We make available to our stockholders our annual reports, including our audited consolidated financial statements. We are subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required

to file annual and periodic reports, proxy statements and other information, including audited consolidated financial statements, with the SEC.

Item 1A. Risk Factors.

Not applicable.

Item 1B. Unresolved Staff Comments.

Not applicable.

9

Item 2. Properties.

Our Portfolio

At December 31, 2015, we owned fifty-three properties, including forty-two income producing properties located in Virginia, North Carolina, South Carolina, Florida, Georgia, Kentucky, Oklahoma, Tennessee, Alabama and New Jersey, containing a total of 3,151,358 rentable square feet of retail space, which we refer to as our operating portfolio. The following table presents an overview of our properties, based on information as of December 31, 2015.

Portfolio

Property	Location	Number of Tenants	Gross Leasable Area ("GLA")	Percentage Leased	Annualized Base Rent (1)	Annualized Base Rent per Leased Square Foot
Alex City Marketplace	Alexander City, AL	17	147,791	87.1	% \$913,691	\$7.10
Amscot Building (2)	Tampa, FL	1	2,500	100.0	% \$115,849	\$46.34
Beaver Ruin Village	Lilburn, GA	27	74,048	84.4	% \$1,006,968	\$16.12
Beaver Ruin Village II	Lilburn, GA	4	34,925	100.0	% \$407,176	\$11.66
Berkley (3)	Norfolk, VA	—	—	—	% —	—
Brook Run Shopping Center	Richmond, VA	20	147,738	93.1	% \$1,547,303	\$11.25
Brook Run Properties (3)	Richmond, VA	—	—	—	% —	—
Bryan Station	Lexington, KY	9	54,397	100.0	% \$553,004	\$10.17
Butler Square	Mauldin, SC	16	82,400	100.0	% \$833,358	\$10.11
Cardinal Plaza	Henderson, NC	7	50,000	84.0	% \$424,500	\$10.11
Carolina Place (3)	Onley, VA	—	—	—	% —	—
Chesapeake Square	Onley, VA	9	99,848	74.8	% \$593,583	\$7.95
Clover Plaza	Clover, SC	10	45,575	100.0	% \$354,771	\$7.78
Columbia Fire Station (3)	Columbia, SC	—	—	—	% —	—
Conyers Crossing	Conyers, GA	14	170,475	100.0	% \$884,797	\$5.19
Courtland Commons (3)	Courtland, VA	—	—	—	% —	—
Crockett Square	Morristown, TN	4	107,122	100.0	% \$886,635	\$8.28
Cypress Shopping Center	Boiling Springs, SC	16	80,435	96.5	% \$804,020	\$10.36
Edenton Commons (3)	Edenton, NC	—	—	—	% —	—
Forrest Gallery	Tullahoma, TN	27	214,450	94.3	% \$1,204,701	\$5.96
Fort Howard Shopping Center	Rincon, GA	16	113,652	94.9	% \$941,329	\$8.73
Freeway Junction	Stockbridge, GA	16	156,834	96.9	% \$1,035,044	\$6.81
Franklinton Square	Franklinton, NC	11	65,366	86.1	% \$490,295	\$8.71
Graystone Crossing	Tega Cay, SC	11	21,997	100.0	% \$513,256	\$23.33
Grove Park	Orangeburg, SC	16	106,557	89.8	% \$685,081	\$7.15
Harbor Point (3)	Grove, OK	—	—	—	% —	—

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Harrodsburg Marketplace	Harrodsburg, KY	8	60,048	97.0	%	\$438,556	\$7.53
Hilton Head (3)	Hilton Head, SC	—	—	—	%	—	—
Jenks Plaza	Jenks, OK	5	7,800	100.0	%	\$148,629	\$19.06
LaGrange Marketplace	LaGrange, GA	13	76,594	93.3	%	\$388,385	\$5.43
Laskin Road (3)	Virginia Beach, VA	—	—	—	%	—	—
Lumber River Village	Lumberton, NC	12	66,781	100.0	%	\$503,506	\$7.54
Monarch Bank	Virginia Beach, VA	1	3,620	100.0	%	\$250,538	\$69.21
Nashville Commons	Nashville, NC	12	56,100	100.0	%	\$564,435	\$10.06
Parkway Plaza	Brunswick, GA	5	52,365	96.9	%	\$533,398	\$10.51
Perimeter Square	Tulsa, OK	8	58,277	95.7	%	\$742,287	\$13.31
Pierpont Centre	Morgantown, WV	20	122,259	100.0	%	\$1,338,612	\$10.95
Port Crossing	Harrisonburg, VA	8	65,365	92.4	%	\$780,445	\$12.92

10

Property	Location	Number of Tenants	Gross Leasable Area	Percentage Leased	Annualized Base Rent (1)	Annualized Base Rent per Leased Square Foot
Riversedge North (4)	Virginia Beach, VA	—	—	—	% —	—
Shoppes at TJ Maxx South Square	Richmond, VA	18	93,552	100.0	% \$1,117,655	\$11.95
Starbucks/Verizon (2)	Lancaster, SC	5	44,350	89.9	% \$319,206	\$8.01
St. George Plaza	Virginia Beach, VA	2	5,600	100.0	% \$185,695	\$33.16
Sunshine Plaza	St. George, SC	5	59,279	72.3	% \$293,421	\$6.85
Surrey Plaza	Lehigh Acres, FL	21	111,189	96.7	% \$954,702	\$8.88
Tampa Festival	Hawkinsville, GA	5	42,680	100.0	% \$291,495	\$6.83
The Shoppes at Eagle Harbor	Tampa, FL	20	137,987	97.7	% \$1,230,027	\$9.13
Tulls Creek (3)	Carrollton, VA	7	23,303	100.0	% \$447,844	\$19.22
Twin City Commons	Moyock, NC	—	—	—	% —	—
Walnut Hill Plaza	Batesburg-Leesville, SC	5	47,680	100.0	% \$450,310	\$9.44
Waterway Plaza	Petersburg, VA	11	87,239	85.2	% \$596,162	\$8.02
Westland Square	Little River, SC	9	49,750	97.6	% \$439,583	\$9.05
Winslow Plaza	West Columbia, SC	10	62,735	91.9	% \$486,698	\$8.44
Total Portfolio	Sicklerville, NJ	17	40,695	100.0	% \$594,202	\$14.60
		478	3,151,358	94.2	% \$27,291,152	\$9.19

(1) Annualized base rent per leased square foot excludes the impact of tenant concessions.

(2) We own the Amscot building and Starbucks/Verizon building, but we do not own the land underneath the buildings and instead lease the land pursuant to ground leases with parties that are affiliates of Jon Wheeler. As discussed in the financial statements in Item 15, these ground leases require us to make annual rental payments and contain escalation clauses and renewal options.

(3) This information is not available because the property is undeveloped.

(4) This property is our corporate headquarters that we 100% occupy.

Outstanding Indebtedness

As of December 31, 2015, our outstanding indebtedness was approximately \$191.3 million, including debt associated with assets held for sale. The following table sets forth information with respect to such indebtedness:

	Amount of Debt Outstanding as of December 31, 2015	Weighted Average Interest Rate	Maturity Date	Amortization Period (Mths)	Annual Debt Service	Balance at Maturity
Shoppes at Eagle Harbor	\$ 3,634,085	4.34	% 3/11/2018	240	\$ 301,200	\$ 3,339,834
Monarch Bank Building	1,376,452	4.15	% 12/30/2017	240	113,676	1,275,249
Perimeter Square	4,166,406	6.38	% 6/11/2016	120	168,534	4,133,592
Riversedge North	962,281	6.00	% 1/16/2019	360	105,624	807,904
Walnut Hill Plaza	3,535,606	5.50	% 7/10/2017	240	291,276	3,389,011
Twin City Commons	3,225,473	4.86	% 1/6/2023	360	213,924	2,747,631
Shoppes at TJ Maxx	6,081,272	3.88	% 5/1/2020	300	406,560	5,294,355
Bank Line of Credit	6,873,750	2.79	% 5/29/2018	N/A	191,778	6,873,750
Forrest Gallery	8,926,712	5.40	% 9/6/2023	360	611,676	7,794,407
Tampa Festival	8,627,294	5.56	% 9/6/2023	360	609,568	7,483,025
Starbucks/Verizon	632,042	5.00	% 7/2/2019	120	52,596	553,571
Winslow Plaza	4,620,000	4.82	% 12/1/2025	N/A	222,684	4,620,000
Cypress Shopping Center	6,625,000	4.70	% 7/6/2024	240	311,375	5,700,455
Harrodsburg Marketplace	3,677,501	4.55	% 9/1/2024	240	229,344	3,058,982
Port Crossing	6,471,636	4.84	% 8/1/2024	240	417,456	5,423,413
LaGrange Marketplace	2,418,212	5.00	% 3/26/2020	120	165,756	2,234,334
Freeway Junction	8,150,000	4.60	% 9/6/2024	240	374,900	6,929,805
Edenton Commons	650,000	3.75	% 9/30/2016	N/A	653,047	—
DF I-Moyock	418,538	5.00	% 7/30/2019	60	127,980	—
Graystone Crossing	4,000,000	4.55	% 10/26/2024	240	244,632	3,419,266
Bryan Station	4,625,000	4.52	% 11/1/2024	240	209,050	3,968,506
Crockett Square	6,337,500	4.47	% 12/5/2024	240	283,286	4,486,317
Harbor Point	732,685	5.85	% 12/6/2016	240	132,288	698,688
Pierpont Centre	9,800,000	3.95	% 2/6/2025	N/A	387,100	8,902,005
Alex City Marketplace	5,750,000	3.90	% 4/6/2025	N/A	224,250	5,750,000
Butler Square	5,640,000	4.08	% 5/6/2025	N/A	230,112	5,640,000
Brook Run Shopping Center	10,950,000	3.90	% 6/6/2025	N/A	427,050	10,950,000
Beaver Ruin Village I and II	9,400,000	4.73	% 7/6/2025	N/A	444,620	9,400,000
Columbia Fire Station	450,053	8.00	% 12/31/2017	N/A	36,004	511,003
Sunshine Shopping Plaza	5,900,000	4.57	% 8/6/2025	N/A	269,630	5,900,000
Barnett Portfolio	8,770,000	4.30	% 9/6/2025	N/A	377,110	8,770,000
Grove Park Shopping Center	3,800,000	4.52	% 10/1/2025	N/A	171,760	3,800,000
Parkway Plaza	3,500,000	4.57	% 10/1/2025	N/A	159,950	3,500,000
Conyers Crossing	5,960,000	4.67	% 10/6/2025	N/A	278,332	5,960,000

	Amount of Debt Outstanding as of December 31, 2015	Weighted Average Interest Rate	Maturity Date	Amortization Period (Mths)	Annual Debt Service	Balance at Maturity
Fort Howard Shopping Center	7,100,000	4.57	% 10/6/2025	N/A	324,470	7,100,000
Senior convertible notes	3,000,000	9.00	% 12/15/2018	N/A	270,000	3,000,000
Senior non-convertible notes	2,160,000	9.00	% 1/31/2016	N/A	16,200	2,160,000
South Carolina Food Lions Note	12,375,000	5.25	% 1/6/2024	360	649,688	10,728,916
	\$ 191,322,498					

Major Tenants

The following table sets forth information regarding the ten largest tenants in our operating portfolio based on annualized base rent as of December 31, 2015.

Tenants	Total Gross Leaseable Area	Percent of Total Gross Leaseable Area	Annualized Base Rent (\$ in 000s)	Percent of Total Annualized Base Rent	Base Rent Per Leased Square Foot
Bi-Lo/Winn Dixie	392,898	12.47	% \$2,853	10.45	% \$7.26
Food Lion	325,576	10.33	% 2,691	9.86	% 8.27
Hobby Lobby	114,298	3.63	% 675	2.47	% 5.91
Kroger	84,938	2.70	% 534	1.96	% 6.29
Burlington Coat Factory	83,552	2.65	% 176	0.64	% 2.11
Family Dollar	67,626	2.15	% 465	1.70	% 6.88
Giant Food Stores, LLC	58,473	1.86	% 380	1.39	% 6.50
Goodwill	56,343	1.79	% 433	1.59	% 7.69
Dollar Tree	51,974	1.65	% 441	1.62	% 8.49
Goody's	51,275	1.63	% 139	0.51	% 2.71
	1,286,953	40.86	% \$8,787	32.19	% \$6.83

Lease Expirations

The following table sets forth information with respect to the lease expirations of our properties as of December 31, 2015.

Lease Expiration Year	Number of Expiring Leases	Total Expiring Gross Leaseable Area	Percent of Total Gross Leaseable Area	Expiring Base Rent (in 000s)	Percent of Total Base Rent	Expiring Base Rent Per Leased Square Foot
Available	—	182,621	5.79	% \$—	—	\$—
2016	71	188,045	5.97	% 2,244	8.22	% 11.93
2017	105	436,806	13.86	% 4,591	16.82	% 10.51
2018	97	588,498	18.67	% 5,025	18.41	% 8.54
2019	70	466,894	14.82	% 4,209	15.42	% 9.01
2020	72	572,140	18.16	% 5,071	18.58	% 8.86
2021	23	358,741	11.38	% 2,526	9.26	% 7.04
2022	10	67,484	2.14	% 880	3.22	% 13.04
2023	9	129,841	4.12	% 1,303	4.77	% 10.04
2024	12	100,228	3.18	% 844	3.09	% 8.42
2025 and thereafter	9	60,060	1.91	% 598	2.21	% 9.94
		3,151,358	100.00	% \$27,291	100.00	% \$9.19

Property Management and Leasing Strategy

We administer our property management and substantially all of our leasing activities and operating and administrative functions (including leasing, legal, acquisitions, development, data processing, finance and accounting). On-site functions such as maintenance, landscaping, sweeping, plumbing and electrical are subcontracted out at each location and, to the extent permitted by their respective leases, the cost of these functions is passed on to the tenants.

We believe that focused property management, leasing and customer retention are essential to maximizing the sales per square foot, operating cash flow and value of our properties. Our primary goal in property management is to maintain an attractive shopping environment on a cost effective basis for our tenants.

The majority of our property management and leasing functions are supervised and administered by us. We maintain regular contact with our tenants and frequently visit each asset to ensure the proper implementation and execution of our market strategies. As part of our ongoing property management, we conduct regular physical property reviews to improve our properties, react to changing market conditions and ensure proper maintenance.

Our leasing representatives have become experienced in the markets in which we operate by becoming familiar with current tenants as well as potential local, regional and national tenants that would complement our current tenant base. We study demographics, customer sales and merchandising mix to optimize the sales performance of our centers and thereby increase rents. We believe this hands-on approach maximizes the value of our shopping centers.

Depreciation

The following table sets forth depreciation information for our properties, including assets held for sale, as of December 31, 2015.

	Federal Tax Basis	Depreciation Rate	Method of Depreciation	Useful Life Claimed
Shoppes at TJ Maxx	\$7,121,369	3.88	% Straight-Line	5-39 Years
Walnut Hill Plaza	3,606,700	3.17	% Straight-Line	5-39 Years
Lumber River Village	4,486,787	2.98	% Straight-Line	5-39 Years
Perimeter Square	5,191,021	3.25	% Straight-Line	5-39 Years
The Shoppes at Eagle Harbor	4,477,700	2.76	% Straight-Line	5-39 Years
Riversedge North	2,295,510	2.51	% Straight-Line	5-39 Years
Monarch Bank	1,986,363	2.90	% Straight-Line	5-39 Years
Amscot Building	492,828	2.77	% Straight-Line	5-39 Years
Twin City Crossing	3,045,189	3.20	% Straight-Line	5-39 Years
Surrey Plaza	1,856,515	4.07	% Straight-Line	5-39 Years
Tampa Festival	6,829,558	3.79	% Straight-Line	5-39 Years
Forrest Gallery	7,714,646	3.92	% Straight-Line	5-39 Years
Starbucks/Verizon	1,137,971	2.04	% Straight-Line	5-39 Years
Jenks Plaza	917,898	4.25	% Straight-Line	5-39 Years
Winslow Plaza	3,684,181	4.93	% Straight-Line	5-39 Years
Clover Plaza	1,222,554	2.89	% Straight-Line	5-39 Years
St. George Plaza	1,271,236	3.21	% Straight-Line	5-39 Years
South Square	1,911,330	2.62	% Straight-Line	5-39 Years
Westland Square	1,719,692	2.95	% Straight-Line	5-39 Years
Waterway Plaza	1,247,952	3.06	% Straight-Line	5-39 Years
Cypress Shopping Center	4,578,838	2.95	% Straight-Line	5-39 Years
Harrodsburg Marketplace	2,484,653	3.11	% Straight-Line	5-39 Years
Port Crossing Shopping Center	7,002,682	4.68	% Straight-Line	5-39 Years
LaGrange Marketplace	2,647,956	4.53	% Straight-Line	5-39 Years
Freeway Junction	6,754,803	3.89	% Straight-Line	5-39 Years
Graystone Crossing	2,856,365	2.86	% Straight-Line	5-39 Years
Bryan Station	2,756,142	3.32	% Straight-Line	5-39 Years
Crockett Square	6,844,567	3.66	% Straight-Line	5-39 Years
Pierpont Centre	9,253,152	3.64	% Straight-Line	5-39 Years
Alex City Marketplace	7,836,903	3.65	% Straight-Line	5-39 Years
Butler Square	6,411,277	2.89	% Straight-Line	5-39 Years
Brook Run Shopping Center	13,175,827	5.75	% Straight-Line	5-39 Years
Brook Run Properties (1)	8,856	—	% N/A	N/A
Laskin Road (1)	185,018	—	% N/A	N/A
Beaver Ruin Village	8,283,904	3.15	% Straight-Line	5-39 Years
Beaver Ruin Village II	2,814,398	2.90	% Straight-Line	5-39 Years
Sunshine Shopping Plaza	6,368,471	3.25	% Straight-Line	5-39 Years
Cardinal Plaza	2,475,266	3.48	% Straight-Line	5-39 Years
Franklinton Square	2,958,171	4.39	% Straight-Line	5-39 Years
Nashville Commons	3,503,161	3.76	% Straight-Line	5-39 Years
Chesapeake Square	4,111,707	4.86	% Straight-Line	5-39 Years
Grove Park Shopping Center	4,589,698	4.35	% Straight-Line	5-39 Years
Parkway Plaza	4,229,713	3.15	% Straight-Line	5-39 Years

	Federal Tax Basis	Depreciation Rate	Method of Depreciation	Useful Life Claimed
Conyers Crossing	6,819,984	4.09	% Straight-Line	5-39 Years
Fort Howard Shopping Center	7,350,084	3.18	% Straight-Line	5-39 Years
Columbia Fire House (1)	278,557	—	% N/A	N/A
WHLR Macpherson, LLC (1)	7,412	—	% N/A	N/A
LBP Blairmill, LLC (1)	23,965	—	% N/A	N/A
LBP Milltown, LLC (1)	100,364	—	% N/A	N/A
LBP Vauxhall, LLC (1)	14,627	—	% N/A	N/A
Wheeler Real Estate, LLC	53,541	10.68	% Straight-Line	5-39 Years
Wheeler Interests, LLC	8,734	29.48	% Straight-Line	5-39 Years
Wheeler Real Estate Investment Trust, Inc.	480,674	15.93	% Straight-Line	5-39 Years
Wheeler REIT, LP (1)	22,064	—	% N/A	N/A
	\$189,508,534			

(1) Amount consists of assets not yet placed in service.

Item 3. Legal Proceedings.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

On July 10, 2008, one of our subsidiaries, Perimeter Associates, LLC (“Perimeter”), sued a tenant for breach of contract, guaranty of the contract and fraud related to an executed lease. In response, on August 22, 2008, the defendant filed a counterclaim against Perimeter for breach of contract, unjust enrichment and fraud. On April 8, 2013, the court found in favor of the defendant and assessed damages against Perimeter in the amount of \$13,300. On or about May 8, 2013, Perimeter appealed the judgment of the lower court to the Oklahoma Supreme Court. Subsequent to the initial judgment, the defendant’s attorney applied to the court to be reimbursed for approximately \$368,000 in legal fees incurred by the defendant during litigation. On July 9, 2013, the lower court awarded the defendant approximately \$267,000 of the defendant’s legal fees. On July 24, 2015, the Oklahoma Court of Civil Appeals affirmed the judgment against Perimeter, resulting in a total award of approximately \$352,000 which includes interest and other fees. Perimeter then appealed to the Oklahoma Supreme Court, which on November 16, 2015, the final judgment was affirmed against Perimeter, resulting in a total award of approximately \$415,000, which was paid by Perimeter in December 2015.

On May 22, 2013, WHLR-HPA-1, LLC, (“Harp’s”), a subsidiary of our Operating Partnership that owned our Harps at Harbor Point property, (“Harp’s Food Store”), filed suit against Crossland Heavy Contractors (“Crossland”) for equitable relief to divide a mechanic and materialmen’s lien (“Lien”) of approximately \$856,000 filed on three properties which includes the Harp’s Food Store property and two adjacent properties owned by our affiliates. Crossland subsequently filed a counterclaim adding us, among others, as a defendant to the case. The Lien related to cost overruns incurred by Crossland during the construction and development process that occurred prior to us acquiring the Harp’s Food Store property. On October 22, 2013, the parties reached a settlement whereby it was agreed that the Lien would be paid in full by November 22, 2013. Since the Lien related to construction and development costs incurred prior to us acquiring the property, the affiliated parties that developed the property intended to fully satisfy the Lien, resulting in no liability to us. However, since there was no evidence as of September 30, 2013 that the affiliated parties had finalized their funding sources to satisfy the Lien, management concluded that the appropriate treatment was to accrue

the \$856,000 in the September 30, 2013 financial statements. On January 31, 2014, Crossland removed the lien as our affiliates fulfilled their obligation to pay the Lien. Accordingly, the accrual was reversed as of December 31, 2013 since the Lien was satisfied without liability to us and the consolidated financial statements had not been issued when the Lien was released.

Item 4. Mine Safety Disclosures.

Not applicable.

16

Part II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.

Market Information.

Our common stock is traded on the NASDAQ Capital Market under the symbol "WHLR". On March 8, 2016, the closing price of our common stock reported on the NASDAQ Capital Market was \$1.33 per share. The high and low common stock sales prices per share during the periods indicated were as follows:

Price per share of common stock:

Quarter Ended Fiscal Year 2015	Mar. 31	June 30	Sept. 30	Dec. 31	Year
High	\$4.14	\$2.45	\$2.10	\$2.03	\$4.14
Low	\$2.27	\$1.98	\$1.68	\$1.60	\$1.60

Quarter Ended
Fiscal Year 2014

High	\$4.86	\$5.08	\$5.16	\$4.67	\$5.16
Low	\$4.14	\$4.35	\$4.45	\$3.94	\$3.94

Our Series B preferred stock is traded on the NASDAQ Capital Market under the symbol "WHLRP". On March 8, 2016, the closing price of our common stock reported on the NASDAQ Capital Market was \$19.50 per share. Our Series B preferred stock began trading on April 30, 2014. The high and low preferred stock sales prices per share during the periods indicated were as follows:

Price per share of Series B preferred stock:

Quarter Ended Fiscal Year 2015	Mar. 31	June 30	Sept. 30	Dec. 31	Year
High	\$24.96	\$25.45	\$24.56	\$23.50	\$25.45
Low	\$18.75	\$23.02	\$22.05	\$22.13	\$18.75

Quarter Ended
Fiscal Year 2014

High	N/A	\$27.43	\$25.55	\$23.85	\$27.43
Low	N/A	\$24.20	\$23.20	\$21.28	\$21.28

Approximate Number of Holders of Our Common Shares

As of March 8, 2016 there were 147 holders of record of our common shares and 0 holders of our Series B preferred shares. This number excludes our common and Series B preferred stock owned by shareholders holding under nominee security position listings.

Dividend Policy

We pay cash dividends to holders of our common stock on a monthly basis. We intend to make dividend distributions that will enable us to meet the distribution requirements applicable to REITs and to eliminate or minimize our obligation to pay income and excise taxes. We may in the future also choose to pay dividends in shares of our

common stock. While we intend to maintain the annual \$0.21 per share dividend that we currently pay for the foreseeable future, our current cash flow does not support this amount. Accordingly, we may be forced to reduce the annual dividend if the cash flow deficit continues for an extended period of time. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Future Liquidity Needs.”

Dividend Payments

We have made dividend payments to holders of our common stock and holders of common units in our Operating Partnership as follows in 2015 and 2014:

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2015 - January 31, 2015	1/31/2015	2/28/2015	\$ 0.035
February 1, 2015 - February 28, 2015	2/28/2015	3/31/2015	\$ 0.035
March 1, 2015 - March 31, 2015	3/31/2015	4/30/2015	\$ 0.0175
April 1, 2015 - April 30, 2015	4/30/2015	5/31/2015	\$ 0.0175
May 1, 2015 - May 31, 2015	5/31/2015	6/30/2015	\$ 0.0175
June 1, 2015 - June 30, 2015	6/30/2015	7/31/2015	\$ 0.0175
July 1, 2015 - July 31, 2015	7/31/2015	8/31/2015	\$ 0.0175
August 1, 2015 - August 31, 2015	8/31/2015	9/30/2015	\$ 0.0175
September 1, 2015 - September 30, 2015	9/30/2015	10/31/2015	\$ 0.0175
October 1, 2015 - October 31, 2015	10/31/2015	11/30/2015	\$ 0.0175
November 1, 2015 - November 30, 2015	11/30/2015	12/31/2015	\$ 0.0175
December 1, 2015 - December 31, 2015	12/31/2015	1/31/2016	\$ 0.0175

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2014 - January 31, 2014	1/31/2014	2/28/2014	\$0.035
February 1, 2014 - February 28, 2014	2/28/2014	3/31/2014	\$0.035
March 1, 2014 - March 31, 2014	3/31/2014	4/30/2014	\$0.035
April 1, 2014 - April 30, 2014	4/30/2014	5/31/2014	\$0.035
May 1, 2014 - May 31, 2014	5/31/2014	6/30/2014	\$0.035
June 1, 2014 - June 30, 2014	6/30/2014	7/31/2014	\$0.035
July 1, 2014 - July 31, 2014	7/31/2014	8/31/2014	\$0.035
August 1, 2014 - August 31, 2014	8/31/2014	9/30/2014	\$0.035
September 1, 2014 - September 30, 2014	9/30/2014	10/31/2014	\$0.035
October 1, 2014 - October 31, 2014	10/31/2014	11/30/2014	\$0.035
November 1, 2014 - November 30, 2014	11/30/2014	12/31/2014	\$0.035
December 1, 2014 - December 31, 2014	12/31/2014	1/31/2015	\$0.035

We have made dividend payments to holders of our Series B preferred stock as follows in 2015 and 2014 (1):

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2015 - March 31, 2015	3/31/2015	4/15/2015	\$ 56.25
April 1, 2015 - June 30, 2015	6/30/2015	7/15/2015	\$ 56.25
July 1, 2015 - September 30, 2015	9/30/2015	10/15/2015	\$ 56.25
October 1, 2015 - December 31, 2015	12/31/2014	1/15/2016	\$ 56.25

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
April 29, 2014 - June 30, 2014	6/30/2014	7/15/2014	\$ 38.75
July 1, 2014 - September 30, 2014	9/30/2014	10/15/2014	\$ 56.25
October 1, 2014 - December 31, 2014	12/31/2014	1/15/2015	\$ 56.25

(1) There is no dividend history for the Series B Preferred Stock prior to April 29, 2014 because it was not issued until April 29, 2014.

18

Security Authorized For Issuance Under Equity Compensation Plan

Please see Item 11 for a discussion regarding our equity compensation plan.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the notes thereto included in this Form 10-K, and the consolidated financial statements and the notes thereto. For more detailed information regarding the basis of presentation for the following information, you should read the notes to the audited consolidated financial statements included in this Form 10-K.

Company Overview

We are a Maryland corporation formed with the principle objective of acquiring, financing, developing, leasing, owning and managing income producing, strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. Our strategy is to opportunistically acquire quality, well-located, predominantly retail properties in secondary and tertiary markets that generate attractive risk-adjusted returns. We generally target competitively protected properties located within developed areas, commonly referred to as in-fill, that possess minimal competition risk and are surrounded by communities that have strong demographics and dynamic, diversified economies that will continue to generate jobs and future demand for commercial real estate. Our primary target markets include the Northeast, Mid-Atlantic, Southeast and Southwest.

Our portfolio is comprised of thirty-nine retail shopping centers, three free-standing retail properties, our office building and ten undeveloped land parcels. Fourteen of these properties are located in Virginia, three are located in Florida, six are located in North Carolina, twelve are located in South Carolina, eight are located in Georgia, two are located in Kentucky, two are located in Tennessee, one is located in New Jersey, three are located in Oklahoma, one is located in Alabama and one is located in West Virginia. Our operating portfolio has a total GLA of 3,151,358 square feet and an occupancy level of approximately 94%.

Recent Trends and Activities

There have been several significant events in 2015 that have positively impacted our company. These events are summarized below.

Property Acquisitions

On January 9, 2015, we completed our acquisition of 1.5 acres of undeveloped land located on Laskin Road in Virginia Beach, Virginia ("Laskin Road") for a contract price of \$1.6 million. The Company acquired Laskin Road for future development opportunities. We paid cash of \$150,000 with the balance of the contract price to be paid in common units on the earlier of the one year anniversary of the acquisition or the completion of any development activities. On January 19, 2016, 807,727 common units were issued by the Operating Partnership to finalize this transaction.

On January 14, 2015, we completed our acquisition of Pierpont Centre, a 122,259 square foot shopping center located in Morgantown, West Virginia ("Pierpont Centre") for a contract price of \$13.9 million, paid through a combination of cash and debt. Pierpont Centre was 100% leased as of the acquisition date and its major tenants include GNC, Hallmark, Michael's, Ruby Tuesday and Outback Steakhouse.

On March 27, 2015, we completed our acquisition of Brook Run Properties, LLC ("Brook Run Properties") from a related party, consisting of a 2 acre parcel of undeveloped real estate located adjacent to the Brook Run Shopping Center in Richmond, Virginia, for a contract price of \$300,000 in cash. We acquired the property for potential development and to compliment the adjacent shopping center.

On April 1, 2015, we completed our acquisition of Alex City Marketplace, a 147,791 square foot shopping center located in Alexander City, Alabama ("Alex City Marketplace") for a contract price of \$10.3 million, paid through a combination of cash and debt. Alex City Marketplace was 86% leased as of the acquisition date and its major tenants include Winn Dixie and Goody's.

On April 15, 2015, we completed our acquisition of Butler Square, a 82,400 square foot shopping center located in Mauldin, South Carolina ("Butler Square") for a contract price of \$9.4 million, paid through a combination of cash and debt. Butler Square was 100% leased as of the acquisition date and its major tenants include Bi-Lo and Dollar Tree.

On June 2, 2015, we completed our acquisition of Brook Run Shopping Center, a 147,738 square foot shopping center located in Richmond, Virginia ("Brook Run") from a related party for a contract price of \$18.5 million. Brook Run was 92% leased as of the acquisition date and its major tenants include Martin's Food Store and CVS. We acquired Brook Run from a related party through a combination of cash, the issuance of 574,743 common units in the Operating Partnership and debt.

On July 1, 2015, we completed our acquisition of Beaver Ruin Village, a 74,048 square foot shopping center located in Lilburn, Georgia ("Beaver Ruin Village") for a contract price of \$12.4 million, paid through a combination of cash and debt. Beaver Ruin Village was 91% leased as of the acquisition date and its major tenants include Chase Bank, Firehouse Subs and State Farm Insurance.

On July 1, 2015, we completed our acquisition of Beaver Ruin Village II, a 34,925 square foot shopping center located in Lilburn, Georgia ("Beaver Ruin Village II") for a contract price of \$4.4 million, paid through a combination of cash and debt. Beaver Ruin Village II was 100% leased as of the acquisition date and its major tenants include AutoZone and Metro PCS.

On July 1, 2015, we completed our acquisition of Columbia Fire Station, consisting of two vacant buildings on a 1.0 acre land parcel located in Columbia, South Carolina ("Columbia Fire Station") for a contract price of \$2.4 million, paid through a combination of cash and debt. We plan to redevelop this property for retail use.

On July 10, 2015, we completed our acquisition of Chesapeake Square, a 99,848 square foot shopping center located in Onley, Virginia ("Chesapeake Square") from a related party for a contract price of \$6.3 million. Chesapeake Square was 76% leased as of the acquisition date and is anchored by a Food Lion grocery store. We acquired Chesapeake Square from a related party through a combination of cash and the issuance of 125,966 common units in the Operating Partnership.

On July 21, 2015, we completed our acquisition of Sunshine Plaza, a 111,189 square foot shopping center located in Lehigh Acres, Florida ("Sunshine Plaza") for a contract price of \$10.4 million. Sunshine Plaza was 96% leased as of the acquisition date and is anchored by a Winn-Dixie grocery store. We acquired Sunshine Plaza through a combination of cash and debt.

On July 24, 2015, we completed our acquisition of Carolina Place consisting of a 2.14 acre parcel of land adjacent to Chesapeake Square for a contract price of \$250,000 in cash. We acquired the property for potential development and to compliment the adjacent shopping center.

On August 14, 2015, we completed our acquisition of 10.39 acres located in Hilton Head, South Carolina ("Hilton Head Land") for a contract price of \$1.0 million paid in cash. We acquired the property for potential development and to compliment an adjacent redevelopment project.

On August 21, 2015, we completed our acquisition of Cardinal Plaza, located in Henderson, North Carolina, Franklinton Square, located in Franklinton, North Carolina and Nashville Commons, located in Nashville, North Carolina (collectively known as the "Barnett Portfolio") for a contract price of \$15.3 million. The Barnett Portfolio properties total 171,466 square feet, were 91% leased as of the acquisition date and all are anchored by Food Lion grocery stores. We acquired the Barnett Portfolio through a combination of cash and debt.

On September 9, 2015, we completed our acquisition of Grove Park Shopping Center, a 106,557 square foot shopping center located in Orangeburg, South Carolina ("Grove Park") for a contract price of \$6.6 million. Grove Park was 90% leased as of the acquisition date and is anchored by a Bi-Lo grocery store. We acquired Grove Park through a combination of cash and debt.

On September 15, 2015, we completed our acquisition of Parkway Plaza Shopping Center, a 52,365 square foot shopping center and 2.1 acres of adjacent undeveloped land located in Brunswick, Georgia ("Parkway Plaza") for a contract

price of \$6.1 million. Parkway Plaza was 97% leased as of the acquisition date and is anchored by a Winn Dixie grocery store. We acquired Parkway Plaza through a combination of cash and debt.

On September 30, 2015, we completed our acquisition of Fort Howard Square Shopping Center, a 113,652 square foot shopping center located in Rincon, Georgia ("Fort Howard Square") for a contract price of \$11.5 million. Fort Howard Square was 95% leased as of the acquisition date and is anchored by nationally recognized tenants Goodwill and Dollar Tree. We acquired Fort Howard Square through a combination of cash and debt.

On September 30, 2015, we completed our acquisition of Conyers Crossing Shopping Center, a 170,475 square foot shopping center located in Conyers, Georgia ("Conyers Crossing") for a contract price of \$10.8 million. Conyers Crossing was 99% leased as of the acquisition date and is anchored by nationally recognized tenants Hobby Lobby and Burlington Coat Factory. We acquired Conyers Crossing through a combination of cash and debt.

Financing Activities

On May 1, 2015, the Lumber River Plaza note was paid in full from cash on hand.

On May 29, 2015, we entered into a credit agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank"). Outstanding borrowings accrue monthly interest which is paid at a rate of the one-month London Interbank Offer Rate ("LIBOR") plus a margin ranging from 1.75% to 2.50% depending on our consolidated leverage ratio. As of December 31, 2015, we have pledged Lumber River and Chesapeake Square as collateral towards the Credit Agreement with outstanding borrowings of \$6,873,750 at an interest rate of 2.79%. The available borrowing capacity of approximately \$38.1 million as of December 31, 2015 is available for the Company as long as such amounts are fully collateralized. The amounts available to us under the Credit Agreement that have not been borrowed accrue fees which are paid at a rate of 0.30% on a monthly basis. The Credit Agreement contains certain financial covenants that we must meet, including minimum leverage, fixed charge coverage and debt service coverage ratios as well as a minimum tangible net worth requirement. We were in compliance with the financial covenants as of December 31, 2015. The Credit Agreement also contains certain events of default that if they occur may cause KeyBank to terminate the Credit Agreement and declare amounts owed to become immediately payable. As of December 31, 2015, we have not incurred an event of default.

On November 24, 2015, we entered into a promissory note for \$4,620,000 to refinance the Winslow Plaza loan. The new loan matures on December 1, 2025 with principal due at maturity and bears interest at 4.82%.

Certain debt agreements into which we have entered have covenants with which we must comply. As of December 31, 2015, we believe we are in compliance with the applicable covenants.

New Leases, Leasing Renewals and Expirations

New leases during the year ended December 31, 2015 were comprised of twenty-three deals totaling 45,161 square feet with a weighted average rate of \$13.35 per square foot. The commission rate per square foot equated to \$1.34.

Renewals during the year ended December 31, 2015 were comprised of sixty-two deals totaling 334,928 square feet with a weighted average increase of \$0.64 per square foot, representing an increase of 6.9% over prior rates. The rates on negotiated renewals resulted in a weighted average increase of \$1.11 per square foot on forty-one renewals, a \$1.48 per square foot decrease on five renewals and no changes on sixteen renewals. Fifteen of these renewals represented options being exercised. We also had a lease assignment for a 4,100 square foot space with all lease terms remaining the same.

Approximately 5.97% of our gross leasable area is subject to leases that expire during the twelve months ending December 31, 2016 that have not already been renewed. Based on recent market trends, we believe that these leases will be renewed at amounts and terms comparable to existing lease agreements.

Funds from Operations

We use Funds From Operations (“FFO”) as an alternative measure of our operating performance, specifically as it relates to results of operations and liquidity. We compute FFO in accordance with standards established by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”) in its March 1995 White Paper (as amended in November 1999 and April 2002). As defined by NAREIT, FFO represents net income (computed in accordance with accounting principles generally accepted in the United States, or “GAAP”), excluding gains (or losses) from sales of

property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. Most industry analysts and equity REITs, including us, consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions and excluding depreciation, FFO is a helpful tool that can assist in the comparison of the operating performance of a company's real estate between periods, or as compared to different companies. Management uses FFO as a supplemental measure to conduct and evaluate our business because there are certain limitations associated with using GAAP net income alone as the primary measure of our operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, while historically real estate values have risen or fallen with market conditions. Accordingly, we believe FFO provides a valuable alternative measurement tool to GAAP when presenting our operating results.

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements included in this Form 10-K, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies summarized in this section are discussed in further detail in the notes to the financial statements appearing elsewhere in this Form 10-K. We believe that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

Revenue Recognition

Principal components of our total revenues include base and percentage rents and tenant reimbursements. We accrue minimum (base) rent on a straight-line basis over the terms of the respective leases which results in an unbilled rent asset or deferred rent liability being recorded on the balance sheet. Certain lease agreements contain provisions that grant additional rents based on tenants' sales volumes (contingent or percentage rent) which we recognize when the tenants achieve the specified targets as defined in their lease agreements. We periodically review the valuation of the asset/liability resulting from the straight-line accounting treatment of our leases in light of any changes in lease terms, financial condition or other factors concerning our tenants.

Receivables

We record a tenant receivable for amounts due from tenants such as base rents, tenant reimbursements and other charges allowed under the lease terms. We periodically review tenant receivables for collectability and determine the need for an allowance for the uncollectible portion of accrued rents and other accounts receivable based upon customer creditworthiness (including expected recovery of a claim with respect to any tenants in bankruptcy), historical bad debt levels and current economic trends. We consider a receivable past due once it becomes delinquent per the terms of the lease; our standard lease form considers a rent charge past due after five days. A past due receivable triggers certain events such as notices, fees and other allowable and required actions per the lease.

Acquired Properties and Lease Intangibles

We allocate the purchase price of the acquired properties to land, building and improvements, identifiable intangible assets and to the acquired liabilities based on their respective fair values. Identifiable intangibles include amounts allocated to acquired out-of-market leases, tenant relationships and the value of in-place leases. We determine fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends and specific market and economic conditions that may affect the property. Management also estimates costs to execute similar leases including leasing commissions, tenant improvements, legal and other related expenses. Such amounts are based on estimates and forecasts which, by their nature, are highly subjective and may result in future changes in the event forecasts are not realized.

Impairment of Long-Lived Assets

We periodically review investment properties for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of investment properties may not be recoverable, with an evaluation performed at least annually. These circumstances include, but are not limited to, declines in the property's cash flows, occupancy and fair market value. We measure any impairment of investment property when the estimated undiscounted operating income before depreciation and amortization, is less than the carrying value of the property. To the extent impairment has occurred, we charge to income the excess of carrying value of the property over its estimated fair value. We estimate fair value using unobservable data such as operating income, estimated capitalization rates or multiples, leasing prospects and local market information. We may decide to sell properties that are held for use and the sale prices of these properties may differ from their carrying values. We did not record any impairment charges during the years ended December 31, 2015, 2014 and 2013.

Liquidity and Capital Resources

At December 31, 2015, our consolidated cash and cash equivalents totaled \$11.31 million compared to consolidated cash and cash equivalents of \$9.97 million at December 31, 2014. Cash flows from operating activities, investing activities and financing activities for the years ended December 31, 2015 and 2014 are as follows:

	Years Ended December 31,		Period Over Period Change		
	2015	2014	\$	%	
Operating activities	(9,304,298)	(4,441,020)	\$(4,863,278)	109.51	%
Investing activities	(52,932,252)	(18,161,992)	\$(34,770,260)	191.45	%
Financing activities	63,572,987	31,417,677	\$32,155,310	102.35	%

Operating Activities

During the year ended December 31, 2015, our cash flows used in operating activities were \$9.30 million, compared to cash flows used in operating activities of \$4.44 million during the year ended December 31, 2014. Operating cash flows were primarily impacted by the \$7.03 million increase in our consolidated net loss due to the factors discussed in the "Results of Operations" section below, specifically the \$4.03 million increase in total corporate general and administrative expenses from continuing operations associated with operating the REIT and acquiring and operating twenty additional properties in 2015. Also impacting operating cash flows was a \$3.90 million increase in escrows and required reserves primarily related to the 2015 property acquisitions.

Investing Activities

During the year ended December 31, 2015, our cash flows used in investing activities were \$52.93 million, compared to cash flows used in investing activities of \$18.16 million during the year ended December 31, 2014. The 2015 amount reflects cash of \$62.03 million used to acquire the twenty properties in 2015, compared to cash of \$17.64 million used to acquire the fifteen properties in 2014. This increase was partially offset by the \$8.71 million received for the sale of Bixby Commons, Harps at Harbor Point and Jenks Reasors, and also by the impact of \$0.91 million related to the Ruby Tuesday and Outback Steakhouse ground leases at Pierpont Centre, which are now assets held for sale.

Financing Activities

During the year ended December 31, 2015, our cash flows from financing activities were \$63.57 million, compared to \$31.42 million of cash flows from financing activities during the year ended December 31, 2014. During the year

ended December 31, 2015, we received \$83.42 million from the completion of our Series C preferred stock offering in March 2015, compared to \$37.24 million received for the Series B preferred stock offerings in April and September 2014. These proceeds were partially offset by dividends and distributions, which increased to \$14.19 million in the year ended December 31, 2015 from \$5.43 million during the year ended December 31, 2014, primarily resulting from the additional common shares, common units and preferred shares that were either issued during 2015 or 2014.

Mortgage indebtedness activity during the year ended December 31, 2015 included \$75.66 million of loans associated with the 2015 acquisitions and borrowings of \$6.87 million on the KeyBank line of credit for general corporate purposes. These increases were offset by payoffs of refinancing of a \$5.0 million loan that matured during the year, payoffs of the Lumber

River and VantageSouth line of credit, which totaled \$4.9 million and the payoff of \$4.0 million of senior nonconvertible debt. Debt associated with assets held for sale also decreased \$18.43 million due to the sales of Bixby Commons, Harps at Harbor Point and Jenks Reasors. Excluding the net impact of the refinancing transactions and payoffs, principal payments on mortgage indebtedness (including payments on assets held for sale) were approximately \$3.18 million during the year ended December 31, 2015, compared to approximately \$2.72 million during the year ended December 31, 2014.

We intend to continue managing our debt prudently so as to maintain a conservative capital structure and minimize leverage within our company. As of December 31, 2015 and 2014, our debt balances consisted of the following:

	December 31,	
	2015	2014
Fixed-rate notes	\$ 182,466,706	\$ 122,296,547
Fixed-rate notes, assets held for sale	1,982,042	19,153,596
Floating-rate line of credit	6,873,750	—
Total debt	\$ 191,322,498	\$ 141,450,143

The increase in total mortgage indebtedness at December 31, 2015 is primarily due to \$75.66 million in debt from acquisitions made during 2015 compared to \$46.68 million of debt in 2014 related to acquisitions. The weighted average interest rate and term of our fixed-rate debt are 4.71% and 7.60 years, respectively, at December 31, 2015. We have \$9.07 million of debt maturing during the year ending December 31, 2016. While we anticipate being able to refinance all the loans at reasonable market terms upon maturity, our inability to do so may materially impact our financial position and results of operations. See the financial statements included elsewhere in this Form 10-K for additional mortgage indebtedness details.

Future Liquidity Needs

The \$9.07 million in debt maturities, ongoing debt service and the \$0.21 per share annual targeted dividend represent the most significant factors outside of normal operating activities impacting cash flow over the next year. Our success in refinancing the debt and executing on the acquisition strategy discussed below will dictate our liquidity needs going forward. If we are unable to execute in these areas, our ability to grow and pay future dividends may be limited without additional capital. Additionally, distributions paid in excess of earnings and profits may represent a return of capital for U.S. federal income tax purposes.

We believe significant opportunities exist in the current commercial real estate environment that will enable us to sufficiently leverage our capital and execute our growth plan. Several factors are contributing to an increased supply in available properties for acquisition, including a significant level of maturities of commercial mortgage backed securities (“CMBS”) debt, strategic shifts by larger REITs to reduce debt levels and exit certain markets, and the negative impact on the real estate industry as a result of the economic downturn experienced in recent years. We believe the public REIT model provides a unique growth vehicle whereby we can either acquire properties through traditional third party acquisitions using a combination of cash generated in the capital markets and debt financing; contributions of properties by third parties in exchange for common units issued by the Operating Partnership; and contributions of existing properties owned by Mr. Wheeler and his affiliates in exchange for common units issued by the Operating Partnership. Additionally, access to public market capital enhances our ability to formulate acquisition structures and terms that better meet our growth strategies.

We envision acquiring properties during the next twelve months, consisting primarily of a blend of traditional acquisitions using equity capital and external financing and property contributions in exchange for common units and debt assumption. Based on our knowledge of the property acquisition markets, there appears to be an ample inventory

of properties available to enable us to meet our acquisition goals over the next twelve months, especially as it relates to those in the secondary and tertiary markets where we have historically excelled. Current cap rates in these markets have typically ranged from 8% to 10% and beyond. We believe that acquisitions at these price ranges, assuming a reasonable blend of traditional acquisition strategies and property contributions in exchange for common units and external debt financing, will produce excess cash flow to fund distributions to our stockholders and common unit holders. We intend to aggressively pursue acquisitions that fit these parameters and that will generate sufficient cash flow to support our operating model. We believe our experience and success in acquiring and managing properties since 1999 will enable us to execute on our strategies.

In addition to liquidity required to fund debt payments, distributions and acquisitions, we may incur some level of capital expenditures during the year for the existing thirty retail properties that cannot be passed on to our tenants. The majority of these expenditures occur subsequent to acquiring a new property that requires significant improvements to maximize

occupancy and lease rates, with an existing property that needs a facelift to improve its marketability or when tenant improvements are required to make a space fit a particular tenant's needs.

On April 1, 2014, we announced that we had entered into a \$25 million secured guidance line credit facility with KeyBank National Association. In May 2015, this facility was increased to \$45 million. We will be able to utilize this credit facility until May 31, 2018. We expect to use the facility for the acquisition of select grocery-anchored properties located in secondary and tertiary markets throughout the Northeast, Mid-Atlantic, Southeast and Southwest regions of the United States.

Off-Balance Sheet Arrangements

As of December 31, 2015, the KeyBank and VantageSouth lines of credit represent the only significant off-balance sheet arrangements that are likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). This ASU changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under this ASU, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the Company's operations and financial results. Examples include a disposal of a major geographical area, a major line of business, or a major equity method investment. Additionally, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The adoption of ASU 2014-08 was effective prospectively for reporting periods beginning on or after December 15, 2014. We adopted ASU 2014-08 on January 1, 2015 and used its guidance in determining the effect of discontinued operations as disclosed in Note 5.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements of Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition" and most industry-specific guidance on revenue recognition throughout the ASC. The new standard is principles based and provides a five step model to determine when and how revenue is recognized. The core principle of the new standard is that revenue should be recognized when a company transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also requires disclosure of qualitative and quantitative information surrounding the amount, nature, timing and uncertainty of revenues and cash flows arising from contracts with customers. The new standard will be effective for the Company in the first quarter of the year ending December 31, 2018 and can be applied either retrospectively to all periods presented or as a cumulative-effect adjustment as of the date of adoption. Early adoption is not permitted. We are currently evaluating the impact of adoption of the new standard on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)." This ASU defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and provides guidance on required financial statement footnote disclosures. This ASU is effective for annual periods ending after December 15, 2016. We will adopt the ASU in 2016.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This new guidance requires the presentation of unamortized debt issuance costs to be shown in the liabilities section of the consolidated balance sheets as a reduction of the principal amount of the associated debt, rather than as an asset. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015 and early adoption is permitted, including adoption in an interim period. The new standard must be applied using a retrospective approach by restating prior period comparative consolidated balance sheets. In August 2015, the FASB issued ASU No. 2015-15, "Interest – Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which clarifies that absent authoritative guidance in ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, the staff of the SEC would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We do not expect the adoption of ASU 2015-03 to materially impact our financial position or results of operations.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments." This new guidance requires that the acquirer recognizes adjustments to preliminary acquisition values and account for the cumulative effect of any required adjustments in the period in which they are determined. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015 and early adoption is permitted, including adoption in an interim period. The new standard must be applied using a prospective approach for adjustments that occur after the effective date. We do not expect the adoption of ASU 2015-16 to materially impact our financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. The ASU will require organizations that lease assets referred to as "Lessees" to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. An organization is to provide disclosures designed to enable users of financial statements to understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements concerning additional information about the amounts recorded in the financial statements. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet the new ASU will require both types of leases (i.e. operating and capital) to be recognized on the balance sheet. The FASB lessee accounting model will continue to account for both types of leases. The capital lease will be accounted for in substantially the same manner as capital leases are accounted for under existing GAAP. The operating lease will be accounted for in a manner similar to operating leases under existing GAAP, except that lessees will recognize a lease liability and a lease asset for all of those leases.

The leasing standard will be effective for calendar year-end public companies beginning after December 15, 2018. Public companies will be required to adopt the new leasing standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption will be permitted for all companies and organizations upon issuance of the standard. For calendar year-end public companies, this means an adoption date of January 1, 2019 and retrospective application to previously issued annual and interim financial statements for 2018 and 2017. Lessees with a large portfolio of leases are likely to see a significant increase in balance sheet assets and liabilities. See Note 9 for the Company's current lease commitments. We are currently evaluating the impact of ASU 2016-02 on our financial statements.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Results of Operations

The following table presents a comparison of the consolidated statements of operations for the years ended December 31, 2015 and 2014, respectively.

	For the Years Ended December 31,		Period over Period Changes		
	2015	2014	\$/#	%	
PROPERTY DATA:					
Number of properties owned and leased (1)	42	30	12	40.0	%
Aggregate gross leasable area (1)	3,151,358	1,904,146	1,247,212	65.5	%
Ending occupancy rate (1)	94.2	% 95.6	% —	(1.5)%
FINANCIAL DATA:					
Rental revenues	\$20,553,870	\$11,348,955	\$9,204,915	81.11	%
Asset management fees	588,990	296,290	292,700	98.79	%
Commissions	361,984	158,876	203,108	127.84	%
Tenant reimbursements and other income	6,229,361	3,069,972	3,159,389	102.91	%
Total Revenue	27,734,205	\$14,874,093	12,860,112	86.46	%
EXPENSES:					
Property operations	8,351,456	4,123,439	4,228,017	102.54	%
Non-REIT management and leasing services	1,110,705	—	1,110,705	—	%
Depreciation and amortization	16,882,462	7,387,729	9,494,733	128.52	%
Provision for credit losses	243,029	60,841	182,188	299.45	%
Corporate general & administrative	13,480,089	9,447,010	4,033,079	42.69	%
Total Operating Expenses	40,067,741	21,019,019	19,048,722	90.63	%
Operating Loss	(12,333,536)	(6,144,926)	(6,188,610)	(100.71)%
Interest expense	(9,043,761)	(5,908,548)	(3,135,213)	(53.06)%
Net Loss from Continuing Operations	(21,377,297)	(12,053,474)	(9,323,823)	(77.35)%
Discontinued Operations					
Income (loss) from operations	499,781	307,659	192,122	62.45	%
Gain on disposal of properties	2,104,114	—	2,104,114	—	%
Net Income from Discontinued Operations	2,603,895	307,659	2,296,236	746.36	%
Net Loss	(18,773,402)	(11,745,815)	(7,027,587)	(59.83)%
Net loss attributable to noncontrolling interests	(1,252,723)	(1,195,560)	(57,163)	(4.78)%
Net Loss Attributable to Wheeler REIT	\$(17,520,679)	\$(10,550,255)	\$(6,970,424)	(66.07)%

(1) Excludes Riversedge North that ceased paying rent upon acquiring the Operating Companies.

Same Store and New Store Operating Income

The following table provides same store and new store financial information. Same stores consist of those properties we owned during all periods presented in their entirety, while new stores consist of those properties acquired during the periods presented. Same store discontinued operations financial information reflects the activity of the following properties:

- Harps at Harbor Point
- Bixby Commons
- Jenks Reasors

Starbucks/Verizon

27

New store discontinued operations financial information reflects the activity for the following entities:

Outback Steakhouse and Ruby Tuesday ground leases at Pierpont Centre (acquired January 14, 2015)

Same Store and New Store Operating Income

The following table provides same store and new store financial information.

	Year Ended December 31,		New Store		Total	
	Same Store 2015	2014	2015	2014	2015	2014
Property revenues	\$12,783,846	\$12,226,001	\$13,999,385	\$2,192,926	\$26,783,231	\$14,418,927
Property expenses	3,919,921	3,595,182	4,431,535	528,257	8,351,456	4,123,439
Property Net Operating Income	8,863,925	8,630,819	9,567,850	1,664,669	18,431,775	10,295,488
Asset Management and Commission Revenues	—	—	950,974	455,166	950,974	455,166
Non-REIT management and leasing services	—	—	1,110,705	—	1,110,705	—
Depreciation and amortization	5,428,204	5,903,392	11,454,258	1,484,337	16,882,462	7,387,729
Provision for credit losses	151,997	41,624	91,032	19,217	243,029	60,841
Corporate general & administrative	11,316,307	5,235,451	2,163,782	4,211,559	13,480,089	9,447,010
Total Other Operating Expenses	16,896,508	11,180,467	14,819,777	5,715,113	31,716,285	16,895,580
Interest expense	5,001,840	5,112,038	4,041,921	796,510	9,043,761	5,908,548
Net Loss from Continuing Operations	(13,034,423)	(7,661,686)	(8,342,874)	(4,391,788)	(21,377,297)	(12,053,474)
Discontinued Operations						
Income (loss) from operations	505,516	307,659	(5,735)	—	499,781	307,659
Gain on disposal of properties	2,104,114	—	—	—	2,104,114	—
Net Income (Loss) from Discontinued Operations	2,609,630	307,659	(5,735)	—	2,603,895	307,659
Net Loss	\$(10,424,793)	\$(7,354,027)	\$(8,348,609)	\$(4,391,788)	\$(18,773,402)	\$(11,745,815)

Property Revenues

Total same store property revenues for the year ended December 31, 2015 was \$12.78 million, compared to \$12.23 million for the year ended December 31, 2014. Same store revenues increased primarily due to increases in tenant reimbursements, contractual rent adjustments, positive rent spreads on renewals and increases in occupancy. These increases were offset by Wheeler Interests ceasing to pay rent to Riversedge North due to the internalization of the Operating Companies. Riversedge North contributed \$336,000 to property revenues for the year ended December 31, 2014. Excluding the impact of Riversedge North on the 2014 property revenues, same store property revenues increased approximately \$894,000 for the year ended December 31, 2015 as compared to the prior period.

The year ended December 31, 2015 represents a full period of operations reported for the thirteen retail acquisitions made in 2014, and partial periods of operations for the twenty acquisitions made in the year ended December 31, 2015. These properties (new stores) contributed \$14.00 million in revenues for the year ended December 31, 2015, compared to \$2.19 million in revenue for the year ended December 31, 2014. Going forward we believe these properties will generate a significant amount of revenue for us and we will benefit from expansion opportunities.

Property Expenses

Total same store operating expenses for the year ended December 31, 2015 were \$3.92 million, compared to \$3.60 million for the year ended December 31, 2014. The increase was primarily due to approximately \$139,000 of parking lot repairs, an increase of approximately \$84,000 in real estate taxes due to property reassessments of prior acquisitions, and an increase of approximately \$42,000 in insurance expense.

There were no significant unusual or non-recurring items included in new store property expenses for the year.

Property Net Operating Income

Total property net operating income was \$18.43 million for the year ended December 31, 2015, compared to \$10.30 million for the year ended December 31, 2014. The 2015 results represent an increase of \$8.14 million over 2014 primarily due to the increases in property revenues discussed above. New stores accounted for the majority of these increases by generating \$9.57 million in property net operating income for the year ended December 31, 2015, compared to \$1.66 million for the year ended December 31, 2014. The increase in new store property net operating income primarily resulted from the timing of 2014 and 2015 acquisitions. The 2014 acquisitions occurred subsequent to June 30, 2014, while the twenty 2015 acquisitions occurred on or prior to September 30, 2015.

Other Operating Expenses

Same store other operating expenses for the year ended December 31, 2015 were \$16.90 million, representing an increase of \$5.72 million over the year ended December 31, 2014. The increase in same store operating expenses resulted from an increase of \$6.08 million in general and administrative expenses, primarily relating to additional expenses associated with internalizing the Operating Companies in the fourth quarter of 2014, acquisition costs and capital related costs detailed below. This was offset by a decrease of \$0.48 million in depreciation and amortization expense. The decrease in same store depreciation and amortization expense resulted from more assets becoming fully depreciated and amortized.

Total general and administrative expenses for the year ended December 31, 2015 increased by \$4.03 million as compared to the 2014 period. Total general and administrative expenses of \$13.48 million for the year ended December 31, 2015 included approximately \$7.43 million of non-recurring expenses related to acquisitions, capital events, legal expenses, commissions, marketing, professional fees, employee recruitment and other miscellaneous items which are detailed below.

	2015
Acquisition costs	\$3,871,037
Capital related costs	2,655,474
Perimeter legal accrual	133,282
Commission expenses	115,287
Marketing/promotional	177,630
Professional fees	230,434
Employee recruitment	66,500
Other	180,906
	\$7,430,550

Acquisition expenses were primarily related to financial statement audits, appraisals and legal matters for the acquisitions completed in the year ended December 31, 2015 and sourcing and due diligence of potential acquisitions currently in our pipeline. Capital related costs resulted from the March 2015 Series C Preferred Stock offering and subsequent conversion, and the Series A Preferred Stock and Series B Preferred Stock Exchange Offer completed in

July 2015. General and administrative expenses for the year ended December 31, 2015 reflect the internalization of the Operating Companies, including approximately \$3.43 million of compensation and benefits expenses in 2015 compared to \$1.33 million that were incurred for only two months in 2014 and other operating costs resulting from internalizing the Operating Companies.

Interest Expense

Same store interest expense was \$5.00 million for the year ended December 31, 2015, which represents a decrease of \$0.11 million or 2.16%, as compared to \$5.11 million for the year ended December 31, 2014. The decrease primarily resulted from the \$3.00 million reduction in senior convertible debt, the repayment of the Lumber River loan and a decline in outstanding debt for same stores. Total interest expense for the year ended December 31, 2015 increased \$3.14 million or 53.06% compared to the year ended December 31, 2014, primarily due to the issuance of \$75.66 million and \$46.68 million of acquisition-related debt in 2015 and 2014, respectively.

Discontinued Operations

Net income from discontinued operations totaled \$0.50 million for the year ended December 31, 2015, compared to \$0.31 million for the year ended December 31, 2014. The increase in net income is primarily a result of classifying the same store discontinued operation assets as assets held for sale in August 2015, which required us to no longer recognize depreciation and amortization for the remainder of 2015 compared to a full year of depreciation and amortization in 2014, resulting in a decrease of \$0.25 million. The increase was also driven by a reduction in interest expense of \$0.19 million due to the sales of Harps, Bixby Commons and Jenks Reasors in October 2015, compared to a full year of interest expense in 2014 and \$0.13 million of rent from the Ruby Tuesday and Outback Steakhouse ground leases at Pierpont Centre. These amounts were offset by a decrease of \$0.39 million in rent due to the sales of the three aforementioned properties in October 2015.

Funds from Operations

We use Funds from Operations ("FFO"), a non-GAAP measure, as an alternative measure of our operating performance, specifically as it relates to results of operations and liquidity. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002). As defined by NAREIT, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. Most industry analysts and equity REITs, including us, consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions and excluding depreciation, FFO is a helpful tool that can assist in the comparison of the operating performance of a company's real estate between periods, or as compared to different companies. Management uses FFO as a supplemental measure to conduct and evaluate our business because there are certain limitations associated with using GAAP net income alone as the primary measure of our operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, while historically real estate values have risen or fallen with market conditions. Accordingly, we believe FFO provides a valuable alternative measurement tool to GAAP when presenting our operating results.

Below is a comparison of same store FFO, which is a non-GAAP measurement, for the years ended December 31, 2015 and 2014:

	Years Ended December 31,				Total		Period Over Period Ch	
	Same Stores		New Stores		2015	2014	\$	%
	2015	2014	2015	2014	2015	2014		
Net (loss)	\$(10,424,793)	\$(7,354,027)	\$(8,348,609)	\$(4,391,788)	\$(18,773,402)	\$(11,745,815)	\$(7,027,587)	(59.83)
Depreciation and amortization of real estate	5,428,204	5,903,392	11,454,258	1,484,337	16,882,462	7,387,729	9,494,733	128.52

assets from continuing operations								
Depreciation and amortization of real estate	510,818	832,761	69,073	—	579,891	832,761	(252,870)	(30.37)%
assets from discontinued operations								
Depreciation of real estate	5,939,022	6,736,153	11,523,331	1,484,337	17,462,353	8,220,490	9,241,863	112.42 %
assets								
Gain on sale of discontinued operations	(2,104,114)	—	—	—	(2,104,114)	\$—	(2,104,114)	— %
Total FFO	\$(6,589,885)	\$(617,874)	\$3,174,722	\$(2,907,451)	\$(3,415,163)	\$(3,525,325)	\$110,162	3.12 %

30

During the year ended December 31, 2015, same store FFO decreased \$5.97 million as compared to the year ended December 31, 2014 primarily due to an increase of \$6.08 million in same store corporate general and administrative expenses for the year ended December 31, 2015. Total FFO increased by \$0.11 million primarily due to a new store property net operating income increase of \$7.90 million and a new store corporate general and administrative expense decrease of \$2.05 million. This is offset by an increase in new store interest expense of \$3.25 million, the impact of new store Non-REIT management and leasing services and the above same store explanation. The change in interest expense and corporate general and administrative expenses is discussed in the "Other Operating Expenses" section above.

We believe the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by our operating portfolio and affect the comparability of our period-over-period performance. These items include, but are not limited to, legal settlements, non-cash share-based compensation expense and non-cash amortization on loans and acquisition costs. Therefore, in addition to FFO, management uses Adjusted FFO ("AFFO"), which we define to exclude such items. Management believes that these adjustments are appropriate in determining AFFO as they are not indicative of the operating performance of our assets. In addition, we believe that AFFO is a useful supplemental measure for the investing community to use in comparing us to other REITs as many REITs provide some form of adjusted or modified FFO. However, there can be no assurance that AFFO presented by us is comparable to the adjusted or modified FFO of other REITs.

Total AFFO for the years ended December 31, 2015 and 2014 is shown in the table below:

	Years Ended December 31,	
	2015	2014 (1)
Total FFO	\$(3,415,163)	\$(3,525,325)
Preferred stock dividends	(13,627,532)	(2,718,257)
Preferred stock accretion adjustments	8,925,221	379,584
FFO available to common shareholders and common unitholders	(8,117,474)	(5,863,998)
Acquisition costs	3,871,037	3,787,900
Capital related costs	2,655,474	—
Other non-recurring expenses	770,757	—
Share-based compensation	547,000	456,988
Straight-line rent	(270,873)	(247,220)
Loan cost amortization	1,300,901	787,228
Above/below market lease amortization	616,665	85,808
Perimeter legal accrual	133,282	—
Tenant improvement reserves	(302,600)	(194,400)
Recurring capital expenditures	(355,900)	(239,200)
AFFO	\$848,269	\$(1,426,894)

(1) We adjusted the previously reported 2014 AFFO to be consistent with the 2015 AFFO presentation, primarily as it relates to the treatment of preferred stock accretion adjustments, straight-line rent, tenant improvement reserves and capital expenditures.

Preferred stock dividends for the year ended December 31, 2015 include approximately \$1.98 million of dividends (excluding the impact of accretion adjustments) related to the Series C Preferred Stock.

The preferred stock accretion adjustments represent the amortization of offering costs associated with raising the Series B and Series C Preferred Stock. The Series C Preferred Stock adjustment represents the majority of the total since the related offering costs were amortized until June 11, 2015, when we closed on the Series C Preferred Stock conversion.

The capital related costs primarily related to the Series C Preferred Stock conversion and Series A Preferred Stock and Series B Preferred Stock tender offer, which were not incurred in 2014. Other non-recurring expenses primarily relate to those costs that are related to specific items that we do not anticipate incurring on a going forward basis. These amounts were considered immaterial for 2014 so we did not factor them into AFFO. The Perimeter legal matter was settled in November 2015 so we will not incur these expenses going forward.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Results of Operations

The following table presents a comparison of the consolidated statements of operations for the years ended December 31, 2014 and 2013, respectively.

	For the Years Ended December 31, Period over Period Changes			
	2014	2013	\$/#	%
PROPERTY DATA:				
Number of properties owned and operated	30	22	8	36.36 %
Aggregate gross leasable area	1,904,146	1,284,022	620,124	48.30 %
Ending occupancy rate	95.6	% 94.0	% —	1.70 %
FINANCIAL DATA:				
Rental revenues	\$ 11,348,955	\$ 6,078,172	\$ 5,270,783	86.72 %
Asset management fees	296,290	—	296,290	— %
Commissions	158,876	—	158,876	— %
Tenant reimbursements and other income	3,069,972	1,533,189	1,536,783	100.23 %
Total Revenue	14,874,093	7,611,361	7,262,732	95.42 %
EXPENSES:				
Property operations	4,123,439	1,658,405	2,465,034	148.64 %
Non-REIT management and leasing services	—	—	—	— %
Depreciation and amortization	7,387,729	3,002,201	4,385,528	146.08 %
Provision for credit losses	60,841	106,828	(45,987)	(43.05)%
Corporate general & administrative	9,447,010	4,594,539	4,852,471	105.61 %
Total Operating Expenses	21,019,019	9,361,973	11,657,046	124.51 %
Operating Loss	(6,144,926)	(1,750,612)	(4,394,314)	(251.02)%
Interest expense	(5,908,548)	(2,107,303)	(3,801,245)	(180.38)%
Net Loss from Continuing Operations	(12,053,474)	(3,857,915)	(8,195,559)	(212.43)%
Net Income (Loss) from Discontinued Operations	307,659	(517,311)	824,970	159.47 %
Net Loss	(11,745,815)	(4,375,226)	(7,370,589)	(168.46)%
Net loss attributable to noncontrolling interests	(1,195,560)	(714,972)	(480,588)	(67.22)%
Net Loss Attributable to Wheeler REIT	\$ (10,550,255)	\$ (3,660,254)	\$ (6,890,001)	(188.24)%

Same Store and New Store Operating Income

The following table provides same store and new store financial information. Same stores consist of those properties we owned during all periods presented in their entirety. Same store discontinued operations financial information reflects the activity of Harps at Harbor Point, which was acquired on December 14, 2012.

New store discontinued operations financial information reflects the activities of the following properties:

- Bixby Commons (acquired June 11, 2013)
- Jenks Reasors (acquired September 25, 2013)
- Starbucks/Verizon (acquired October 21, 2013)

Same Store and New Store Operating Income

The following table provides same store and new store financial information:

	Year Ended December 31,				Total	
	Same Store		New Store		2014	2013
	2014	2013	2014	2013	2014	2013
Property revenues	\$6,030,215	\$6,175,376	\$8,388,712	\$1,435,985	\$14,418,927	\$7,611,361
Property expenses	1,343,057	1,264,790	2,780,382	393,615	4,123,439	1,658,405
Property Net Operating Income	4,687,158	4,910,586	5,608,330	1,042,370	10,295,488	5,952,956
Asset Management and Commission Revenues	—	—	455,166	—	455,166	—
Depreciation and amortization	1,849,776	2,498,477	5,537,953	503,724	7,387,729	3,002,201
Provision for credit losses	(25,332)	106,828	86,173	—	60,841	106,828
Corporate general & administrative	5,049,414	3,122,880	4,397,596	1,471,659	9,447,010	4,594,539
Total Other Operating Expenses	6,873,858	5,728,185	10,021,722	1,975,383	16,895,580	7,703,568
Interest expense	3,027,354	1,733,680	2,881,194	373,623	5,908,548	2,107,303
Net Loss from Continuing Operations	(5,214,054)	(2,551,279)	(6,839,420)	(1,306,636)	(12,053,474)	(3,857,915)
Net Income (Loss) from Discontinued Operations	32,884	24,688	274,775	(541,999)	307,659	(517,311)
Net Loss	\$(5,181,170)	\$(2,526,591)	\$(6,564,645)	\$(1,848,635)	\$(11,745,815)	\$(4,375,226)

Property Revenues

Total same store property revenues for the year ended December 31, 2014 were \$6.03 million, compared to \$6.18 million for the year ended December 31, 2013, representing a decrease of \$0.15 million, or 2.35%. The decrease in same store revenues primarily resulted from Riversedge not paying rent and tenant reimbursements during November and December 2014 due to the internalization of the Operating Companies, and a reduction in amortization of below market leases. Seven of the centers representing same stores are 100% leased and two are in excess of 95% leased, resulting in nominal fluctuations in revenues at these centers.

The year ended December 31, 2014 represents a partial year of operations for the twelve acquisitions made in 2014. The 2014 and 2013 acquisitions contributed \$8.39 million in revenues for the year ended December 31, 2014. Going forward we believe these properties will generate a significant amount of revenue for our company and we will benefit from future contractual rent increases.

Property Expenses

Total same store operating expenses for the year ended December 31, 2014 were \$1.34 million, compared to \$1.26 million for the year ended December 31, 2013, respectively. The increase was primarily due to increases in repairs and maintenance and utility expenses which typically fluctuate from period to period depending on timing and weather.

Other Operating Expenses

Same store other operating expenses for the year ended December 31, 2014 were \$6.87 million, representing an increase of \$1.15 million over the year ended December 31, 2013. The increase is primarily associated with professional fees and other expenses as a result of being a publicly traded company, property acquisitions and legal matters, and two months of operating expenses resulting from internalizing the Operating Companies during October 2014. The expenses related to being a publicly traded company primarily consisted of costs associated with legal, audit, tax, Board of Directors fees, directors' and officers' insurance, investor relations, REIT management fees and consulting fees.

Total acquisition expenses for same and new stores were \$3.79 million, which included \$2.7 million in acquisition fees, and approximately \$879,000 for legal, accounting and other professional costs associated with these acquisitions. This compares to \$2.18 million of acquisition related costs incurred during 2013.

Same store depreciation and amortization expense for the year ended December 31, 2014 decreased \$0.65 million, or 25.96%, resulting from more assets becoming fully depreciated and amortized.

Interest Expense

Same store interest expense increased \$1.29 million or 74.62% for the year ended December 31, 2014, compared to \$1.73 million for the year ended December 31, 2013. The increase primarily resulted from interest of approximately \$1.08 million on the \$12.16 million of senior convertible and non-convertible notes issued in December 2013 and January 2014. Total interest expense for the year ended December 31, 2014 increased \$3.80 million or 180.38% compared to the year ended December 31, 2013, primarily due to the \$46.7 million increase in debt resulting from the acquisitions made in 2014.

Discontinued Operations

Net income from discontinued operations totaled \$0.31 million for the year ended December 31, 2014, compared to a net loss of \$0.52 million for the year ended December 31, 2013. The loss for the year ended December 31, 2013 primarily resulted from the acquisition expenses, depreciation and amortization recognized on these properties coupled with a partial year of revenue. The net income in 2014 reflects a full year of operations for these properties.

Funds from Operations

Below is a comparison of same store FFO, which is a non-GAAP measurement, for the years ended December 31, 2014 and 2013:

	Years Ended December 31,						Period Over Period	
	Same Stores		New Stores		Total		Changes	
	2014	2013	2014	2013	2014	2013	\$	%
Net income (loss)	\$(5,181,170)	\$(2,526,591)	\$(6,564,645)	\$(1,848,635)	\$(11,745,815)	\$(4,375,226)	\$(7,370,589)	(168.46)%
Depreciation and amortization of real estate assets from continuing operations	1,849,776	2,498,477	5,537,953	503,724	7,387,729	3,002,201	4,385,528	146.08 %
Depreciation and amortization of real estate assets from discontinued operations	123,236	185,104	709,525	279,652	832,761	464,756	368,005	79.18 %
Depreciation of real estate assets	1,973,012	2,683,581	6,247,478	783,376	8,220,490	3,466,957	4,753,533	137.11 %
Total FFO	\$(3,208,158)	\$156,990	\$(317,167)	\$(1,065,259)	\$(3,525,325)	\$(908,269)	\$(2,617,056)	(288.14)%

During the year ended December 31, 2014, same store FFO decreased \$3.37 million as compared to the year ended December 31, 2013, primarily due to an increase of \$1.93 million in same store corporate general and administrative expenses for the year ended December 31, 2014. The increase in corporate general and administrative expenses is discussed in the “Other Operating Expenses” section above. Excluding the impact of acquisition related costs and certain non-cash items, total FFO for the years ended December 31, 2014 and December 31, 2013 would have been approximately \$(1.43) million and \$0.65 million, respectively, as shown in the table below.

We believe that the computation of FFO in accordance with NAREIT’s definition includes certain items that are not indicative of the results provided by our operating portfolio and affect the comparability of our period-over-period performance. These items include, but are not limited to, legal settlements, non-cash share-based compensation expense, non-cash amortization on loans and acquisition costs. Therefore, in addition to FFO, management uses AFFO, which we define to exclude such items. Management believes that these adjustments are appropriate in determining AFFO as they are not indicative of the operating performance of our assets. In addition, we believe that AFFO is a useful supplemental measure for the investing community to use in comparing us to other REITs as many REITs provide some form of adjusted or modified FFO. However, there can be no assurance that AFFO presented by us is comparable to the adjusted or modified FFO of other REITs.

	Years Ended December 31,	
	2014	2013 (1)
Total FFO	\$ (3,525,325)	\$ (908,269)
Preferred stock dividends	(2,718,257)	(141,418)
Preferred stock accretion adjustments	379,584	—
Total FFO available to common shareholders and common unitholders	(5,863,998)	(1,049,687)
Acquisition costs	3,787,900	2,179,000
Share-based compensation	456,988	—
Straight-line rent	(247,220)	(33,822)
Loan cost amortization	787,228	185,103
Above/below market lease amortization	85,808	(658,245)
Perimeter legal accrual	—	267,000
Tenant improvement reserves	(194,400)	(109,600)
Recurring capital expenditures	(239,200)	(131,600)
AFFO	\$ (1,426,894)	\$ 648,149

(1) We adjusted the previously reported 2013 AFFO to be consistent with the 2014 AFFO presentation, primarily as it relates to the treatment of preferred stock accretion adjustments, straight-line rent, tenant improvement reserves and capital expenditures.

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Results of Operations

The following table presents a comparison of the consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively.

	For the Years Ended December 31, Period over Period Changes				
	2013	2012	\$/#	%	
PROPERTY DATA:					
Number of properties owned and operated	22	11	11	100.00	%
Aggregate gross leasable area	1,284,022	470,350	813,672	172.99	%
Ending occupancy rate	94.0	% 94.3	% (0.3)% (0.32)%
FINANCIAL DATA:					
Rental revenues	\$ 6,078,172	\$ 1,946,702	\$ 4,131,470	212.23	%
Tenant reimbursements and other income	1,533,189	470,298	1,062,891	226.00	%
Total Revenue	7,611,361	2,417,000	5,194,361	214.91	%
EXPENSES:					
Property operations	1,658,405	519,220	1,139,185	219.40	%
Depreciation and amortization	3,002,201	811,958	2,190,243	269.75	%
Provision for credit losses	106,828	25,000	81,828	327.31	%
Corporate general & administrative	4,594,539	1,305,337	3,289,202	251.98	%
Total Operating Expenses	9,361,973	2,661,515	6,700,458	251.75	%
Operating Loss	(1,750,612)	(244,515)	(1,506,097)	(615.95)%
Interest expense	(2,107,303)	(960,957)	(1,146,346)	(119.29)%
Net Loss from Continuing Operations	(3,857,915)	(1,205,472)	(2,652,443)	(220.03)%
Net Loss from Discontinued Operations	(517,311)	(185)	(517,126)	(279,527.57)%
Net Loss	(4,375,226)	(1,205,657)	(3,169,569)	(262.89)%
Net loss attributable to noncontrolling interests	(714,972)	(43,880)	(671,092)	(1,529.38)%
Net Loss Attributable to Wheeler REIT	\$ (3,660,254)	\$ (1,161,777)	\$ (2,498,477)	(215.06)%

Same Store and New Store Operating Income

The following table provides same store and new store financial information. The discussion below focuses on same store results of operations since all acquisitions (new stores) have occurred subsequent to our formation during November 2012. Accordingly, 2012 operating data presented for new stores represents a nominal period of time and a comparative discussion would not provide useful information. Same stores consist of those properties we owned during all periods presented in their entirety.

New store discontinued operations financial information reflects the activity of the following properties:

- Harps at Harbor Point (acquired December 14, 2012)
- Bixby Commons (acquired June 11, 2013)
- Jenks Reasors (acquired September 25, 2013)
- Starbucks/Verizon (acquired October 21, 2013)

Same Store and New Store Operating Income

The following table provides same store and new store financial information:

	Year Ended December 31,					
	Same Store		New Store		Total	
	2013	2012	2013	2012	2013	2012
Property revenues	\$ 1,988,710	\$ 2,008,460	\$ 5,622,651	\$ 408,540	\$ 7,611,361	\$ 2,417,000
Property expenses	419,101	425,660	1,239,304	93,560	1,658,405	519,220
Property Net Operating Income	1,569,609	1,582,800	4,383,347	314,980	5,952,956	1,897,780
Depreciation and amortization	488,975	653,215	2,513,226	158,743	3,002,201	811,958
Provision for credit losses	3,526	—	103,302	25,000	106,828	25,000
Corporate general & administrative	2,599,248	1,267,517	1,995,291	37,820	4,594,539	1,305,337
Total Other Operating Expenses	3,091,749	1,920,732	4,611,819	221,563	7,703,568	2,142,295
Interest expense	733,600	805,068	1,373,703	155,889	2,107,303	960,957
Net Loss from Continuing Operations	(2,255,740)	(1,143,000)	(1,602,175)	(62,472)	(3,857,915)	(1,205,472)
Net Income (Loss) from Discontinued Operations	—	—	(517,311)	(185)	(517,311)	(185)
Net Loss	\$(2,255,740)	\$(1,143,000)	\$(2,119,486)	\$(62,657)	\$(4,375,226)	\$(1,205,657)

Property Revenues

Total same store property revenues for the year ended December 31, 2013 were \$1.99 million, compared to \$2.01 million for the year ended December 31, 2012, representing a decrease of \$19,750, or 0.98%. Same store revenues fluctuated primarily due to the amount and timing of prior year tenant reimbursement reconciliation adjustments, contractual rent adjustments, and a nominal reduction in occupancy due to a 1,286 square foot vacancy arising at one of our centers. Four of the five centers representing same stores are 100% leased and the fifth center is 94.48% leased, resulting in nominal fluctuations in revenues at these centers.

The year ended December 31, 2013 represents a full year of operations reported for the properties acquired as part of our November 2012 formation and those acquired during December 2012, and a partial year of operations for the twelve acquisitions made in 2013. The 2013 acquisitions contributed \$5.6 million in revenues for the year ended December 31, 2013. Going forward we believe these properties will generate a significant amount of revenue for our company and we will benefit from future contractual rent increases.

Property Expenses

Total same store operating expenses for the year ended December 31, 2013 were \$419,101, compared to \$425,660 for the year ended December 31, 2012, respectively. The decrease was primarily due to decreases in repairs and maintenance and utility expenses which typically fluctuate from period to period depending on timing and weather. Three of the five same store centers are free-standing buildings, with the other two consisting of a center built in 2009 and a center that was significantly renovated during 2008. Accordingly, those centers require minimal maintenance. Additionally, two of the free-standing buildings have triple-net leases in which the tenant is responsible for the majority of all operating costs to the properties.

Other Operating Expenses

Same store other operating expenses for the year ended December 31, 2013 were \$3.09 million, representing an increase of \$1.17 million over the year ended December 31, 2012. The increase is primarily associated with increases in professional fees and other expenses as a result of being a publicly traded company, property acquisitions and legal matters. The expenses related to being a publicly traded company primarily consisted of costs associated with legal, audit, tax, Board of Directors fees, directors' and officers' insurance, investor relations, REIT management fees and consulting fees.

Total acquisition expenses for same and new stores were approximately \$2,179,000. Additionally, we accrued approximately \$267,000 in legal costs for the Perimeter case (discussed in Part I, Item 3, Legal Proceedings).

Same store depreciation and amortization expense for the year ended December 31, 2013 decreased \$164,240, or 25.14%, resulting from more assets becoming fully depreciated and amortized.

Interest Expense

Same store interest expense declined \$71,468 or 8.88% for the year ended December 31, 2013, compared to \$805,068 for the year ended December 31, 2012. The decrease primarily resulted from the payoff of a \$320,000 loan during November 2012, a principal curtailment of approximately of \$511,000 during December 2012 on an existing loan, refinancing one note at a lower interest rate and the impact of declining balances on outstanding debt. The refinanced note consisted of a \$3.9 million loan refinanced at an interest rate of 4.34%, compared to the previous rate of 6.20%.

Discontinued Operations

Net loss from discontinued operations totaled \$0.52 million for the year ended December 31, 2013, compared to a net loss of \$185 for the year ended December 31, 2012. The loss for both years primarily resulted from the acquisition expenses, depreciation and amortization recognized on these properties coupled with a partial year of revenue. Harps at Harbor Point was the only property acquired in 2012, while Bixby Commons, Jenks Reasors and Starbucks/Verizon were acquired in the latter half of 2013.

Funds from Operations

Below is a comparison of same store FFO, which is a non-GAAP measurement, for the years ended December 31, 2013 and 2012:

	Years Ended December 31,						Period Over Period		
	Same Stores		New Stores		Total		Changes		
	2013	2012	2013	2012	2013	2012	\$	%	
Net income (loss)	\$(2,255,740)	\$(1,143,000)	\$(2,119,486)	\$(62,657)	\$(4,375,226)	\$(1,205,657)	\$(3,169,569)	(262.89)	%
Depreciation and amortization of real estate assets from continuing operations	488,975	653,215	2,513,226	158,743	3,002,201	811,958	2,190,243	269.75	%
Depreciation and amortization of real estate assets from discontinued operations	—	—	464,756	10,194	464,756	10,194	454,562	4,459.11	%
Depreciation of real estate assets	488,975	653,215	2,977,982	168,937	3,466,957	822,152	2,644,805	321.69	%
Total FFO	\$(1,766,765)	\$(489,785)	\$858,496	\$106,280	\$(908,269)	\$(383,505)	\$(524,764)	(136.83)	%

During the year ended December 31, 2013, same store FFO decreased \$1.28 million as compared to the year ended December 31, 2012, primarily due to an increase of \$1.33 million in same store corporate general and administrative expenses for the year ended December 31, 2013. The increase in corporate general and administrative expenses is discussed in the "Other Operating Expenses" section above. Excluding the impact of acquisition and legal related costs, total FFO for the years ended December 31, 2013 and December 31, 2012 would have been approximately \$0.65 million and \$(0.40) million, respectively, as shown in the table below.

We believe that the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by our operating portfolio and affect the comparability of our period-over-period performance. These items include, but are not limited to, legal settlements, non-cash share-based compensation expense, non-cash amortization on loans and acquisition costs. Therefore, in addition to FFO, management uses AFFO, which we define to exclude such items. Management believes that these adjustments are appropriate in determining AFFO as they are not indicative of the operating performance of our assets. In addition, we believe that AFFO is a useful supplemental measure for the investing community to use in comparing us to other REITs as many REITs provide some form of adjusted or modified

FFO. However, there can be no assurance that AFFO presented by us is comparable to the adjusted or modified FFO of other REITs.

	Years Ended December 31,	
	2013	2012 (1)
Total FFO	\$(908,269)	\$(383,505)
Preferred stock dividends	(141,418)	—
Total FFO available to common shareholders and common unitholders	(1,049,687)	(383,505)
Acquisition costs	2,179,000	—
Straight-line rent	(33,822)	(32,922)
Loan cost amortization	185,103	52,817
Above/below market lease amortization	(658,245)	(41,256)
Perimeter legal accrual	267,000	—
Tenant improvement reserves	(109,600)	—
Recurring capital expenditures	(131,600)	—
AFFO	\$648,149	\$(404,866)

(1) We adjusted the previously reported 2012 AFFO to be consistent with the 2013 AFFO presentation, primarily as it relates to the treatment of straight-line rent, loan cost amortization and above/below market lease amortization.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item 8 is incorporated by reference to our Financial Statements beginning on page 58 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our principal executive and financial officer, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to our company's management, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officer have concluded that such disclosure controls and procedures were effective as of December 31, 2015 (the end of the period covered by this Annual Report).

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in rules promulgated under the Exchange Act, is a process

designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Our internal control over financial reporting is evaluated on a regular basis by personnel in our organization. The overall goals of these various evaluation activities are to monitor our internal control over financial reporting and to make modifications as necessary, as disclosure and internal controls are intended to be dynamic systems that change (including improvements and corrections) as conditions warrant. Part of this evaluation is to determine whether there were any significant deficiencies or material weaknesses in our internal control over financial reporting, or whether we had identified any acts of fraud involving personnel who have a significant role in our internal control over financial reporting. Significant deficiencies are control issues that could have a significant adverse effect on the ability to record, process, summarize and report financial data in the financial statements. Material weaknesses are particularly serious conditions where the internal control over financial reporting does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Management conducted an assessment of the effectiveness of our company's internal control over financial reporting as of December 31, 2015, utilizing the framework established in "INTERNAL CONTROL-INTEGRATED FRAMEWORK" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this assessment, management has determined that our internal controls over financial reporting as of December 31, 2015 were effective.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

During the year ended December 31, 2014, our internal control over financial reporting was strengthened through the implementation of an automated and fully integrated accounts payable system.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our Directors and Executive Officers

Our board of directors consists of nine members, including a majority of directors who are independent within the meaning of the listing standards of the NASDAQ Capital Market. Pursuant to our charter, each of our directors will be elected by our stockholders to serve until the next annual meeting of our stockholders and until his or her successor is

duly elected and qualifies. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our board of directors.

The following table sets forth certain information concerning our directors, executive officers and certain other officers:

Name	Age	Position
Jon S. Wheeler	55	Chairman, Chief Executive Officer and Director
Wilkes J. Graham	39	Chief Financial Officer
Steven M. Belote	50	Chief Operating Officer
Robin Hanisch	58	Secretary
Matthew T. Reddy	33	Chief Accounting Officer
Jeffrey B. Parker	46	Director of Leasing
Kurt R. Harrington (1)	63	Director
David Kelly	51	Director
William W. King (1)	76	Director
Stewart J. Brown (1)	68	Director
John McAuliffe (1)	66	Director
Carl B. McGowan, Jr. (1)	68	Director
Ann McKinney	67	Director
Jeffrey Zwerdling (1)	71	Director
(1) Independent director.		

Biographical Summaries of Directors and Executive Officers

The following are biographical summaries of the experience of our directors, executive officers and certain other officers.

Jon S. Wheeler has served as our Chairman since our formation in June of 2011. In addition, Mr. Wheeler served as our President from our formation until January 2013 when his title was changed from President to Chief Executive Officer. Mr. Wheeler has also served as the President and CEO of Wheeler Interests since its inception in 1999. Mr. Wheeler has several years of experience as a real estate executive with an extensive background in strategic financial and market analyses and assessments of new or existing properties to maximize returns, which are then positioned for acquisition, growth and disposition. Since founding Wheeler Interests in 1999, Mr. Wheeler has helped Wheeler Interests to acquire over sixty shopping centers in New York, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Tennessee, Georgia, Florida, Oklahoma and Texas, representing over four million square feet of improved real estate property. Mr. Wheeler holds a B.A. degree in political science from Southern Methodist University. Mr. Wheeler was selected as our Chairman because of his experience in retail leasing, marketing, acquisition, development, financing, management and disposition of strip centers, neighborhood centers, community centers, power centers and mixed-use retail space in both the urban and suburban markets within the Northeast, Mid-Atlantic, Southeast and Southwest regions of the United States.

Wilkes J. Graham has served as our Chief Financial Officer (CFO) since January 2016. As CFO, Mr. Graham oversees corporate finance, accounting, investor relations and capital and financing strategies for the Company. Prior to joining Wheeler, Mr. Graham spent 16 years in the real estate financial services industry. Since 2010 Mr. Graham worked with Compass Point Research & Trading, LLC (“Compass Point”), an independent, full-service investment firm focused exclusively on the financial services sector, where he served as Director of Research and as a Senior Sell-Side Equity Research Analyst. As the firm’s Real Estate Analyst, Mr. Graham’s primary responsibilities included performing proprietary financial analysis in which he forecasted earnings and predicted the stock performance of over 30 publicly traded REITs, real estate operating companies and homebuilders. As Director of Research, Mr. Graham managed and oversaw the strategic direction of the firm’s research department. From 2001-2009, Mr. Graham worked as a Vice President and a Senior Sell-Side Analyst focused on the real estate sector at FBR Capital Markets & Co.

(“FBR”) (NASDAQ:FBRC), a full-service investment bank that offers equity and fixed income research services to institutional investors. From 1999-2001, he worked as a Research Associate covering REITs for Raymond James & Associates, a leading diversified financial services company located in St. Petersburg, Florida. Mr. Graham received his Bachelors of Science in Business Administration and his Master of Business Administration from the University of North Carolina’s Kenan-Flagler Business School.

Steven M. Belote has served as our Chief Operating Officer (COO) since January 2016. Mr. Belote previously served as our CFO from August 2011 to January 2016. After receiving a Bachelor’s of Science Degree in Accounting from Virginia Tech, he spent seven years working in Washington, DC with BDO Seidman, LLP, a large international public accounting and consulting

firm. In June 1995, he joined Shore Bank as their CFO, subsequently playing a significant role in taking the bank public in 1997. Mr. Belote served as CFO for the bank's publicly-traded bank holding company, Shore Financial Corporation, until the company was purchased in June 2008. Mr. Belote continued as the bank's CFO until becoming its president in June 2009; a role he held until December 2010. Mr. Belote has been affiliated with and held various roles in many organizations, including: the Melfa Rotary Club from 2006-2010, serving as the club's president from 2008-2009; the Eastern Shore of Virginia Chamber of Commerce Board of Directors from 2004-2010, serving as treasurer from 2009-2010; the Eastern Shore of Virginia United Way from 2000-2008, serving as campaign chair during 2000 and serving on the board of directors from 2001-2008, including the role of president from 2004-2006; the Virginia Bankers Association CFO Committee from 1999-2009, serving as chair from 2003-2006; a member of the Maryland Financial Bank advisory board from 2005-present; and as a member of the Bay Beyond, Inc. (Blue Crab Bay Co.) advisory board from 1997 through 2005, among others. Mr. Belote is a Certified Public Accountant.

Robin A. Hanisch has served as the Secretary of our Board of Directors since August 2011. Ms. Hanisch has served as an Associate at Wheeler Interests since 2000, where she oversees Investor Relations. Ms. Hanisch has been the main point of contact for investors in Wheeler Interests and will serve as the main point of contact for our investors. Prior to joining Wheeler Interests, Ms. Hanisch worked in fund development and marketing for a national non-profit organization. She graduated from the University of Hawaii with a degree in merchandising.

Matthew T. Reddy has served as our Chief Accounting Officer since June 2015. Prior to joining the Company, Mr. Reddy worked at Liberty Tax, Inc. ("Liberty"), where he served as Assistant Vice President of Online Products from 2014 to 2015, where his responsibilities included coordination and leadership of Liberty's online tax business. While employed at Liberty, Mr. Reddy was also employed as Director of Finance from 2011 to 2014, and Manager of Financial Reporting from 2008 to 2011. His primary responsibilities in these positions included overseeing corporate forecasting, assisting in the planning and analysis of business and financial strategies, and managing Liberty's accounting team. Prior to joining Liberty, Mr. Reddy worked at KPMG LLP as a Senior Auditor. Mr. Reddy is a Certified Public Accountant and holds a degree in accounting from James Madison University.

Kurt R. Harrington has served as a director of our company since 2015. Mr. Harrington was recently the Executive Vice President, Chief Financial Officer and Treasurer, of Arlington Asset Investment Corp. (NYSE: AI), a position he had held since January 2000. Mr. Harrington was also the Executive Vice President, Chief Financial Officer and Treasurer of FBR & Co. between January 2000 and February 2008 and served as Chief Financial Officer and Treasurer of FBR Asset Investment Corporation from September 1999 to March 2003. Mr. Harrington joined Arlington Asset Investment Corp. as Vice President of Finance and Treasurer in March 1997. He was previously the Chief Financial Officer of Jupiter National, Inc., a publicly-traded, closed-end venture capital company. From 1980 to 1990, Mr. Harrington served in a number of senior financial accounting, reporting and business planning positions at MCI Communications Corporation and Marriott Corporation, in Washington, D.C. He began his career with the public accounting firms of Meahl, McNamara & Co., Boston, Massachusetts and later, PricewaterhouseCoopers LLP, Washington, D.C. Mr. Harrington received his Certified Public Accountant certification in 1978. Mr. Harrington is the treasurer and a trustee of Nichols College. Mr. Harrington was selected as a director because of his years of management and public company experience.

David Kelly has served as a director since 2011. Mr. Kelly has over twenty five years of experience in the real estate industry and currently serves as Senior Vice President, Director of Acquisitions for Wheeler Interests. Prior to joining Wheeler, Mr. Kelly was the principal of Kelly Development, LLC, a real estate development firm he founded in 2011. Kelly Development specialized in the acquisition and management of retail properties in the Mid-Atlantic region. From 1998 through 2011, Mr. Kelly served as Director of Real Estate for Supervalu, Inc., a Fortune 100 supermarket retailer. Mr. Kelly focused on site selection and acquisition for Supervalu from New England to the Carolinas completing transactions totaling over \$500,000,000. Mr. Kelly currently serves as the President of the Board of Directors of the Norfolk, Virginia SPCA and has a Bachelor of Science in Finance degree from Bentley College (now

Bentley University). Mr. Kelly was selected as a director because of his years of experience in the real estate industry as well as his experience in real estate management at a publicly traded company.

William W. King has served as a director of our company since 2011. Mr. King currently serves, on a volunteer basis, as Executive Director of the Virginia Maritime Heritage Foundation, a 501(c)(3) corporation that owns and operates the schooner Virginia. He was appointed to that position in September of 2009. From 1988 through 2008 Mr. King served as the headmaster of Norfolk Collegiate School, an independent, co-educational, K-12 college preparatory day school. He also remained employed by the Norfolk Collegiate School until June 2009 as a special assistant to the headmaster and served on its board of trustees from 1984-2009. Prior to his service at Norfolk Collegiate School, Mr. King was Executive Vice President of SRMS, a management consulting corporation that primarily contracted for services with the U.S. Navy and the U.S. Air Force. Mr. King served in the United States Navy from 1962 until 1984, when he retired with the rank of Captain. During his time in the United States Navy, he served in seven combatant ships, two of which he commanded, did several combat tours in Vietnam, served two

tours in the Pentagon, including two years as aide to the Chief of Naval Operations, and was a Deputy Chief of Staff to the Commander of the United States Atlantic Command and the Commander-in-Chief of the United States Atlantic Fleet. Mr. King graduated from the University of Virginia in 1963 with a Bachelor of Science Degree in Finance, the Navy Postgraduate School in 1977 with a Master of Science in Financial Management, and from Old Dominion University in 1995 with a Certificate of Advanced Studies in Education Leadership and Administration. He currently serves on the Board of Directors of Chesapeake Bay Academy, the Future of Hampton Roads, Inc. and Horizons Hampton Roads. Mr. King was selected as a director because of his leadership experience.

Stewart J. Brown has served as a director since 2015. Mr. Brown has over 45 years of financial and organizational management experience in executive management positions within the real estate, banking, and finance industries, most recently as Chairman of the Credit/Risk Committee for Community and Southern Bank and is a member of the board's Joint Audit Committee. Mr. Brown has also served as the past Chairman of the Board of Lodgian, Inc. of Atlanta and Opportunity Bank of Dallas. Mr. Brown also served for over 32 years as an officer in the US Army in a variety of assignments. Mr. Brown received his Bachelor's degree in Political Science and Economics from UC Santa Barbara and has an MBA from NYU's Leonard N. Stern's School of Business. Mr. Brown was chosen as a director because of his leadership and organizational development expertise.

John McAuliffe has served as a director since 2015. Mr. McAuliffe previously served as a director from November 2012 until April 2013. Mr. McAuliffe has over 36 years of experience in the financial services industry. Presently, Mr. McAuliffe serves as a Lead Investment Banker with Newbridge Securities Corporation, a full-service securities brokerage and investment banking firm. Prior to joining Newbridge Securities Corporation in 2005, Mr. McAuliffe ran his own consulting firm which provided advisory and structural development services to the management of small to medium sized publicly traded companies. Throughout his career, Mr. McAuliffe has participated in excess of over 200 capital raises and has been involved in all aspects of the capital formation process serving in a variety of positions ranging from institutional salesman to the Managing Director of an investment banking firm. Mr. McAuliffe received his Bachelor of Science degree in political science and economics from State University of New York at Brockport. Mr. McAuliffe was chosen as a director because of his leadership and investment banking experience.

Carl B. McGowan, Jr., PhD, CFA, has served as a director since 2013. Dr. McGowan is a member of the Company's Board of Directors and the Chairman of the Audit Committee of the Board of Directors. Dr. McGowan brings over 30 years of extensive financial experience to the Board. Presently serving as the Faculty Distinguished Professor of Finance at Norfolk State University, Dr. McGowan has a BA in International Relations (Syracuse), an MBA in Finance (Eastern Michigan), and a PhD in Business Administration (Michigan State). Dr. McGowan has conducted extensive research in the areas of corporate finance and international finance, with specific studies relating to real estate operations. In addition to over 150 conference presentations, Dr. McGowan has published 68 articles in numerous peer-reviewed journals including: The Journal of Real Estate Research, The American Journal of Business Education, Applied Financial Economics, Decision Science, Financial Practice and Education, The Financial Review, International Business and Economics Research Journal, The International Review of Financial Analysis, The Journal of Applied Business Research, The Journal of Business Case Studies, The Journal of Diversity Management, Managerial Finance, Managing Global Transitions, The Southwestern Economic Review, and Urban Studies. Dr. McGowan was chosen as a director because of his financial expertise.

Ann L. McKinney has served as a director of our company since 2011. Ms. McKinney was appointed President and Principal Broker of Wheeler Real Estate Company upon its formation in March, 2000. First licensed in 1974, Ms. McKinney has held Real Estate Broker's licenses in Virginia, North Carolina, South Carolina, Florida, Mississippi, Alabama, Oklahoma and Tennessee. Her responsibilities with Wheeler Real Estate Company include dispositions, marketing and public relations, and the management of all real estate licenses. Ms. McKinney was chosen as a director because of her leadership and management expertise.

Jeffrey M. Zwerdling, Esquire, has served as a director since 2013. Mr. Zwerdling is founder and managing partner of the law firm of Zwerdling, Oppleman & Adams which was formed in 1972 in Richmond, Virginia. Mr. Zwerdling's areas of concentration include corporate law, commercial and residential real estate, personal estate planning, and general litigation. From 1999-2012 he served as President and Director of The Corporate Centre, a 225,000 square foot office park complex located in Richmond, Virginia. In May of 2013, Mr. Zwerdling was appointed to the Board of Directors of Capitol Securities Management Inc. ("CSM"). CSM is a FINRA registered broker dealer whose assets exceed \$4 billion. Mr. Zwerdling was commissioned as a Second Lieutenant in the United States Army in 1967, served in the Army Reserve and Virginia National Guard, and received his honorable discharge after obtaining the rank of Captain in 1981. Mr. Zwerdling holds a Bachelor of Science Degree from Virginia Commonwealth University and received a Juris Doctor Degree from the College of William and Mary School of Law. He was an organizational investor in Southern Community Bank & Trust, now Village Bank. In 1998, Mr.

Zwerdling was elected to the Board of Directors of Supertel Hospitality, Inc., a public company which trades on the NASDAQ Stock Exchange. Supertel is a real estate investment trust (REIT) which is a focused-service segment of the lodging industry. During his tenure at Supertel, Mr. Zwerdling served on various committees, including the Acquisitions and Dispositions Committee, and was a member and former chairman of the Audit Committee. Mr. Zwerdling was chosen as a director for his prior public company board experience.

Jeffrey B. Parker, a Certified Commercial Investment Member (CCIM), has served as our Director of Leasing since October 2014. A graduate of Hampden-Sydney College, Mr. Parker began his real estate career in the regional office of CB Richard Ellis ("CBRE"). As a vice president at CBRE, Mr. Parker spent ten years handling the leasing and sale of commercial properties. Prior to joining our company, Mr. Parker served as the Real Estate Portfolio Manager for the Southeast and Mid-Atlantic regions of the United States for Dollar Tree Stores, Inc. where he was responsible for a portfolio of over 1100 stores and created many key relationships throughout the industry. Mr. Parker is a past honoree of the Inside Business "Top 40 Under 40" which recognizes outstanding young business people in the Hampton Roads community, and he serves on the Board of Directors of the Hope House Foundation. Mr. Parker earned his CCIM designation in 2006 which is a designation held by a worldwide group of 13,000 recognized experts in the commercial and investment real estate industry.

Corporate Governance Profile

Our board consists of nine directors, six of whom are independent as determined in accordance with the listing standards established by the NASDAQ Capital Market, and our board makes an affirmative determination as to the independence of each of our directors on an annual basis. We have adopted a code of business ethics and corporate governance principles.

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.

Selection of Nominees for the Board

The Nominating and Corporate Governance Committee will consider candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. The committee may also retain a third-party executive search firm to identify candidates upon request of the committee from time to time. A stockholder who wishes to recommend a prospective nominee for the Board should notify the Company's Corporate Secretary or any member of the Nominating and Corporate Governance Committee in writing with whatever supporting material the stockholder considers appropriate. The Nominating and Corporate Governance Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of the Company's bylaws relating to stockholder nominations.

Once the Nominating and Corporate Governance Committee has identified a prospective nominee, the committee will make an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination will be based on whatever information is provided to the committee with the recommendation of the prospective candidate, as well as the committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination will be based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the committee. The committee will then evaluate the prospective nominee against the standards and qualifications generally set out in the Company's Corporate Governance Guidelines, including:

44

- the ability of the prospective nominee to represent the interests of the stockholders of the Company;
- the prospective nominee's standards of integrity, commitment and independence of thought and judgment;
- the prospective nominee's ability to dedicate sufficient time, energy, and attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's Corporate Governance Guidelines;
- the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board;
- the extent to which the prospective nominee helps the Board reflect the diversity of the Company's stockholders, employees, customers, guests and communities; and
- the willingness of the prospective nominee to meet any minimum equity interest holding guideline.

The Nominating and Corporate Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Nominating and Corporate Governance Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Nominating and Corporate Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the committee.

The bylaws of the Company provide that any stockholder entitled to vote at the Annual Meeting in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholders' intention to make such nomination has been delivered personally to, or has been mailed to and received by the Secretary at the principal office of the Company not later than 10 days following the notice this annual meeting. If a stockholder has a suggestion for candidates for election, the stockholder should follow this procedure. Each notice from a stockholder must set forth (i) the name and address of the stockholder who intends to make the nomination and the name of the person to be nominated, (ii) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder as of the record date for the meeting and as of the date of such notice, (iii) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person specified in the notice, (iv) a description of all arrangements or understandings between such stockholder and each nominee and any other person (naming those persons) pursuant to which the nomination is to be made by such stockholder, (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules, and (vi) the consent of each nominee to serve as a director of the Company if so elected. The chairman of the Annual Meeting may refuse to acknowledge the nomination of any person not made in compliance with this procedure.

Determinations of Director Independence

The Board of Directors reviews the independence of each director yearly. During this review, the Board of Directors considers transactions and relationships between each director (and his or her immediate family and affiliates) and the Company and its management to determine whether any such relationships or transactions are inconsistent with a determination that the director is independent in light of applicable law, listing standards and the Company's director independence standards. The Company believes that it maintains a majority of independent directors who are deemed to be independent under the definition of independence provided by NASDAQ Listing Rule 5605(a)(2).

Board Meetings During Fiscal 2015

The Board met eight times during fiscal year 2015. No directors attended fewer than 75% of the meetings of the aggregate of : (i) The total number of meetings of the Board (held during the period for which he or she has been a director); and (ii) the total number of meetings held by all committees of the Board on which he or she served (during the periods that he or she served). Under the Company's Corporate Governance Guidelines, each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings of the stockholders of the Company, the Board and Committees of which he or she is a member.

Board Committees

Our board of directors has established four standing committees: an audit committee, a compensation committee, a nominating and corporate governance committee and an investment committee. The principal functions of each committee are

briefly described below. 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.

Audit Committee

Our Audit Committee consists of three of our independent directors: Carl B. McGowan, Jr., William W. King and Kurt R. Harrington. Dr. McGowan, the chairman of our Audit Committee, qualifies as an “audit committee financial expert” as that term is defined by the applicable SEC regulations and NASDAQ Capital Market corporate governance requirements. In addition, each of the audit committee members is “financially sophisticated” as that term is defined by the NASDAQ Capital Market corporate governance requirements. The Audit Committee has adopted a 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 is also 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. The Audit Committee met six times in 2015.

Compensation Committee

Our Compensation Committee consists of three of our independent directors: Stewart J. Brown, William W. King and Jeffrey Zwerdling. The Compensation Committee has adopted a 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 executive officers’ compensation, evaluating our executive officers’ performance in light of such goals and objectives and determining and approving the remuneration of our executive officers based on such evaluation;
- reviewing and approving the compensation, if any, 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;
- 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.

Mr. King has been designated as chair of the Compensation Committee and Mr. Brown and Mr. Zwerdling have been appointed as members of the Compensation Committee. The Compensation Committee met five times in 2015.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of three of our independent directors: Stewart J. Brown, William W. King and Kurt R. Harrington. The Nominating and Corporate Governance Committee has adopted a 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;

- recommending to the board of directors nominees for each committee of the board of directors;
- annually facilitating the assessment of the board of directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NASDAQ Capital Market corporate governance requirements; and
- overseeing the board of directors' evaluation of management.

In identifying and recommending nominees for directors, the nominating and corporate governance committee may consider diversity of relevant experience, expertise and background. Mr. Brown has been designated as chair of this committee. The Nominating and Corporate Governance Committee met twice in 2015.

Investment Committee

Our Investment Committee consists of three independent directors: Carl B. McGowan, Jr., Stewart J. Brown, and Jeffrey Zwerdling. The Investment Committee is responsible for reviewing and analyzing strategic real estate acquisitions and investments. In addition, the Investment Committee makes recommendations to the Board regarding the potential real estate acquisitions and investments. The Investment Committee has not adopted a charter. All of the members of the Investment Committee are independent within the meaning of the listing standards of the NASDAQ Capital Market and the Company's Corporate Governance Principles. The Investment Committee met three times in 2015.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely on a review of Forms 3 and 4 and any amendments thereto furnished us pursuant to Rule 16a-3(e) under the Securities Exchange Act of 1934, or representations that no Forms 5 were required, we believe that with respect to fiscal 2013 and 2012 our officers, directors, and beneficial owners of more than 10% of our equity timely complied with all applicable Section 16(a) filing requirements, except a late Form 4 was filed for Jon Wheeler on June 22, 2015 reporting the purchase of 2,000 shares of common stock that occurred on June 17, 2015. Further, our former Senior Vice President of Operations, Victoria Paul, filed a late Form 3 on June 25, 2015, which was due on January 10, 2015 to report that she owned 1,124 shares of common stock. In addition, our former Senior Vice President of Business Development, George Fox, filed a late Form 3 on June 25, 2015, which was due on June 10, 2015, to report that he owned 15,617 shares of common stock. Lastly, our Director of Leasing, Jeffrey Parker, filed a late Form 3 on June 22, 2015, which was due on January 10, 2015, to report that he owned 232 shares of common stock.

Code of Business Conduct and Ethics

Our board of directors has established a code of business conduct and ethics that applies to our officers, directors and employees. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law or NASDAQ Capital Market regulations. Copies of our code of business conduct and ethics are available without charge on our website, www.whlr.us or by writing or calling Robin Hanisch, Secretary, Wheeler Real Estate Investment

Trust, Inc., 2529 Virginia Beach, Virginia 23452, (757) 627-9088.

Limitation of Liability and Indemnification

We have entered into indemnification agreements with each of our directors and executive officers that obligate us, if a director or executive officer is or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as a present or former director, officer, employee or agent of our company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of another enterprise that the director or executive officer served in such capacity at our request, to indemnify such director or executive officer, and advance expenses actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; the director or executive officer actually received an improper personal benefit in money, property or services; or with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe his or her conduct was unlawful.

In addition, except as described below, our directors and executive officers are not entitled to indemnification pursuant to the indemnification agreement:

- if the proceeding was one brought by us or in our right and the director or executive officer is adjudged to be liable to us;
- if the director or executive officer is adjudged to be liable on the basis that personal benefit was improperly received in a proceeding charging improper personal benefit to the director or executive officer; or
- in any proceeding brought by the director or executive officer other than to enforce his or her rights under the indemnification agreement, and then only to the extent provided by the agreement, and except as may be expressly provided in our charter, our bylaws, a resolution of our board of directors or of our stockholders entitled to vote generally in the election of directors or an agreement approved by our board of directors.

Notwithstanding the limitations on indemnification described above, on application by a director or executive officer of our company to a court of appropriate jurisdiction, the court may order indemnification of such director or executive officer if the court determines that such director or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or executive officer (1) has met the standards of conduct set forth above or (2) has been adjudged liable for receipt of an “improper personal benefit”; however, our indemnification obligations to such director or executive officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by or in the right of our company or in which the officer or director shall have been adjudged liable for receipt of an improper personal benefit. If the court determines the director or executive officer is so entitled to indemnification, the director or executive officer will also be entitled to recover from us the expenses of securing such indemnification.

Notwithstanding, and without limiting, any other provisions of the indemnification agreements, if a director or executive officer is or is threatened to be made a party to any proceeding by reason of such director’s or executive officer’s status as a director, officer, employee or agent of our company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of another entity that the director or executive officer served in such capacity at our request, and such director or executive officer is successful, on the merits or otherwise, as to one or more (even if less than all) claims, issues or matters in such proceeding, we must indemnify such director or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

In addition, the indemnification agreements require us to advance reasonable expenses incurred by the indemnitee within ten days of the receipt by us of a statement from the indemnitee requesting the advance, provided the statement evidences the expenses and is accompanied by:

- a written affirmation of the indemnitee’s good faith belief that he or she has met the standard of conduct necessary for indemnification; and
- a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification.

The indemnification agreements also provide for procedures for the determination of entitlement to indemnification, including a requirement that such determination be made by independent counsel after a change of control of us.

Our charter permits us and our bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (1) any of our present or former directors or officers who is made or threatened to be made a party to the proceeding by reason of his service in that capacity or (2) any individual who, while serving as our director or officer and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, and who is made or threatened to be made a party to the proceeding by reason of his service in that capacity.

Generally, Maryland law permits a Maryland corporation to indemnify its present and former directors and officers except in instances where the person seeking indemnification acted in bad faith or with active and deliberate dishonesty, actually received an improper personal benefit in money, property or services or, in the case of a criminal proceeding, had reasonable cause to believe that his or her actions were unlawful. Under Maryland law, a Maryland corporation also may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 11. Executive Compensation.

Our Compensation Committee compensation policies are based on factors such as the desire to retain our named executive officers' services over the long term, aligning their interests with those of our stockholders, incentivizing them over the near, medium and long term, rewarding them for exceptional performance and such other factors as our compensation committee may consider in shaping its compensation philosophy. Our compensation strategy focuses on providing a total compensation package that will not only attract and retain high-caliber executive officers, but will also be utilized as a tool to align employee contributions with our corporate objectives and stockholder interests. We aim to provide a competitive total compensation package and will share our success with our executive officers when our objectives are met.

The following is a non-exhaustive list of items that our compensation committee considers in applying our compensation philosophy to the implementation of our overall compensation program for executive officers:

- goals of the compensation program;
- role of our compensation committee;
- engagement and role(s) of an external compensation consultant and other advisors;
- involvement of management in compensation decisions;
- components of compensation, including equity, cash, incentive, fixed, short-, medium- and long-term compensation, and the interaction of these various components with one another;
- equity grant guidelines with regard to timing, type, vesting and other terms and conditions of equity grants;
- stock ownership guidelines and their role in aligning the interests of named executive officers with our stockholders;
- severance and change of control protections;
- perquisites, enhanced benefits and insurance;
- deferred compensation and other tax-efficient compensation programs;
- retirement and other savings programs;
 - peer compensation, benchmarking and survey data; and
- risk mitigation and related protective and remedial measures.

Employment Agreements

Generally

We have entered into employment agreements with each of our executive officers. We believe that the protections contained in these employment agreements help to ensure the day-to-day stability necessary to our executives to enable them to properly focus their attention on their duties and responsibilities with the company and provide security with regard to some of the most uncertain events relating to continued employment, thereby limiting concern and uncertainty and promoting productivity. Each of our employment agreements with our executive officers provides for an initial term of one year. Upon a termination of employment by reason of death or disability, such terminated executive officer or his estate will be entitled to regular base salary payments for a period of two (2) months. Such employment agreements also contain customary confidentiality and non-solicitation provisions. The following is a summary of the material terms of the agreements.

Jon S. Wheeler

Under the terms of Mr. Wheeler's employment agreement, Mr. Wheeler is required to devote his best efforts and a significant portion of his time to our business and affairs and in return will be entitled to the following:

• Base compensation of \$475,000 annually.

• Reimbursement of reasonable expenses including but not limited to cell phone, mileage, toll and travel expenses, as well as travel expenses necessary to enhance Mr. Wheeler's skills and visibility in the real estate industry.

• Various benefits equal to the benefits provided to similar situated employees.

Under Mr. Wheeler's employment agreement, if he is terminated without "cause" (as defined in the employment agreement) then, in addition to accrued amounts, Mr. Wheeler shall be entitled to his regular base salary payable in regular periodic installments (i) for a period of fifty-two (52) weeks.

If Mr. Wheeler is terminated for "cause" (as defined in his employment agreement), Mr. Wheeler shall be entitled to receive any base salary earned and benefits accrued as of the date of his termination, and our company shall have no further obligation to Mr. Wheeler.

Steven M. Belote

Under the terms of Mr. Belote's employment agreement, Mr. Belote is required to devote his best efforts and a significant portion of his time to our business and affairs and in return will be entitled to the following:

• Mr. Belote's base compensation is \$265,000 annually.

• Reimbursement of reasonable expenses including but not limited to cell phone, mileage, toll and travel expenses, as well as travel expenses necessary to enhance Mr. Belote's skills and visibility in the real estate industry.

• Various benefits equal to the benefits provided to similar situated employees, not to include healthcare.

Under Mr. Belote's employment agreement, if he is terminated without "cause" (as defined in the employment agreement) then, in addition to accrued amounts, Mr. Belote shall be entitled to his regular base salary payable in regular periodic installments (i) for a period of fifty-two (52) weeks.

If Mr. Belote is terminated for "cause" as defined in his employment agreement, Mr. Belote shall be entitled to receive any base salary earned and benefits accrued as of the date of his termination, and our company shall have no further obligation to Mr. Belote.

Robin Hanisch

Under the terms of Ms. Hanisch's employment agreement, Ms. Hanisch is required to devote her best efforts and a significant portion of her time to our business and affairs and in return will be entitled to the following:

• Base compensation of \$125,000 annually.

• Reimbursement of reasonable expenses including but not limited to cell phone, mileage, toll and travel expenses, as well as travel expenses necessary to enhance Ms. Hanisch's skills and visibility in the real estate industry.

• Various benefits equal to the benefits provided to similar situated employees, not to include healthcare.

Under Ms. Hanisch's employment agreement, if she is terminated without "cause" (as defined in the employment agreement) then, in addition to accrued amounts, Ms. Hanisch shall be entitled to her regular base salary payable in regular periodic installments (i) for a period of fifty-two (52) weeks.

If Ms. Hanisch is terminated for "cause" as defined in her employment agreement, Ms. Hanisch shall be entitled to receive any base salary earned and benefits accrued as of the date of his termination, and our company shall have no further obligation to Ms. Hanisch.

2015 Long-Term Incentive Plan

Pursuant to our 2015 Long-Term Incentive Plan, we may award incentives covering an aggregate of 1,000,000 shares of our common stock. As of March 8, 2016, we have issued 242,892 shares under the plan to employees, directors and outside contractors for services provided.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of a board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee.

Compensation Tables

Summary Compensation Table

Our executive officers are compensated by our Administrative Service Company. The table below only shows compensation received by our Chief Executive Officer and Chief Financial Officer in 2013, 2014 and 2015. No other officers received compensation in excess of \$100,000 in any year.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation (1)	Total (\$)
Jon S. Wheeler Principal Executive Officer	2015	493,269	—	26,259	—	—	18,000	537,528
	2014	298,077	—	10,000	—	—	11,923	320,000
	2013	225,000	—	—	—	—	—	225,000
Steven M. Belote Chief Financial Officer (2)	2015	275,192	—	25,980	—	—	11,222	312,394
	2014	185,923	—	18,096	—	—	—	204,019
	2013	144,000	—	—	—	—	—	144,000
David Kelly Senior VP/Acquisitions	2015	181,731	269,375	19,603	—	—	13,867	484,576
	2014	107,952	—	1,865	—	—	—	109,817
	2013	—	—	—	—	—	—	—

(1) Company's match on the 401(k) plan.

(2) Mr. Belote held this position until January 2016, when he was appointed Chief Operating Officer.

Director Compensation

Directors who are officers of our company do not receive any compensation for their services. Directors are entitled to receive \$15,000 per year for serving as directors and may receive stock grants from our company. We reimburse each of our directors for his or her travel expenses incurred in connection with his or her attendance at full board of directors and committee meetings. The following table summarizes directors' compensation for 2015:

Name	Fees Earned or Paid in Cash	Stock Awards	Total
Stewart J. Brown (1)	\$6,250	\$—	6,250
Christopher J. Ettel (2)	8,750	20,000	28,750
Kurt R. Harrington (3)	7,500	—	7,500
Warren D. Harris (4)	7,500	20,000	27,500
David Kelly	15,000	20,000	35,000
William W. King	15,000	20,000	35,000
John McAuliffe (5)	1,250	—	1,250
Carl B. McGowan, Jr.	15,000	20,000	35,000
Ann L. McKinney	15,000	20,000	35,000
Jeffrey M. Zwerdling	15,000	20,000	35,000

(1) Began serving as a director during August 2015.

(2) Served as a director until August 2015.

(3) Began serving as a director during June 2015.

(4) Served as a director until June 2015.

(5) Began serving as a director in December 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

The following tables set forth certain information regarding the beneficial ownership of shares of our common stock and shares of common stock into which common units are exchangeable for (1) each person who is the beneficial owner of 5% or more of our outstanding common stock, (2) each of our directors and named executive officers, and (3) all of our directors and executive officers as a group. Each person or entity named in the tables has sole voting and investment power with respect to all of the shares of our common stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the tables. The extent to which a person will hold shares of common stock as opposed to units is set forth in the footnotes below.

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (1) the exercise of any option, warrant or right, (2) the conversion of a security, (3) the power to revoke a trust, discretionary account or similar arrangement or (4) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, common shares subject to options or other rights (as set forth above) held by that person that are exercisable as of this filing or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. As of March 8, 2016, we had 147 stockholders of record. This number excludes our common shares owned by shareholders holding under nominee security position listings.

Unless otherwise indicated, the address of each named person is c/o Wheeler Real Estate Investment Trust, Inc.,
Riversedge North, 2529 Virginia Beach Blvd., Suite 200, Virginia Beach, Virginia 23452.

	Number of Shares and Common Units Beneficially Owned		Percentage of All Shares(1)		Percentage of All Shares and Common Units(2)	
Jon S. Wheeler	2,712,441	(3)	4.09	%	3.81	%
Steven M. Belote	21,181		*		*	
Robin Hanisch	24,094	(4)	*		*	
Carl B. McGowan, Jr.	15,571		*		*	
Ann L. McKinney	50,866	(5)	*		*	
Christopher J. Ettel	12,403		*		*	
David Kelly	17,968		*		*	
William W. King	13,171		*		*	
Jeff Zwerdling	349,271	(6)	*		*	
Warren D. Harris	9,415		*		*	
Kurt R. Harrington	20,000		*		*	
All directors, director nominees and executive officers as a group (12 persons)	3,246,381	(7)	4.90	%	4.56	%

* Less than 1.0%

Based upon 66,259,673 shares of common stock outstanding on March 8, 2016. In addition, amounts for
(1) individuals assume that all Series B convertible preferred stock held by the individual are converted into common
stock and all warrants held by the person are exercised.

Based upon 66,259,673 shares of our common stock and 4,863,019 common units, which units may be redeemed
(2) for cash or, at our option, exchanged for shares of our common stock outstanding on March 8, 2016, subject to
certain lock-up agreements.

(3) Includes 761,723 shares of common stock and 1,950,718 common units, of which 660,000 and 1,585,865 common
shares and common units, respectively, have been pledged as security.

(4) Includes 20,849 shares of common stock and 3,245 common units.

(5) Includes 26,840 shares of common stock and 24,026 common units.

(6) Includes 262,471 shares of common stock, 14,000 shares of Series B convertible preferred stock convertible into
70,000 shares of common stock and 16,800 warrants to purchase 16,800 shares of common stock.

(7) Includes 1,161,592 shares of common stock and 1,977,989 common units.

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Based upon our records and the information reported in filing with the SEC, the following were beneficial owners of more than 5% of our shares as of March 8, 2016.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Our Outstanding Shares (1)	Percentage of Our Outstanding Shares and Common Units (2)
Bulldog Investors (3) Park 80 West - Plaza Two 250 Pehle Ave. Suite 708 Saddle Brook, NJ 07663	4,298,173	6.49	% 6.04 %
LDR Capital Management, LLC (4) 444 Madison Ave., 34th Floor New York, NY 10022	4,044,221	6.10	% 5.69 %
EJF Capital, LLC (5) 2107 Wilson Boulevard, Suite 410 Arlington, VA 22201	3,455,000	5.21	% 4.86 %
Corbin Capital Partners, L.P. (6) 590 Madison Avenue New York, NY 10022	3,374,225	5.09	% 4.74 %
Westport Capital Partners, LLC (7) 40 Danbury Road Wilton, CT 06897	6,250,000	9.43	% 8.79 %
Total of 5% or more shareholders as a group (4 entities)	21,421,619	32.33	% 30.12 %

(1) Based upon 66,259,673 shares of common stock outstanding on March 8, 2016.

Based upon 66,259,673 shares of our common stock and 4,863,019 common units, which units may be redeemed (2) for cash or, at our option, exchanged for shares of our common stock outstanding on March 8, 2016, subject to certain lock-up agreements.

Based solely upon the Schedule 13D filed with the SEC by the beneficial owner on July 27, 2015 reporting (3) beneficial ownership as of July 27, 2015. Bulldog Investors, LLC possesses sole voting and dispositive power over 2,353,574 shares and shared dispositive and voting power over 1,944,599 shares.

Based solely upon the Schedule 13G filed with the SEC by the beneficial owner on February 12, 2016 reporting (4) beneficial ownership as of December 31, 2015. LDR Capital Management possesses shared voting and dispositive power over 4,044,221 shares. In addition, based solely upon the Schedule 13G, Lawrence Raiman is the sole manager, President and Chief Executive Officer of LDR and therefore may be deemed to have beneficial ownership over the shares.

Based solely upon the Schedule 13G filed with the SEC by the beneficial owner on February 12, 2016 reporting (5) beneficial ownership as of December 31, 2015. EJF Capital, LLC possesses shared voting and dispositive power over 3,455,000 shares. In addition, based solely upon the Schedule 13G filed with the SEC, Emanuel Friedman may be deemed to have beneficial ownership over the shares.

Based solely upon the Schedule 13G filed with the SEC by the beneficial owner on February 12, 2016 reporting (6) beneficial ownership as of December 31, 2015. Corbin Capital Partners Group, L.P. possesses shared voting and dispositive power over 3,374,225 shares. In addition, based solely upon the Schedule 13G, Corbin Capital Partners, L.P. and Fort George Investments, LLC may be deemed to have beneficial ownership over the shares.

(7) Based solely upon the Schedule 13D filed with the SEC by the beneficial owner on June 15, 2015 reporting beneficial ownership as of June 15, 2015. Westport Capital Partners, LLC possesses shared voting and dispositive power over 6,250,000 shares. In addition, based solely upon the Schedule 13D, Russel Bernard, Sean Armstrong, Wm. Gregory Geiger, Jordan Socaransky and Marc Porosoff are members of the investment committee of

Westport Capital Partners, LLC and may be deemed to have beneficial ownership over the shares. The 6,250,000 shares include 2,925,000 shares held by the record owner WCP Real Estate Fund IV, L.P.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Partnership Agreement

In connection with the completion of our initial public offering, we entered into a partnership agreement with the various persons receiving common units in the formation transactions, including Mr. Wheeler, his affiliates and certain other executive officers of our company. As a result, these persons became limited partners of our Operating Partnership.

Pursuant to the Partnership Agreement, limited partners of our Operating Partnership and some assignees of limited partners will have the right, beginning 12 months after the completion of the initial public offering, to require our Operating Partnership to redeem part or all of their common units for cash equal to the then-current market value of an equal number of shares of our common stock (determined in accordance with and subject to adjustment under the Partnership Agreement), or, at our election, to exchange their common units for shares of our common stock on a one-for-one basis, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter.

Employment Agreements

We have entered into employment agreements with each of our executive officers, which provide for salary, bonus and other benefits, and severance upon a termination of employment under certain circumstances. The material terms of the agreements with our named executive officers are described under “Executive Compensation—Employment Agreements” and “Executive Compensation—Compensation Tables.”

2015 Long-Term Incentive Plan

We adopted our 2015 Incentive Plan in June 2015. Such plan authorized the issuance of up to 1,000,000 shares of our common stock. As of March 8, 2016, we have issued 242,892 shares under the plan to employees, directors and outside contractors for services provided. The 2015 Incentive Plan replaced the 2012 Stock Incentive Plan (“Stock Incentive Plan”).

During the year ended December 31, 2015, we also issued 77,260 shares under the Stock Incentive Plan. The total of 320,152 shares were issued to the officers, directors, employees and consultants as follows:

Name	Shares Issued
Jon S. Wheeler	13,405
David Kelly	10,071
Ann L. McKinney	13,405
Jeffrey Zwerdling	9,302
Warren D. Harris	9,302
Christopher J. Ettl	9,302
Carl B. McGowan, Jr.	9,302
William W. King	9,302
Steven M. Belote	10,584
Robin A. Hanisch	13,405
Matthew T. Reddy	5,256
Employees and consultants	207,516
	320,152

Indemnification of Officers and Directors

Our charter and bylaws provide for certain indemnification rights for our directors and officers and we will enter into an indemnification agreement with each of our executive officers and directors, providing for procedures for indemnification and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors to the maximum extent permitted by Maryland law.

55

Other Related Party Transactions

Until internalizing the Operating Companies in October 2014, our Administrative Service Company, which was wholly owned by Mr. Wheeler, provided administrative services to the Company, including management, administrative, accounting, marketing, development and design services.

Prior to internalizing the Operating Companies, Wheeler Interests, LLC, a company controlled by Mr. Wheeler, leased our Riversedge property under a 10 year operating lease expiring in November 2017, with four five-year renewal options available. The lease required monthly base rental payments of \$23,600 and provided for annual increases throughout the term of the lease and subsequent option periods. Additionally, Wheeler Interests, LLC reimbursed us for a portion of the property's operating expenses and real estate taxes. We considered the terms of the lease agreement with Wheeler Interests, LLC to be comparable to those received by other nonrelated third parties.

The following summarizes related party activity of the combined Ownership Entities, as defined below, for the year ended December 31, 2015, 2014 and 2013.

	December 31,		
	2015	2014	2013
Amounts paid to affiliates	\$209,277	\$3,827,990	\$1,412,126
Amounts due to affiliates	\$481,298	\$463,281	\$174,683
Rent and reimbursement income received from affiliates	\$—	\$329,718	\$288,969
Rent and other tenant receivables due from affiliates	\$—	\$—	\$373,119

We are performing development services for Pineland Associates, LLC and several of its affiliated parties ("Pineland"), all of which are related parties to us, for the redevelopment of Pineland Station Shopping Center in Hilton Head, South Carolina. Pineland is responsible for development fees on the hard construction costs and reimbursing us for any costs advanced towards the project. As of December 31, 2015, we have advanced approximately \$1.46 million towards the project.

Acquisition of Portfolio Properties

Each portfolio property that we acquired through the Operating Partnership upon the completion of our initial public offering and the formation transactions and certain other properties subsequently acquired were owned directly or indirectly by partnerships, limited liability companies or corporations (the "Ownership Entities") in which Mr. Wheeler and his affiliates, certain of our other directors and executive officers and their affiliates and other third parties owned a direct or indirect interest (the "Prior Investors"). In connection with the acquisition of these Ownership Entities, the Operating Partnership entered into (1) contribution agreements with these Prior Investors, pursuant to which they contributed their interests in the Ownership Entities to the Operating Partnership and/or (2) purchase and sale agreements with the Ownership Entities. The Prior Investors, including Mr. Wheeler and his affiliates, certain of our other directors and executive officers and their affiliates, received cash and/or common units in exchange for their interests in the Ownership Entities. The value of the consideration paid to each of the Prior Investors in the Ownership Entities, in each case, was based upon the terms of the applicable contribution agreements and/or purchase and sale agreements. The purchase price paid for these properties was determined by analyzing factors such as, but not limited to, net operating income, fair market capitalization rates, leverage, occupancy rates, anchor tenant credit and alternative uses of capital. In some instances, we did not obtain independent third-party appraisals before purchasing such properties.

The following table represents portfolio properties acquired from Mr. Wheeler and his affiliates during the years ended December 31, 2015 and 2014.

Portfolio Property	Transaction Cost (1)	Related Person	Dollar Value of Related Person's Interest (2)
Port Crossing	\$9,311,422	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$181,526 \$44,742
LaGrange Marketplace	\$3,695,000	Jon S. Wheeler - Chairman & CEO	\$128,032
Development Fund Properties (Tulls Creek, Edenton, Courtland & Berkley)	\$4,446,918	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$83,833 \$13,971
Wheeler Operating Companies	\$6,750,000	Jon S. Wheeler - Chairman & CEO	\$6,750,000
Harbor Point	\$2,400,000	Jon S. Wheeler - Chairman & CEO	\$5,433
Brook Run Properties	\$300,000	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$158,251 37,004
Brook Run Shopping Center	\$18,496,159	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$34,084 23,065
Chesapeake Square	\$6,339,175	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$21,231 468
Carolina Place	\$250,000	Jon S. Wheeler - Chairman & CEO Ann L. McKinney - Director	\$13,802 304

(1) Includes the value of debt we assumed or entered into in certain of these transactions.

Mr. Wheeler personally guaranteed some of the debt we assumed in these transactions. Upon our assumption of the debt at the closing of these transactions, Mr. Wheeler, in certain cases, was released from his guarantee and the Operating Partnership guaranteed the debt. The dollar value reflected does not reflect the release of Mr. Wheeler's personal guarantee.

Item 14. Principal Accounting Fees and Services

Cherry Bekaert LLP (“CB”) was appointed by the Company to serve as its independent registered public accounting firm for fiscal years 2014 and 2015. Audit services provided by CB for fiscal year 2014 and 2015 included the examination of the consolidated financial statements of the Company; and services related to periodic filings made with the SEC.

Fees Paid To Independent Registered Public Accounting Firm

Fees Billed	2015	2014
Audit Fees *	\$207,296	\$209,704
Audit Related Fees **	711,146	298,139
Tax Fees ***	147,935	100,170
Total	\$1,066,377	\$608,013

* Audit fees included annual audits, quarterly reviews and property audits

** Audit related fees for services related to the REIT’s financing offering documents and associated filings

*** Tax fees relate primarily to tax advisory services related to REIT status

Audit Committee Pre-Approval Policies

Before CB was engaged by the Company to render audit or non-audit services, the engagement was approved by the Company’s audit committee. All services rendered by CB have been so approved.

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements. The following financial statements filed as a part of this Annual Report on Form 10-K is as follows:

	Page
<u>Report of Registered Independent Public Accounting Firm</u>	<u>60</u>
<u>Consolidated Balance Sheets</u>	<u>61</u>
<u>Consolidated Statements of Operations</u>	<u>62</u>
<u>Consolidated Statements of Equity</u>	<u>63</u>
<u>Consolidated Statements of Cash Flows</u>	<u>65</u>
<u>Notes to Consolidated Financial Statements</u>	<u>66</u>

2. Financial Statement Schedules.

a. Schedule II- Valuation and Qualifying Accounts

b. Schedule III- Real Estate and Accumulated Depreciation

All other financial statements schedules have been omitted because the required information of such schedules is not present, is not present in amounts sufficient to require a schedule or is included in the consolidated financial statements.

3. Exhibits. The list of exhibits filed as a part of this Annual Report on Form 10-K in response to Item 601 of Regulation S-K is submitted on the Exhibit Index attached hereto and incorporated herein by reference.

SIGNATURE

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 thereunto duly authorized.

WHEELER REAL ESTATE INVESTMENT TRUST, INC.

By: /s/ WILKES J. GRAHAM
 Wilkes J. Graham
 Chief Financial Officer

Date: March 10, 2016

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated. Each person whose signature appears below hereby constitutes and appoints each of Jon S. Wheeler and Steven M. Belore as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments to this Report and to file same, with exhibits thereto and other documents in connection therewith, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his or her substitutes may do or cause to be done by virtue hereof.

Signature	Title	Date
/S/ JON S. WHEELER Jon. S. Wheeler	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 10, 2016
/S/ WILKES J. GRAHAM Wilkes J. Graham	Chief Financial Officer (Principal Financial and Accounting Officer)	March 10, 2016
/S/ STEWART J. BROWN Stewart J. Brown	Director	March 10, 2016
/S/ DAVID KELLY David Kelly	Director	March 10, 2016
/S/ WILLIAM W. KING William W. King	Director	March 10, 2016
/S/ KURT R. HARRINGTON Kurt R. Harrington	Director	March 10, 2016
/S/ JOHN MCAULIFFE John McAuliffe	Director	March 10, 2016
/S/ CARL B. MCGOWAN, JR. Carl B. McGowan, Jr.	Director	March 10, 2016
/S/ ANN L. MCKINNEY Ann L. McKinney	Director	March 10, 2016
/S/ JEFFREY ZWERDLING Jeffrey Zwerdling	Director	March 10, 2016

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders of
Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Virginia Beach, Virginia

We have audited the accompanying consolidated balance sheets of Wheeler Real Estate Investment Trust, Inc. and Subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of operations, equity and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we have also audited the consolidated financial statement schedules as listed in the accompanying index. The Company's management is responsible for these consolidated financial statements and the consolidated financial statement schedules. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wheeler Real Estate Investment Trust, Inc. and Subsidiaries as of December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Cherry Bekaert LLP
Virginia Beach, Virginia
March 10, 2016

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2015	2014
ASSETS:		
Investment properties, net	\$238,764,631	\$128,994,061
Cash and cash equivalents	11,306,185	9,969,748
Rents and other tenant receivables, net	3,452,700	1,978,149
Goodwill	5,485,823	7,004,072
Assets held for sale	1,707,709	27,095,415
Above market lease intangible, net	6,517,529	4,488,900
Deferred costs and other assets, net	46,735,275	25,440,923
Total Assets	\$313,969,852	\$204,971,268
LIABILITIES:		
Loans payable	\$189,340,456	\$122,296,547
Liabilities associated with assets held for sale	2,007,554	19,283,423
Below market lease intangible, net	7,721,335	5,182,437
Accounts payable, accrued expenses and other liabilities	7,533,769	5,085,434
Total Liabilities	206,603,114	151,847,841
Commitments and contingencies (Note 9)	—	—
EQUITY:		
Series A preferred stock (no par value, 4,500 shares authorized, 562 and 1,809 shares issued and outstanding, respectively)	452,971	1,458,050
Series B convertible preferred stock (no par value, 3,000,000 shares authorized, 729,119 and 1,648,900 shares issued and outstanding, respectively)	17,085,147	37,620,254
Common stock (\$0.01 par value, 150,000,000 and 75,000,000 shares authorized, 66,259,673 and 7,512,979 shares issued and outstanding, respectively)	662,596	75,129
Additional paid-in capital	220,370,984	31,077,060
Accumulated deficit	(140,306,846)	(27,660,234)
Total Shareholders' Equity	98,264,852	42,570,259
Noncontrolling interests	9,101,886	10,553,168
Total Equity	107,366,738	53,123,427
Total Liabilities and Equity	\$313,969,852	\$204,971,268

See accompanying notes to consolidated financial statements.

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Operations

	Years Ended December 31,		
	2015	2014	2013
REVENUE:			
Rental revenues	\$20,553,870	\$11,348,955	\$6,078,172
Asset management fees	588,990	296,290	—
Commissions	361,984	158,876	—
Tenant reimbursements and other income	6,229,361	3,069,972	1,533,189
Total Revenue	27,734,205	14,874,093	7,611,361
OPERATING EXPENSES:			
Property operations	8,351,456	4,123,439	1,658,405
Non-REIT management and leasing services	1,110,705	—	—
Depreciation and amortization	16,882,462	7,387,729	3,002,201
Provision for credit losses	243,029	60,841	106,828
Corporate general & administrative	13,480,089	9,447,010	4,594,539
Total Operating Expenses	40,067,741	21,019,019	9,361,973
Operating Loss	(12,333,536)	(6,144,926)	(1,750,612)
Interest expense	(9,043,761)	(5,908,548)	(2,107,303)
Net Loss from Continuing Operations	(21,377,297)	(12,053,474)	(3,857,915)
Discontinued Operations			
Income (loss) from discontinued operations	499,781	307,659	(517,311)
Gain on disposal of properties	2,104,114	—	—
Net Income (Loss) from Discontinued Operations	2,603,895	307,659	(517,311)
Net Loss	(18,773,402)	(11,745,815)	(4,375,226)
Less: Net loss attributable to noncontrolling interests	(1,252,723)	(1,195,560)	(714,972)
Net Loss Attributable to Wheeler REIT	(17,520,679)	(10,550,255)	(3,660,254)
Preferred stock dividends	(13,627,532)	(2,718,257)	(141,418)
Deemed dividend related to beneficial conversion feature of preferred stock	(72,644,506)	—	—
Net Loss Attributable to Wheeler REIT Common Shareholders	\$(103,792,717)	\$(13,268,512)	\$(3,801,672)
Loss per share from continuing operations (basic and diluted):	\$(2.73)	\$(1.83)	\$(0.74)
Income (loss) per share from discontinued operations:	\$0.06	\$0.03	\$(0.08)
	\$(2.67)	\$(1.80)	\$(0.82)
Weighted-average number of shares:			
Basic and Diluted	38,940,463	7,352,433	4,620,600
See accompanying notes to consolidated financial statements.			

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Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Equity

	Series A Preferred Stock	Series B Preferred Stock	Series C Preferred Stock	Common Stock	Additional Paid-in	Accumulated	Total Shareholders'	Noncontrolling I		
	Shares	Value	Shares	Value	Capital	Deficit	Equity	Units	Value	
Balance, December 31, 2012	—	\$ —	\$ —	\$ 3,301,502	\$ 33,015	\$ 14,097,453	\$ (5,443,099)	\$ 8,687,369	1,858,068	\$ 7,5
Issuance of common stock, net of expenses	—	—	—	3,162,500	31,625	11,830,573	—	11,862,198	—	—
Reclass of preferred stock to equity, net of expenses of \$556,064	4,500	3,943,936	—	—	—	—	3,943,936	—	—	
Conversion of preferred stock to common stock	(2,691)	(2,485,886)	—	656,998	6,570	2,472,148	(7,168)) —	—	
Noncontrolling interest investments	—	—	—	—	—	—	—	214,284	945,	
Adjustment for noncontrolling interest in operating partnership	—	—	—	—	(230,481)) —	(230,481)) —	230,	
Dividends and distributions	—	—	—	—	—	(2,194,900)	(2,194,900)) —	(799	
Net loss	—	—	—	—	—	(3,660,254)	(3,660,254)) —	(714	
Balance, December 31, 2013	1,809	1,458,050	—	7,121,000	71,210	28,169,693	(11,298,253)	18,400,700	2,072,352	7,20
Proceeds from issuance of Series B preferred stock, net of expenses	—	1,649,000	37,242,941	—	—	—	37,242,941	—	—	
Accretion of Series B preferred stock discount	—	—	379,584	—	—	—	379,584	—	—	
	—	(100)	(2,271)	500	5	2,266	—	—	—	

Conversion of Series B preferred stock to common stock											
Conversion of Operating Partnership units to common stock	—	—	—	285,645	2,856	1,325,287	—	1,328,143	(285,645)	(1,325,287)	
Issuance of common stock under Share Incentive Plan	—	—	—	105,834	1,058	455,930	—	456,988	—	—	
Noncontrolling interest investments	—	—	—	—	—	—	—	—	1,780,916	7,990,000	
Adjustment for noncontrolling interest in operating partnership	—	—	—	—	—	1,123,884	—	1,123,884	—	(1,123,884)	
Dividends and distributions	—	—	—	—	—	—	(5,811,726)	(5,811,726)	—	(9,950,000)	
Net loss	—	—	—	—	—	—	(10,550,255)	(10,550,255)	—	(1,123,884)	
Balance, December 31, 2014	1,809	1,458,000	37,620,900	2,542,979	75,129	31,077,060	(27,660,234)	42,570,259	3,567,623	10,550,000	

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Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
 Consolidated Statements of Equity
 (continued)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock	Common Stock		Additional Paid-in	Accumulated	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value	Capital	Deficit
Accretion of Series B preferred stock discount	—	—	—	2,341,114	—	—	—	—	—	—
Conversion of Series B preferred stock to common stock	—	—	(54,300)	(1,239,196)	—	—	271,500	2,715	1,236,481	—
Reclass of Series C preferred stock to equity	—	—	—	—	93,000	86,415,894	—	—	—	—
Accretion of Series C preferred stock	—	—	—	—	—	6,584,106	—	—	—	—
Conversion of Series C preferred stock to common stock	—	—	—	—	(93,000)	(9,465,000)	465,000	92,535,000	—	—
Conversion of Operating Partnership units to common stock	—	—	—	—	—	—	213,040	2,130	480,399	—
Conversion of preferred stock to common stock through tender offer	(1,247)	(1,005,079)	(865,481)	(21,637,025)	—	—	11,442,002	114,420	22,527,659	—
Issuance of common stock under Share Incentive Plan	—	—	—	—	—	—	320,152	3,202	693,798	—
Noncontrolling interest investments	—	—	—	—	—	—	—	—	—	—
Discount on UPREIT shares	—	—	—	—	—	—	—	—	—	—
Adjustment for noncontrolling	—	—	—	—	—	—	—	(823,919)	—	—

interest in
operating
partnership

Dividends and distributions	—	—	—	—	—	—	—	—	(22,481,427)	
Deemed distribution	—	—	—	—	—	—	—	72,644,506	(72,644,506)	
Net loss	—	—	—	—	—	—	—	—	(17,520,679)	
Balance, December 31, 2015	562	\$452,971	729,119	\$17,085,147	—	\$—	66,259,673	\$662,596	\$220,370,984	\$(140,306,8

See accompanying notes to consolidated financial statements.

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Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$(18,773,402)	\$(11,745,815)	\$(4,375,226)
Adjustments to reconcile consolidated net loss to net cash used in operating activities			
Depreciation	5,370,116	2,696,064	1,467,157
Amortization	11,512,346	4,691,665	1,535,044
Loan cost amortization	1,190,574	611,927	148,418
Above (below) market lease amortization	620,324	91,752	(654,005)
Share-based compensation	697,000	456,988	—
Gain on disposal of properties	(2,104,114)	—	—
Provision for credit losses	243,029	60,841	106,828
Changes in assets and liabilities			
Rent and other tenant receivables, net	(1,449,996)	369,380	(731,327)
Unbilled rent	(258,037)	(234,066)	(31,234)
Deferred costs and other assets, net	(7,228,874)	(1,880,416)	(3,180,206)
Accounts payable, accrued expenses and other liabilities	78,967	(384,109)	2,623,291
Net operating cash flows provided by discontinued operations	797,769	824,769	639,690
Net cash used in operating activities	(9,304,298)	(4,441,020)	(2,451,570)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment property acquisitions	(62,027,081)	(17,640,587)	(14,736,679)
Capital expenditures	(531,258)	(521,405)	(707,089)
Cash received from sale of properties	8,711,699	—	—
Net investing cash flows from discontinued operations	914,388	—	(7,138,386)
Net cash used in investing activities	(52,932,252)	(18,161,992)	(22,582,154)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends and distributions paid	(14,192,289)	(5,432,518)	(2,886,574)
Proceeds from sales of preferred stock, net of expenses	83,415,894	37,242,941	3,943,936
Conversion of preferred stock	(25)	—	(7,168)
Proceeds from sales of common stock	—	—	11,862,198
Net payments to related parties	(9,547)	(681,699)	(380,243)
Loan proceeds	11,493,750	8,384,436	22,891,045
Loan principal payments	(17,033,559)	(8,036,354)	(11,214,280)
Net financing cash flows from discontinued operations	(101,237)	(59,129)	(73,299)
Net cash from financing activities	63,572,987	31,417,677	24,135,615
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,336,437	8,814,665	(898,109)
CASH AND CASH EQUIVALENTS, beginning of period	9,969,748	1,155,083	2,053,192
CASH AND CASH EQUIVALENTS, end of period	\$ 11,306,185	\$ 9,969,748	\$ 1,155,083
Supplemental Disclosures:			
Other Cash Transactions:			
Cash paid for interest	\$8,310,322	\$5,711,110	\$2,459,743
Non-cash Transactions:			
Debt incurred for acquisitions	\$77,002,464	\$46,678,328	\$51,216,465
Noncontrolling interests resulting from the issuance of common units	\$1,574,551	\$7,990,234	\$945,271
Conversion of senior convertible debt into Series C preferred stock	\$3,000,000	\$—	\$—
Accretion of preferred stock discounts	\$8,925,220	\$379,584	\$—

Deemed dividend for beneficial conversion feature	\$72,644,506	\$—	\$—
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See accompanying notes to consolidated financial statements.

65

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation and Consolidation

Wheeler Real Estate Investment Trust, Inc. (the “Trust” or “REIT”) is a Maryland corporation formed on June 23, 2011. The Trust serves as the general partner of Wheeler REIT, L.P. (the “Operating Partnership”) which was formed as a Virginia limited partnership on April 5, 2012. As of December 31, 2015, the Trust, through the Operating Partnership, owned and operated forty-two centers, one office and ten undeveloped properties in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Oklahoma, Tennessee, Kentucky, West Virginia and New Jersey. Accordingly, the use of the word “Company” refers to the Trust and its consolidated subsidiaries, except where the context otherwise requires. The Company includes the Trust, the Operating Partnership, the entities included in the REIT formation and the entities acquired since November 2012 (See Note 3 “Investment Properties”). The Company prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP. All material balances and transactions between the consolidated entities of the Company have been eliminated.

The Company was formed with the principal objective of acquiring, financing, developing, leasing, owning and managing income producing, strip centers, neighborhood, grocery-anchored, community and free-standing retail properties. Its strategy is to acquire high quality, well-located, dominant retail properties that generate attractive risk-adjusted returns. The Company targets competitively protected properties in communities that have stable demographics and have historically exhibited favorable trends, such as strong population and income growth. The Company considers competitively protected properties to be located in the most prominent shopping districts in their respective markets, ideally situated at major “Main and Main” intersections. The Company generally leases its properties to national and regional supermarket chains and selects retailers that offer necessity and value oriented items and generate regular consumer traffic. The Company’s tenants carry goods that are less impacted by fluctuations in the broader U.S. economy and consumers’ disposable income, which it believes generates more predictable property-level cash flows.

The Company’s portfolio had total net rentable space of approximately 3,151,000 square feet and an occupancy level of approximately 94.2% at December 31, 2015. The Company’s portfolio is comprised of thirty-nine retail shopping centers, three free-standing retail properties, one office building and ten undeveloped land parcels. Fourteen of these properties are located in Virginia, three are located in Florida, six are located in North Carolina, twelve are located in South Carolina, eight are located in Georgia, two are located in Kentucky, two are located in Tennessee, one is located in New Jersey, one is located in Alabama, one is located in West Virginia and three are located in Oklahoma.

On October 24, 2014, the Trust, through the Operating Partnership, acquired (i) Wheeler Interests, LLC (“WI”), an acquisition and asset management firm, (ii) Wheeler Real Estate, LLC (“WRE”), a real estate leasing, management and administration firm and (iii) WHLR Management, LLC (“WM” and collectively with WI and WRE the “Operating Companies”), a real estate business operations firm, from Jon S. Wheeler, the Company's Chairman and CEO, resulting in the Company becoming an internally-managed REIT. Accordingly, the responsibility for identifying targeted real estate investments, the handling of the disposition of real estate investments our board of directors chooses to sell, administering our day-to-day business operations, including but not limited to, leasing, property management, payroll and accounting functions, acquisitions, asset management and administration are now handled internally.

Prior to being acquired by the Company, the Operating Companies served as the external manager for the Company and its properties (the “REIT Properties”) and performed property management and leasing functions for certain related and non-related third parties (the “Non-REIT Properties”). The Company will continue to perform these services for the Non-REIT Properties through the Operating Companies, primarily through WRE. Accordingly, the Company

converted WRE to a Taxable REIT Subsidiary (“TRS”) to accommodate serving the Non-REIT Properties since applicable REIT regulations consider the income derived from these services to be “bad” income subject to taxation. The regulations allow for costs incurred by the Company commensurate with the services performed for the Non-REIT Properties to be allocated to a TRS.

During January 2014, the Company acquired Wheeler Development, LLC (“WD”) and converted it to a TRS. The Company began performing development activities for both REIT Properties and Non-REIT Properties during 2015.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies

Investment Properties

The Company records investment properties and related intangibles at cost or fair value upon acquisition less accumulated depreciation and amortization. Investment properties include both acquired and constructed assets. Improvements and major repairs and maintenance are capitalized when the repair and maintenance substantially extends the useful life, increases capacity or improves the efficiency of the asset. All other repair and maintenance costs are expensed as incurred. The Company capitalizes interest on projects during periods of construction until the projects reach the completion point that corresponds with their intended purpose.

The Company allocates the purchase price of acquisitions to the various components of the asset based upon the fair value of each component which may be derived from various observable or unobservable inputs and assumptions. Also, the Company may utilize third party valuation specialists. These components typically include buildings, land and any intangible assets related to out-of-market leases, tenant relationships and in-place leases the Company determines to exist. The Company determines fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends and specific market and economic conditions that may affect the property. Factors considered by management in the analysis of determining the as-if-vacant property value include an estimate of carrying costs during the expected lease-up periods considering market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and estimates of lost rentals at market rates during the expected lease-up periods, tenant demand and other economic conditions. Management also estimates costs to execute similar leases including leasing commissions, tenant improvements, legal and other related expenses. Intangibles related to out-of-market leases, tenant relationships and in-place lease value are recorded as acquired lease intangibles and are amortized as an adjustment to rental revenue or amortization expense, as appropriate, over the remaining terms of the underlying leases. Premiums or discounts on acquired out-of-market debt are amortized to interest expense over the remaining term of such debt.

The Company records depreciation on buildings and improvements utilizing the straight-line method over the estimated useful life of the asset, generally 5 to 40 years. The Company reviews depreciable lives of investment properties periodically and makes adjustments to reflect a shorter economic life, when necessary. Tenant allowances, tenant inducements and tenant improvements are amortized utilizing the straight-line method over the term of the related lease or occupancy term of the tenant, if shorter.

Amounts allocated to buildings are depreciated over the estimated remaining life of the acquired building or related improvements. The Company amortizes amounts allocated to tenant improvements, in-place lease assets and other lease-related intangibles over the remaining life of the underlying leases. The Company also estimates the value of other acquired intangible assets, if any, and amortizes them over the remaining life of the underlying related intangibles.

The Company reviews investment properties for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of investment properties may not be recoverable, but at least annually. These circumstances include, but are not limited to, declines in the property's cash flows, occupancy and fair market value. The Company measures any impairment of investment property when the estimated undiscounted operating income before depreciation and amortization, plus its residual value, is less than the carrying value of the

property. To the extent impairment has occurred, the Company charges to income the excess of the carrying value of the property over its estimated fair value. The Company estimates fair value using unobservable data such as operating income, estimated capitalization rates, or multiples, leasing prospects and local market information. The Company may decide to sell properties that are held for use and the sale prices of these properties may differ from their carrying values. The Company did not record any impairment adjustments to its properties during the years ended December 31, 2015, 2014 and 2013.

Conditional Asset Retirement Obligation

A conditional asset retirement obligation represents a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement depends on a future event that may or may not be with the Company's control. Currently, the Company does not have any conditional asset retirement obligations. However, any such obligations identified in the future would result in the Company recording a liability if the fair value of the obligation can be reasonably estimated. Environmental studies conducted at the time the Company acquired its properties did not reveal any material environmental

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

liabilities, and the Company is unaware of any subsequent environmental matters that would have created a material liability. The Company believes that its properties are currently in material compliance with applicable environmental, as well as non-environmental, statutory and regulatory requirements. The Company did not record any conditional asset retirement obligation liabilities during the years ended December 31, 2015, 2014 and 2013.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of 90 days or less or easily converted into known amounts of cash to be cash and cash equivalents without a significant cost to the Company. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents consist primarily of bank operating accounts and money markets. Financial instruments that potentially subject the Company to concentrations of credit risk include its cash and cash equivalents and its trade accounts receivable. The Company places its cash and cash equivalents with institutions of high credit quality.

The Company places its cash and cash equivalents on deposit with financial institutions in the United States. Beginning December 31, 2010, through December 31, 2013, all noninterest-bearing transaction accounts were fully insured by the Federal Deposit Insurance Company (“FDIC”), regardless of the balance of the account, at all FDIC-insured institutions. However, this provision expired on December 31, 2013 and beginning January 1, 2014 noninterest-bearing deposits now receive the same \$250,000 insurance coverage provided to a depositor’s other deposit accounts held at an FDIC-insured institution. As of December 31, 2015 and 2014, the Company had cash balances of \$6.99 million and \$8.25 million, respectively, that exceeded the FDIC coverage, but management believes that the risk of loss is minimal.

Tenant Receivables and Unbilled Rent

Tenant receivables include base rents, tenant reimbursements and receivables attributable to recording rents on a straight-line basis. The Company determines an allowance for the uncollectible portion of accrued rents and accounts receivable based upon customer credit-worthiness (including expected recovery of a claim with respect to any tenants in bankruptcy), historical bad debt levels, and current economic trends. The Company considers a receivable past due once it becomes delinquent per the terms of the lease. The Company’s standard lease form considers a rent charge past due after five days. A past due receivable triggers certain events such as notices, fees and other allowable and required actions per the lease. As of December 31, 2015 and 2014, the Company’s allowance for uncollectible accounts totaled \$411,394 and \$186,517, respectively. During the years ended December 31, 2015, 2014 and 2013, the Company recorded provisions for credit losses in the amount of \$243,029, \$60,841 and \$106,828, respectively, related to tenant receivables that were specifically identified as potentially uncollectible based on the an assessment of the tenant’s credit-worthiness. During the years ended December 31, 2015, 2014 and 2013, the Company did not realize any recoveries related to tenant receivables previously charged off.

Deferred Costs and Other Assets

The Company’s deferred costs and other assets consist primarily of leasing commissions, fees incurred to obtain long-term financing, capitalized legal and marketing costs and tenant relationship intangibles associated with acquisitions, and various property escrow accounts for real estate taxes, insurance and tenant improvements and replacements. The Company records amortization of financing costs over the terms of the respective loans or agreements. The Company’s lease origination costs consist primarily of the portion of property acquisitions allocated

to lease originations and commissions paid in connection with lease originations.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

The Company generally records amortization of lease origination costs on a straight-line basis over the terms of the related leases. Details of these deferred costs, net of amortization and other assets are as follows:

	December 31,	
	2015	2014
Lease origination costs, net	\$1,376,652	\$1,773,279
Leases in place, net	19,091,917	10,522,597
Financing costs, net	4,711,375	3,202,542
Property escrows	6,764,375	4,242,499
Deposits on acquisitions	2,012,996	623,350
Legal and marketing costs, net	129,325	198,169
Tenant relationships	12,060,172	4,485,699
Other	588,463	392,788
Total Deferred Costs and Other Assets, net	\$46,735,275	\$25,440,923

Amortization of lease origination costs, in place leases, legal and marketing costs and tenant relationships represent a component of depreciation and amortization expense. The Company reports amortization of financing costs, amortization of premiums and accretion of discounts as part of interest expense. Future amortization of lease origination costs, leases in place, financing costs, legal and marketing costs and tenant relationships is as follows:

For the Years Ended December 31,	Lease Origination Costs	Leases In Place	Financing Costs	Legal & Marketing Costs	Tenant Relationships
2016	\$347,611	\$5,835,379	\$883,081	\$22,470	\$4,285,878
2017	300,046	4,518,001	742,708	25,588	3,040,631
2018	211,662	3,037,481	540,985	19,870	1,937,225
2019	142,442	2,086,746	452,442	16,330	1,270,616
2020	98,913	1,248,990	442,323	12,181	695,003
Thereafter	275,978	2,365,320	1,649,836	32,886	830,819
	\$1,376,652	\$19,091,917	\$4,711,375	\$129,325	\$12,060,172

Revenue Recognition

The Company retains substantially all of the risks and benefits of ownership of the investment properties and accounts for its leases as operating leases. The Company accrues minimum rents on a straight-line basis over the terms of the respective leases which results in an unbilled rent asset or deferred rent liability being recorded on the balance sheet. Additionally, certain of the lease agreements contain provisions that grant additional rents based on tenants' sales volumes (contingent or percentage rent). Percentage rents are recognized when the tenants achieve the specified targets as defined in their lease agreements. During the years ended December 31, 2015, 2014 and 2013, the Company recognized percentage rents of \$162,608, \$90,437 and \$15,472, respectively.

The Company's leases generally require the tenant to reimburse the Company for a substantial portion of its expenses incurred in operating, maintaining, repairing, insuring and managing the shopping center and common areas (collectively defined as Common Area Maintenance or "CAM" expenses). The Company includes these reimbursements, along with other revenue derived from late fees and seasonal events, under the Consolidated Statements of Operations caption "Tenant reimbursements and other income." This significantly reduces the

Company's exposure to increases in costs and operating expenses resulting from inflation or other outside factors. The Company accrues reimbursements from tenants for recoverable portions of all these expenses as revenue in the period the applicable expenditures are incurred. The Company calculates the tenant's share of operating costs by multiplying the total amount of the operating costs by a fraction, the numerator of which is the total number of square feet being leased by the tenant, and the denominator of which is the average total square footage of all leasable buildings at the property. The Company also receives escrow payments for these reimbursements from substantially

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

all its tenants throughout the year. The Company recognizes differences between estimated recoveries and the final billed amounts in the subsequent year. These differences were not material for the years ended December 31, 2015, 2014 and 2013.

The Company recognizes lease termination fees in the period that the lease is terminated and collection of the fees is reasonably assured. Upon early lease termination, the Company provides for losses related to unrecovered intangibles and other assets. The Company did not recognize any lease termination fees during the years ended December 31, 2015, 2014 and 2013.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code and applicable Treasury regulations relating to REIT qualification. In order to maintain this REIT status, the regulations require the Company to distribute at least 90% of its taxable income to stockholders and meet certain other asset and income tests, as well as other requirements. The Company made no provision for federal income taxes for the REIT in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT, it will be subject to tax at regular corporate rates for the years in which it fails to qualify. If the Company loses its REIT status it could not elect to be taxed as a REIT for five years unless the Company's failure to qualify was due to reasonable cause and certain other conditions were satisfied.

Management has evaluated the effect of the guidance provided by GAAP on Accounting for Uncertainty of Income Taxes and has determined that the Company had no uncertain income tax positions that could have a significant effect on the financial statements for the years ended December 31, 2015, 2014 and 2013.

As the REIT was formed in November 2012, it is subject to examination by the Internal Revenue Service and state tax authorities from the date of formation.

Taxable REIT Subsidiary Cost Allocation

The Company's overall philosophy regarding cost allocation centers around the premise that WHLR exists to acquire, lease and manage properties for the benefit of its investors. Accordingly, a majority of the Company's operations occur at the property level. Each property must carry its own weight by absorbing the costs associated with generating its revenues. Additionally, leases generally allow the Company to pass through to the tenant most of the costs involved in operating the property, including, but not limited to, the direct costs associated with owning and maintaining the property (landscaping, repairs and maintenance, taxes, insurance, etc.), property management and certain administrative costs.

Service vendors bill the majority of the direct costs of operating the properties directly to the REIT Properties and Non-REIT Properties and each property pays them accordingly. The Non-REIT Properties pay WRE property management and/or asset management fees of 3% and 2% of collected revenues, respectively. The Non-REIT Properties also pay WRE leasing commissions based on the total contractual revenues to be generated under the new/renewed lease agreement (6% for new leases and 3% for renewals).

Compensation and benefits paid to employees of the Company represent the largest component of costs incurred to acquire, manage, lease and administer the properties. The Company believes that every employee position exists to

either directly or indirectly to perform these functions. Therefore, the Company allocates compensation and benefits to the various functions of the Company based on an estimate of how each employee spends their time. The Company allocates actual costs attributed to property management costs to the TRS on a pro rata basis based on total property revenues generated by the Non-REIT Properties. The Company allocates actual leasing costs to the TRS on a pro rata basis based on total leasing commissions generated by the Non-REIT Properties. Currently, the TRS does not acquire properties for third parties so the Company does not allocate acquisition related costs to the TRS.

Financial Instruments

The carrying amount of financial instruments included in assets and liabilities approximates fair market value due to their immediate or short-term maturity.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The Company has made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reported period. The Company's actual results could differ from these estimates.

Advertising Costs

The Company expenses advertising and promotion costs as incurred. The Company incurred advertising and promotion costs of \$218,180, \$176,950 and \$45,833 for the years ended December 31, 2015, 2014 and 2013, respectively.

Assets Held For Sale

The Company records assets as held for sale when management has committed to a plan to sell the assets, actively seeks a buyer for the assets, and the consummation of the sale is considered probable and is expected within one year.

Corporate General and Administrative Expense

A detail for the "Corporate general & administrative" line item from the consolidated statements of operations is presented below:

	December 31, 2015	2014	2013
Acquisition costs	\$3,871,037	\$3,787,907	\$2,179,023
Professional fees	1,596,870	2,247,052	894,950
Salaries and compensation	3,428,998	1,326,434	—
Corporate administration	1,198,480	1,218,033	1,188,456
Equity, debt & refinancing costs	2,655,474	—	—
Travel	445,732	540,991	262,046
Advertising	218,180	176,950	45,833
Taxes and licenses	65,318	149,643	24,231
Total	\$13,480,089	\$9,447,010	\$4,594,539

Noncontrolling Interests

Noncontrolling interests is the portion of equity in the Operating Partnership not attributable to the Trust. The ownership interests not held by the parent are considered noncontrolling interests. Accordingly, noncontrolling interests have been reported in equity on the consolidated balance sheets but separate from the Company's equity. On the consolidated statements of operations, the subsidiaries are reported at the consolidated amount, including both the amount attributable to the Company and noncontrolling interests. Consolidated statements of changes in equity include beginning balances, activity for the period and ending balances for shareholders' equity, noncontrolling interests and total equity.

The noncontrolling interest of the Operating Partnership common unit holders is calculated by multiplying the noncontrolling interest ownership percentage at the balance sheet date by the Operating Partnership's net assets (total assets less total liabilities). The noncontrolling interest percentage is calculated at any point in time by dividing the number of units not owned by the Company by the total number of units outstanding. The noncontrolling interest ownership percentage will change as additional units are issued or as units are exchanged for the Company's Common Stock. In accordance with GAAP, any changes in the value from period to period are charged to additional paid-in capital.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). This ASU changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under this ASU, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the Company's operations and financial results. Examples include a disposal of a major geographical area, a major line of business, or a major equity method investment. Additionally, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The adoption of ASU 2014-08 was effective prospectively for reporting periods beginning on or after December 15, 2014. The Company adopted ASU 2014-08 on January 1, 2015 and used its guidance in determining the effect of discontinued operations as disclosed in Note 5.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements of Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition" and most industry-specific guidance on revenue recognition throughout the ASC. The new standard is principles based and provides a five step model to determine when and how revenue is recognized. The core principle of the new standard is that revenue should be recognized when a company transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also requires disclosure of qualitative and quantitative information surrounding the amount, nature, timing and uncertainty of revenues and cash flows arising from contracts with customers. The new standard will be effective for the Company in the first quarter of the year ending December 31, 2018 and can be applied either retrospectively to all periods presented or as a cumulative-effect adjustment as of the date of adoption. Early adoption is not permitted. The Company is currently evaluating the impact of adoption of the new standard on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)." This ASU defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and provides guidance on required financial statement footnote disclosures. This ASU is effective for annual periods ending after December 15, 2016. The Company will adopt the ASU in 2016.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This new guidance requires the presentation of unamortized debt issuance costs to be shown in the liabilities section of the consolidated balance sheets as a reduction of the principal amount of the associated debt, rather than as an asset. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015 and early adoption is permitted, including adoption in an interim period. The new standard must be applied using a retrospective approach by restating prior period comparative consolidated balance sheets. In August 2015, the FASB issued ASU No. 2015-15, "Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which clarifies that absent authoritative guidance in ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, the staff of the SEC would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company does not expect the

adoption of ASU 2015-03 to materially impact its financial position or results of operations.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments". This new guidance requires that the acquirer recognizes adjustments to preliminary acquisition values and account for the cumulative effect of any required adjustments in the period in which they are determined. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015 and early adoption is permitted, including adoption in an interim period. The new standard must be applied using a prospective approach for adjustments that occur after the effective date. The Company does not expect the adoption of ASU 2015-16 to materially impact its financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. The ASU will require organizations that lease assets referred to as "Lessees" to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. An organization is to provide disclosures designed to enable users of financial statements to understand the amount, timing, and

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements concerning additional information about the amounts recorded in the financial statements. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet the new ASU will require both types of leases (i.e. operating and capital) to be recognized on the balance sheet. The FASB lessee accounting model will continue to account for both types of leases. The capital lease will be accounted for in substantially the same manner as capital leases are accounted for under existing GAAP. The operating lease will be accounted for in a manner similar to operating leases under existing GAAP, except that lessees will recognize a lease liability and a lease asset for all of those leases.

The leasing standard will be effective for calendar year-end public companies beginning after December 15, 2018. Public companies will be required to adopt the new leasing standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption will be permitted for all companies and organizations upon issuance of the standard. For calendar year-end public companies, this means an adoption date of January 1, 2019 and retrospective application to previously issued annual and interim financial statements for 2018 and 2017. Lessees with a large portfolio of leases are likely to see a significant increase in balance sheet assets and liabilities. See Note 9 for the Company's current lease commitments. The Company is currently evaluating the impact of ASU 2016-02 on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies are not currently applicable to the Company or are not expected to have a significant impact on the Company's financial position, results of operations and cash flows.

Reclassifications

Certain reclassifications have been made to prior period amounts to make their presentation comparable with the current period. These reclassifications had no impact on net income.

Table of ContentsWheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties

Investment properties consist of the following:

	December 31,	
	2015	2014
Land	\$50,777,143	\$32,171,097
Land held for development	12,353,963	6,846,918
Buildings and improvements	188,338,469	97,423,211
Investment properties at cost	251,469,575	136,441,226
Less accumulated depreciation and amortization	(12,704,944)	(7,447,165)
Investment properties, net	\$238,764,631	\$128,994,061

The Company's depreciation expense on investment properties was \$5,370,116, \$2,696,064 and \$1,467,157 for the years ended December 31, 2015, 2014 and 2013, respectively.

A significant portion of the Company's land, buildings and improvements serve as collateral for its mortgage loans payable portfolio. Accordingly, restrictions exist as to each property's transferability, use and other common rights typically associated with property ownership.

Property Acquisitions

2013 Acquisitions

On June 11, 2013, the Company completed its acquisition of a 75,000 square foot, 100% leased free-standing grocery store located in the Bixby Commons Shopping Center in Bixby, Oklahoma ("Bixby Commons") for a purchase price of approximately \$10.6 million. The property is stabilized by a 20-year, triple-net lease expiring in 2032 with Associated Wholesale Grocers, Inc., ("Associated"), a retailer-owned cooperative serving over 1,900 retail member stores with a complete assortment of grocery and general merchandise items. Associated subleases the property to Reasor's Foods under a similar lease arrangement.

On August 26, 2013, the Company completed its acquisition of Tampa Festival Shopping Center, a 137,987 square foot grocery-anchored shopping center located in Tampa, Florida ("Tampa Festival") for a purchase price of approximately \$11.85 million. The property was 100% leased as of the acquisition date and is anchored by a Winn Dixie grocery store which occupies approximately 32% of the total rentable square feet of the center through a 20-year lease expiring in June 2018 with four five-year options available.

On August 29, 2013, the Company completed its acquisition of Forrest Gallery Shopping Center, a 214,451 square foot shopping center located in Tullahoma, Tennessee ("Forrest Gallery") for a purchase price of approximately \$11.50 million. The property was 91% leased as of the acquisition date and is anchored by a 48,780 square foot Kroger grocery store under a 20 year lease that is currently in its second five year option which expires in January 2018 with four five-year options remaining.

On September 25, 2013, the Company completed its acquisition of Reasor's Jenks Shopping Center, an 81,000 square foot shopping center located in Jenks, Oklahoma ("Jenks Reasors") for a purchase price of approximately \$11.4 million. The property is 100% leased by a Reasor's Foods grocery store under a 20 year, triple-net operating lease expiring in 2033.

On October 21, 2013, the Company completed the acquisition of the Starbucks/Verizon building located in the Fairfield Shopping Center in Virginia Beach, Virginia for a purchase price of approximately \$1.39 million. The property is a 5,600 square foot 100% leased free-standing building that was significantly renovated during 2012 to accommodate a Starbucks coffeehouse and a Verizon Wireless store. The Starbucks coffeehouse occupies approximately 2,165 square feet of the building under a 10 year lease expiring in 2023 with three renewal options available. The Verizon Wireless store occupies approximately 3,435 square feet of the building under a 10 year lease expiring in 2022 with three renewal options available. The property is subject to a 10 year ground lease with Fairfield Shopping Center, a related party, expiring in 2022. The Company acquired the property from a related party by issuing 169,613 common units in the Operating Partnership to the limited partners and the assumption of outstanding debt.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

On December 17, 2013, the Company completed its acquisition of Jenks Plaza from a related party, a 7,800 square foot shopping center located in Jenks, Oklahoma (“Jenks Plaza”) for a purchase price of approximately \$1.75 million. The property was 100% leased as of the acquisition date by 5 primarily retail and restaurant tenants, under leases expiring through October 2017.

On December 19, 2013, the Company completed its acquisition of Winslow Plaza, a 40,695 square foot shopping center located in Sicklerville, New Jersey (“Winslow Plaza”) for a purchase price of approximately \$6.61 million. The property was 91.2% leased as of the acquisition date by 15 primarily retail and restaurant tenants, and is anchored by King’s Liquors, which is leased through August 2017.

On December 23, 2013, the Company completed its acquisition of Clover Plaza, St. George Square, South Square, Waterway Plaza and Westland Square (collectively the “Food Lions”) from a related party for an aggregate purchase price of approximately \$15.85 million. Collectively, the Food Lions total 261,689 square feet in leaseable space, and were 89.5% leased as of the acquisition date by 34 primarily retail and restaurant tenants, and each center is anchored by a Food Lion grocery store.

For the year ended December 31, 2013, the Company incurred approximately \$2,179,023 in acquisition costs for these acquisitions. These costs are included on the consolidated statement of operations under the caption “Corporate general & administrative.”

The following summarizes the consideration paid and the fair values of assets acquired and liabilities assumed in conjunction with the acquisitions described above, along with a description of the methods used to determine fair value. In determining fair values, the Company considered many factors including, but not limited to, cash flows, market cap rates, location, occupancy rates, appraisals, other acquisitions and management’s knowledge of the current acquisition market for similar properties.

	Subtotal	Food Lions	Total Acquisitions
Fair value of assets acquired and liabilities assumed:			
Investment property (a)	\$48,576,763	\$10,910,964	\$59,487,727
Lease intangibles and other assets (b)	6,720,126	4,392,812	11,112,938
Above market leases (c)	674,184	704,710	1,378,894
Below market leases (c)	(876,736)	(161,950)	(1,038,686)
Fair value of net assets acquired	\$55,094,337	\$15,846,536	\$70,940,873
Purchase consideration:			
Consideration paid with cash and debt	\$54,149,066	\$15,846,536	\$69,995,602
Consideration paid with common units	945,271	—	945,271
Total consideration (d)	\$55,094,337	\$15,846,536	\$70,940,873

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

a. Represents the fair value of the net investment properties acquired which includes land, buildings, site improvements and tenant improvements. The fair value was determined using following approaches:

i. the market approach valuation methodology for land by considering similar transactions in the markets;

ii. a combination of the cost approach and income approach valuation methodologies for buildings, including replacement cost evaluations, "go dark" analyses and residual calculations incorporating the land values; and

iii. the cost approach valuation methodology for site and tenant improvements, including replacement costs and prevailing quoted market rates.

b. Represents the fair value of lease intangibles and other assets. Lease intangibles include leasing commissions, in place leases, legal and marketing fees and tenant relationships associated with replacing existing leases. The income approach was used to determine the fair value of these intangible assets which included estimated market rates and expenses. It was determined that carrying value approximated fair value for other asset amounts.

c. Represents the fair value of above/below market leases. The income approach was used to determine the fair value of above/below market leases using market rental rates for similar properties.

d. Represents the components of purchase consideration paid.

2014 Acquisitions

Cypress Shopping Center

On July 1, 2014, the Company completed its acquisition of Cypress Shopping Center, an 80,435 square foot grocery-anchored shopping center located in Boiling Springs, South Carolina ("Cypress") for a contract price of \$8.30 million, paid through a combination of cash and debt. Cypress was 92% leased as of the acquisition date and its major tenants include Bi-Lo and Dollar General.

Harrodsburg Marketplace

On July 1, 2014, the Company completed its acquisition of Harrodsburg Marketplace, a 60,048 square foot grocery-anchored shopping center located in Harrodsburg, Kentucky ("Harrodsburg") for a contract price of \$5.00 million, paid through a combination of cash and debt. Harrodsburg was 97% leased as of the acquisition date and its major tenants include Kroger and Arby's.

Port Crossing Shopping Center

On July 3, 2014, the Company completed the acquisition of Port Crossing Shopping Center, a 65,365 square foot grocery-anchored shopping center located in Harrisonburg, Virginia ("Port Crossing") for a contract price of \$9.31 million. Port Crossing was 92% leased as of the acquisition date and is anchored by a Food Lion grocery store. The Company acquired the property from a related party through a combination of cash, the issuance of 157,429 common units in the Operating Partnership and the assumption of outstanding debt.

LaGrange Marketplace

On July 25, 2014, the Company completed the acquisition of LaGrange Marketplace, a 76,594 square foot grocery-anchored shopping center located in LaGrange, Georgia ("LaGrange") for a contract price of \$3.70 million. LaGrange was 93% leased as of the acquisition date and is anchored by a Food Depot grocery store. The Company acquired the property from a related party through a combination of cash, the issuance of 105,843 common units in the Operating Partnership and the assumption of outstanding debt.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

DF I-Courtland

On August 15, 2014, the Company completed its acquisition of DF I-Courtland, LLC ("DF I-Courtland") from a related party, consisting of a 1.01 acre parcel of undeveloped real estate located in Courtland, Virginia, for a contract price of \$893,900. The Company believes that this parcel can accommodate a 8,400 square foot facility. There are currently no development plans for DF I-Courtland, but management believes that it could support a retail facility that would be complementary to the Company's existing portfolio.

DF I-Moyock

On August 15, 2014, the Company completed its acquisition of DF I-Moyock, LLC ("DF I-Moyock") from a related party, consisting of a 1.28 acre parcel of undeveloped real estate located in Moyock, North Carolina, for a contract price of \$908,100. The Company believes that this parcel can accommodate a 9,000 square foot facility. There are currently no development plans for DF I-Moyock, but management believes that it could support a retail facility that would be complementary to the Company's existing portfolio.

Edenton Commons

On August 15, 2014, the Company completed its acquisition of Edenton Commons ("Edenton Commons") from a related party, consisting of a 53.82 acre parcel of undeveloped real estate located in Edenton, North Carolina, for a contract price of \$2.40 million. The Company believes that this parcel can accommodate a 225,000 square foot facility. There are currently no development plans for Edenton Commons, but management believes that it could support a retail facility that would be complementary to the Company's existing portfolio.

Freeway Junction

On September 4, 2014, the Company completed the acquisition of Freeway Junction, a 156,834 square foot shopping center located in Stockbridge, Georgia ("Freeway Junction") for a contract price of \$10.45 million, paid through a combination of cash and debt. Freeway Junction was 98% leased as of the acquisition date and is anchored by Northern Tool, Ollie's Bargain Outlet, Goodwill and Farmer's Furniture.

Graystone Crossing

On September 26, 2014, the Company completed the acquisition of Graystone Crossing, a 21,997 square foot shopping center located in Tega Cay, South Carolina ("Graystone Crossing") for a contract price of \$5.4 million, paid through a combination of cash and debt. Graystone Crossing was 100% leased as of the acquisition date and is anchored by T-Mobile, Tropical Smoothie Cafe, and Edible Arrangements.

Bryan Station

On October 2, 2014, the Company completed its acquisition of Bryan Station, an 54,397 square foot retail center located in Lexington, Kentucky ("Bryan Station") for a contract price of \$6.10 million, paid through a combination of cash and debt. Bryan Station was 100% leased as of the acquisition date and its major tenants include Planet Fitness and Shoe Carnival.

Contribution of Operating Companies' Membership Interests

On October 24, 2014, the Operating Partnership entered into a Membership Interest Contribution Agreement ("Contribution Agreement") with Jon S. Wheeler, ("Mr. Wheeler"), the Company's Chairman and CEO, for the contribution of Mr. Wheeler's membership interests in WI, WRE and WM. These entities were wholly owned by Mr. Wheeler at the time of the Contribution Agreement. The purpose of the Contribution Agreement was to internalize the management of the Trust. Pursuant to the terms of the Contribution Agreement, Mr. Wheeler received 1,516,853 common units of the Operating Partnership worth \$6.75 million at the time of issuance.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

Crockett Square

On November 5, 2014, the Company completed its acquisition of Crockett Square, a 107,122 square foot retail center located in Morristown, Tennessee ("Crockett Square") for a contract price of \$9.75 million, paid through a combination of cash and debt. Crockett Square was 100% leased as of the acquisition date and its major tenants include Hobby Lobby, Dollar Tree, Pier 1 Imports and Ross Dress for Less.

Harbor Point

On November 21, 2014, the Company completed its acquisition of Harbor Point Associates, LLC ("Harbor Point") from a related party, consisting of a 7.2 acre parcel of undeveloped real estate located in Grove, Oklahoma, for a contract price of \$2.4 million. The Company believes that this parcel can accommodate a 45,700 square foot facility. There are currently no development plans for Harbor Point, but management believes that it could support a retail facility that would be complementary to the Company's existing portfolio.

DF I-Berkley

On December 1, 2014, the Company completed its acquisition of DF I-Berkley, LLC ("DF I-Berkley") from a related party, a parcel of approximate 1.0 acre of undeveloped real estate located in Norfolk, Virginia, for a contract price of \$250,000. The Company believes that this parcel can accommodate a 6,500 square foot facility. There are currently no development plans for DF I-Berkley, but management believes that it could support a retail facility that would be complementary to the Company's existing portfolio.

For the year ended December 31, 2014, the Company incurred approximately \$3,787,907 in acquisition costs for these acquisitions. These costs are included on the consolidated statements of operations under the caption "Corporate general & administrative."

The following summarizes the consideration paid and the fair values of assets acquired and liabilities assumed in conjunction with the acquisitions described above, along with a description of the methods used to determine fair value. In determining fair values, the Company considered many factors including, but not limited to, cash flows, market cap rates, location, occupancy rates, appraisals, other acquisitions and management's knowledge of the current acquisition market for similar properties.

	Total Acquisitions
Fair value of assets acquired and liabilities assumed:	
Investment property (a)	\$53,081,904
Tenant and other receivables and other assets (b)	306,814
Lease intangibles and other assets (b)	10,188,493
Goodwill (b)	5,485,823
Accounts payable, accrued expenses and other liabilities (c)	(623,167)
Above market leases (d)	3,973,846
Below market leases (d)	(1,991,645)
Fair value of net assets acquired	\$70,422,068
Purchase consideration:	
Consideration paid with cash and debt	\$63,616,509

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Consideration paid with common units	6,805,559
Total consideration (e)	\$70,422,068

a. Represents the fair value of the net investment properties acquired which includes land, buildings, site improvements and tenant improvements. The fair value was determined using following approaches:

78

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

- i. the market approach valuation methodology for land by considering similar transactions in the markets;
 - ii. a combination of the cost approach and income approach valuation methodologies for buildings, including replacement cost evaluations, “go dark” analyses and residual calculations incorporating the land values; and
 - iii. the cost approach valuation methodology for site and tenant improvements, including replacement costs and prevailing quoted market rates.
- b. Represents the fair value of lease intangibles and other assets. Lease intangibles include leasing commissions, in place leases and legal and marketing fees associated with replacing existing leases. The income approach was used to determine the fair value of these intangible assets which included estimated market rates and expenses. It was determined that carrying value approximated fair value for other asset amounts. Any remaining value which could not be allocated to identifiable intangibles was allocated to goodwill. Goodwill recognized from the acquisition represents, among other things, the future economic benefits arising from expected synergies and is consistent with the Company's stated intentions to become an internally managed REIT. The acquired goodwill is fully deductible for income tax purposes.
- c. Represents the fair value of accounts payable, accrued expenses and other liabilities. It was determined that carrying value approximated fair value for all amounts in these categories.
- d. Represents the fair value of above/below market leases. The income approach was used to determine the fair value of above/below market leases using market rental rates for similar properties.
- e. Represents the components of purchase consideration paid.

2015 Acquisitions

Laskin Road Land

On January 9, 2015, the Company completed its acquisition of 1.5 acres of undeveloped land located on Laskin Road in Virginia Beach, Virginia ("Laskin Road") for a contract price of \$1.6 million. The Company acquired Laskin Road for future development opportunities. The Company paid cash of \$150,000 with the balance of the contract price to be paid in common units on the earlier of the one year anniversary of the acquisition or the completion of any development activities. The number of units issued was to be determined using the 10-day moving average of the Company's common stock price immediately prior to issuance. On January 19, 2016, 807,727 common units were issued by the Operating Partnership to satisfy this liability.

Pierpont Centre

On January 14, 2015, the Company completed its acquisition of Pierpont Centre, a 122,259 square foot shopping center located in Morgantown, West Virginia ("Pierpont Centre") for a contract price of \$13.9 million, paid through a combination of cash and debt. Pierpont Centre was 100% leased as of the acquisition date and its major tenants include GNC, Hallmark, Michael's, Ruby Tuesday and Outback Steakhouse.

Brook Run Properties

On March 27, 2015, the Company completed its acquisition of Brook Run Properties, LLC ("Brook Run Properties") from a related party, consisting of a 2.0 acre parcel of undeveloped real estate located adjacent to the Brook Run Shopping Center in Richmond, Virginia, for a contract price of \$300,000 in cash. The Company acquired the property for potential development and to compliment the adjacent shopping center.

Alex City Marketplace

On April 1, 2015, the Company completed its acquisition of Alex City Marketplace, a 147,791 square foot shopping center located in Alexander City, Alabama ("Alex City Marketplace") for a contract price of \$10.3 million, paid through a

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

combination of cash and debt. Alex City Marketplace was 86% leased as of the the acquisition date and its major tenants include Winn Dixie and Goody's.

Butler Square

On April 15, 2015, the Company completed its acquisition of Butler Square, a 82,400 square foot shopping center located in Mauldin, South Carolina ("Butler Square") for a contract price of \$9.4 million, paid through a combination of cash and debt. Butler Square was 100% leased as of the acquisition date and its major tenants include Bi-Lo and Dollar Tree.

Brook Run Shopping Center

On June 2, 2015, the Company completed its acquisition of Brook Run Shopping Center, a 147,738 square foot shopping center located in Richmond, Virginia ("Brook Run") for a contract price of \$18.5 million. Brook Run was 92% leased as of the acquisition date and its major tenants include Martin's Food Store and CVS. The Company acquired Brook Run from a related party through a combination of cash, the issuance of 574,743 common units in the Operating Partnership and debt.

Beaver Ruin Village

On July 1, 2015, the Company completed its acquisition of Beaver Ruin Village, a 74,048 square foot shopping center located in Lilburn, Georgia ("Beaver Ruin Village") for a contract price of \$12.4 million, paid through a combination of cash and debt. Beaver Ruin Village was 91% leased as of the acquisition date and its major tenants include Chase Bank, Firehouse Subs and State Farm Insurance.

Beaver Ruin Village II

On July 1, 2015, the Company completed its acquisition of Beaver Ruin Village II, a 34,925 square foot shopping center located in Lilburn, Georgia ("Beaver Ruin Village II") for a contract price of \$4.4 million, paid through a combination of cash and debt. Beaver Ruin Village II was 100% leased as of the acquisition date and its major tenants include AutoZone and Metro PCS.

Columbia Fire Station

On July 1, 2015, the Company completed its acquisition of Columbia Fire Station, consisting of two vacant buildings on a 1.0 acre land parcel located in Columbia, South Carolina ("Columbia Fire Station") for a contract price of \$2.4 million, paid through a combination of cash and debt. The Company plans to redevelop this property for retail use.

Chesapeake Square

On July 10, 2015, the Company completed its acquisition of Chesapeake Square, a 99,848 square foot shopping center located in Onley, Virginia ("Chesapeake Square") for a contract price of \$6.3 million. Chesapeake Square was 76% leased as of the acquisition date and is anchored by a Food Lion grocery store. The Company acquired Chesapeake Square from a related party through a combination of cash and the issuance of 125,966 common units in the Operating Partnership.

Sunshine Plaza

On July 21, 2015, the Company completed its acquisition of Sunshine Plaza, a 111,189 square foot shopping center located in Lehigh Acres, Florida ("Sunshine Plaza") for a contract price of \$10.4 million. Sunshine Plaza was 96% leased as of the acquisition date and is anchored by a Winn-Dixie grocery store. The Company acquired Sunshine Plaza through a combination of cash and debt.

Carolina Place

On July 24, 2015, the Company completed its acquisition of Carolina Place from a related party, consisting of a 2.14 acre parcel of land adjacent to Chesapeake Square for a contract price of \$250,000 in cash. The Company acquired the property for potential development and to compliment the adjacent shopping center.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

Hilton Head Land

On August 14, 2015, the Company completed its acquisition of 10.39 acres located in Hilton Head, South Carolina ("Hilton Head Land") for a contract price of \$1.0 million paid in cash. The Company acquired the property for potential development and to compliment an adjacent redevelopment project.

Barnett Portfolio

On August 21, 2015, the Company completed its acquisition of Cardinal Plaza, located in Henderson, North Carolina, Franklinton Square, located in Franklinton, North Carolina and Nashville Commons, located in Nashville, North Carolina (collectively known as the "Barnett Portfolio") for a contract price of \$15.3 million. The Barnett Portfolio properties total 171,466 square feet, were 91% leased as of the acquisition date and all are anchored by Food Lion grocery stores. The Company acquired the Barnett Portfolio through a combination of cash and debt.

Grove Park

On September 9, 2015, the Company completed its acquisition of Grove Park Shopping Center, a 106,557 square foot shopping center located in Orangeburg, South Carolina ("Grove Park") for a contract price of \$6.6 million. Grove Park was 90% leased as of the acquisition date and is anchored by a Bi-Lo grocery store. The Company acquired Grove Park through a combination of cash and debt.

Parkway Plaza

On September 15, 2015, the Company completed its acquisition of Parkway Plaza Shopping Center, a 52,365 square foot shopping center and 2.1 acres of adjacent undeveloped land located in Brunswick, Georgia ("Parkway Plaza") for a contract price of \$6.1 million Parkway Plaza was 97% leased as of the acquisition date and is anchored by a Winn Dixie grocery store. The Company acquired Parkway Plaza through a combination of cash and debt.

Fort Howard Square

On September 30, 2015, the Company completed its acquisition of Fort Howard Square Shopping Center, a 113,652 square foot shopping center located in Rincon, Georgia ("Fort Howard Square") for a contract price of \$11.5 million. Fort Howard Square was 95% leased as of the acquisition date and is anchored by nationally recognized tenants Goodwill and Dollar Tree. The Company acquired Fort Howard Square through a combination of cash and debt.

Conyers Crossing

On September 30, 2015, the Company completed its acquisition of Conyers Crossing Shopping Center, a 170,475 square foot shopping center located in Conyers, Georgia ("Conyers Crossing") for a contract price of \$10.8 million. Conyers Crossing was 99% leased as of the acquisition date and is anchored by nationally recognized tenants Hobby Lobby and Burlington Coat Factory. The Company acquired Conyers Crossing through a combination of cash and debt.

The following summarizes the consideration paid and the fair values of assets acquired and liabilities assumed in conjunction with the acquisitions described above, along with a description of the methods used to determine fair

value. In determining fair values, the Company considered many factors including, but not limited to, cash flows, market cap rates, location, occupancy rates, appraisals, other acquisitions and management's knowledge of the current acquisition market for similar properties.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

	Total Acquisitions
Preliminary fair value of assets acquired and liabilities assumed:	
Investment property (a)	\$ 114,211,725
Lease intangibles and other assets (b)	26,827,214
Above market leases (b)	4,166,440
Below market leases (b)	(4,021,671)
Preliminary fair value of net assets acquired	\$ 141,183,708
Purchase consideration:	
Consideration paid with cash and debt	\$ 138,115,158
Consideration paid with common units	3,068,550
Total consideration (c)	\$ 141,183,708

Represents the preliminary fair value of the investment property acquired which includes land, buildings, site improvements and tenant improvements. The fair value was determined using the following approaches:

- i. the market approach valuation methodology for land by considering similar transactions in the markets;
- ii. a combination of the cost approach and income approach valuation methodologies for buildings, including replacement cost evaluations, "go dark" analyses and residual calculations incorporating the land values; and
- iii. the cost approach valuation methodology for site and tenant improvements, including replacement costs and prevailing quoted market rates.

Represents the preliminary fair value of lease intangibles and other assets. Lease intangibles include leasing commissions, leases in place, above/below market leases and legal and marketing fees associated with replacing existing leases. The income approach was used to determine the preliminary fair value of these intangible assets which included estimated market rates and expenses. It was determined that carrying value approximated fair value for other asset amounts.

Represents the components of purchase consideration paid. Consideration paid with common units includes units issued for acquisitions and those amounts currently due for acquisitions that, per the original contract, are to be settled by issuing common units subsequent to December 31, 2015.

For the year ended December 31, 2015, the Company incurred \$3,871,037 in acquisition expenses. These costs are included on the unaudited condensed consolidated statement of operations under the caption "Corporate general & administrative." Please see the corporate general & administrative table in Note 2 for acquisition expenses for all periods presented.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Investment Properties (continued)

Unaudited pro forma consolidated financial information is presented below for all 2013, 2014 and 2015 acquisitions, excluding Bixby Commons, Starbucks/Verizon, Jenks Reasors, DF I-Courtland, Edenton Commons, DF-I Moyock, Harbor Point, DF I-Berkley, Laskin Road, Brook Run Properties, Columbia Fire Station, Carolina Place, and Hilton Head Land. The unaudited pro forma information presented below illustrates the Company's pro forma financial results assuming the acquisitions had been consummated as of the beginning of the earliest period presented. The pro forma results include adjustments for depreciation and amortization associated with acquired tangible and intangible assets, straight-line rent adjustments and interest expense related to debt incurred. Unaudited pro forma financial information has not been presented for Bixby Commons, Starbucks/Verizon, Jenks Reasors, DF I-Courtland, Edenton Commons, DF-I Moyock, Harbor Point, DF I-Berkley, Laskin Road, Brook Run Properties, Columbia Fire Station, Carolina Place, and Hilton Head Land as the Company's management has determined that their inclusion would not be meaningful due to limited or no unrelated third party operating history.

	Years Ended December 31,		
	2015	2014	2013
Rental revenue	\$26,600,904	\$26,412,478	\$26,125,877
Net loss	\$(15,781,969)	\$(14,654,944)	\$(15,111,728)
Net loss attributable to Wheeler REIT	\$(12,699,185)	\$(12,653,283)	\$(11,066,293)
Net loss attributable to Wheeler REIT common shareholders	\$(98,971,223)	\$(15,371,540)	\$(11,207,711)
Basic loss per share	\$(2.54)	\$(2.09)	\$(2.43)
Diluted loss per share	\$(2.54)	\$(2.09)	\$(2.43)

4. Goodwill

As part of the acquisition of the Operating Companies on October 24, 2014, the Company recorded preliminary goodwill of \$7,004,072. In June 2015, the Company finalized its valuation of the Operating Companies. In accordance with the valuation, the Company has recorded a fair value discount to the \$6,750,000 in common units issued for the acquisition of the Operating Companies due to the one year restriction on their conversion into shares of common stock, and reallocated a portion of goodwill to finite-lived intangibles as follows:

Beginning balance, January 1, 2015	\$7,004,072
Fair value discount on common units issued for acquisition	(1,181,250)
Allocation to finite-lived intangibles	(336,999)
Ending balance, December 31, 2015	\$5,485,823

5. Assets Held for Sale and Discontinued Operations

In August 2015, the Company's management and Board of Directors committed to a plan to sell Bixby Commons, Jenks Reasors, Harps at Harbor Point, Starbucks/Verizon and the ground leases for Ruby Tuesday's and Outback Steakhouse at Pierpont Centre (the "Freestanding Properties") as part of the Company's continuous evaluation of strategic alternatives. Accordingly, the Freestanding Properties have been classified as held for sale and the results of their operations have been classified as discontinued operations for all periods presented. Management expects that the sale of the Freestanding Properties will occur within one year and the Company will receive no residual cash flows once the Freestanding Properties are disposed.

On October 19, 2015, the Company completed its sale of Jenks Reasors for a contract price of approximately \$12.2 million, resulting in a gain of approximately \$820,000.

On October 20, 2015, the Company completed its sale of Harps at Harbor Point for a contract price of approximately \$5.0 million, resulting in a gain of approximately \$642,000.

On October 27, 2015, the Company completed its sale of Bixby Commons for a contract price of approximately \$11.0 million, resulting in a gain of approximately \$642,000.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

5. Assets Held for Sale and Discontinued Operations (continued)

As of December 31, 2015 and 2014, assets held for sale consisted of the following:

	December 31,	
	2015	2014
Investment properties, net	\$1,284,888	\$23,256,925
Rents and other tenant receivables, net	38,945	7,317
Above market lease intangible, net	2,616	—
Deferred costs and other assets, net	381,260	3,831,173
Total assets held for sale	\$1,707,709	\$27,095,415

As of December 31, 2015 and 2014, liabilities associated with assets held for sale consisted of the following:

	December 31,	
	2015	2014
Loans payable	\$1,982,042	\$19,153,596
Below market lease intangible, net	14,758	84,636
Accounts payable, accrued expenses and other liabilities	10,754	45,191
Total liabilities associated with assets held for sale	\$2,007,554	\$19,283,423

The consolidated statements of operations reflect reclassifications of revenue, property operating expenses, corporate general and administrative expenses and interest expense from continuing operations to income from discontinued operations for all periods presented. All interest expense disclosed below is directly related to the debt incurred to acquire the Freestanding Properties.

The following is a summary of the income from discontinued operations for the years ended December 31, 2015, 2014 and 2013:

	Years Ended December 31,		
	2015	2014	2013
Revenues	\$2,042,722	\$2,285,159	\$1,096,131
Expenses	827,860	1,072,622	1,222,935
Operating income (loss)	1,214,862	1,212,537	(126,804)
Interest expense	(715,081)	(904,878)	(390,507)
Income (loss) from discontinued operations before gain on disposals	499,781	307,659	(517,311)
Gain on disposal of properties	2,104,114	—	—
Income (loss) from discontinued operations	\$2,603,895	\$307,659	\$(517,311)

Table of ContentsWheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

6. Loans Payable

The Company's loans payable related to continuing operations consist of the following:

Property/Description	Monthly Payment	Interest Rate	Maturity	December 31, 2015	2014
Shoppes at Eagle Harbor	\$25,100	4.34	% March 2018	\$3,634,085	\$3,773,319
Lumber River Plaza	\$18,414	5.65	% May 2015	—	2,894,862
Monarch Bank Building	\$9,473	4.15	% December 2017	1,376,452	1,430,961
Perimeter Square	\$28,089	6.38	% June 2016	4,166,406	4,294,216
Riversedge North	\$8,802	6.00	% January 2019	962,281	1,007,856
Walnut Hill Plaza	\$24,273	5.50	% July 2017	3,535,606	3,626,945
Twin City Commons	\$17,827	4.86	% January 2023	3,225,473	3,279,076
Shoppes at TJ Maxx	\$33,880	3.88	% May 2020	6,081,272	6,248,349
Bank Line of Credit	Interest only	4.25	% September 2016	—	2,074,432
Bank Line of Credit	Interest only	2.79	% May 2018	6,873,750	—
Forrest Gallery	\$50,973	5.40	% September 2023	8,926,712	9,045,880
Tampa Festival	\$50,797	5.56	% September 2023	8,627,294	8,746,860
Winslow Plaza	Interest only	5.22	% December 2015	—	5,000,000
Winslow Plaza	Interest only	4.82	% December 2025	4,620,000	—
Cypress Shopping Center	Interest only	4.70	% July 2024	6,625,000	6,625,000
Harrodsburg Marketplace	\$19,112	4.55	% September 2024	3,677,501	3,735,739
Port Crossing	\$34,788	4.84	% August 2024	6,471,636	6,568,918
LaGrange Marketplace	\$13,813	5.00	% March 2020	2,418,212	2,463,909
Freeway Junction	Interest only	4.60	% September 2024	8,150,000	8,150,000
DF I-Courtland	\$1,411	6.50	% January 2019	—	115,728
DF I-Edenton	\$250,000	3.75	% September 2016	650,000	1,650,000
DF I-Moyock	\$10,665	5.00	% July 2019	418,538	522,430
Graystone Crossing	\$20,386	4.55	% October 2024	4,000,000	4,000,000
Bryan Station	Interest only	4.52	% November 2024	4,625,000	4,625,000
Crockett Square	Interest only	4.47	% December 2024	6,337,500	6,337,500
Harbor Point	\$11,024	5.85	% December 2016	732,685	1,544,567
Pierpont Centre	Interest only	3.95	% February 2025	8,450,000	—
Alex City Marketplace	Interest only	3.90	% April 2025	5,750,000	—
Butler Square	Interest only	4.08	% May 2025	5,640,000	—
Brook Run Shopping Center	Interest only	3.90	% June 2025	10,950,000	—
Beaver Ruin Village I and II	Interest only	4.73	% July 2025	9,400,000	—
Columbia Fire Station	Interest only	8.00	% December 2017	450,053	—
Sunshine Shopping Plaza	Interest only	4.57	% August 2025	5,900,000	—
Barnett Portfolio	Interest only	4.30	% September 2025	8,770,000	—
Grove Park Shopping Center	Interest only	4.52	% October 2025	3,800,000	—
Parkway Plaza	Interest only	4.57	% October 2025	3,500,000	—
Conyers Crossing	Interest only	4.67	% October 2025	5,960,000	—
Fort Howard Shopping Center	Interest only	4.57	% October 2025	7,100,000	—
Senior convertible notes	Interest only	9.00	% December 2018	3,000,000	6,000,000

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Senior non-convertible notes	Interest only	9.00	% December 2015	—	4,000,000
Senior non-convertible notes	Interest only	9.00	% January 2016	2,160,000	2,160,000
South Carolina Food Lions Note	Interest only	5.25	% January 2024	12,375,000	12,375,000
Total Loans Payable				\$189,340,456	\$122,296,547

85

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

6. Loans Payable (continued)

2013 Financing Activity

On March 11, 2013, the Company entered into a promissory note for \$4.0 million to refinance the Shoppes at Eagle Harbor loan that matured in February 2013. The new loan matures on March 11, 2018 and requires monthly principal and interest payments based on a 20-year amortization and a 4.34% fixed interest rate.

The Riversedge North loan matured on April 16, 2013, and was extended until January 2014. On January 16, 2014, the loan was renewed until January 16, 2019. The loan requires monthly principal and interest payments based on a 15 year amortization with a fixed interest rate of 6.00%.

On April 19, 2013, we entered in a promissory note for \$6.5 million to refinance the Shoppes at TJ Maxx loan that matured. The new loan matures on May 1, 2020 and requires monthly principal and interest payments based on a 25-year amortization and a 3.88% fixed interest rate.

On June 3, 2013, the Company entered into a promissory note with Monarch Bank for a \$2,000,000 line of credit. The line of credit matured on May 12, 2014, provided for an interest rate of 4.5% per annum and was guaranteed by a Deed of Trust and Assignment of Rents on real property. This line of credit was paid off on September 16, 2014.

On December 16, 2013, the Company completed a \$10.0 million private placement transaction with eight accredited investors (the "Buyers"). Pursuant to the securities purchase agreement, dated as of December 16, 2013 (the "December 2013 Securities Purchase Agreement"), the Company sold convertible and nonconvertible 9% senior notes and warrants to purchase shares of its common stock totaling \$10.0 million dollars. The Company completed the financings in two concurrent tranches. The first tranche consisted of \$6.0 million in convertible senior notes due December 15, 2018. During the first two years, the convertible notes will only be available for conversion upon the completion of a secondary offering of common stock in excess of \$20 million at a conversion rate of the lesser of 95% of the secondary offering's per share price or \$5.50. After two years, holders of the convertible notes can convert at their discretion at a conversion rate of the lesser of 90% of the market price of the Company's stock or \$5.50. The maximum number of shares of stock issuable upon conversion of the convertible notes is 1,417,079 shares.

The second tranche consisted of \$4.0 million in nonconvertible senior notes due December 15, 2015. In addition to the non-convertible notes, the Company issued 421,053 warrants with an exercise price of \$4.75.

2014 Financing Activity

On January 31, 2014, the Company completed a second closing ("Second Closing") consisting of the private placement of \$2.16 million of non-convertible senior notes and warrants to purchase shares of the Company's common stock. The non-convertible senior notes have an interest rate of 9.00% per annum (payable monthly) and mature on January 31, 2016. The warrants issued permit the purchase of an aggregate of 227,372 shares of the Company's common stock, have an exercise price of \$4.75 per share, expire on January 31, 2019 and, along with the warrants issued in the first closing on December 16, 2013, were not exercisable unless the Company obtained shareholder approval for this transaction and the issuance of the common stock underlying the warrants. The Company's shareholders approved the transaction and the issuance of the common stock underlying the warrants at its annual meeting in June 2014.

In connection with the private placement transaction, the Company and the Buyers entered into a Registration Rights Agreement, dated as of December 16, 2013 (the "December 2013 Registration Rights Agreement"). Pursuant to the

December 2013 Registration Rights Agreement, the Company agreed to file and maintain a registration statement with the Securities and Exchange Commission for the resale of the shares of common stock underlying the convertible notes and the warrants. Interest on the convertible and nonconvertible senior notes of 9% per annum will be payable monthly.

On July 2, 2014, the Company entered into a promissory note for \$660,000 to refinance the Starbucks/Verizon loan. The new loan matures on July 2, 2019 and requires monthly principal and interest payments of \$4,383 based on a 20 year amortization and a 5.00% fixed interest rate.

The Walnut Hill loan matured on April 11, 2014, and was subsequently extended until July 31, 2014. On July 31, 2014, the Company entered into a promissory note for \$3,650,000 to refinance the note that matured. The new loan matures on

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

6. Loans Payable (continued)

July 30, 2017 and requires monthly principal and interest payments of \$24,273 based on a 20 year amortization and a 5.50% fixed interest rate.

On September 16, 2014, the Company entered into a promissory note for a \$3,000,000 line of credit. The line of credit matures on September 16, 2016, provides for an interest rate of 4.25% per annum and is guaranteed by a Deed of Trust and Assignment of Rents on real property. Concurrently with this transaction, the Company paid off its \$2,000,000 line of credit with Monarch Bank.

2015 Financing Activity

On May 1, 2015, the Lumber River Plaza note was paid in full from cash on hand.

On May 29, 2015, the Operating Partnership entered into a credit agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank"). Outstanding borrowings accrue monthly interest which is paid at a rate of the one-month London Interbank Offer Rate ("LIBOR") plus a margin ranging from 1.75% to 2.50% depending on the Company's consolidated leverage ratio. As of December 31, 2015, the Company has pledged Lumber River and Chesapeake Square as collateral towards the Credit Agreement with outstanding borrowings of \$6,873,750 at an interest rate of 2.79%. The available borrowing capacity of approximately \$38.1 million as of December 31, 2015 is available for the Company as long as such amounts are fully collateralized. The amounts available to the Company under the Credit Agreement that have not been borrowed accrue fees which are paid at a rate of 0.30% on a monthly basis. The Credit Agreement contains certain financial covenants that the Company must meet, including minimum leverage, fixed charge coverage and debt service coverage ratios as well as a minimum tangible net worth requirement. The Company was in compliance with the financial covenants as of December 31, 2015. The Credit Agreement also contains certain events of default that if they occur may cause KeyBank to terminate the Credit Agreement and declare amounts owed to become immediately payable. As of December 31, 2015, the Company has not incurred an event of default.

On November 24, 2015, the Company entered into a promissory note for \$4,620,000 to refinance the Winslow Plaza loan. The new loan matures on December 1, 2025 with principal due at maturity and bears interest at 4.82%.

Certain of the Company's loans payable have covenants with which the Company is required to comply. As of December 31, 2015, the Company believes it is in compliance with all applicable covenants.

On January 29, 2016, the Company paid off \$2.16 million in senior subordinated debt from cash on hand.

Debt Maturity

The Company's scheduled principal repayments on indebtedness as of December 31, 2015 are as follows:

	For the Years Ended December 31,
2016	\$9,065,387
2017	7,035,351
2018	14,936,672

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2019	2,505,641
2020	9,175,072
Thereafter	146,622,333
Total principal maturities	\$ 189,340,456

87

Table of ContentsWheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

7. Rentals under Operating Leases

Future minimum rentals to be received under noncancelable tenant operating leases for each of the next five years and thereafter, excluding CAM and percentage rent based on tenant sales volume, as of December 31, 2015 are as follows:

	For the Years Ended December 31,
2016	\$26,230,245
2017	23,246,692
2018	17,746,813
2019	13,430,529
2020	8,839,220
Thereafter	14,894,519
	\$104,388,018

8. Equity

The Company has authority to issue 155,000,000 shares of stock, consisting of 150,000,000 shares of \$0.01 par value Common Stock ("Common Stock") and 5,000,000 shares of no par value Preferred Stock ("Preferred Stock"). The Company increased the number of shares of Common Stock authorized from 15,000,000 to 75,000,000 during June 2013, and from 75,000,000 to 150,000,000 during June 2015.

Substantially all of our business is conducted through the Company's Operating Partnership. The Trust is the sole general partner of the Operating Partnership and owned a 90.79% interest in the Operating Partnership as of December 31, 2015. Limited partners in the Operating Partnership have the right to redeem their common units for cash or, at our option, common shares at a ratio of one common unit for one common share. Distributions to common unit holders are paid at the same rate per unit as dividends per share to the Trust's common shareholders. As of December 31, 2015 and 2014, there were 44,018,768 and 16,548,873, respectively, of common units outstanding with the Trust owning 39,963,476 and 12,981,250, respectively, of these common units.

June 2013 Private Placement

On June 10, 2013, the Company completed a \$4.5 million private placement transaction with 21 accredited investors (the "Buyers"). Pursuant to the Securities Purchase Agreement, dated as of June 10, 2013 (the "June 2013 Securities Purchase Agreement"), the Company issued an aggregate of 4,500 shares of Series A Preferred Stock, no par value, \$1,000 liquidation preference per share ("Series A Preferred") to the Buyers. The Series A Preferred accrues cumulative dividends at a rate of 9% per annum, which is paid quarterly. In accordance with the June 2013 Securities Purchase Agreement, 2,691 shares of Series A Preferred converted automatically into 656,998 shares of the Company's Common Stock upon the August 26, 2013 completion of the Company's secondary offering ("Secondary Offering") at a price equal to \$4.085 per share, or 95% of the \$4.30 per share price at which the Common Stock was sold in the Offering (the "Primary Conversion").

The Company has the right to redeem the remaining 562 shares of Series A Preferred, on a pro rata basis, at any time at a price equal to 103% of the purchase price for the Series A Preferred plus any accrued but unpaid dividends. Since

the Series A Preferred features certain redemption rights that were considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events, the initial Series A Preferred amount of \$4,157,000 was previously presented as a liability in the Company's consolidated balance sheet. Upon completion of the Primary Conversion, the remaining Series A Preferred was reclassified to the shareholders' equity section of the Company's consolidated balance sheet, since the Series A Preferred no longer possessed the redemption features previously considered outside the Company's control.

In connection with the investment, the Company and the Buyers entered into a Registration Rights Agreement, dated as of June 10, 2013 (the "June 2013 Registration Rights Agreement"). Pursuant to the June 2013 Registration Rights Agreement, the Company agreed to file and maintain a registration statement with the Securities and Exchange Commission for the resale of the Common Stock underlying the Series A Preferred acquired by the Buyers. The 656,998 shares were registered on September 23, 2013.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

8. Equity (continued)

August 2013 Secondary Offering

On August 26, 2013, the Company completed the Secondary Offering in which 3,162,500 shares of the Company's Common Stock were issued, including 412,500 in over-allotment shares issued on September 13, 2013. Net proceeds from the Secondary Offering totaled \$12,720,275, excluding the impact of certain legal, accounting and other professional fees. The Company used a portion of these proceeds to fund the acquisitions discussed in Note 3 and for general corporate purposes.

December 2013 Private Placement

In association with the December 2013 Securities Purchase Agreement, the Company issued 421,053 warrants to acquire the Company's Common Stock with an exercise price of \$4.75. The Company has determined that the warrants qualify for equity treatment under applicable GAAP. See Note 6 for details on the debt associated with these warrants.

2014 Series B Preferred Stock Offerings

On April 29, 2014, the Company completed its Series B Convertible Preferred Stock Offering ("Series B Offering"), in which 144,000 units were issued, consisting of 720,000 shares of Series B Convertible Preferred Stock, no par value, \$1,000 liquidation preference per share (the "Series B Preferred") and warrants to purchase 864,000 of the Company's Common Stock. On May 21, 2014, the Company's underwriters exercised their over-allotment option, in which 21,600 units were issued, consisting of 108,000 additional shares of Series B Preferred, and an additional 129,600 warrants. The Series B Preferred bears interest at a rate of 9% per annum and has a conversion price of \$5.00 per share of Common Stock. The Series B Preferred will automatically convert into shares of the Company's Common Stock if the 20-day volume weighted adjusted closing price of the Company's Common Stock exceeds \$7.25 per share on the NASDAQ Capital Market. Each warrant permits investors to purchase one share of Common Stock at an exercise price of \$5.50 per share, subject to adjustment. Net proceeds from the Series B Offering totaled \$18,671,378, which included the impact of the underwriters' selling commissions and legal, accounting and other professional fees. Proceeds from the Series B Offering were used for acquisitions and for general corporate purposes.

On September 17, 2014, the Company completed a follow-on Series B Preferred Offering ("Follow-on Offering"), in which 144,000 units were issued, consisting of 720,000 shares of Series B Preferred and warrants to purchase 864,000 shares of the Company's Common Stock. On September 23, 2014, the Company's underwriters exercised their over-allotment option, in which 20,200 units were issued, consisting of 101,000 additional shares of Series B Preferred, and an additional 129,000 warrants. Net proceeds from the Follow-on Offering totaled \$18,571,563, which included the impact of the underwriters' selling commissions and legal, accounting and other professional fees. Proceeds from the Follow-on Offering were used for acquisitions and for general corporate purposes.

On April 24, 2014, in contemplation of the Series B Offering, the Company increased the number of preferred shares authorized from 500,000 to 5,000,000, and authorized 1,000,000 shares of Series B Preferred for the Offering. On August 19, 2014, the number of Series B Preferred authorized was increased from 1,000,000 to 3,000,000 in contemplation of the Follow-on Offering.

Series C Preferred Stock Offering

On March 19, 2015, the Company entered into securities purchase agreements dated as of March 19, 2015 (the “Securities Purchase Agreements”), with certain accredited investors (the “Investors”), pursuant to which, among other things, the Company sold an aggregate of 93,000 shares of Series C Mandatorily Convertible Cumulative Perpetual Preferred Stock, liquidation value \$1,000 per share (the “Series C Preferred Stock”), in a private placement (the “Private Placement”) to the Investors in exchange for aggregate consideration of \$93,000,000, consisting of \$90,000,000 in cash and the exchange of \$3,000,000 in senior convertible debt. Each share of Series C Preferred Stock was sold to the Investors at an offering price of \$1,000 per share. Net proceeds from the Private Placement totaled \$83,415,894, which included the impact of the underwriters' selling commissions and legal, accounting and other professional fees. The Company is using the net offering proceeds to acquire properties and for general working capital.

From March 19, 2015 until June 11, 2015, the holders of Series C Preferred Stock were entitled to receive, when, and if authorized by the Company’s Board of Directors and declared by the Company out of legally available funds, a dividend, on

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

8. Equity (continued)

an as converted basis, that mirrors any dividend payable on shares of Common Stock and also were entitled to share in any other distribution made on the Common Stock on an as converted basis (other than dividends or other distributions payable in Common Stock). Any dividends or other distributions on the Series C Preferred Stock during this time period were to be paid, on an as converted basis, pro rata from the date of issuance.

The Series C Preferred Stock was automatically converted into shares of Common Stock on June 11, 2015, which was the fifth business day following the June 4, 2015 approval by the requisite holders of the Common Stock of the conversion of the Series C Preferred Stock into Common Stock and the issuance of Common Stock upon such conversion. Each share of Series C Preferred Stock converted into 500 shares of Common Stock at the conversion price of \$2.00 per share. The conversion of the Series C Preferred stock into Common Stock at this rate was considered to be a beneficial conversion feature, resulting in a deemed distribution of \$59,520,000, which is included in the consolidated statement of equity and also in the consolidated statement of cash flows as a non-cash transaction.

Series A and Series B Preferred Stock Exchange Offer

On June 15, 2015, the Company entered into an exchange offer (the "Exchange Offer") to holders of its Series A Preferred and Series B Preferred. The Exchange Offer permitted tendering shareholders to exchange their shares of Series A Preferred or Series B Preferred for an aggregate of up to 20,853,250 of newly issued shares of the Company's common stock.

Each share of Series A Preferred was exchangeable for 500 shares of Common Stock, and each share of the Series B Preferred Stock was exchangeable for 12.5 shares of Common Stock. On July 20, 2015, the Company completed the Exchange Offer, under which 1,247 shares of Series A Preferred and 865,481 shares of Series B Preferred were tendered for 11,442,002 newly issued shares of the Company's Common Stock. The Company paid cash in lieu of any fractional shares of Common Stock upon the exchange of the Series A Preferred and Series B Preferred. The Exchange Offer was considered to be a beneficial conversion feature, resulting in a deemed distribution of \$13,124,506, which is included in the consolidated statement of equity and also in the consolidated statement of cash flows as a non-cash transaction.

2015 Long-Term Incentive Plan

On June 4, 2015, the Company's shareholders approved the 2015 Long-Term Incentive Plan (the "2015 Incentive Plan"). The 2015 Incentive Plan allows for issuance of up to 1,000,000 shares of the Company's Common Stock to employees, directors, officers and consultants for services rendered to the Company. The 2015 Incentive Plan replaced the 2012 Stock Incentive Plan ("Stock Incentive Plan").

Equity Issuances under Stock Incentive Plan and 2015 Incentive Plan

During the year ended December 31, 2015, the Company issued 320,152 shares to employees, directors, officers and consultants for services rendered to the Company. 77,260 of these shares were issued under the Stock Incentive Plan, and 242,892 of these shares were issues under the 2015 Incentive Plan. The market value of these shares at the time of issuance was approximately \$697,000. As of December 31, 2015, there are 757,108 shares available for issuance under the Company's 2015 Incentive Plan.

During the year ended December 31, 2014, the Company issued 105,834 shares to employees, directors, officers and consultants under the Stock Incentive Plan for services rendered to the Company. The market value of these shares at the time of issuance was approximately \$456,988.

No shares were issued for services rendered to the Company during the year ended December 31, 2013.

Earnings per share

Basic earnings per share for the Company's common shareholders is calculated by dividing income from continuing operations, excluding amounts attributable to preferred stockholders and the net loss attributable to noncontrolling interests, by the Company's weighted-average number of common shares of Common Stock outstanding during the period. Diluted earnings per share is computed by dividing the net income attributable to common shareholders, excluding amounts attributable to preferred shareholders and the net loss attributable to noncontrolling interests, by the weighted-average number of common shares including any dilutive shares.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

8. Equity (continued)

As of December 31, 2015, 2014 and 2013, 3,354,883, 1,787,798 and 1,858,068, respectively, of the Operating Partnership's common units outstanding to noncontrolling interests were eligible to be converted into shares of Common Stock on a one-to-one basis. Additionally, as of December 31, 2015 and 2014, 729,119 and 1,648,900 shares of Series B Preferred, respectively, and \$3,000,000 and \$6,000,000 of senior convertible debt, respectively, are eligible to be converted into 5,062,674 and 9,661,579 shares, respectively, of the Company's Common Stock. Also, warrants to purchase 2,635,025 shares of the Company's Common Stock were outstanding at December 31, 2015 and 2014. The common units, convertible preferred stock, senior convertible debt and warrants have been excluded from the Company's diluted earnings per share calculation because their inclusion would be antidilutive.

Dividends

Dividends were made to holders of common units, common shares and preferred shares as follows:

	Years Ended December 31,		
	2015	2014	2013
Common unit and common shareholders	\$9,787,145	\$4,089,057	2,853,243
Preferred shareholders	\$13,627,532	\$2,718,257	141,418

On December 15, 2015, the Company declared a \$0.0175 per share dividend to common share and common unit holders of record as of December 31, 2015 to be paid on January 31, 2016. Accordingly, the Company has accrued \$1,230,512 as of December 31, 2015 for this dividend.

During the three months ended December 31, 2015, the Company declared a quarterly dividend to Series A Preferred and Series B Preferred shareholders of \$422,774 to shareholders of record as of December 31, 2015 to be paid on January 15, 2016. Accordingly, the Company has accrued \$422,774 as of December 31, 2015 for this dividend.

9. Commitments and Contingencies

Lease Commitments

As of December 31, 2015, the Amscot property is subject to a ground lease which terminates in 2045. The ground lease requires the Company to make a fixed annual rental payment and includes escalation clauses and renewal options. The Company incurred ground lease expense included in other expense of \$18,049, \$17,701 and \$7,156 during the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015, the Beaver Ruin Village property is subject to a ground lease which terminates in 2054. The ground lease requires the Company to make a fixed annual rental payment and includes escalation clauses and renewal options. The Company incurred ground lease expense included in other expense of \$22,856, \$0 and \$0 during the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015, the Beaver Ruin Village II property is subject to a ground lease which terminates in 2056. The ground lease requires the Company to make a fixed annual rental payment and includes escalation clauses and renewal options. The Company incurred ground lease expense included in other expense of \$8,926, \$0 and \$0 during the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015, the Company leases office space in Charleston, South Carolina, subject to a lease that terminates in 2019. The lease requires the Company to make a fixed annual rental payment and includes escalation clauses and renewal options. The Company incurred lease expense included in other expense of \$117,997, \$30,349 and \$0 during the years ended December 31, 2015, 2014 and 2013, respectively.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
 Notes to Consolidated Financial Statements (Continued)

9. Commitments and Contingencies (continued)

Future minimum lease payments due under the operating leases, including applicable automatic extension options, are as follows (unaudited):

	For the Years Ended December 31,
2016	\$ 171,208
2017	175,104
2018	178,095
2019	145,384
2020	77,611
Thereafter	2,961,793
	\$3,709,195

Insurance

The Company carries comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties in its portfolio under a blanket insurance policy, in addition to other coverages, such as trademark and pollution coverage that may be appropriate for certain of its properties. Additionally, the Company carries a directors', officers', entity and employment practices liability insurance policy that covers such claims made against the Company and its directors and officers. The Company believes the policy specifications and insured limits are appropriate and adequate for its properties given the relative risk of loss, the cost of the coverage and industry practice; however, its insurance coverage may not be sufficient to fully cover its losses.

Concentration of Credit Risk

The Company is subject to risks incidental to the ownership and operation of commercial real estate. These risks include, among others, the risks normally associated with changes in the general economic climate, trends in the retail industry, creditworthiness of tenants, competition for tenants and customers, changes in tax laws, interest rates, the availability of financing and potential liability under environmental and other laws.

The Company's portfolio of properties is dependent upon regional and local economic conditions and is geographically concentrated in the Northeast, Mid-Atlantic, Southeast and Southwest, which markets represented approximately 2%, 23%, 72% and 3%, respectively, of the total annualized base rent of the properties in its portfolio as of December 31, 2015. The Company's geographic concentration may cause it to be more susceptible to adverse developments in those markets than if it owned a more geographically diverse portfolio. Additionally, the Company's retail shopping center properties depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants.

Regulatory and Environmental

As the owner of the buildings on our properties, the Company could face liability for the presence of hazardous materials (e.g., asbestos or lead) or other adverse conditions (e.g., poor indoor air quality) in its buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if the

Company does not comply with such laws, it could face fines for such noncompliance. Also, the Company could be liable to third parties (e.g., occupants of the buildings) for damages related to exposure to hazardous materials or adverse conditions in its buildings, and the Company could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in its buildings. In addition, some of the Company's tenants routinely handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject the Company or its tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to the Company, and changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect the Company's operations. The Company is not aware of any material contingent liabilities, regulatory matters or environmental matters that may exist.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

9. Commitments and Contingencies (continued)

Litigation

The Company is involved in various legal proceedings arising in the ordinary course of its business, including, but not limited to commercial disputes. The Company believes that such litigation, claims and administrative proceedings will not have a material adverse impact on its financial position or its results of operations. The Company records a liability when it considers the loss probable and the amount can be reasonably estimated.

On July 10, 2008, one of the Company's subsidiaries, Perimeter Associates, LLC ("Perimeter"), sued a tenant for breach of contract, guaranty of the contract and fraud related to an executed lease. In response, on August 22, 2008, the defendant filed a counterclaim against Perimeter for breach of contract, unjust enrichment and fraud. On April 8, 2013, the court found in favor of the defendant and assessed damages against Perimeter in the amount of \$13,300. On or about May 8, 2013, Perimeter appealed the judgment of the lower court to the Oklahoma Supreme Court. Subsequent to the initial judgment, the defendant's attorney applied to the court to be reimbursed for approximately \$368,000 in legal fees incurred by the defendant during litigation. On July 9, 2013, the lower court awarded the defendant approximately \$267,000 of the defendant's legal fees. Perimeter amended its appeal with the Oklahoma Supreme Court to include the issue of the award of legal fees. On July 24, 2015, the Oklahoma Court of Civil Appeals affirmed the judgment against Perimeter, resulting in a total award of approximately \$352,000 which includes interest and other fees. Perimeter then appealed the judgment to the Oklahoma Supreme Court, which on November 16, 2015 affirmed the judgment against Perimeter, resulting in a final judgment of \$415,000, which was paid by Perimeter in December 2015.

On May 22, 2013, WHLR-HPA-1, LLC, ("Harp's"), a subsidiary of the Operating Partnership that owns the Trust's Harps at Harbor Point ("Harp's Food Store") and Harbor Point properties, filed suit against Crossland Heavy Contractors ("Crossland") for equitable relief to divide a mechanic and materialmen's lien ("Lien") of approximately \$856,000 filed on three properties which includes the Harp's Food Store property and two adjacent properties owned by affiliates of the Trust. Crossland subsequently filed a counterclaim adding the Trust, among others, as a defendant to the case. The Lien related to cost overruns incurred by Crossland during the construction and development process that occurred prior to the Trust acquiring the Harp's Food Store property. On October 22, 2013, the parties reached a settlement whereby it was agreed that the Lien would be paid in full by November 22, 2013. Since the Lien related to construction and development costs incurred prior to the Trust acquiring the property, the affiliated parties that developed the property intended to fully satisfy the Lien, resulting in no liability to the Trust. However, since there was no evidence that the affiliated parties had finalized their funding sources to satisfy the Lien, management concluded that the appropriate treatment was to accrue the \$856,000 in the September 30, 2013 financial statements. On January 31, 2014, Crossland removed the lien as the affiliates of the Trust fulfilled their obligation to pay the Lien. Accordingly, the accrual was reversed as of December 31, 2013 since the Lien was satisfied without liability to the Trust and the 2013 financial statements had not been issued when the Lien was released.

10. Related Party Transactions

Prior to the October 24, 2014 acquisition, the Operating Companies and their affiliated companies provided administrative services to the Company, including management, administrative, accounting, marketing, development and design services. Pursuant to the terms of the Company's administrative services agreement with WM, responsibilities included administering the Company's day-to-day business operations, identifying and acquiring targeted real estate investments, overseeing the management of the investments, and handling the disposition of the

real estate investments. The Company benefits from Mr. Wheeler's affiliates that specialize in other real estate investment activities, including (i) Wheeler Capital, LLC, a capital investment firm specializing in venture capital, financing, and small business loans, (ii) Site Applications, LLC, a full service facility company, equipped to handle all levels of building maintenance, (iii) Wheeler Construction, LLC, a construction management company and (iv) TESR, LLC, a tenant relations company, serving as a liaison between property management, lease administration and leasing and working to provide information on the health and fiscal viability of each tenant.

Prior to being acquired in October 2014, WI leased the Company's Riversedge property under a 10-year operating lease expiring in November 2017, with four five year renewal options available. The lease required monthly base rent payments of \$24,000 and provided for annual increases throughout the term of the lease and subsequent option periods. Additionally, WI reimbursed the Company for a portion of the property's operating expenses and real estate taxes.

Table of Contents

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
 Notes to Consolidated Financial Statements (Continued)

10. Related Party Transactions (continued)

The following summarizes related party activity as of and for the years ended December 31, 2015 and 2014. The amounts disclosed below reflect the activity between the Company, Mr. Wheeler's affiliates and the Operating Companies through the date of acquisition. All amounts subsequent to the acquisition date have been eliminated in consolidation.

	December 31,		
	2015	2014	2013
Amounts paid to affiliates	\$209,277	\$3,827,990	\$1,412,126
Amounts due to affiliates	\$481,298	\$463,281	\$174,683
Rent and reimbursement income received from affiliates	\$—	\$329,718	\$288,969
Rent and other tenant receivables due from affiliates	\$—	\$—	\$373,119

The Company, through the Operating Partnership, is performing development services for Pineland Associates, LLC and several of its affiliated parties ("Pineland"), all of which are related parties of the Company, for the redevelopment of Pineland Station Shopping Center in Hilton Head, South Carolina. Pineland is responsible for development fees on the hard construction costs and reimbursing the Company for any costs advanced towards the project. As of December 31, 2015, the Company had advanced approximately \$1.46 million towards the project. This amount is included in the "Deferred costs and other assets" line item on the consolidated balance sheet.

Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
 Schedule II-Valuation and Qualifying Accounts
 December 31, 2015

Description	Balance at Beginning of Year	Charged to Costs and Expense	Deductions from Reserves	Balance at End of Year
Allowance for doubtful accounts:				
Year Ended December 31, 2015	\$186,517	\$243,029	\$(18,152)) \$411,394
Year Ended December 31, 2014	182,078	60,841	(56,402)) 186,517

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Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
 Schedule III-Real Estate and Accumulated Depreciation
 December 31, 2015

Property Name	Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount at which Carried at End of Period		
	Land	Building and Improvements	Improvements (net)	Carrying Costs	Land	Building and Improvements	Total
Amscot Building	\$—	\$461,700	\$31,128	\$—	\$—	\$492,828	\$492,828
Lumber River Village	800,413	4,486,787	142,398	—	942,811	4,486,787	5,429,598
Monarch Bank	496,591	1,908,659	77,704	—	496,591	1,986,363	2,482,954
Perimeter Square	1,566,431	5,081,193	109,828	—	1,566,431	5,191,021	6,757,452
Riversedge North	909,898	2,207,571	630,888	—	909,898	2,838,459	3,748,357
Surrey Plaza	380,731	1,856,515	—	—	380,731	1,856,515	2,237,246
The Shoppes at TJ Maxx	2,115,119	6,719,386	401,983	—	2,115,119	7,121,369	9,236,488
The Shoppes at Eagle Harbor	785,040	4,219,464	258,236	—	785,040	4,477,700	5,262,740
Twin City Commons	800,272	3,040,956	4,233	—	800,272	3,045,189	3,845,461
Walnut Hill Plaza	733,748	2,413,832	1,192,868	—	733,748	3,606,700	4,340,448
Tampa Festival	4,653,354	6,691,097	180,073	—	4,694,966	6,829,558	11,524,524
Forrest Gallery	3,015,372	7,454,580	260,066	—	3,015,372	7,714,646	10,730,018
Starbucks/Verizon	—	1,137,971	—	—	—	1,137,971	1,137,971
Jenks Plaza	498,260	917,898	—	—	498,260	917,898	1,416,158
Winslow Plaza	1,324,983	3,684,181	—	—	1,324,983	3,684,181	5,009,164
Clover Plaza	356,338	1,196,704	25,850	—	356,338	1,222,554	1,578,892
St. George Plaza	705,645	1,264,212	7,024	—	705,645	1,271,236	1,976,881
South Square	352,587	1,911,330	—	—	352,587	1,911,330	2,263,917
Westland Square	886,829	1,709,665	10,027	—	886,829	1,719,692	2,606,521
Waterway Plaza	1,279,700	1,247,952	—	—	1,279,700	1,247,952	2,527,652
Cypress Shopping Center	2,063,671	4,578,838	—	—	2,063,671	4,578,838	6,642,509
Harrodsburg Marketplace	1,431,484	2,484,653	—	—	1,431,484	2,484,653	3,916,137
Port Crossing Shopping Center	791,933	6,920,539	82,143	—	791,933	7,002,682	7,794,615
LaGrange Marketplace	390,180	2,647,956	—	—	390,180	2,647,956	3,038,136
DF I-Courtland	893,852	—	—	—	893,852	—	893,852
Edenton Commons	2,395,000	—	—	—	2,395,000	—	2,395,000
DF I-Moyock	908,066	—	—	—	908,066	—	908,066
Freeway Junction	1,521,133	6,754,803	—	—	1,521,133	6,754,803	8,275,936
Graystone Crossing	922,439	2,856,365	—	—	922,439	2,856,365	3,778,804
Bryan Station	1,658,454	2,756,142	—	—	1,658,454	2,756,142	4,414,596

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Crockett Square	1,546,482	6,833,967	10,600	—	1,546,482	6,844,567	8,391,049
Harbor Point	2,400,000	—	18,671	—	2,418,671	—	2,418,671
DF I-Berkley	250,000	—	—	—	250,000	—	250,000
Laskin Road	1,644,000	—	185,018	—	1,644,000	185,018	1,829,018
Pierpont Centre	675,317	9,253,152	—	—	675,317	9,253,152	9,928,469
Brook Run Properties	300,000	—	8,856	—	300,000	8,856	308,856
Alex City Marketplace	453,746	7,836,903	—	—	453,746	7,836,903	8,290,649
Butler Square	1,023,990	6,400,682	10,595	—	1,023,990	6,411,277	7,435,267
Brook Run Shopping Center	2,208,501	12,918,517	257,310	—	2,208,501	13,175,827	15,384,328
Beaver Ruin Village	2,604,155	8,283,904	—	—	2,604,155	8,283,904	10,888,059

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Property Name	Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount at which Carried at End of Period		
	Land	Building and Improvements	Improvements (net)	Carrying Costs	Land	Building and Improvements	Total
Beaver Ruin Village II	1,153,127	2,809,398	5,000	—	1,153,127	2,814,398	3,967,525
Columbia Fire Station	2,304,937	—	278,557	—	2,304,937	278,557	2,583,494
Chesapeake Square	894,835	4,111,707	—	—	894,835	4,111,707	5,006,542
Sunshine Plaza	1,182,887	6,368,471	—	—	1,182,887	6,368,471	7,551,358
Carolina Place	250,000	—	—	—	250,000	—	250,000
Hilton Head Land	989,437	—	22,064	—	989,437	22,064	1,011,501
Barnett Portfolio	3,107,136	8,912,082	33,139	—	3,115,759	8,936,598	12,052,357
Grove Park	722,150	4,589,698	—	—	722,150	4,589,698	5,311,848
Parkway Plaza	772,030	4,229,713	—	—	772,030	4,229,713	5,001,743
Fort Howard Square	1,889,590	7,350,084	—	—	1,889,590	7,350,084	9,239,674
Conyers Crossing	2,101,459	6,819,984	—	—	2,101,459	6,819,984	8,921,443
LBP Blairmill	—	—	23,965	—	—	23,965	23,965
LBP Milltown	—	—	100,364	—	—	100,364	100,364
LBP Vauxhall	—	—	14,627	—	—	14,627	14,627
McPherson	—	—	7,412	—	—	7,412	7,412
Totals	\$63,111,302	\$185,329,211	\$4,390,627	\$—	\$63,322,606	\$189,508,534	\$252,831,140

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Wheeler Real Estate Investment Trust, Inc. and Subsidiaries
Schedule III-Real Estate and Accumulated Depreciation

Property Name	Encumbrances	Accumulated Depreciation	Date of Construction	Date Acquired	Depreciation Life
Amscot Building	(1)	\$ 175,484	5/15/2004		5-40 years
Lumber River Village	(2)	479,208		11/16/2012	5-40 years
Monarch Bank	(3)	1,017,788		12/28/2007	5-40 years
Perimeter Square	(4)	567,540		11/16/2012	5-40 years
Riversedge North	(5)	979,751	4/17/2008	12/21/2012	5-40 years
Surrey Plaza	(1)	236,687		12/21/2012	5-40 years
The Shoppes at TJ Maxx	(6)	770,204		11/16/2012	5-40 years
The Shoppes at Eagle Harbor	(7)	872,484	9/9/2008	11/16/2012	5-40 years
Twin City Commons	(8)	300,898		12/18/2012	5-40 years
Walnut Hill Plaza	(9)	1,429,149		12/14/2007	5-40 years
Tampa Festival	(10)	595,417		8/26/2013	5-40 years
Starbucks/Verizon	(12)	69,875		10/27/2013	5-40 years
Forrest Gallery	(11)	707,750		8/29/2013	5-40 years
Jenks Plaza	(1)	126,327		12/17/2013	5-40 years
Winslow Plaza	(13)	367,769		12/19/2013	5-40 years
Clover Plaza	(14)	72,413		12/23/2013	5-40 years
St. George Plaza	(15)	82,948		12/23/2013	5-40 years
South Square	(16)	102,698		12/23/2013	5-40 years
Westland Square	(17)	106,561		12/23/2013	5-40 years
Waterway Plaza	(18)	79,194		12/23/2013	5-40 years
Cypress Shopping Center	(19)	203,174		7/1/2014	5-40 years
Harrodsburg Marketplace	(20)	115,580		7/1/2014	5-40 years
Port Crossing Shopping Center	(21)	476,697		7/3/2014	5-40 years
LaGrange Marketplace	(22)	166,640		7/25/2014	5-40 years
DF I-Courtland (undeveloped land)		—		8/15/2014	N/A
Edenton Commons (undeveloped land)	(23)	—		8/15/2014	N/A
DF I-Moyock (undeveloped land)	(24)	—		8/15/2014	N/A
Freeway Junction	(25)	342,019		9/4/2014	5-40 years
Graystone Crossing	(26)	102,520		9/26/2014	5-40 years
Bryan Station	(27)	114,424		10/2/2014	5-40 years
Crockett Square	(28)	291,990		11/5/2014	5-40 years
Harbor Point (undeveloped land)	(29)	—		11/21/2014	N/A
DF I-Berkley (undeveloped land)		—		12/1/2014	N/A
Laskin Road (undeveloped land)		—		1/9/2015	N/A
Pierpont Centre	(30)	321,596		1/14/2015	5-40 years
Brook Run Properties (undeveloped land)		—		3/27/2015	N/A
Alex City Marketplace	(31)	214,524		4/1/2015	5-40 years
Butler Square	(32)	139,192		4/15/2015	5-40 years
Brook Run Shopping Center	(33)	441,728		6/2/2015	5-40 years
Beaver Ruin Village	(34)	130,329		7/1/2015	5-40 years
Beaver Ruin Village II	(34)	40,850		7/1/2015	5-40 years
Columbia Fire Station (undeveloped land)	(35)	—		7/1/2015	N/A
Chesapeake Square	(2)	98,924		7/10/2015	5-40 years
Sunshine Plaza	(36)	86,227		7/21/2015	5-40 years

Carolina Place (undeveloped land)

—

7/24/2015 N/A

98

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Property Name	Encumbrances	Accumulated Depreciation	Date of Construction	Date Acquired	Depreciation Life
Hilton Head Land (undeveloped land)		—		8/14/2015	N/A
Barnett Portfolio	(37)	115,889		8/21/2015	5-40 years
Grove Park	(38)	66,605		9/9/2015	5-40 years
Parkway Plaza	(39)	44,390		9/15/2015	5-40 years
Fort Howard Square	(40)	58,416		9/30/2015	5-40 years
Conyers Crossing	(41)	69,763		9/30/2015	5-40 years
Totals		\$12,781,622			

	2015	2014
Balance at beginning of period	\$160,627,402	\$106,832,033
Additions during the period:		
Acquisitions	113,950,630	53,081,905
Improvements	1,301,313	713,464
Disposals	\$(23,048,205)	\$—
Balance at end of period	\$252,831,140	\$160,627,402

(1) These properties secure a \$3.00 million bank line of credit which did not have a balance at December 31, 2015.

(2) This property secures a \$6.87 million line of credit.

(3) This property secures a \$1.38 million mortgage note.

(4) This property secures a \$4.17 million mortgage note.

(5) This property secures a \$962,000 mortgage note.

(6) This property secures a \$6.08 million mortgage note.

(7) This property secures a \$3.63 million mortgage note.

(8) This property secures a \$3.23 million mortgage note.

(9) This property secures a \$3.54 million mortgage note.

(10) This property secures a \$8.63 million mortgage note.

(11) This property secures a \$8.93 million mortgage note.

(12) This property secures a \$632,000 mortgage note.

(13) This property secures a \$4.62 million mortgage note.

(14) This property secures a \$2.10 million mortgage note.

(15) This property secures a \$2.65 million mortgage note.

(16) This property secures a \$2.16 million mortgage note.

(17) This property secures a \$2.76 million mortgage note.

(18) This property secures a \$2.70 million mortgage note.

(19) This property secures a \$6.63 million mortgage note.

(20) This property secures a \$3.68 million mortgage note.

(21) This property secures a \$6.47 million mortgage note.

(22) This property secures a \$2.42 million mortgage note.

(23) This property secures a \$650,000 mortgage note.

(24) This property secures a \$419,000 mortgage note.

(25) This property secures a \$8.15 million mortgage note.

(26) This property secures a \$4.00 million mortgage note.

(27) This property secures a \$4.63 million mortgage note.

(28) This property secures a \$6.34 million mortgage note.

(29) This property secures a \$733,000 mortgage note.

(30) This property secures a \$9.80 million mortgage note.

(31) This property secures a \$5.75 million mortgage note.

- (32) This property secures a \$5.64 million mortgage note.
- (33) This property secures a \$10.95 million mortgage note.
- (34) This property secures a \$9.40 million mortgage note.
- (35) This property secures a \$450,000 mortgage note.
- (36) This property secures a \$5.90 million mortgage note.
- (37) This property secures a \$8.77 million mortgage note.

- (38) This property secures a \$3.80 million mortgage note.
- (39) This property secures a \$3.50 million mortgage note.
- (40) This property secures a \$7.10 million mortgage note.
- (41) This property secures a \$5.96 million mortgage note.

100

EXHIBIT INDEX

Exhibit

- 3.1 Articles of Amendment and Restatement of the Registrant. (1)
- 3.2 Amended and Restated Bylaws of Registrant (2)
- 4.1 Form of Certificate of Common Stock of Registrant (2)
- 4.2 Form of Certificate of Series B Convertible Preferred Stock of Registrant (3)
- 4.3 Form of Warrant Certificate of Registrant (3)
- 4.4 Form of Warrant Agreement for December 2013/January 2014 Private Placement Offering (4)
- 4.5 Form of Promissory Note for December 2013/January Private Placement Offering (4)
- 4.6 Form of Convertible Note for December 2013/January 2014 Private Placement Offering (4)
- 10.1 Amended and Restated Agreement of Limited Partnership of Wheeler REIT, L.P. (5)
- 10.2 Amendment to the Amended and Restated Agreement of Limited Partnership of Wheeler REIT, L.P. Designation of Series C Mandatorily Convertible Preferred Units, as amended. (6)
- 10.3 Amendment to the Amended and Restated Agreement of Limited Partnership of Wheeler REIT, L.P. Designation of Series B Mandatorily Convertible Preferred Units. (6)
- 10.4 Amendment to the Amended and Restated Agreement of Limited Partnership of Wheeler REIT, L.P. Designation of Series A Mandatorily Convertible Preferred Units. (6)
- 10.5 Wheeler Real Estate Investment Trust, Inc. 2015 Long-Term Incentive Plan (7)
- 10.6 Employment Agreement with Jon S. Wheeler (8)
- 10.7 Employment Agreement with Steven M. Belote (8)
- 10.8 Employment Agreement with Robin A. Hanisch (8)
- 10.9 Subordination Agreement (5)
- 10.10 Warrant Agreement by and among the Registrant, Computershare, Inc. and Computershare Trust Company, N.A. (3)
- 10.11 Membership Interest Contribution Agreement dated October 24, 2014, by and among Jon S. Wheeler and Wheeler REIT, L.P. (8)
- 10.12

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Tax Protection Agreement dated October 24, 2014, by and among Jon S. Wheeler, Wheeler REIT, L.P., and Wheeler Real Estate Investment Trust, Inc. (8)

- 10.13 Termination Agreement dated October 24, 2014, by and among Wheeler Real Estate Investment Trust, Inc., Wheeler REIT, L.P., and WHLR Management, LLC. (8)
- 10.14 Purchase and Sale Agreement dated November 30, 2015, by and among WHLR-ACD Acquisition Company, LLC and certain seller, for the purchase of the AC Portfolio. (9)
- 10.15 Form of Securities Purchase Agreement, dated March 19, 2015, between Wheeler Real Estate Investment Trust, Inc. and each of the Investors. (10)
- 10.16 Form of Registration Rights Agreement, dated March 19, 2015, between Wheeler Real Estate Investment Trust, Inc. and each of the Investors. (10)
- 10.17 Shareholders Rights Agreement, dated March 19, 2015, by and between Wheeler Real Estate Investment Trust, Inc. and Westport Capital Partners LLC as agent on behalf of certain investor. (10)
- 10.18 Board Observer Rights Agreement, dated March 19, 2015, by and between Wheeler Real Estate Investment Trust, Inc. and MFP Investors, LLC. (10)
- 10.19 Letter Agreement, dated March 19, 2015, by and between Wheeler Real Estate Investment Trust, Inc. and Jon S. Wheeler. (10)

101

10.20	Credit Agreement, dated May 29, 2015, between Wheeler REIT, L.P. and KeyBank National Association. (11)
21.1	Subsidiaries of Registrant (12)
23.1	Consent of Cherry Bekaert LLP (12)
31.1	Certification of the Chief Executive Officer of Wheeler Real Estate Investment Trust, Inc. pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (12)
31.2	Certification of the Chief Financial Officer of Wheeler Real Estate Investment Trust, Inc. pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (12)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)
99.1	Code of Ethics (2)
101.INS	XBRL Instance Document (12)
101.SCH	XBRL Taxonomy Extension Schema Document (12)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (12)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (12)
101.LAB	XBRL Taxonomy Extension Labels Linkbase (12)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (12)

- (1) Filed as an exhibit to the Registrant's report on Form 8-K, filed on June 5, 2015 and hereby incorporated by reference.
- (2) Filed as an exhibit to the Registrant's Registration Statement on Form S-11 (Registration No. 333-177262) previously filed pursuant to the Securities Act of 1933 and hereby incorporated by reference.
- (3) Filed as an exhibit to the Registrant's Registration Statement on Form S-11 (Registration No. 333-194831) previously filed pursuant to the Securities Act of 1933 and hereby incorporated by reference.
- (4) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on December 18, 2013 and hereby incorporated by reference.
- (5) Filed as an exhibit to the Registrant's Registration Statement on Form S-11 (Registration No. 333-198245) previously filed pursuant to the Securities Act of 1933 and hereby incorporated by reference.
- (6) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on April 15, 2015 and hereby incorporated by reference.
- (7) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on June 8, 2015 and hereby incorporated by reference.

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- (8) Filed as an exhibit to the Registrant's report on Form 8-K, filed on October 30, 2014 and hereby incorporated by reference.
- (9) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on December 2, 2015 and hereby incorporated by reference.
- (10) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on March 19, 2015 and hereby incorporated by reference.
- (11) Filed as an exhibit to the Registrant's Report on Form 8-K, filed on June 2, 2015 and hereby incorporate by reference.
- (12) Filed herewith.