Wheeler Real Estate Investment Trust, Inc.
Form S-11/A
October 23, 2012

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As filed with the Securities and Exchange Commission on October 23, 2012

Registration No. 333-177262

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 9 TO

Form S-11

REGISTRATION STATEMENT

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Wheeler Real Estate Investment Trust, Inc.

(Exact Name of Registrant as Specified in Its Governing Instruments)

Riversedge North, 2529 Virginia Beach Blvd., Suite 200, Virginia Beach, Virginia 23452

(757) 627-9088

(Address, Including Zip Code and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

CT Corporation System

111 Eighth Avenue

New York, New York 10011

(800) 624-0909

(Name, Address, Including Zip Code and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement of the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

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. (Check One):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	x

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Subject to Completion, dated October 23, 2012

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Minimum Offering: 3,000,000 Shares

Maximum Offering: 4,000,000 Shares

Wheeler Real Estate Investment Trust, Inc.

Common Stock

This is the initial public offering of Wheeler Real Estate Investment Trust, Inc. We are offering a minimum of 3,000,000 shares and a maximum of 4,000,000 shares of our common stock.

We expect the initial public offering price of our common stock to be between $5.00 and $5.50 per share. Currently, no established public trading market exists for our shares. We intend to apply to have our common stock listed on the Nasdaq Capital Market under the symbol WHLR. We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a real estate investment trust (REIT) for federal income tax purposes commencing with our taxable year ending December 31, 2012.

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 15 of this prospectus for a discussion of certain risk factors that you should consider before investing in our common stock. Such risks include, amount others:

We have no operating history as a REIT or a publicly traded company, nor established financing sources, and may not be able to successfully operate as a REIT or a publicly traded company.

Our portfolio is dependent upon regional and local economic conditions and is geographically concentrated in the Mid-Atlantic, Southeast and Southwest.

Our estimated cash available for distribution is insufficient to cover our anticipated annual dividend, which will require us to use proceeds from this offering to fund distributions.

We expect to have approximately $25.2 million of indebtedness outstanding following this offering, which may expose us to the risk of default under our debt obligations.

Our success depends on key personnel and the loss of such key personnel could adversely affect our ability to manage our business or implement our growth strategies.

We may be unable to identify, acquire or operate properties successfully, which could harm our financial condition and ability to pay distributions.

Our Administrative Services Company will face conflicts of interest caused by its arrangements with us, which could result in actions that are not in the long-term best interests of our stockholders.

We may assume unknown liabilities in connection with our formation transactions, and any recourse against third parties may be limited.

Failure to qualify as a REIT would have significant adverse consequences to us and the value of our common stock.

		Total	
	Per Share	**Minimum Offering**	**Maximum Offering**
Public offering price	$ [ ]	$ [ ]	$ [ ]
Placement fee[1]	$ [ ]	$ [ ]	$ [ ]
Proceeds, before expenses, to us[2]	$ [ ]	$ [ ]	$ [ ]

(1) The placement fee will be 7% of the public offering price, or $[ ] per share. The placement fee does not reflect additional compensation to the placement agents in the form of a non-accountable expense allowance of 1.5% or $[ ] per share. See Plan of Distribution.

(2) The total expenses of this offering, excluding the placement fee and expenses, are approximately $1,025,000.

The placement agents must sell the minimum number of securities offered (3,000,000 shares) if any are sold. The placement agents are required to use only its best efforts to sell the securities offered. The offering will terminate upon the earlier of: (i) a date mutually acceptable to us and our placement agents after which the minimum offering is sold or (ii) December 22, 2012. Until we sell at least 3,000,000 shares, all investor funds will be held in an escrow account at SunTrust Bank, Richmond, Virginia. If we do not sell at least 3,000,000 shares by December 22, 2012, all funds will be promptly returned to investors (within one business day) without interest or deduction. If we complete this offering, net proceeds will be delivered to our company on the closing date. If we complete this offering, then on the closing date, we will issue common stock to investors in the offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Wellington Shields & Co., LLC **Capitol Securities Management, Inc.**

The date of this prospectus is , 2012.

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You should rely only on the information contained in this document or to which we have referred you. We have not, and the placement agents have not, authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

We use market data, demographic data, industry forecasts and projections throughout this prospectus. We have obtained certain market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on historical market data, and there is no assurance that any of the projected amounts will be achieved. We believe that the market and industry research others have performed are reliable, but we have not independently verified this information.

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Prospectus Summary

You should read the following summary together with the more detailed information regarding our company and the historical and pro forma financial statements appearing elsewhere in this prospectus, including under the caption Risk Factors. References in this prospectus to we, our, us and our company refer to Wheeler Real Estate Investment Trust, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Wheeler REIT, L.P., a Virginia limited partnership, of which we are the sole general partner (our Operating Partnership). References to our predecessor (Predecessor) refer to the five entities and properties that are under the common control of Jon S. Wheeler to be contributed to or purchased by our Operating Partnership pursuant to the formation transactions described elsewhere in this prospectus. Unless otherwise indicated, the information contained in this prospectus is as of June 30, 2012 and assumes (1) the formation transactions described under the caption Structure and Formation of Our Company are consummated, (2) the common stock to be sold in this offering is sold at $5.25 per share, which is the mid-point of the range of prices indicated on the front cover of this prospectus, and (3) the common units of limited partner interest in our Operating Partnership, or common units, to be issued in the formation transactions are valued at $5.25 per unit. Each common unit is redeemable for cash equal to the then-current market value of one share of common stock or, at our option, one share of our common stock, commencing 12 months following the completion of this offering. For the meanings of all defined terms used herein, please refer to the Glossary at page 160.

Wheeler Real Estate Investment Trust, Inc.

Overview

We are a Maryland corporation formed with the principle objective of acquiring, financing, developing, leasing, owning and managing income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. 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. We will 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.

Upon consummation of this offering, we expect that our portfolio will be comprised of five retail shopping centers, two free-standing retail properties, and one office building. Five of these properties are located in Virginia, one is located in Florida, one is located in North Carolina and one is located in Oklahoma. As of June 30, 2012, our portfolio had a total gross leasable area (GLA) of 348,490 square feet and an occupancy level of approximately 90%.

We believe our markets, which currently include the Mid-Atlantic, Southeast and Southwest, are characterized by strong demographics and dynamic, diversified economies that will continue to generate jobs and future demand for commercial real estate.

We were formed as a Maryland corporation on June 23, 2011. Jon S. Wheeler, our Chairman and President, when combined with his affiliates, is our largest stockholder. Our administrative services will be provided externally by WHLR Management, LLC (our Administrative Service Company) which is wholly owned by Mr. Wheeler. Pursuant to the terms of an administrative services agreement between our Administrative Service Company and us, our Administrative Service Company will be responsible for identifying targeted real estate investments for our board of directors consideration; overseeing the management of the investments; handling the disposition of the real estate investments our board of directors has chosen to sell; and administering our day-to-day business operations, including but not limited to, leasing duties, property management, payroll and accounting functions. We will also benefit from Mr. Wheeler s partially or wholly owned related businesses and platform that specializes in retail real estate investment and management. Mr. Wheeler s organization includes (i) Wheeler Interests, LLC, an acquisition and asset management firm, (ii) Wheeler Real Estate, LLC, a real estate leasing management and administration firm, (iii) Wheeler Development, LLC, a full service real estate development firm, (iv) Wheeler Capital, LLC, a capital investment firm specializing in venture capital, financing, and small business loans, (v) Site Applications, LLC, a full service facility company equipped to handle all levels of building maintenance,

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and (vii) TESR, LLC, a tenant coordination company specializing in tenant relations and community events (collectively, our Services Companies).

Business and Growth Strategies

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. Specifically, we intend to pursue the following strategies to achieve these objectives:

***Maximize value through proactive asset management*.** We believe our market expertise, targeted leasing strategies and proactive approach to asset management will enable us to maximize the operating performance of our portfolio. We will continue to implement an active asset management program to increase the long-term value of each of our properties. This may include expanding existing tenants, re-entitling site plans to allow for additional outparcels, which are small tracts of land used for freestanding development not attached to the main buildings, and repositioning tenant mixes to maximize traffic, tenant sales and percentage rents. As we grow our portfolio, we will seek to maintain a diverse pool of assets with respect to both geographic distribution and tenant mix, helping to minimize our portfolio risk. We continually monitor our markets for opportunities to selectively dispose of properties where returns appear to have been maximized and redeploy proceeds into new acquisitions that have greater return prospects.

***Pursue value oriented investment strategy targeting properties fitting within our acquisition profile*.** We will acquire retail properties based on identified market and property characteristics, including:

Property type. We focus our investment strategy on income producing assets such as:

Strip centers. A strip center is an attached row of stores or service outlets managed as a coherent retail entity.

Neighborhood centers. A neighborhood center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Neighborhood centers are often anchored by a supermarket or drugstore.

Community centers. A community center typically offers a wider range of apparel and other soft goods relative to a neighborhood center and in addition to, or in lieu of, supermarkets and drugstores, may have discount department stores as anchor tenants.

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Freestanding retail properties. A freestanding retail property constitutes any retail building that is typically occupied by a single tenant.

Anchor tenant type. We will target properties with anchor tenants that offer consumer goods that are less impacted by fluctuations in consumers disposable income. We believe nationally and regionally recognized anchor tenants that offer consumer goods provide more predictable property-level cash flows as they are typically higher credit quality tenants that generate stable revenues.

Lease terms. In the near term, we intend to acquire properties that feature one or more of the following characteristics in their tenants lease structure: properties with long-term leases (10 years remaining on primary lease term) for anchor tenants; properties under triple-net leases, which are leases where the tenant agrees to pay rent as well as all taxes, insurance and common area maintenance expenses that arise from the use of the property, thereby minimizing our expenses; and properties with leases which incorporate gross percentage rent and/or rental escalations that act as an inflation hedge while maximizing operating cash flows. As a longer-term strategy, we will look to acquire properties with shorter-term lease structures (2-3 years) for in-line tenants, which are tenants that rent smaller spaces around the anchor tenants within a property, that have below market rents that can be renewed at higher market rates.

Geographic markets and demographics. We plan to seek investment opportunities throughout the United States; however, we will focus on the Mid-Atlantic, Southeast and Southwest, which are characterized by attractive demographic and property fundamental trends. We will target competitively protected properties in communities that have stable demographics and have historically exhibited favorable trends, such as strong population and income growth.

Capitalize on network of relationships to pursue transactions. We plan to pursue transactions in our target markets through the relationships we have developed.

Leverage our experienced property management platform. Our management team, together with the management teams of our Services Companies, has over 150 years of combined experience managing, operating and leasing retail properties. We consider our Services Companies to be in the best position to oversee the day-to-day operations of our properties, which in turn helps us service our tenants. We feel this generates higher renewal and occupancy rates, minimizes rent interruptions, reduces renewal costs and helps us achieve stronger operating results. Along with this, a major component of our leasing strategy is to cultivate long-term relationships through consistent tenant dialogue in conjunction with a proactive approach to meeting the space requirements of our tenants.

Grow our platform through a comprehensive financing strategy. We believe our capital structure will provide us with sufficient financial capacity and flexibility to fund future growth. Based on current capitalization, we believe we will have access to multiple sources of financing that are currently unavailable to many of our private market peers or overleveraged public competitors, which will provide us with a competitive advantage. Over time, these financing alternatives may include follow-on offerings of our common stock, corporate level debt, preferred equity and credit facilities. Upon completion of this offering, we expect to have a ratio of debt to total market capitalization of approximately 46% assuming completion of the minimum offering, or 42% assuming completion of the maximum offering. Although we are not required by our governing documents to maintain this ratio 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.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from other owners and operators of commercial real estate and will enable us to take advantage of new acquisition and development opportunities, as well as growth opportunities within our portfolio:

Portfolio of Retail Properties. We have acquired and developed a portfolio of properties located in business centers in Virginia, North Carolina, Florida and Oklahoma. The retail properties comprising our initial portfolio fit within our property acquisition profile of income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. These properties are located in local markets that exhibit stable demographics and have historically exhibited favorable trends, such as strong population and income growth. These properties represent the initial base of the larger portfolio that we expect to build over time.

Experienced Management Team. Our executive officers and the management teams of our Services Companies have significant experience in the commercial real estate industry.

Access to a Pipeline of Acquisition and Leasing Opportunities. We believe that our market knowledge and network of relationships in the real estate industry will provide us access to an ongoing pipeline of attractive acquisition and investment opportunities in and near our markets, while also facilitating our leasing efforts and providing us with opportunities to increase occupancy rates at our properties.

Broad Real Estate Expertise with Retail Focus. Our management team has experience and capabilities across the real estate sector with experience and expertise particularly in the retail asset class, which we believe provides for flexibility in pursuing attractive acquisition, development and repositioning opportunities.

Summary Risk Factors

You should consider carefully the risks discussed below and under the heading Risk Factors beginning on page 15 of this prospectus before purchasing our common stock. If any of these risks occur, our business, prospects, financial condition, liquidity, results of operations and ability to make distributions to our stockholders could be materially and adversely affected. In that case, the trading price of our common stock could decline and you could lose some or all of your investment. These risks include, among others, the following:

- We have no operating history as a REIT or a publicly traded company, nor established financing sources, and may not be able to successfully operate as a REIT or a publicly traded company.
- Our portfolio is dependent upon regional and local economic conditions and is geographically concentrated in the Mid-Atlantic, Southeast and Southwest.
- Our estimated cash available for distribution is insufficient to cover our anticipated annual dividend, which will require us to use proceeds from this offering to fund distributions.
- We expect to have approximately $25.2 million of indebtedness outstanding following this offering, which may expose us to the risk of default under our debt obligations.
- Our success depends on key personnel and the loss of such key personnel could adversely affect our ability to manage our business or implement our growth strategies.
- We may be unable to identify, acquire or operate properties successfully, which could harm our financial condition and ability to pay distributions.
- Our Administrative Services Company will face conflicts of interest caused by its arrangements with us, which could result in actions that are not in the long-term best interests of our stockholders.
- We may assume unknown liabilities in connection with our formation transactions, and any recourse against third parties may be limited.
- Failure to qualify as a REIT would have significant adverse consequences to us and the value of our common stock.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Our economic performance and the value of our properties can be affected by many of these factors, including, among others, the following:

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adverse changes in financial conditions of buyers, sellers and tenants of our properties, including bankruptcies, financial difficulties, or lease defaults by our tenants;

local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;

vacancies or ability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;

changes in operating costs and expenses, including, without limitation, increasing labor and material costs, insurance costs, energy prices, environmental restrictions, real estate taxes, and costs of compliance with laws, regulations and government policies, which we may be restricted from passing on to our tenants;

fluctuations in interest rates, which could adversely affect our ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all; and

competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds.

Our Properties

Our Portfolio

Upon completion of this offering and consummation of the formation transactions, we will own eight properties located in the Mid-Atlantic, Southeast, and Southwest markets, containing a total of approximately 348,490 in rentable square feet of retail space, which we refer to as our portfolio. The following table presents an overview of our portfolio, based on information as of June 30, 2012.

Portfolio

Property	Location	Year Built/ Renovated	Number of Tenants	Net Rentable Square Feet	Percentage Leased	Annualized Base Rent	Annualized Base Rent per Leased Square Foot (1)
Amscot Building	Tampa, FL	2004	1	2,500	100.0%	$ 101,400.00	$ 40.56
Lumber River Village	Lumberton, NC	1985/1997-98 (expansion)/2004	12	66,781	100.0%	507,535.60	7.60
Monarch Bank	Virginia Beach, VA	2002	1	3,620	100.0%	211,046.00	58.30
Perimeter Square	Tulsa, OK	1982-83	8	58,277	95.7%	684,334.71	12.27
Riversedge North	Virginia Beach, VA	2007	1	10,550	100.0%	274,089.00	25.98
The Shoppes at TJ Maxx	Richmond, VA	1982/1999	14	93,552	81.2%	924,961.38	12.18
The Shoppes at Eagle Harbor	Carrollton, VA	2009	7	23,303	100.0%	472,584.84	20.28
Walnut Hill Plaza	Petersburg, VA	1959/2006/2008	11	89,907	82.7%	550,153.00	7.40
Total Portfolio			55	348,490	89.8%	$ 3,726,104.53	$ 11.91

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

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Structure and Formation of Our Company

Our Operating Entities

Our Operating Partnership

Following the completion of this offering and the formation transactions, substantially all of our assets will be held by, and our operations will be conducted through, the Operating Partnership. As the sole general partner of the Operating Partnership, we will generally have the exclusive power under the Amended and Restated Agreement of Limited Partnership of Wheeler REIT, L.P. (the Partnership Agreement) to manage and conduct the business and affairs of the Operating Partnership, subject to certain limited approval and voting rights of the limited partners, which are described more fully below in Description of the Partnership Agreement of Wheeler REIT, L.P. Our board of directors will manage our business and affairs.

Because we plan to conduct substantially all of our operations through the Operating Partnership, we are considered an UPREIT. UPREIT stands for Umbrella Partnership Real Estate Investment Trust. An UPREIT is a REIT that holds all or substantially all of its properties through a partnership in which the REIT holds a general partner and/or limited partner interest generally based on the value of capital raised by the REIT through sales of its capital stock. Using an UPREIT structure may give us an advantage in acquiring properties from persons who may not otherwise sell their properties because of unfavorable tax results. Generally, a sale or contribution of property directly to a REIT is a taxable transaction to the selling property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may contribute the property to the UPREIT in exchange for limited partnership units in the partnership and defer taxation of gain until the seller later exchanges his limited partnership units on a one-for-one basis for REIT shares or for cash pursuant to the terms of the limited partnership agreement or the UPREIT sells the property.

Our Administrative Service Company

We intend to enter into an Administrative Services Agreement with our Administrative Service Company. Pursuant to the Administrative Service Agreement, our Administrative Service Company will provide us with appropriate support personnel to assist our executive management team and will perform certain services for us, subject to the oversight of our board of directors and our executive officers. Our Administrative Service Company will be responsible for, among other duties (1) performing and administering our day-to-day operations, (2) determining investment criteria in conjunction with our board of directors, (3) sourcing, analyzing and executing asset acquisitions approved by our board of directors, sales and financings, (4) performing asset management duties, (5) performing property management duties, (6) performing leasing duties, and (7) performing financial and accounting management. Our Administrative Service Company will receive an administrative services fee of $360,000 per year for the initial eight properties in our operating portfolio, and $20,000 per year for each additional property we acquire subsequent to the completion of this offering. Additionally, Wheeler Real Estate, LLC will receive a property management fee at a rate of 3% of our annual gross revenue and Wheeler Interests, LLC will receive an asset management fee at a rate of 2% of our annual gross revenue. Additionally, we will reimburse our Administrative Service Company for all reasonable out-of-pocket expenses incurred on our behalf, including but not limited to travel and general office expenses, such as copying and telephone usage. Our executive management team will consist of our Chairman/President, Chief Financial Officer, and Secretary. We do not expect to have any employees other than our executive management team. The salaries of such officers will be paid by our Administrative Service Company. They may also be eligible to receive additional compensation in the form of stock options granted under our 2012 Share Incentive Plan.

Formation Transactions

Each property that will be owned by us through our Operating Partnership upon the completion of this offering and the formation transactions is currently owned directly or indirectly by limited liability companies in which Jon S. Wheeler and his affiliates, certain of our other directors and executive officers and their affiliates and/or other third parties own a direct or indirect interest (the Ownership Entities). Each of the Ownership Entities is currently owned by a number of investors (the Prior Investors). With the exception of the current owners of The Shoppes at Eagle Harbor property, the Prior Investors will enter into contribution agreements with our Operating Partnership, pursuant to which they will contribute their interests in the Ownership Entities to our Operating Partnership substantially concurrently with the completion of this offering. In exchange for contributing their interests in the Ownership Entities, the Prior Investors will receive an aggregate of $4.18 million and 1,734,064 common units. Such common units will be

issued by the Operating Partnership pursuant to the terms of a private offering in which the Operating Partnership will offer for sale, solely to persons and entities that represent in writing that they are either accredited investors, as defined in Rule 501 of the Securities Act of 1933, as amended (the 1933 Act) or sophisticated investors, as described in Rule 506(b)(2)(ii) of the 1933 Act, in a transaction exempt from registration under federal and state securities laws, Operating Partnership common units or cash in exchange for membership interests in the Ownership Entities held by the Prior Investors.

We will directly purchase all of the membership interests of DF-1 Carrollton, LLC, which currently owns The Shoppes at Eagle Harbor. See Certain Relationships and Related Transactions. The value of the consideration to be paid to each of the Prior Investors in the formation transactions, in each case, will be based upon the terms of the applicable contribution or purchase agreement among our Operating Partnership, on the one hand, and the prior investor or investors, on the other hand, and will be determined based on a relative equity valuation analysis of all of the properties included in our portfolio. These relative values were based on a cash flow analysis (based on information provided by us) and on the face amount of the outstanding secured and mortgage debt on each property on March 31, 2012. This relative equity valuation was not performed by an independent real estate appraiser and is not a determination of the value of the properties to be included in our initial portfolio, but rather was a component taken into account by the participants in the formation transactions and utilized by them in constructing a formula for determination of their relative equity interests in us. See Structure and Formation of Our Company Our Structure Determination of Consideration Payable for Our Properties.

Additionally, common units exchanged for the Amscot Building, Monarch Bank and Riversedge North properties are subject to adjustment immediately following the public release of our audited consolidated financial statements for the year ended December 31, 2012 and upon the approval of a majority of our independent directors as follows:

- The adjustments will be calculated by applying the initial exchange methodology to such properties cash flows as used in preparing our audited consolidated financial statements for the year ended on December 31, 2012, subject to the adjustments approved by a majority of our independent directors.

- If the adjusted exchange calculation increases the number of common units exchanged for any such property, the Prior Investors in such property will receive an additional number of common units in our Operating Partnership that, when multiplied by the initial offering price for this offering, will equal the increase in value plus the value of any distributions that would have been made with respect to such common units if such common units had been issued at the time of the acquisition of such property.

- If, however, the adjusted exchange calculation decreases the number of common units exchanged for any such property, the Prior Investors in such property will forfeit that number of common units that, when multiplied by the initial offering price for this offering, equals the decrease in value plus that value of any distributions made with respect to such common units. The Prior Investors in such property will be prohibited from selling the common stock underlying their common units until any such adjustments are made.

- If any Prior Investor receives cash instead of Operating Partnership common units, similar adjustments to the cash purchase price will also be made.

Since the properties are being recorded at historical cost, any adjustment, which we do not expect to be significant based on current results at the properties, would only impact the number of common units issued in the exchange.

Each of the Prior Investors has a substantive, pre-existing relationship with us and with the exception of the Prior Investors in The Shoppes at Eagle Harbor, will be required to make an election to receive shares of our common units or cash in the formation transactions. The issuance of such common units will be effected in reliance upon one or more exemptions from registration provided by Section 4(2) of the Securities Act and corresponding provisions under state securities law.

Pursuant to the formation transactions, the following have occurred or will occur substantially concurrently with the completion of this offering. All amounts are based on the mid-point of the range set forth on the cover page of this prospectus.

We were formed as a Maryland corporation on June 23, 2011, and our Operating Partnership was formed as a Virginia limited partnership, on April 5, 2012.

We will sell 3,000,000 shares (assuming a minimum offering) or 4,000,000 shares (assuming a maximum offering) of our common stock in this offering, and we will contribute the net proceeds from this offering to our Operating Partnership in exchange for 3,000,000 common units (assuming a minimum offering) or 4,000,000 common units (assuming a maximum offering).

With the exception of The Shoppes at Eagle Harbor property, we and our Operating Partnership will consolidate the ownership of our portfolio by attempting to acquire 100% of the membership interests in the limited liability companies that directly or indirectly own such properties through a series of contribution agreements with such entities and the owners thereof. The value of the consideration to be paid to each of the owners of such entities in the formation transactions will be determined according to a formula set forth in such contribution agreements.

Our Operating Partnership intends to use approximately $1.78 million of the net proceeds of this offering to directly purchase 100% of the membership interests of DF-1 Carrollton, LLC, which currently owns The Shoppes at Eagle Harbor property, one of the original eight properties in our operating portfolio.

Prior Investors in the Ownership Entities will receive as consideration for such contributions, 1,734,064 common units, or $4.18 million in cash in accordance with the terms of the relevant contribution agreements. The aggregate value of common units to be paid to Prior Investors in such entities at the mid-point of the range of prices shown on the cover of this prospectus is $9.10 million. This value will increase or decrease if our common stock is priced above or below the mid-point of the range of prices shown on the cover of this prospectus.

Our Operating Partnership intends to use a portion of the net proceeds of this offering to repay approximately $500,000 of outstanding indebtedness. As a result of the foregoing use of proceeds, we expect to have approximately $25.2 million of total debt outstanding upon completion of this offering and the formation transactions. This will result in a ratio of debt to total market capitalization of approximately 46% assuming completion of the minimum offering, or 42% assuming completion of the maximum offering. Although we are not required by our governing documents to maintain this ratio 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.

We expect to adopt our 2012 Share Incentive Plan. An aggregate of 500,000 shares (assuming a minimum offering) or 600,000 shares (assuming a maximum offering) of our common stock will be available for issuance under the plan.

Benefits of the Formation Transactions to Related Parties

In connection with this offering and the formation transactions, Mr. Wheeler, our Chairman and President, and certain of our other directors and executive officers will receive material benefits. Mr. Wheeler and certain of his affiliates are guarantors of approximately $11 million of indebtedness, in the aggregate, that will be assumed by us upon completion of this offering. In connection with this assumption, we will seek to have Mr. Wheeler and his affiliates released from such guarantees and to have our Operating Partnership assume any such guarantee obligations as replacement guarantor. A full discussion of this and all other material benefits to be received by our executive officers and directors can be found in this prospectus under the heading Certain Relationships and Related Transactions.

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Our Structure

The following diagram depicts the expected ownership structure of Wheeler Real Estate Investment Trust, Inc. upon completion of the minimum offering and the formation transactions. We expect to own a 63.37% general partnership interest in our Operating Partnership and our Operating Partnership expects to indirectly own the properties in our portfolio, through the Ownership Entities.

(1) Consists of holders of 249,750 shares of Series A Convertible Preferred Stock. Upon completion of this offering, all issued and outstanding Series A Convertible Preferred Stock will automatically convert into a number of shares of common stock equal to (i) $4.00 divided by (ii) 66.66% of the public offering price of the common stock sold in this offering, or 285,457 shares of common stock assuming the mid-point of the price range set forth on the cover page of this prospectus. Jon S. Wheeler, our President and Chairman, controls 2,250 of such shares held by Sooner Capital, LLC.

(2) WHLR Management, LLC, which is wholly-owned by Jon S. Wheeler, will provide administrative services to Wheeler Real Estate Investment Trust, Inc. pursuant to the terms of an administrative services agreement.

(3) Prior Investors will receive 1,734,064 limited partnership units in Wheeler REIT, L.P. in exchange for their membership interests in the Ownership Entities. Of those 1,734,064 limited partnership units, 335,680 will be received by Jon S. Wheeler, 3,106 will be received by Robin Hanisch, our Secretary, and 6,276 will be received by Ann L. McKinney, director, in exchange for their membership interests in the Ownership Entities.

(4) Upon completion of our formation transactions, we expect our Operating Partnership will own 100% of the membership interests of each of the Ownership Entities that own the initial eight properties in our portfolio.

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The following diagram depicts the expected ownership structure of Wheeler Real Estate Investment Trust, Inc. upon completion of the maximum offering and the formation transactions. We expect to own a 69.76% general partnership interest in our Operating Partnership and our Operating Partnership expects to indirectly own the properties in our portfolio, through the Ownership Entities.

(1) Consists of holders of 249,750 shares of Series A Convertible Preferred Stock. Upon completion of this offering, all issued and outstanding Series A Convertible Preferred Stock will automatically convert into a number of shares of common stock equal to (i) $4.00 divided by (ii) 66.66% of the public offering price of the common stock sold in this offering, or 285,457 shares of common stock assuming the mid-point of the price range set forth on the cover page of this prospectus. Jon S. Wheeler, our President and Chairman, controls 2,250 of such shares held by Sooner Capital, LLC.

(2) WHLR Management, LLC, which is wholly-owned by Jon S. Wheeler, will provide administrative services to Wheeler Real Estate Investment Trust, Inc. pursuant to the terms of an administrative services agreement.

(3) Prior Investors will receive 1,734,064 limited partnership units in Wheeler REIT, L.P. in exchange for their membership interests in the Ownership Entities. Of those 1,734,064 limited partnership units, 335,680 will be received by Jon S. Wheeler, 3,106 will be received by Robin Hanisch, our Secretary, and 6,276 will be received by Ann L. McKinney, director, in exchange for their membership interests in the Ownership Entities.

(4) Upon completion of our formation transactions, we expect our Operating Partnership will own 100% of the membership interests of each of the Ownership Entities that own the initial eight properties in our portfolio.

Restrictions on Transfer

Under the Partnership Agreement, holders of common units do not have redemption or exchange rights, except under limited circumstances, for a period of 12 months, and may not otherwise transfer their units, except under certain limited circumstances, for a period of 12 months, from completion of this offering. After the expiration of this 12-month period, transfers of units by limited partners and their assignees are subject to various conditions, including our right of first refusal, described under Description of the Partnership Agreement of Wheeler REIT, L.P. Transfers and Withdrawals. In addition, each of our executive officers, directors and director nominees and their affiliates, have agreed not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 180 days after the date of this prospectus.

Restrictions on Ownership of our Stock

Due to limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code of 1986, as amended (the Code), our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock (the Ownership Limits). See Description of Securities Restrictions on Ownership and Transfer.

Emerging Growth Company Status

We are an emerging growth company, as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have not made a decision whether to take advantage of any or all of these exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result. The result may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an emerging growth company for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a large accelerated filer as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period.

Conflicts of Interest

Following the completion of this offering and the formation transactions, conflicts of interest may arise between the holders of units and our stockholders with respect to certain transactions, such as the sale of any properties or a reduction of indebtedness, which could have adverse tax consequences to holders of units, including Mr. Wheeler, thereby making those transactions less desirable to such holders. In the event of such a conflict, we are under no obligation to give priority to the separate interests of our company or our stockholders. See Policies with Respect to Certain Activities Conflict of Interest Policies and Description of the Partnership Agreement of Wheeler REIT, L.P. In addition, other affiliates of Mr. Wheeler and/or our other directors and executive officers are parties to or, have interests in, certain agreements with us, including contribution agreements and employment agreements. See Certain Relationships and Related Transactions Formation Transactions.

Distribution Policy

We intend to pay cash dividends to holders of our common stock on a monthly basis. We intend to pay a pro rata dividend with respect to the period commencing on the completion of this offering and ending October 31, 2012 based on an annualized amount of $0.42 per share. We intend to maintain our initial dividend rate for the 12-month period following completion of this offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. 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. Initially, we will be required to use a portion of the net proceeds from this offering to make such distributions. We may in the future also choose to pay dividends in shares of our common stock. See Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Common Stock Taxation of Taxable U.S. Stockholders and Risk Factors Risks Related to Our Status as a REIT We may in the future choose to pay dividends in shares of our common stock, in which case you may be required to pay tax in excess of the cash you receive.

Additionally, we have agreed with our placement agents that any common units held by Jon S. Wheeler, directly or indirectly or through his spouse, children or affiliated entities, or any common units held by any holder who would own more than 4.99% of our common stock upon conversion of such units, will be contractually subordinated to the remaining common units and common stock as it relates to dividend payments to be received by the holders of common units and the holders of common stock. See Distribution Policy.

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Our Tax Status

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2012. We believe that our organization and proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT. To maintain REIT status, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our REIT taxable income to our stockholders.

Corporate Information

Our principal executive office is located at Riversedge North, 2529 Virginia Beach Boulevard, Suite 200, Virginia Beach, Virginia 23452. Our telephone number is 757-627-9088. We have reserved the website located at www.WHLR.us. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission (the SEC).

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This Offering

Common stock offered by us:	Minimum: 3,000,000 shares
	Maximum: 4,000,000 shares
Common stock to be outstanding after this offering:	Minimum: 3,285,457 shares(1)
	Maximum: 4,285,457 shares(2)
Common stock and common units to be outstanding after this offering:	Minimum: 5,019,521 shares and common units(1)(3)
	Maximum: 6,019,521 shares and common units(2)(4)
Use of proceeds:	Assuming the mid-point of the price range set forth on the cover page of this prospectus, we estimate that the net proceeds of this offering, after deducting the placement fee and commissions and estimated expenses, will be approximately $13.39 million, assuming a minimum offering, or $18.19 million, assuming a maximum offering. We will contribute the net proceeds of this offering to our Operating Partnership. Our Operating Partnership intends to use the net proceeds of this offering as follows:
	Approximately $0.5 million to repay outstanding indebtedness.
	Approximately $2.0 million for general working capital, some of which will be used to initially fund dividend payments.
	Approximately $1.78 million to reimburse our Operating Partnership for the purchase of the membership interests of DF-1 Carrollton, LLC, the current owner of The Shoppes at Eagle Harbor, one of the original eight properties in our operating portfolio.
	Approximately $4.18 million in cash payments to those Prior Investors who have elected to receive cash instead of Operating Partnership Units for their contribution of membership interests in the Ownership Entities.
	The balance, approximately $4.93 million (assuming a minimum offering) or $9.73 million (assuming a maximum offering), will be used for future acquisitions.
Risk Factors:	Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page 15 and other information included in this prospectus before investing in our common stock.
Nasdaq Capital Market symbol:	WHLR
CUSIP Number:	963025 101

(1) Includes (a) 3,000,000 shares of common stock to be issued in this offering, and (b) the 285,457 shares of common stock that will be issued upon the automatic conversion of the 249,750 outstanding shares of Series A Convertible preferred stock. Excludes 500,000 shares of our common stock available for future issuance under our 2012 Equity Incentive Award Plan.

(2)

Includes (a) 4,000,000 shares of common stock to be issued in this offering, and (b) the 285,457 shares of common stock that will be issued upon the automatic conversion of the 249,750 outstanding shares of Series A Convertible preferred stock. Excludes 600,000 shares of our common stock available for future issuance under our 2012 Equity Incentive Award Plan.

(3) Includes 1,734,064 common units expected to be issued in the formation transactions, which may, subject to certain limitations, be redeemed for cash or, at our option, exchanged for shares of common stock on a one-for-one basis.

(4) Includes 1,734,064 common units expected to be issued in the formation transactions, which may, subject to certain limitations, be redeemed for cash or, at our option, exchanged for shares of common stock on a one-for-one basis.

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SUMMARY SELECTED FINANCIAL DATA

The following table sets forth selected financial data on (i) a pro forma basis for our company giving effect to the offering and formation transactions, including the purchase accounting adjustments and (ii) the combined historical cost basis for the Predecessor. The pro forma and combined historical financial information and the offering and formation transactions, including the purchase accounting adjustments, are provided and discussed in detail in the unaudited pro forma financial information beginning on page F-2 of the financial statements included elsewhere in this prospectus.

You should read the following summary selected financial data in conjunction with our financial statements and the related notes and with Management s Discussion and Analysis of Financial Condition and Results of Operations.

The selected combined balance sheet data as of June 30, 2012 and 2011 (unaudited) and December 31, 2011 and 2010 (audited) and the selected combined operating data for the six months ended June 30, 2012 and 2011 (unaudited) and the years ended December 31, 2011 and 2010 (audited) have been derived from the combined financial statements of the Predecessor included elsewhere in this prospectus. This data is presented on a combined historical basis and does not include the impact of the offering and formation transactions, as described in the unaudited pro forma financial information beginning on page F-2 of the financial statements supplied in this prospectus.

Our unaudited summary selected pro forma condensed consolidated balance sheet and operating data as of and for the six months ended June 30, 2012 and the year ended December 31, 2011 assumes completion of this offering, the formation transactions, the repayment of certain indebtedness and the other adjustments described in the unaudited pro forma financial information beginning on page F-2 of this prospectus, as of January 1, 2011 for the operating data and as of June 30, 2012 for the balance sheet data.

The unaudited pro forma condensed consolidated balance sheet is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position would have been had the transactions referred to above occurred on June 30, 2012, nor does it purport to represent the future financial position of the company. The unaudited pro forma condensed consolidated statements of operations are presented for illustrative purposes only and is not necessarily indicative of what the actual results of operations would have been had the transactions referred to above occurred on January 1, 2011, nor does it purport to represent the future results of operations of the company.

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	Pro Forma Six Months Ended June 30, 2012 (unaudited)	Historical Six Months Ended June 30, 2012 (unaudited)	Historical Six Months Ended June 30, 2011 (unaudited)	Pro Forma Year Ended December 31, 2011 (unaudited)	Historical Years Ended December 31, 2011	Historical Years Ended December 31, 2010
OPERATING DATA:						
Total combined revenues	$ 2,754,143	$ 1,015,658	$ 877,789	$ 5,133,394	$ 1,925,277	$ 1,854,050
Expenses:						
Property operating	386,188	134,580	146,887	845,585	352,508	301,076
Depreciation and amortization	1,012,109	371,519	370,199	2,026,111	744,931	732,852
Real estate taxes	146,650	53,492	49,976	293,221	104,555	95,356
Repairs and maintenance	55,324	26,750	22,304	227,262	63,253	124,864
Advertising and promotion	5,132	2,813	21,770	46,384	27,580	9,606
Provision for credit losses				37,195	20,000	9,632
Corporate general & administrative	419,803	412,738			321,178	
Other	48,879	17,702	15,213	113,869	39,902	38,148
Total expenses	2,074,085	1,019,594	626,350	3,910,805	1,673,907	1,311,534
Operating income	680,058	(3,936)	251,438	1,222,589	251,370	542,516
Non-operating income and expense:						
Interest expense	(782,726)	(395,447)	(406,618)	(1,593,455)	(805,969)	(800,678)
Total non-operating income and expense	(782,726)	(395,447)	(406,618)	(1,593,455)	(805,969)	(800,678)
Net loss (1)	$ (102,668)	$ (399,383)	$ (155,180)	$ (370,865)	$ (554,599)	$ (258,162)
Net loss allocated to noncontrolling interests	$ (41,871)			$ (151,249)		
Net loss allocated to common stockholders	$ (60,797)			$ (219,616)		
Pro forma loss per share:						
Basic	$ (0.02)			$ (0.07)		
Diluted	$ (0.02)			$ (0.07)		
Pro forma weighted-average number of shares:						
Basic	3,285,457			3,285,457		
Diluted	3,285,457			3,285,457		
BALANCE SHEET DATA (as of period end):						
Investment properties, net	$ 35,728,758	$ 12,854,336	$ 13,492,931	$ 36,045,640	$ 13,171,218	$ 13,821,522
Cash and cash equivalents	7,556,487	132,933	154,244	7,527,562	104,007	199,637
Tenant Receivables	681,556	579,135	560,058	675,012	572,591	557,589
Other assets	1,707,020	1,300,480	217,858	1,383,620	977,080	228,478
Total assets	$ 45,673,821	$ 14,866,884	$ 14,425,091	$ 45,631,834	$ 14,824,896	$ 14,807,226
Mortgages and other indebtedness	$ 25,168,202	$ 12,015,046	$ 12,253,326	$ 25,289,240	$ 12,136,083	$ 12,350,577
Other liabilities	3,529,615	2,213,980	1,452,088	3,335,122	2,019,488	1,456,330
Total liabilities	28,697,817	14,229,026	13,705,414	28,624,362	14,155,571	13,806,907
Total equity	16,976,004	637,858	719,677	17,007,472	669,325	1,000,319

Total liabilities and equity	$ 45,673,821	$ 14,866,884	$ 14,425,091	$ 45,631,834	$ 14,824,896	$ 14,807,226
OTHER DATA:						
Cash flows provided by (used in):						
Operating activities		$ (35,866)	$ 212,287		$ 349,712	$ 419,522
Investing activities		$ (23,690)	$ (12,979)		$ (33,346)	$ (46,760)
Financing activities		$ 88,482	$ (244,701)		$ (411,996)	$ (419,318)
Funds from Operations (FFO) (2)	$ 909,441	$ (27,864)	$ 215,020	$ 1,655,245	$ 190,332	$ 474,690

(1) Earnings Per Share information not included in the schedule for historical results of operations since it is considered not applicable.

(2) Below is the calculation of FFO, which is a non-GAAP measurement, and the reconciliation to net income (loss) for the periods presented:

	Pro Forma Six Months Ended June 30, 2012	Historical Six Months Ended June 30,		Pro Forma Year Ended December 31,	Historical Years Ended December 31,	
		2012	**2011**	**2011**	**2011**	**2010**
Net income (loss)	$ (102,668)	$ (399,383)	$ (155,180)	$ (370,865)	$ (554,599)	$ (258,162)
Depreciation of real estate assets	1,012,109	371,519	370,199	2,026,111	744,931	732,852
Total FFO	$ 909,441	$ (27,864)	$ 215,020	$ 1,655,245	$ 190,332	$ 474,690

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RISK FACTORS

Investing in our common stock involves risks. In addition to other information contained in this prospectus, you should carefully consider the following factors before acquiring shares of our common stock offered by this prospectus. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a part of your investment in our common stock. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements.

Risks Related to Our Business and Operations

We have no operating history as a REIT or a publicly traded company, nor established financing sources, and may not be able to successfully operate as a REIT or a publicly traded company.

We have no operating history as a REIT or a publicly traded company. As of the date of this prospectus, we have not acquired any properties or other investment nor do we have any operations or independent financing. The initial properties are described herein and will not be subject to review by our common stockholders. We cannot assure you that the past experience of Mr. Wheeler and the management teams of our Services Companies will be sufficient to successfully operate our company as a REIT or a publicly traded company, including the requirements to timely meet disclosure requirements of the SEC, and comply with the Sarbanes-Oxley Act of 2002 and REIT requirements imposed by the Code. Upon completion of this offering, we will be required to develop and implement control systems and procedures in order to qualify and maintain our qualification as a REIT and satisfy our periodic and current reporting requirements under applicable SEC regulations and comply with Nasdaq listing standards, and this transition could place a significant strain on our management systems, infrastructure and other resources. Failure to operate successfully as a public company or maintain our qualification as a REIT would have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock. See Risks Related to Our Status as a REIT Failure to qualify as a REIT would have significant adverse consequences to us and the value of our common stock.

Additionally, we do not have any established financing sources. If our capital resources are insufficient to support our operations, we will not be successful. You should consider our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies that are, like us, in their early stage of development. To be successful in this market, we must, among other things:

- Identify and acquire additional investments that further our investment strategies;
- Increase awareness of our REIT within the investment products market;
- Attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations;
- Respond to competition for our targeted real estate properties and other investment as well as for potential investors; and
- Continue to build and expand our operations structure to support our business.

We cannot guarantee that we will succeed in achieving these goals, and our failure to do so could cause you to lose all or a portion of your investment.

Our portfolio of properties is dependent upon regional and local economic conditions and is geographically concentrated in the Mid-Atlantic, Southeast and Southwest, which may cause us to be more susceptible to adverse developments in those markets than if we owned a more geographically diverse portfolio.

Our properties are located in Virginia, North Carolina, Florida and Oklahoma, and the majority of our properties are concentrated in Virginia, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. Our Riversedge North property, which houses our company s offices and the offices of our Administrative Service Company, comprises 7.35% of the total annualized base rent of the properties in our portfolio. As of June 30, 2012, our properties in Virginia represented approximately 65%, of the total annualized base rent of the properties in our portfolio. As a result, we are particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation). If there is a downturn in the economy in

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our markets, our operations and our revenue and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially adversely affected. We cannot assure you that our markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of retail properties. Our operations may also be affected if competing properties are built in our markets. Moreover, submarkets within any of our markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in the Mid-Atlantic, Southeast or Southwest markets, or any decrease in demand for retail space resulting from the regulatory environment, business climate or energy or fiscal problems, could adversely impact our financial condition, results of operations, cash flow, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders.

We expect to have approximately $25.2 million of indebtedness outstanding following this offering, which may expose us to the risk of default under our debt obligations.

Upon completion of this offering and consummation of the formation transactions, we anticipate that our total indebtedness will be approximately $25.2 million, a substantial portion of which will be guaranteed by our Operating Partnership, and we may incur additional debt to finance future acquisition and development activities.

Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may violate financial covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow and per share trading price of our common stock could be adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code.

The majority of our properties are retail shopping centers and 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.

Our properties typically are anchored by large, regionally or nationally recognized tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations or declare bankruptcy, any of which could result in the termination of such tenants leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. In addition to these potential effects of a business downturn, mergers or consolidations among large retail establishments could result in the closure of existing stores or duplicate or geographically overlapping store locations, which could include stores at our retail properties.

Loss of, or a store closure by, an anchor or major tenant could significantly reduce our occupancy level or the rent we receive from our retail properties, and we may not have the right to re-lease vacated space or we may be unable to re-lease vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or

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anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. The occurrence of any of the situations described above, particularly if it involves an anchor tenant with leases in multiple locations, could seriously harm our performance and could adversely affect the value of the applicable retail property.

Some of the leases at our retail properties contain co-tenancy or go-dark provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations or terminate their leases, any of which could adversely affect our performance or the value of the applicable retail property.

Some of the leases at our retail properties contain co-tenancy provisions that condition a tenant s obligation to remain open, the amount of rent payable by the tenant or the tenant s obligation to continue occupancy on certain conditions, including: (1) the presence of a certain anchor tenant or tenants; (2) the continued operation of an anchor tenant s store; and (3) minimum occupancy levels at the applicable retail property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations, to terminate its lease early or to a reduction of its rent. In periods of prolonged economic decline, there is a higher than normal risk that co-tenancy provisions will be triggered as there is a higher risk of tenants closing stores or terminating leases during these periods. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain go-dark provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the applicable retail property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue or tenant sales or tenants rights to terminate their leases early or to a reduction of their rent, our performance or the value of the applicable retail property could be adversely affected.

We may be unable to renew leases, lease vacant space or re-let space as leases expire, thereby increasing or prolonging vacancies, which could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

As of June 30, 2012, leases representing approximately 10.04% of the square footage and approximately 12.86% of the annualized base rent of the properties in our portfolio will expire in the remainder of 2012, and an additional 10.20% of the square footage of the properties in our portfolio was available. We cannot assure you that leases will be renewed or that our properties will be re-let at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. If the rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-let a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flow and per share trading price of our common stock could be adversely affected.

We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth and ability to pay dividends as expected.

Our business strategy involves the acquisition of income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. These activities require us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategies. We continue to evaluate the market of available properties and may attempt to acquire properties when strategic opportunities exist. However, we may be unable to acquire properties identified as potential acquisition opportunities. Our ability to acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete;

- even if we enter into agreements for the acquisition of properties, these agreements are subject to conditions to closing, which we may be unable to satisfy; and

- we may be unable to finance the acquisition on favorable terms or at all.

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If we are unable to finance property acquisitions or acquire properties on favorable terms, or at all, our financial condition, results of operations, cash flow and per share trading price of our common stock could be adversely affected. In addition, failure to identify or complete acquisitions of suitable properties could slow our growth and hinder our ability to pay dividends as expected.

We face significant competition for acquisitions of real properties, which may reduce the number of acquisition opportunities available to us and increase the costs of these acquisitions.

The current market for acquisitions continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable acquisition opportunities available to us and increase the prices paid for such acquisition properties. We also face significant competition for attractive acquisition opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to acquire properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing prices paid for such acquisition properties and/or reducing the rents we can charge and, as a result, adversely affecting our operating results.

Our future acquisitions may not yield the returns we expect, and we may otherwise be unable to operate these properties to meet our financial expectations, which could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

Our future acquisitions and our ability to successfully operate the properties we acquire in such acquisitions may be exposed to the following significant risks:

- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;
- we may acquire properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to meet our required principal and interest payments;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot operate acquired properties to meet our financial expectations, our financial condition, results of operations, cash flow and per share trading price of our common stock could be adversely affected.

We may not be able to control our operating costs or our expenses may remain constant or increase, even if our revenues do not increase, causing our results of operations to be adversely affected.

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including real estate taxes, which could increase over time, the need periodically to repair, renovate and re-lease space, the cost of compliance with governmental regulation, including zoning, environmental and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. If our operating costs increase as a result of any of the foregoing factors, our results of operations may be adversely affected.

The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. As a result, if revenues decline, we may not be able to reduce our expenses accordingly. Costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. If we are unable to decrease operating costs when demand for our properties decreases and our revenues decline, our financial condition, results of operations and our ability to make distributions to our stockholders may be adversely affected.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income and the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when we refinance our properties, our income could be reduced. If any of these events occur, our cash flow could be reduced. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code.

Failure to hedge effectively against interest rate changes may adversely affect financial condition, results of operations, cash flow and per share trading price of our common stock.

Subject to maintaining our qualification as a REIT, we may enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our hedging transactions may include entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that such arrangements would not be effective in reducing our exposure to interest rate changes or that a court could rule that such an agreement is not legally enforceable. In addition, interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates. Hedging could reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes could materially adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock. In addition, while such agreements would be intended to lessen the impact of rising interest rates on us, they could also expose us to the risk that the other parties to the agreements would not perform, we could incur significant costs associated with the settlement of the agreements or that the underlying transactions could fail to qualify as highly-effective cash flow hedges under generally accepted accounting principles in the United States of America.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole, including the recent dislocations in the credit markets and general global economic downturn. These conditions, or similar conditions existing in the future, may adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock as a result of the following potential consequences, among others:

- decreased demand for retail space, which would cause market rental rates and property values to be negatively impacted;

- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans; and

- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future interest expense.

In addition, the economic downturn has adversely affected, and may continue to adversely affect, the businesses of many of our tenants. As a result, we may see increases in bankruptcies of our tenants and increased defaults by tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our business and results of operations.

We are subject to risks that affect the general retail environment, such as weakness in the economy, the level of consumer spending, the adverse financial condition of large retailing companies and competition from discount and internet retailers, any of which could adversely affect market rents for retail space and the willingness or ability of retailers to lease space in our shopping centers.

With the exception of our Riversedge North property, which houses our company s offices and the offices of our Administrative Service Company, all of our properties are in the retail real estate market. This means that we are subject to factors that affect the retail sector generally, as well as the market for retail space. The retail environment and the market for retail space have been, and could continue to be, adversely affected by weakness in the national, regional and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets and increasing competition from discount retailers, outlet malls, internet retailers and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants ability to generate sales in their stores. In addition, some of our retail tenants face competition from the expanding market for digital content and hardware. New and enhanced technologies, including new digital technologies and new web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our tenants and the willingness of retailers to lease space in our shopping centers. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, the trading price of our common shares and our ability to satisfy our debt service obligations and to pay distributions to our stockholders.

We face significant competition in the leasing market, which may decrease or prevent increases of the occupancy and rental rates of our properties.

We compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants leases expire. As a result, our financial condition, results of operations, cash flow and per share trading price of our common stock could be adversely affected.

We may be required to make rent or other concessions and/or significant capital expenditures to improve our properties in order to retain and attract tenants, causing our financial condition, results of operations, cash flow and per share trading price of our common stock to be adversely affected.

To the extent adverse economic conditions continue in the real estate market and demand for retail space falls, we expect that, upon expiration of leases at our properties, we may be required to make rent or other concessions to tenants, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which could cause an adverse effect to our financial condition, results of operations, cash flow and per share trading price of our common stock.

The actual rents we receive for the properties in our portfolio may be less than our asking rents, which could negatively impact our ability to generate cash flow growth.

As a result of various factors, including competitive pricing pressure in our submarkets, adverse conditions in the Mid-Atlantic, Southeast and Southwest real estate markets, a general economic downturn and the desirability of our properties compared to other properties in our submarkets, we may be unable to realize the asking rents across the properties in our portfolio. In addition, the degree of discrepancy between our asking rents and the actual rents we are able to obtain may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain rental rates that are on average comparable to our asking rents across our portfolio, then our ability to generate cash flow growth will be negatively impacted. In addition, depending on asking rental rates at any given time as compared to expiring leases in our portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases.

We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell such assets.

In the future we may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our Operating Partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could adversely affect our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We may engage in development and redevelopment activities with respect to certain of our properties. To the extent that we do so, we will be subject to the following risks associated with such development and redevelopment activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us;

- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;

- time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;

contractor and subcontractor disputes, strikes, labor disputes or supply disruptions;

- failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all;

- delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;

- occupancy rates and rents of a completed project may not be sufficient to make the project profitable;

- our ability to dispose of properties developed or redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and

- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We did not conduct arm s-length negotiations with Mr. Wheeler with respect to the terms of the formation transactions, and we have not obtained independent third-party appraisals for all of the properties and other assets to be acquired by us from the Prior Investors in connection with the formation transactions.

We did not conduct arm s-length negotiations with Mr. Wheeler with respect to the terms of the formation transactions, and in the course of structuring the formation transactions, Mr. Wheeler had the ability to influence the type and level of benefits that he will receive from us. Moreover, we have not obtained third-party appraisals for all of the properties and other assets to be acquired by us from the Prior Investors in connection with the formation transactions.

We will acquire properties and assets in the formation transactions at fixed prices, and the value of the common units and cash to be issued as consideration for such acquisitions may exceed their aggregate fair market value and will exceed the Predecessor s aggregate historical combined net tangible book value of approximately negative $1.0 million as of June 30, 2012.

We will acquire properties and assets in the formation transactions at fixed prices. While we obtained third party appraisals for some of such properties and assets, appraisals were not obtained for all of such properties and assets. As such, the consideration being paid by us in exchange for those properties and assets may exceed fair market value. Further, such negotiated purchase prices will exceed the Predecessor s aggregate historical combined net tangible book value as of June 30, 2012. The terms of all such acquisitions and the valuation methods used to determine the value of such properties and assets were determined by our management.

Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception in the capital markets.

Our ability to manage anticipated future growth depends, in large part, upon the efforts of key personnel, particularly Mr. Wheeler, who has experience with the market, beneficial relationships and exercises substantial influence over our operational, financing, acquisition and disposition activity. Among the reasons that Mr. Wheeler is important to our success is that he has a national and regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants and industry personnel. If we lose his services, our relationships with such personnel could diminish.

The loss of services of one or more members of our management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and

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weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants, which could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

Mr. Wheeler will continue to be involved in outside businesses, which may interfere with his ability to devote time and attention to our business and affairs.

We will rely on Mr. Wheeler and our Administrative Service Company for the day-to-day operations of our business. Our employment agreement with Mr. Wheeler will require him to devote his best efforts and a significant portion of his time to our business and affairs. Following the completion of this offering, however, Mr. Wheeler will continue to serve as President and CEO of Wheeler Interests, LLC which will continue to be involved in other businesses. As such, Mr. Wheeler will have certain ongoing duties to Wheeler Interests, LLC that could require a portion of his time and attention. Although we expect that Mr. Wheeler will devote a significant amount of his business time and attention to us, we cannot accurately predict the amount of time and attention that will be required of Mr. Wheeler to perform such ongoing duties. To the extent that Mr. Wheeler is required to dedicate time and attention to Wheeler Interests, LLC, his ability to devote a significant amount of his business time and attention to our business and affairs may be limited and could adversely affect our operations.

Upon the completion of this offering and our formation transactions, we may be subject to on-going or future litigation, including existing claims relating to the entities that own the properties described in this prospectus and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

Upon the completion of this offering and our formation transactions, we may be subject to on-going litigation, including existing claims relating to the entities that own the properties and operate the businesses described in this prospectus and otherwise in the ordinary course of business. As of the date of this prospectus, the only existing claims to which we will succeed as a result of completing the formation transactions are claims arising in the ordinary course of business, such as unlawful detainer/eviction against certain tenants, damages for alleged breaches of leases and personal injury claims. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. In addition, we may become subject to litigation in connection with the formation transactions in the event that Prior Investors dispute the valuation of their respective interests, the adequacy of the consideration to be received by them in the formation transactions or the interpretation of the agreements implementing the formation transactions. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

Because Mr. Wheeler and our Administrative Service Company are not prohibited from creating further real estate programs that may use investment strategies that are similar to ours, our Administrative Service Company and its and our executive officers may face conflicts of interest relating to the purchase and leasing of properties and other investments, and such conflicts may not be resolved in our favor.

If Mr. Wheeler or our Administrative Service Company were to create additional real estate programs, there may be periods during which one or more such sponsored programs are seeking to invest in similar properties and other real estate-related investments. As a result, we may be buying properties and other real estate-related investments at the same time as one or more other such sponsored programs managed by officers and employees of our Administrative Service Company, and these other such sponsored programs may use investment strategies that are similar to ours. There is a risk that our Administrative Service Company will choose a property that provides lower returns to us than a property purchased by another program. In the event these conflicts arise, we cannot assure you that our best interests will be met when officers and employees acting on behalf of our Administrative Service Company and on behalf of other such sponsored programs decide whether to allocate any particular property to us or to another such sponsored program or affiliate of our Administrative Service Company or Mr. Wheeler, which may have an investment strategy that is similar to ours. In addition, we may acquire properties in geographic areas where such future sponsored programs own properties. If one of the other such sponsored programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable tenant. You will not have the opportunity to evaluate the manner in which these conflicts of interest are resolved before or after making your investment.

Our Administrative Service Company will face conflicts of interest caused by its arrangements with us, which could result in actions that are not in the long-term best interests of our stockholders.

Our Administrative Service Company is entitled to fees from us under the terms of the Administrative Service Agreement. Our Administrative Service Company is wholly owned by Mr. Wheeler. As a result, we did not have the benefit of arm s length negotiation of the type normally conducted between unrelated parties when this agreement was negotiated. These fees could influence our Administrative Service Company s advice to us as well as the judgment of the Services Companies performing services for us. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of the Administrative Service Agreement;
- property acquisitions from third parties, which entitle our Administrative Service Company to asset management fees; and
- borrowings to acquire properties, which acquisitions will increase the aggregate fees payable to our Administrative Service Company.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers financial condition and disputes between us and our co-venturers.

We may co-invest in the future with other third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. Consequently, with respect to any such arrangement we may enter into in the future, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such

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entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, in the current volatile credit market, the refinancing of such debt may require equity capital calls.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability, among other things, to meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code, among other things, to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market s perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

Recently, the capital markets have been subject to significant disruptions. If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

Risks Related to the Real Estate Industry

Our performance and value are subject to risks associated with real estate assets and the real estate industry, including local oversupply, reduction in demand or adverse changes in financial conditions of buyers, sellers and tenants of properties, which could decrease revenues or increase costs, which would adversely affect our financial condition, results of operations, cash flow and the per share trading price of our common stock.

Our ability to pay expected dividends to our stockholders depends on our ability to complete future acquisitions as well as our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under Risks Related to Our Business and Operations, as well as the following:

local oversupply or reduction in demand for retail space;

adverse changes in financial conditions of buyers, sellers and tenants of properties;

vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-let space;

increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;

civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured or underinsured losses;

decreases in the underlying value of our real estate;

changing submarket demographics; and

changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, such as the current economic downturn, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT s ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interest. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms, which may adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. The amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted, and our ability to pay any expected dividends to our stockholders could be adversely affected.

As an owner of real estate, we could incur significant costs and liabilities related to environmental matters.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate, clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and/or our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and/or personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for

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damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Additionally, we possess Phase I Environmental Site Assessments for all of the properties in our portfolio. However, the assessments are limited in scope (e.g., they do not generally include soil sampling, subsurface investigations, hazardous materials surveys or lead-based paint inspections or asbestos inspections) and may have failed to identify all environmental conditions or concerns. Furthermore, the Phase I Environmental Site Assessment reports for all of the properties in our portfolio are limited to the information available to the licensed site professional at the time of the investigation, and, as such, may not disclose all potential or existing environmental contamination liabilities at the properties in our portfolio arising after the date of such investigation. As a result, we could potentially incur material liability for these issues, which could adversely impact our financial condition, results of operations, cash flow and the per share trading price of our common stock. Some of the Phase I Environmental Site Assessments in our possession indicate the possibility of lead-based paint and asbestos containing materials located on and within buildings on some of our properties and polychlorinated biphenyl-containing electrical transformers located or adjacent to some of our properties.

As the owner of the buildings on our properties, we 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 our buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if we do not comply with such laws, we could face fines for such noncompliance. Also, we could be liable to third parties (e.g., occupants of the buildings) for damages related to exposure to hazardous materials or adverse conditions in our buildings, and we could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in our buildings. In addition, some of our 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 us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant s ability to make rental payments to us, 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 our operations, or those of our tenants, which could in turn have an adverse effect on us.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to you or that such costs or other remedial measures will not have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock. If we do incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

The properties in our portfolio are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

In addition, federal and state laws and regulations, including laws such as the Americans with Disabilities Act (the ADA) and the Fair Housing Amendment Act of 1988 (the FHAA)**,** impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may be required to incur additional costs to bring the property into compliance and we might incur governmental fines or the award of damages to private litigants. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow and per share trading price of our common stock.

Risks Related to Our Organizational Structure

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or 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 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 limited partners under Virginia law and the Partnership Agreement of our Operating Partnership 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, 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 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.

Additionally, the Partnership Agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers, officers of our Operating Partnership and our designees from and against any and all claims that relate to the operations of our 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) the person actually received an improper personal benefit in violation or breach of the Partnership Agreement or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or

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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.

We may assume unknown liabilities in connection with our formation transactions, and any recourse against third parties, including the Prior Investors in our assets, for certain of these liabilities will be limited.

As part of our formation transactions, we will acquire entities and assets that are subject to existing liabilities, some of which may be unknown or unquantifiable at the time this offering is completed. These liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by tenants, vendors or other persons, (that had not been asserted or threatened prior to this offering), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances we may have the right to seek reimbursement against an insurer, any recourse against third parties, including the Prior Investors in our assets, for certain of these liabilities will be limited. There can be no assurance that we will be entitled to any such reimbursement or that ultimately we will be able to recover in respect of such rights for any of these historical liabilities.

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Our charter contains certain Ownership Limits with respect to our stock. Our charter, subject to certain exceptions, authorizes our board of directors to take such actions as it determines are advisable to preserve our qualification as a REIT. Our charter also prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these Ownership Limits if certain conditions are satisfied. See Description of Securities Restrictions on Ownership and Transfer. The restrictions on ownership and transfer of our stock may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; or

- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval. Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See Description of Securities Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

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Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. Certain provisions of the Maryland General Corporation Law (the MGCL), may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price and/or supermajority and stockholder voting requirements on these combinations; and

- control share provisions that provide that control shares of our company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL, by resolution of our Board of Directors and, in the case of the control share provisions, by a provision in our bylaws. However, we cannot assure you that our board of directors will not opt to be subject to such business combination and control share provisions of the MGCL in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which are not currently applicable to us. These provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we elect, at such time as we become eligible to do so, to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors. See Material Provisions of Maryland Law and of Our Charter and Bylaws.

We may pursue less vigorous enforcement of terms of the contribution agreements with members of our management and our affiliates because of our dependence on them and conflicts of interest.

Mr. Wheeler is party to or has interests in contribution agreements with us pursuant to which we have acquired or will acquire interests in our properties and assets. In addition, our other executive officers are parties to employment agreements with us. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our management and their affiliates, with possible negative impact on stockholders.

Our board of directors may change our investment and financing policies without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment and financing policies are exclusively determined by our board of directors. Accordingly, our stockholders do not control these policies. Further, while we have agreed with our placement agents that 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, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval.

If this policy changed, we could become more highly leveraged which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regard to the foregoing could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

As permitted by Maryland law, our charter eliminates the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist. Accordingly, in the event that actions taken in good faith by any of our directors or officers impede the performance of our company, your ability to recover damages from such director or officer will be limited.

We are a holding company with no direct operations and, as such, we will rely on funds received from our Operating Partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our Operating Partnership and its subsidiaries.

We are a holding company and will conduct substantially all of our operations through our Operating Partnership. We do not have, apart from an interest in our Operating Partnership, any independent operations. As a result, we will rely on distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We will also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our Operating Partnership s and its subsidiaries liabilities and obligations have been paid in full.

Our Operating Partnership may issue additional partnership units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and would have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.

After giving effect to this offering, we will own 63.37% of the outstanding common units assuming a minimum offering, or 69.76% assuming the maximum offering, and we may, in connection with our acquisition of properties or otherwise, issue additional partnership units to third parties. Such issuances would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because you will not directly own partnership units, you will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

The Ownership Entities and we are subject to compliance with securities law, which exposes us to potential liabilities, including potential rescission rights.

The Ownership Entities have offered and sold membership interests in the Ownership Entities to the Prior Investors pursuant to certain exemptions from the registration requirements of the 1933 Act, as well as those of various state securities laws. The basis for relying on such exemptions is factual; that is, the applicability of such exemptions depends upon our conduct and that of those persons contacting prospective investors and making the

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offering. We have not received a legal opinion to the effect that any of such prior offerings were exempt from registration under any federal or state law. Instead, we have relied upon the operative facts as the basis for such exemptions, including information provided by the Prior Investors themselves.

If any prior offering did not qualify for such exemption, a Prior Investor would have the right to rescind its purchase of the securities if it so desired. It is possible that if a Prior Investor should seek rescission, such Prior Investor could succeed. A similar situation prevails under state law in those states where the securities may be offered without registration in reliance on the partial preemption from the registration or qualification provisions of such state statutes under the National Securities Markets Improvement Act of 1996. If Prior Investors were successful in seeking rescission, we would face financial demands that could adversely affect our business and operations. Additionally, if we did not in fact qualify for the exemptions upon which the Ownership Entities relied, we may become subject to significant fines and penalties imposed by the SEC and state securities agencies.

In connection with the exchange by the Prior Investors of their membership interests with the Operating Partnership, we will require certain additional investment representations and warranties of each Prior Investor maintaining its investment by exchanging their interest for one in the Operating Partnership or, if a Prior Investor is unable or unwilling to make the representations and warranties, we will require such Prior Investor to receive cash for their interests in lieu of participating in the Operating Partnership. This process may not resolve any challenges we may face under state or federal securities laws resulting from past activity in connection with the offer and sale of the interests in the Ownership Entities.

Loss of our exemption from regulation pursuant to the Investment Company Act of 1940 would adversely affect us.

We conduct our business so as not to become regulated as an investment company under the Investment Company Act of 1940 (the 1940 Act) in reliance on the exemption provided by Section 3(c)(5)(C) of the 1940 Act. Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires that: (i) at least 55% of our investment portfolio consist of mortgages and other liens on and interest in real estate, or qualifying real estate interests, and (ii) at least 80% of our investment portfolio consist of qualifying real estate interests plus real estate-related assets. If we fail to qualify for an exemption from registration as an investment company or an exclusion from the definition of an investment company, our ability to use leverage would be substantially reduced. Our business will be materially and adversely affected if we fail to qualify for this exemption from regulation pursuant to the 1940 Act.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT would have significant adverse consequences to us and the value of our common stock.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2012. We have not requested and do not plan to request a ruling from the Internal Revenue Service (the IRS), that we qualify as a REIT, and the statements in the prospectus are not binding on the IRS or any court. Therefore, we cannot assure you that we will qualify as a REIT, or that we will remain qualified as such in the future. If we lose our REIT status, we will face serious tax consequences that would substantially reduce the funds available for distribution to you for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;

- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to qualify as a REIT, we will not be required to make distributions to our stockholders. As a result of all these factors, our failure to qualify as a REIT

also could impair our ability to expand our business and raise capital, and could materially and adversely affect the value of our common stock.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Code, or the Treasury Regulations, is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock, requirements regarding the composition of our assets and a requirement that at least 95% of our gross income in any year must be derived from qualifying sources, such as rents from real property. Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, excluding net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially adversely affect our investors, our ability to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local income, property and excise taxes on our income or property and, in certain cases, a 100% penalty tax, in the event we sell property as a dealer. In addition, our taxable REIT subsidiaries will be subject to tax as regular corporations in the jurisdictions they operate.

If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes. As a partnership, our Operating Partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our Operating Partnership s income. We cannot assure you, however, that the IRS will not challenge the status of our Operating Partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, which could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market s perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our

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investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock.

We may in the future choose to pay dividends in our common stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in our stock. Under recent IRS guidance, up to 90% of any such taxable dividend with respect to calendar years through 2011, and in some cases declared as late as December 31, 2012, could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of the cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. For more information on the tax consequences of distributions with respect to our common stock, see Federal Income Tax Considerations. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, such sales may have an adverse effect on the per share trading price of our common stock.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to income from qualified dividends payable to U.S. stockholders that are individuals, trusts and estates is 15% through the end of 2012. Dividends payable by REITs, however, generally are not eligible for the 15% rate. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the 15% rate continues to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the per share trading price of our common stock.

The tax imposed on REITs engaging in prohibited transactions may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.

A REIT s net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

Complying with REIT requirements may affect our profitability and may force us to liquidate or forgo otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. We may be required to liquidate or forgo otherwise attractive investments in order to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. As a result, having to comply with the distribution requirement could cause us to: (1) sell assets in adverse market conditions; (2) borrow on unfavorable terms; or (3) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. Accordingly, satisfying the REIT requirements could have an adverse effect on our business results, profitability and ability to execute our business plan. Moreover, if we are compelled to liquidate our investments to meet any of these asset, income or distribution tests, or to repay obligations to our lenders, we may be unable to comply with one or more of the requirements applicable to REITs or may be subject to a 100% tax on any resulting gain if such sales constitute prohibited transactions.

Legislative or other actions affecting REITs could have a negative effect on us, including our ability to qualify as a REIT or the federal income tax consequences of such qualification.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the federal income tax consequences of such qualification.

Risks Related to this Offering

There has been no public market for our common stock prior to this offering and an active trading market for our common stock may not develop following this offering.

Prior to this offering, there has not been any public market for our common stock, and there can be no assurance that an active trading market will develop or be sustained or that shares of our common stock will be resold at or above the initial public offering price. We intend to apply to have our common stock listed on the Nasdaq Capital Market under the symbol WHLR. The initial public offering price of our common stock will be determined by agreement among us and the placement agents, but there can be no assurance that our common stock will not trade below the initial public offering price following the completion of this offering. See Plan of Distribution. The market value of our common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for our common stock following the completion of this offering, the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), our financial performance and general stock and bond market conditions.

Our estimated cash available for distribution is insufficient to cover our anticipated annual dividend of $0.42 per share and distributions paid from sources other than our cash flow from operations, particularly proceeds of this offering, will result in us having fewer funds available for the acquisition of properties, which may adversely affect our ability to fund future distributions with cash flow from operations and may adversely affect your overall return.

Upon the closing of this offering, we intend to declare a monthly distribution on our shares of common stock at an annual rate of $0.42 per share. This rate represents approximately 2,369% of our estimated cash available for distribution based on our pro forma operating results for the twelve months ended June 30, 2012. Therefore, we expect that our operating cash flow will be insufficient to cover our anticipated initial monthly distributions to stockholders for the twelve months ending June 30, 2013, and thereafter. See Distribution Policy.

As mentioned above, we will initially pay distributions from sources other than from our cash flow from operations. Until we acquire additional properties, we will not generate sufficient cash flow from operations to pay distributions. Our inability to acquire properties may result in a lower return on your investment than you expect. If we have not generated sufficient cash flow from our operations and other sources, such as from borrowings or sales of additional securities, to fund distributions, we will continue to use the proceeds from this offering. Moreover, our board of directors may change this policy, in its sole discretion, at any time. Distributions made from offering proceeds are a return of capital to stockholders, from which we will have already paid offering and organization expenses in connection with this offering.

By funding distributions from the proceeds of this offering, we will have less funds available for acquiring properties. As a result, the return you realize on your investment may be reduced. Funding distributions from borrowings could restrict the amount we can borrow for investments, which may affect our profitability. Funding distributions with the sale of assets or the proceeds of the offerings may affect our ability to generate cash flows. Funding distributions from the sale of additional securities could dilute your interest in us if we sell shares of our common stock or securities convertible or exercisable into shares of our common stock to third party investors. Payment of distributions from the mentioned sources could restrict our ability to generate sufficient cash flow from operations, affect our profitability and/or affect the distributions payable to you, any or all of which may have an adverse effect on your investment.

Some of our distributions may include a return of capital for federal income tax purposes.

Some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder s adjusted tax basis in its shares, and

thereafter as gain on a sale or exchange of such shares. See Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Common Stock.

The market price and trading volume of our common stock may be volatile following this offering.

Even if an active trading market develops for our common stock, the per share trading price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the public offering price. We cannot assure you that the per share trading price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or monthly dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this prospectus;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;

- our underlying asset value;
- investor confidence in the stock and bond markets, generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings; and
- general market and economic conditions.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management s attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

We will initially use a portion of the net proceeds from this offering to make distributions to our stockholders and unitholders, which would, among other things, reduce our cash available to acquire properties and may reduce the returns on your investment in our common stock.

Prior to the time we have fully invested the net proceeds of this offering, we will initially fund distributions to our stockholders and unitholders out of the net proceeds of this offering, which would reduce the amount of cash we have available to acquire properties and may reduce the returns on your investment in our common stock. The use of these net proceeds for distributions to stockholders could adversely affect our financial results. In addition, funding distributions from the net proceeds of this offering may constitute a return of capital to our stockholders, which would have the effect of reducing each stockholder s tax basis in our common stock.

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Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.

As of June 30, 2012, the aggregate historical combined net tangible book value of our Predecessor was approximately negative $1.0 million, or negative $0.90 per share of our common stock held by its investors and the holders of the Series A Convertible Preferred Stock, assuming the exchange of common units into shares of our common stock on a one-for-one basis. As a result, the pro forma net tangible book value per share of our common stock after the completion of this offering and the formation transactions will be less than the initial public offering price. The purchasers of shares of our common stock offered hereby will experience immediate and substantial dilution of $1.46 per share in the pro forma net tangible book value per share of our common stock, assuming completion of the maximum offering and $1.64 per share in the pro forma net tangible book value per share of our common stock, assuming completion of the minimum offering.

Increases in market interest rates may have an adverse effect on the value of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the price of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could adversely affect the per share trading price of our common stock.

We are offering a minimum of 3,000,000 shares and a maximum of 4,000,000 shares of our common stock as described in this prospectus. Upon completion of this offering and the formation transactions, we will have outstanding approximately 4,285,457 shares of our common stock, assuming completion of the maximum offering, or 3,285,457 shares, assuming completion of the minimum offering. Of these shares, the shares sold in this offering will be freely tradable, except for any shares purchased in this offering by our affiliates, as that term is defined by Rule 144 under the Securities Act. Upon completion of this offering and the formation transactions, Mr. Wheeler and our other directors and management and their affiliates, together with third party Prior Investors, will beneficially own 345,062 shares of our outstanding common stock, assuming the exchange of common units into shares of our common stock on a one-for-one basis.

The issuance of substantial numbers of shares of our common stock in the public market, or upon exchange of common units, or the perception that such issuances might occur could adversely affect the per share trading price of the shares of our common stock.

The exchange of common units for common stock or the vesting of any restricted stock granted to certain directors, executive officers and other employees under our 2012 Share Incentive Plan, the issuance of our common stock or common units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of units, options or shares of our common stock issuable under our 2012 Share Incentive Plan or upon exchange of common units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock may be dilutive to existing stockholders.

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Future offerings of debt or equity securities, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings.

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FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our pro forma financial statements and all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, pro forma, e anticipates or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

- adverse economic or real estate developments in our markets;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;
- on-going litigation;
- difficulties in identifying properties to acquire and completing acquisitions;
- our failure to successfully operate acquired properties and operations;
- fluctuations in interest rates and increased operating costs;
- risks related to joint venture arrangements;
- our failure to obtain necessary outside financing;
- general economic conditions;
- financial market fluctuations;
- risks that affect the general retail environment;

- the competitive environment in which we operate;
- decreased rental rates or increased vacancy rates;
- conflicts of interests with our officers;
- lack or insufficient amounts of insurance;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- other factors affecting the real estate industry generally;
- our failure to maintain our status as a REIT;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled Risk Factors.

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USE OF PROCEEDS

After deducting the placement fee and commissions and estimated expenses of this offering and the formation transactions, we expect net proceeds from this offering of approximately $13.39 million, assuming completion of the minimum offering, or $18.19 million, assuming completion of the maximum offering, in each case assuming an initial public offering price of $5.25 per share, which is the mid-point of the range set forth on the cover of this prospectus.

We intend to contribute the net proceeds of this offering to our Operating Partnership in exchange for common units and our Operating Partnership will use the net proceeds received from us as described below:

Approximately $0.5 million to repay outstanding indebtedness.

Approximately $2.0 million for general working capital, which will initially be used to fund dividend payments.

Approximately $1.78 million to reimburse our Operating Partnership for the purchase of the membership interests of DF-1 Carrollton, LLC, the current owner of The Shoppes at Eagle Harbor, one of the original eight properties in our operating portfolio.

Approximately $4.18 million in cash payments to those Prior Investors who have elected to receive cash instead of Operating Partnership Units for their contribution of membership interests in the Ownership Entities.

The balance, approximately $4.93 million (assuming a minimum offering) or $9.73 million (assuming a maximum offering) will be used for future acquisitions.

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DISTRIBUTION POLICY

We cannot assure you that our estimated distributions will be made or sustained. Any distributions that we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations. Our actual results of operations will be affected by a number of factors; including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations, restrictions under applicable law and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, see Risk Factors.

As illustrated in the table below, the distributions we intend to pay during the twelve months following completion of the offering significantly exceed projected cash flow available for distributions during that period. Eliminating this deficit will be conditional upon us successfully executing the acquisition strategy discussed in the Liquidity and Capital Resources section of Management s Discussion and Analysis. If we are unable to generate sufficient earnings to accommodate the distribution, a portion of our distributions may represent a return of capital for U.S. federal income tax purposes. For a more complete discussion of the tax treatment of distributions to holders of our common stock, see Federal Income Tax Considerations.

The following table describes our pro forma consolidated net income (loss) available to our equity owners for the twelve months ended June 30, 2012, and the adjustments that we have made thereto to estimate our initial cash available for distribution for the twelve months ending June 30, 2013:

Pro forma net loss for the twelve months ended December 31, 2011 (1)	$ (370,865)
Less: Pro forma net income for the six months ended June 30, 2011 (2)	(58,392)
Add: Pro forma net loss for the six months ended June 30, 2012 (1)	(102,668)
Pro forma net loss for the twelve months ending June 30, 2013	(531,925)
Add: Pro forma depreciation and amortization, including amortization of fair value adjustments	1,386,716
Add: Pro forma non-cash straight line rental income (3)	(2,862)
Add: Pro forma non-cash straight line rental expense (4)	17,000
Add: Net increases in contractual rent income (5)	89,000
Less: Net decreases in contractual rent income due to lease expirations, assuming historical average retention (5)	(40,844)
Add: Net increases in CAM, taxes and insurance recoveries (6)	34,912
Less: Non-recurring other income (7)	(52,000)
Less: Estimated incremental public company operating expenses (8)	(288,000)
Add: Pro forma non-cash provision for credit losses	37,195
Add: Reduction in interest expense on mortgage debt	24,000
Estimated cash provided by operating activities for the twelve months ending June 30, 2013	673,192
Estimated cash used in investing activities for the twelve months ending June 30, 2013 (9)	(155,099)
Estimated cash used in financing activities for the twelve months ending June 30, 2013 (10)	(435.000)
Estimated cash available for distribution for the twelve months ending June 30, 2013	83,093
Estimated initial annual distributions to stockholders and operating partnership unit holders (11)	2,108,212
Estimated difference between cash available for distribution and the estimated distributions for twelve months ending June 30, 2013 (12)	$ (2,025,119)

Estimated initial annual distributions per share (13)	$	0.42
Payout ratio based on estimated cash available for distribution (14)		2,537%

(1) Represents the pro forma consolidated results for the respective periods as presented in the Selected Financial Data table and the unaudited pro forma condensed consolidated financial statements included elsewhere in this prospectus.
(2) Represents actual results for the six months ended June 30, 2011 plus the impact of pro forma adjustments related to the offering and formation transactions.
(3) Represents the straight-line rent adjustment for operating lease revenues based on the actual results for the twelve months ended June 30, 2012.
(4) Represents the straight-line rent adjustment for ground lease expense based on the actual results for the twelve months ended June 30, 2012.
(5) Represents increased rent revenue generated from contractual scheduled rent adjustments and renewals for existing tenants, net of approximately $11,000 in leasing commissions to be paid by applying our standard 3% renewal commission rate to the estimated rent retained on renewals of $364,741 (per below). There were no additional vacancies during the past twelve months that would create a decrease in pro forma rental income and the pro forma does not include the impact of any vacancies filled during the next twelve months. For leases expiring after June 30, 2012, assumes renewal probability based on historical average retention rate, as calculated in the following schedule:

	Year Ended December 31, 2009	2010	2011	Total/ Weighted Average 2009-2011
Annualized base rent expiring in year	$ 767,015	$ 271,209	$ 460,535	$ 1,498,759
Annualized base rent renewed	740,146	159,860	430,919	1,330,925
Retention rate	96.5%	58.9%	93.6%	88.8%
Pro forma combined base rent expiring in next 12 months				364,741
Weighted average retention rate				88.8%
Estimated rent retained				323,897
Estimated rent decline				(40,844)

(6) Represents adjustments to 2012 CAM, taxes and insurance amounts to be billed to the tenants based on the 2012 operating pool. Scheduled CAM, taxes and insurance amounts to be billed during 2012 are $818,102 which is net of the impact of potential non-renewals based on the retention factor calculated in (4) above. This compares to $748,277 billed and recorded for 2011, resulting in a $69,723 net increase in 2012 billings over 2011. This amount reflects additional CAM reimbursements for the remainder of 2012 due to increased occupancy, increases in annual charges for major repairs incurred in prior years and adjustments due to 2012 CAM reimbursements based on the levels incurred and reflected in 2011 results. Significant repairs and maintenance incurred in any particular year are charged back to the tenants as part of the CAM pool in subsequent years, usually over a period ranging from three to ten years. Therefore, the reimbursement occurs during periods after the cash is expended.

(7) Represents net non-recurring gains realized during the twelve months ended June 30, 2012.

(8) Represents the estimated increase in operating expenses anticipated with becoming a publicly traded company. This amount includes contractual fees paid to our Administrative Services Company to manage our company, directors fees, directors and officers insurance, investor relations costs, NASDAQ listing fees and transfer agent fees.

(9) Represents projected capital improvements and tenant improvements on existing properties based on the three year historical average as detailed in the table below, excluding acquisition, development and other expenditures incurred on newly acquired or developed properties which are considered non-recurring. Actual capital improvements for the six months ended June 30, 2012 were approximately $24,000 which we believe to be more indicative of future capital improvement levels.

	Year Ended December 31, 2009	2010	2011	Weighted Average 2009-2011
Capital expenditures per cash flow statement	$ 999,493	$ 125,377	$ 93,451	
Less: Renovations related to Walnut Hill Plaza acquisition (a)	(753,024)			
Net recurring capital and tenant improvement expenses	$ 246,469	$ 125,377	$ 93,451	$ 155,099

(a) Represents major renovations performed on the Walnut Hill Plaza property. We incurred renovation and major repair expense totaling approximately $1.2 million subsequent to acquiring the property. The need for these expenditures was identified and planned for as part of the due diligence process performed prior to acquiring the property in 2007, resulting in a deeply discounted initial acquisition price of approximately $35 per square foot (versus normal acquisition prices approaching $100 per square foot) that generally represented the value of the land. Accordingly, we consider these expenditures as part of the property s acquisition price and do not consider them recurring capital improvements in the normal course of business.

(10) Represents scheduled principal payments on mortgage loans for the twelve months ending June 30, 2013; excludes $14.1 million of debt maturities during that period based on the assumption we will be able to renew those mortgages under terms similar to those currently in

place.

(11) Assumes we issue approximately 3.0 million shares of common stock based on the minimum offering scenario, approximately 1.73 million common units in the Operating Partnership and 285,457 of common shares upon conversion of the preferred stock.

(12) Represents the amount of offering proceeds that may be required to fund distributions at $0.42 per share prior to factoring in additional cash flow generated from property acquisitions made subsequent to the offering. See Risk Factors.

(13) Represents the targeted initial annual dividend rate per share which would result in an 8% yield assuming an offering price at the mid-point of the range set forth in the Registration Statement.

(14) Calculated as estimated initial annual distribution per share divided by estimated cash available for distribution per share for the twelve months ending June 30, 2013.

Our pro forma cash available for distribution for the twelve months ending June 30, 2013 results in a significant shortfall when compared to our targeted initial annual dividend rate of $0.42 per common share. Assuming a pro rata amount of the estimated cash available for distribution for the twelve months ending June 30, 2013 is available for distribution for the first month ending October 31, 2012, we estimate our operating cash flow will be insufficient to cover our expected initial monthly distribution to stockholders for the month ending October 31, 2012. Moreover, we believe our dividends may exceed our cash available for distribution after the month ending October 31, 2012. However, the above table does not include any increases or decreases in revenues or costs associated with: (1) any rental and related revenue increases or decreases from changes in occupancy for the combined properties from leases that may be executed subsequent to June 30, 2012; (2) rental and related revenue from additional acquisitions completed subsequent to the completion of the offering from our current acquisition pipeline and other acquisition opportunities; (3) fluctuations in operating expenses, including any unaccounted for expenses incurred as a result of operating as a publicly traded company; and (4) any offsetting costs associated with any increases in revenue. Additionally, Mr. Wheeler, our Chairman and President, has agreed to contractually subordinate to the remaining common units and common stock as it relates to dividend payments. As a result, our actual payout ratio could be higher or lower than the payout ratio shown in the table above. In any event, unless our operating cash flow increases, we will be required to fund future distributions from proceeds of the offerings or to reduce such distributions. We have established a working capital and dividend reserve for this purpose. See Use of Proceeds .

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CAPITALIZATION

The following table sets forth the capitalization of our Predecessor as of June 30, 2012, on a historical basis, on a pro forma pre-offering basis to reflect our formation transactions, and on a pro forma as adjusted basis to give effect to our formation transactions, this offering and the use of net proceeds as set forth in Use of Proceeds. You should read this table in conjunction with Use of Proceeds, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

Minimum Offering

	As of June 30, 2012		
	Historical	Pro Forma Pre-Offering	Pro Forma As Adjusted
	($ in 000s)		
Mortgages and other secured loans	$ 12,015	$ 25,668	$ 25,168
Stockholders equity:			
Common stock, par value $0.01 per share, 15,000,000 shares authorized, 3,285,457 shares issued and outstanding on an as adjusted basis			33
Preferred stock, without par value, 500,000 shares authorized, 249,750, 249,750 and 0 shares issued and outstanding as of June 30, 2012, pro forma pre-offering and pro forma as adjusted, respectively	999	999	
Additional paid in capital			14,274
Members equity	(361)	(4,186)	(4,186)
Non-controlling interest		6,855	6,855
Total stockholders equity	638	3,668	16,976
Total capitalization	$ 12,653	$ 29,336	$ 42,144

Maximum Offering

	As of June 30, 2012		
	Historical	Pro Forma Pre-Offering	Pro Forma As Adjusted
	($ in 000s)		
Mortgages and other secured loans	$ 12,015	$ 25,668	$ 25,168
Stockholders equity:			
Common stock, par value $0.01 per share, 15,000,000 shares authorized, 4,285,457 shares issued and outstanding on an as adjusted basis			43
Preferred stock, without par value, 500,000 shares authorized, 249,750, 249,750 and 0 shares issued and outstanding as of June 30, 2012, pro forma pre-offering and pro forma as adjusted, respectively	999	999	
Additional paid in capital			18,999
Members equity	(361)	(4,186)	(4,186)
Non-controlling interest		6,855	6,855
Total stockholders equity	638	3,668	21,711

Total capitalization	$ 12,653	$ 29,336	$ 46,879

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DILUTION

Purchasers of our common stock offered in this prospectus will experience an immediate and substantial dilution of the net tangible book value of our common stock from the initial public offering price. At June 30, 2012, our Predecessor had a combined net tangible book value of approximately negative $1.0 million, or negative $0.90 per share of our common stock held by its investors, assuming the exchange of outstanding common units (other than common units held by us) into shares of our common stock on a one-for-one basis. After giving effect to the sale of the shares of our common stock offered hereby, including the use of proceeds as described under Use of Proceeds and the formation transactions, and the deduction of placement fees and commissions and estimated offering and formation expenses, the pro forma net tangible book value at June 30, 2012 attributable to common stockholders would have been $18.1 million, or $3.61 per share of our common stock, assuming a minimum offering, and $22.8 million, or $3.79 per share of our common stock, assuming a maximum offering. Assuming a minimum offering, this amount represents an immediate increase in net tangible book value of $4.51 per share to the Prior Investors and an immediate dilution in pro forma net tangible book value of $1.64 per share from the assumed public offering price of $5.25 per share of our common stock to new public investors. Assuming a maximum offering, this amount represents an immediate increase in net tangible book value of $4.70 per share to the Prior Investors and an immediate dilution in pro forma net tangible book value of $1.46 per share from the assumed public offering price of $5.25 per share of our common stock to new public investors. See Risk Factors Risks Related to this Offering Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock. The following table illustrates this per share dilution:

Minimum Offering

Assumed initial public offering price per share		$ 5.25
Net tangible book value per share before the formation transactions and this offering(1)	$ (0.90)	
Increase in pro forma net tangible book value per share attributable to the formation transactions(2)	$ 2.79	
Increase in pro forma net tangible book value per share attributable to this offering(3)	$ 1.72	
Pro forma net tangible book value per share after the formation transaction and this offering(4)		$ 3.61
Dilution in pro forma net tangible book value per share to new investors(5)		$ 1.64

(1) Net tangible book value per share of our common stock before the formation transactions and this offering is determined by dividing the net tangible book value based on June 30, 2012 net book value of tangible assets (consisting of total assets less intangible assets, which are comprised of deferred financing and leasing costs, acquired above-market leases and acquired in-place lease value, net of liabilities to be assumed, excluding acquired below-market leases) of our Predecessor by the number of shares of our common stock held by its investors after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued in connection with the formation transactions.

(2) The increase in pro forma net tangible book value per share of our common stock attributable to our formation transactions, but before this offering, is determined by dividing the difference between (a) the pro forma net tangible book value before our formation transactions and this offering and (b) the pro forma net tangible book value after our formation transactions and before this offering, by the number of shares of our common stock held by Prior Investors of the Ownership Entities after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued in connection with the formation transactions.

(3) The increase in pro forma net tangible book value per share attributable to this offering is determined by subtracting (a) the sum of (i) the net tangible book value per share before the formation transactions and this offering (see note (1) above) and (ii) the decrease in pro forma net tangible book value per share attributable to our formation transactions (see note (2) above) from (b) the pro forma net tangible book value per share after our formation transactions and this offering (see note (4) below).

(4) Based on pro forma net tangible book value of approximately $18.1 million divided by the sum of 5,019,521 shares of our common stock and common units to be outstanding after this offering (excluding units held by us), not including (a) 500,000 shares of our common stock available for issuance under our 2012 Share Incentive Plan.

(5)

Dilution is determined by subtracting pro forma net tangible book value per share of our common stock after giving effect to the formation transactions and this offering from the initial public offering price paid by a new investor for a share of our common stock.

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Maximum Offering

Assumed initial public offering price per share		$ 5.25
Net tangible book value per share before the formation transactions and this offering(1)	$ (.90)	
Increase in pro forma net tangible book value per share attributable to the formation transactions(2)	$ 2.79	
Increase in pro forma net tangible book value per share attributable to this offering(3)	$ 1.90	
Pro forma net tangible book value per share after the formation transaction and this offering(4)		$ 3.79
Dilution in pro forma net tangible book value per share to new investors(5)		$ 1.46

(1) Net tangible book value per share of our common stock before the formation transactions and this offering is determined by dividing the net tangible book value based on June 30, 2012 net book value of tangible assets (consisting of total assets less intangible assets, which are comprised of deferred financing and leasing costs, acquired above-market leases and acquired in-place lease value, net of liabilities to be assumed, excluding acquired below-market leases) of our Predecessor by the number of shares of our common stock held by its investors after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued in connection with the formation transactions.

(2) The increase in pro forma net tangible book value per share of our common stock attributable to our formation transactions, but before this offering, is determined by dividing the difference between (a) the pro forma net tangible book value before our formation transactions and this offering and (b) the pro forma net tangible book value after our formation transactions and before this offering, by the number of shares of our common stock held by Prior Investors of the Ownership Entities after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued in connection with the formation transactions.

(3) The increase in pro forma net tangible book value per share attributable to this offering is determined by subtracting (a) the sum of (i) the net tangible book value per share before the formation transactions and this offering (see note (1) above) and (ii) the decrease in pro forma net tangible book value per share attributable to our formation transactions (see note (2) above) from (b) the pro forma net tangible book value per share after our formation transactions and this offering (see note (4) below).

(4) Based on pro forma net tangible book value of approximately $22.8 million divided by the sum of 6,019,521 shares of our common stock and common units to be outstanding after this offering (excluding units held by us), not including (a) 600,000 shares of our common stock available for issuance under our 2012 Share Incentive Plan.

(5) Dilution is determined by subtracting pro forma net tangible book value per share of our common stock after giving effect to the formation transactions and this offering from the initial public offering price paid by a new investor for a share of our common stock.

Additionally, the purchase prices paid for the Amscot Building, Monarch Bank and Riversedge North properties will be adjusted following the public release of our audited consolidated financial statements for the year ended December 31, 2012. Such adjustments will be calculated by applying the initial pricing methodology to such properties cash flows as used in preparing our audited consolidated financial statements for the year ended on December 31, 2012, subject to the adjustments approved by a majority of our independent directors. If the re-pricing produces a higher value for any such property, the Prior Investors in such property will receive an additional number of common units in our Operating Partnership that, when multiplied by the initial offering price for this offering, will equal the increase in value plus the value of any distributions that would have been made with respect to such common units if such common units had been issued at the time of the acquisition of such property. Assuming the exchange of any such common units into common stock, purchasers of the common stock offered in this prospectus will experience additional dilution.

Comparative Data

The following charts illustrate our pro forma proportionate ownership. Assuming the exchange of outstanding common units (other than common units held by us) into shares of our common stock on a on-for-one basis, and upon completion of the offering under alternative minimum and maximum offering assumptions, of present stockholders and of investors in this offering, compared to the relative amounts paid and comparative to our capital by present stockholders as of the date the consideration was received and by investors in this offering, assuming no changes in net tangible book value other than those resulting from the offering.

	Shares Purchased		Total Consideration		Average Price Per
	Amount	Percent	Amount	Percent	Share
MINIMUM OFFERING					
Existing stockholders	2,019,521	40.23%	$ 5,766,573	26.80%	$ 2.86
New investors	3,000,000	59.77%	$ 15,750,000	73.20%	$ 5.25
Total	5,019,521	100%	$ 21,516,573	100%	$ 4.61

	Shares Purchased		Total Consideration		Average Price Per
	Amount	Percent	Amount	Percent	Share
MAXIMUM OFFERING					
Existing stockholders	2,019,521	33.55%	$ 5,766,573	21.54%	$ 2.86
New investors	4,000,000	66.45%	$ 21,000,000	78.46%	$ 5.25
Total	6,019,521	100%	$ 26,766,573	100%	$ 4.74

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SELECTED FINANCIAL DATA

The following table sets forth selected financial data on (i) a pro forma basis for our company giving effect to the offering and formation transactions, including the purchase accounting adjustments and (ii) the combined historical cost basis for the entities included in the Predecessor. The pro forma and combined historical financial information and the offering and formation transactions, including the purchase accounting adjustments, are provided and discussed in detail in the unaudited pro forma financial information beginning on page F-2 of the financial statements included elsewhere in this prospectus.

You should read the following summary selected financial data in conjunction with our financial statements and the related notes and with Management s Discussion and Analysis of Financial Condition and Results of Operations.

The selected combined balance sheet data as of June 30, 2012 and 2011 (unaudited) and December 31, 2011 and 2010 (audited) and the selected combined operating data for the six months ended June 30, 2012 and 2011 (unaudited) and the years ended December 31, 2011 and 2010 (audited) have been derived from the combined financial statements of the Predecessor included elsewhere in this prospectus. This data is presented on a combined historical basis and does not include the impact of the offering and formation transactions, as described in the unaudited pro forma financial information beginning on page F-2 of the financial statements supplied in this prospectus.

Our unaudited summary selected pro forma condensed consolidated balance sheet and operating data as of and for the six months ended June 30, 2012 and the year ended December 31, 2011 assumes completion of this offering, the formation transactions, the repayment of certain indebtedness and the other adjustments described in the unaudited pro forma financial information beginning on page F-2 of this prospectus, as of January 1, 2011 for the operating data and as of June 30, 2012 for the balance sheet data.

The unaudited pro forma condensed consolidated balance sheet is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position would have been had the transactions referred to above occurred on June 30, 2012, nor does it purport to represent the future financial position of the company. The unaudited pro forma condensed consolidated statements of operations are presented for illustrative purposes only and is not necessarily indicative of what the actual results of operations would have been had the transactions referred to above occurred on January 1, 2011, nor does it purport to represent the future results of operations of the company.

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	Pro Forma Six Months Ended June 30, 2012 (unaudited)	Historical Six Months Ended June 30, 2012 (unaudited)	Historical Six Months Ended June 30, 2011 (unaudited)	Pro Forma Year Ended December 31, 2011 (unaudited)	Historical Years Ended December 31, 2011	Historical Years Ended December 31, 2010
OPERATING DATA:						
Total combined revenues	$ 2,754,143	$ 1,015,658	$ 877,789	$ 5,133,394	$ 1,925,277	$ 1,854,050
Expenses:						
Property operating	386,188	134,580	146,887	845,585	352,508	301,076
Depreciation and amortization	1,012,109	371,519	370,199	2,026,111	744,931	732,852
Real estate taxes	146,650	53,492	49,976	293,221	104,555	95,356
Repairs and maintenance	55,324	26,750	22,304	227,262	63,253	124,864
Advertising and promotion	5,132	2,813	21,770	46,384	27,580	9,606
Provision for credit losses				37,195	20,000	9,632
Corporate general & administrative	419,803	412,738			321,178	
Other	48,879	17,702	15,213	113,869	39,902	38,148
Total expenses	2,074,085	1,019,594	626,350	3,910,805	1,673,907	1,311,534
Operating income	680,058	(3,936)	251,438	1,222,589	251,370	542,516
Non-operating income and expense:						
Interest expense	(782,726)	(395,447)	(406,618)	(1,593,455)	(805,969)	(800,678)
Total non-operating income and expense	(782,726)	(395,447)	(406,618)	(1,593,455)	(805,969)	(800,678)
Net loss (1)	$ (102,668)	$ (399,383)	$ (155,180)	$ (370,865)	$ (554,599)	$ (258,162)
Net loss allocated to noncontrolling interests	$ (41,871)			$ (151,249)		
Net loss allocated to common stockholders	$ (60,797)			$ (219,616)		
Pro forma loss per share:						
Basic	$ (0.02)			$ (0.07)		
Diluted	$ (0.02)			$ (0.07)		
Pro forma weighted-average number of shares:						
Basic	3,285,457			3,285,457		
Diluted	3,285,457			3,285,457		
BALANCE SHEET DATA (as of period end):						
Investment properties, net	$ 35,728,758	$ 12,854,336	$ 13,492,931	$ 36,045,640	$ 13,171,218	$ 13,821,522
Cash and cash equivalents	7,556,487	132,933	154,244	7,527,562	104,007	199,637
Tenant Receivables	681,556	579,135	560,058	675,012	572,591	557,589
Other assets	1,707,020	1,300,480	217,858	1,383,620	977,080	228,478
Total assets	$ 45,673,821	$ 14,866,884	$ 14,425,091	$ 45,631,834	$ 14,824,896	$ 14,807,226
Mortgages and other indebtedness	$ 25,168,202	$ 12,015,046	$ 12,253,326	$ 25,289,240	$ 12,136,083	$ 12,350,577
Other liabilities	3,529,615	2,213,980	1,452,088	3,335,122	2,019,488	1,456,330
Total liabilities	28,697,817	14,229,026	13,705,414	28,624,362	14,155,571	13,806,907
Total equity	16,976,004	637,858	719,677	17,007,472	669,325	1,000,319

Total liabilities and equity	$ 45,673,821	$ 14,866,884	$ 14,425,091	$ 45,631,834	$ 14,824,896	$ 14,807,226
OTHER DATA:						
Cash flows provided by (used in):						
Operating activities		$ (35,866)	$ 212,287		$ 349,712	$ 419,522
Investing activities		$ (23,690)	$ (12,979)		$ (33,346)	$ (46,760)
Financing activities		$ 88,482	$ (244,701)		$ (411,996)	$ (419,318)
Funds from Operations (FFO) (2)	$ 909,441	$ (27,864)	$ 215,020	$ 1,655,245	$ 190,332	$ 474,690

(1) Earnings Per Share information not included in the schedule for historical results of operations since it is considered not applicable.

(2) Below is the calculation of FFO, which is a non-GAAP measurement, and the reconciliation to net income (loss) for the periods presented:

	Pro Forma Six Months Ended June 30, 2012	**Historical Six Months Ended June 30,**		**Pro Forma Year Ended December 31, 2011**	**Historical Years Ended December 31,**	
		2012	**2011**		**2011**	**2010**
Net income (loss)	$ (102,668)	$ (399,383)	$ (155,180)	$ (370,865)	$ (554,599)	$ (258,162)
Depreciation of real estate assets	1,012,109	371,519	370,199	2,026,111	744,931	732,852
Total FFO	$ 909,441	$ (27,864)	$ 215,020	$ 1,655,245	$ 190,332	$ 474,690

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

We are a Maryland corporation formed on June 23, 2011 to acquire the entities owning various controlling and noncontrolling interests in real estate assets owned and/or managed by Jon S. Wheeler and/or his affiliates, including certain entities controlled by Plume Street Financial, LLC (PSF). Our Operating Partnership, Wheeler REIT, L.P., was formed as a Virginia limited partnership on April 5, 2012. Upon completion of the offering and formation transactions described throughout this prospectus, we expect our operations to be carried on through our Operating Partnership. At such time, we, as the sole general partner of our Operating Partnership, will have control of our Operating Partnership. Accordingly, we will consolidate the assets, liabilities and results of operations of our Operating Partnership.

The Predecessor includes the Company and entities owned and/or controlled by Mr. Wheeler, which in turn own controlling interests in five properties (collectively, the Controlled Entities). Accordingly, the contribution of or acquisition by merger of interests in the Controlled Entities is being accounted for as a transaction between entities under common control and, therefore, the acquisition of interests in each of the Controlled Entities will be recorded at our historical cost. In conjunction with the Offering and related formation transactions, the Company will acquire the noncontrolling interests in entities owning three properties that are currently controlled by PSF (PSF Entities or Noncontrolled Entities), of which Mr. Wheeler is a 50% partner. Unless otherwise noted, the Results of Operations only pertains to the Controlled Entities. The entities and respective properties party to the transactions are as follows:

Controlled Entities (Predecessor):

Wheeler Real Estate Investment Trust, Inc.

DF-1 Carrollton, LLC The Shoppes at Eagle Harbor (Carrollton, VA)

Lynnhaven Parkway Associates, LLC Monarch Bank Building (Virginia Beach, VA)

North Pointe Investors, LLC North Pointe Crossing/Amscot Building (Tampa, FL)

Riversedge Office Associates, LLC Riversedge North (Virginia Beach, VA)

Walnut Hill Plaza Associates, LLC Walnut Hill Plaza (Petersburg, VA)

Noncontrolled Entities (PSF Entities):

Lumber River Associates, LLC Lumber River Village (Lumberton, NC)

Perimeter Associates, LLC Perimeter Square (Tulsa, OK)

Tuckernuck Associates, LLC Shoppes at TJ Maxx (Richmond, VA)

We were 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 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, which we believe generates more predictable property-level cash flows.

We operate using a very hands-on approach to managing our properties which we believe gives us a distinct advantage over our competitors in both our ability to maximize profits from these properties and to attract and retain ideal tenants. Our approach places a high value on relationships at the property level as well as within the community to ensure the success of our asset. Our management style and capabilities are well suited to benefit from previously neglected assets. By applying our hands-on approach, we believe that we can address the concerns of the tenants, address property maintenance issues and facilitate leasing efforts to stabilize and enhance the financial viability of the asset; hopefully resulting in longer term, profitable leases to high quality tenants. An example of this is shown below in Recent Company Transactions and Events Walnut Hill Plaza.

Our asset management, leasing, lease administration and tenant relations team members (our Property Management Team) establish and maintain regular contact with the existing and new tenants. Prior to acquisition, the existing tenants will have met their leasing agent and/or the director of leasing. The tenant will receive a hand delivered letter from a member of our Property Management Team, typically the assigned property manager, as close to the closing date as physically possible (in addition to the formal written notice per the lease) notifying them of our acquisition . The tenant s welcome letter / notification letter includes all contact information for all members of our Property Management Team including their cell phone numbers. Once members of our Property Management Team have made the initial visit to the property, any pre-closing identified repairs and maintenance items are addressed. The property manager will also further evaluate the property for immediate and future needs so that our Property Management Team can prepare a budget for the property.

The property manager continues developing relationships with existing tenants, as well as with service providers at the property. Additionally, our property management model usually includes us joining the Chamber of Commerce in markets where we have an asset. We believe that taking the time to make the experience personal for each tenant ensures we are able to monitor activity at the property appropriately and be ahead of any challenges that may develop. This high touch relationship makes the tenant more comfortable with phoning in questions, issues or alerts to the property manager before they become serious issues. The relationship generated by our Property Management Team and enhanced service approach facilitates on-going communication and a mutually beneficial partnership for the ownership and the tenants, which we believe improves each property s performance and gives us an advantage over our competitors.

Through the combined efforts of our Property Management Team, we also work closely with our tenants in an effort to maximize their success in our centers. Our tenant relations group will discuss specifically the tenant s marketing efforts and offer guidance on maximizing exposure for their advertising dollars. They will also coordinate property specific events to obtain exposure for the asset in line with the market s demographics. We believe showing interest in the tenant s success benefits everyone. If the tenant is successful, we hope they will remain long-term and in good standing. In addition, the service and reputation of our ownership enable us to attract quality tenants and better negotiate lease terms. Our entire Property Management Team is willing to take this broader approach on how to assist in our tenants and each property s success.

Our management approach ensures the property as well as the tenant is being visited in person at least every three weeks. In the interim, the internal communication of our Property Management Team ensures that all team members associated with the asset have the most current information available on any matter. Our communication process includes: (i) generating summary reports whenever a member of the Property Management Team visits the property; (ii) monthly Property Management Team meetings which involves reviewing each property in detail; and (iii) ongoing open dialogue concerning leasing activity.

Our Portfolio

Upon consummation of this offering, we expect that our portfolio will be comprised of five retail shopping centers, two free-standing retail properties, and one office building. Five of these properties are located in Virginia, one is located in Florida, one is located in North Carolina and one is located in Oklahoma. As of June 30,2012, our portfolio had a total GLA of 348,490 square feet and an occupancy level of approximately 90%. We expect our portfolio to consist of the following entities and their related properties:

DF-1 Carrollton, LLC	The Shoppes at Eagle Harbor (Carrollton, VA)
Lumber River Associates, LLC	Lumber River Village (Lumberton, NC)
Lynnhaven Parkway Associates, LLC	Monarch Bank Building (Virginia Beach, VA)
North Pointe Investors, LLC	North Pointe Crossing/Amscot Building (Tampa, FL)
Perimeter Associates, LLC	Perimeter Square (Tulsa, OK)
Riversedge Office Associates, LLC	Riversedge North (Virginia Beach, VA)
Tuckernuck Associates, LLC	Shoppes at TJ Maxx (Richmond, VA)
Walnut Hill Plaza Associates, LLC	Walnut Hill Plaza (Petersburg, VA)

Details regarding these properties can be found in the Business and Properties Our Portfolio section of this prospectus.

We believe our target markets, which currently include the Mid-Atlantic, Southeast and Southwest, are characterized by strong demographics and dynamic, diversified economies that will continue to generate jobs and future demand for commercial real estate.

Overall Company Trends

The challenging economic environment continues to impact the national and local commercial real estate industry. Credit tightening among our usual financing resources has restricted our ability to aggressively pursue the acquisition and development of new shopping centers and other opportunities; accordingly, we have been cautious by selecting properties less dependent on traditional financing over the past three years. Identifying new opportunities had posed a challenge until recently. However, we believe the environment for potential property acquisitions at reasonable capitalization rates is improving, which has resulted in our evaluation of alternative funding sources. Additionally, 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 (estimated total maturities of approximately $1.8 trillion over the next five years), 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 downtown experienced over the past four years. We anticipate that our entry into the capital markets will expand the financing resources available to us and allow us to pursue performing investment opportunities that may not qualify for traditional financing, while providing our investors with competitive returns and increased liquidity.

During the economic crisis over the past three years, we have been faced with a number of tenants requesting rent reductions. Our Property Management Team has taken a proactive approach to addressing this trend by creating and implementing a systematic process for cataloguing, reviewing and analyzing these requests. This formalized mechanism for reviewing individual deals and maximizing the opportunity presented to us has allowed us to anticipate the impact of the downward pressure and to make lease accommodations appropriate for the circumstances. For example, we have required adjustments to exclusive or radius language, terms, rent caps, etc. in the lease agreement in exchange for any rent concessions made. Our process has afforded us the flexibility to work with and maintain otherwise strong tenants, while ensuring their ability to weather the economic crisis. During 2011, these requests began to decline, signifying a stabilizing economic environment in our local markets. Additionally, downward pressure on rental rates appears to be lessening as the weighted average base rent per square foot for our eight properties increased from $11.27 at December 31, 2010 to $11.91 at June 30, 2012; occupancy increased from 89.7% to 89.8% during this same period.

While the economy continues to struggle, we believe our diversity, array of resources, hands-on approach to managing our properties, as well as the experience and industry relationships we have established, enable us to focus on improving the performance of existing properties through concerted efforts in the leasing, marketing and overall asset management functions within our organization. Our management philosophy has allowed us to navigate through the recent recession which we believe has resulted in several success stories within our portfolio during this challenging time, including: maintaining 100% occupancy at Lumber River Plaza during 2009, 2010, 2011 and into 2012; doubling Perimeter Square s return on investment since acquiring the property; improving cash flows at the Shoppes at TJ Maxx center through expense reimbursement management; and negotiating a build-out and long term lease on the Amscot Building. We continue to seek avenues for improving our performance on existing properties, in addition to pursuing potential acquisitions and other growth opportunities. Notwithstanding our belief in our talents and the future, a number of factors exists that may influence our continued success and our financial performance. Please carefully review the Risk Factors section of this prospectus.

Recent Company Transactions and Events

The Shoppes at Eagle Harbor

Completed during 2008, The Shoppes at Eagle Harbor construction project exemplifies the strength of our company which provided us with the resources to build a custom center that fits the lifestyle of the consumer in a particular market. In partnership with Wheeler Development and Wheeler Real Estate Company, we constructed a 23,303 square foot center with the majority of the space being under lease contracts prior to its opening; the center is currently 100% leased. We managed the project s entitlement process from start to finish, including navigating the zoning process, developing the site plan, obtaining necessary permits, acquiring the certificate of occupancy, conducting the grand opening and subsequently managing an expansion project to accommodate two existing tenants. We believe the magnitude and complexity of this project demonstrated the true depth of our capabilities and resources.

The Shoppes at Eagle Harbor represents, in its purest form, our focus on centers with a good mix of merchandising, cross-shopping and co-tenancy. The center houses a strong mix of tenants, including retail, restaurants and services such as health care and fitness. We believe the center provides services desired by the consumer within the market to address their lifestyle requirements. Our strong relationship with our tenants and the local communities represents a core strength of our company and provides the foundation for our ongoing success.

Walnut Hill Plaza

The Walnut Hill Plaza property was a neglected shopping center when our subsidiary, Walnut Hill Plaza Associates, LLC, acquired it in 2007. The physical appearance resulted in it being unattractive to prospective tenants; existing tenants carried month-to-month leases due to their hesitancy to sign long term commitments in a dilapidated center with no future plans for improvement that would draw brand name tenants typically associated with generating high customer traffic volumes. After the customary financial reviews and an in-depth review of the market, we purchased the property with a plan of making significant improvements and employing our hands-on management approach which we believe generates higher returns. The property s proximity to Fort Lee (Virginia) was evaluated in detail because the Federal Base Realignment and Closure (BRAC) review process was occurring during our due diligence. Ultimately, the BRAC review process resulted in not only the base remaining open, but it also being identified as a designated relocation post for many displaced troops. The center s strong co-tenancy, the earnings upside potential of existing leases, and its location near a large regional medical center, a Food Lion supermarket and other significant industries further supported our vision for the center.

During 2009, we completed a major renovation and face lift project of the shopping center. Improvements included: updating the parking lot lighting, upgrading electrical service, renovating the dated, incomplete facade and a complete parking lot re-design which allowed us to incorporate head-in parking to better facilitate customer traffic. Wheeler Development and Site Applications managed all aspects of the process and did so without displacing any of the existing tenants. Additionally, we were able to negotiate with the City of Petersburg for a five year real estate tax credit on the renovations, improving the early cash flows of the property. The renovations allowed us to negotiate long term leases with the existing tenants and to use our strong relationships with other non-market tenants as a means of attracting them to the property. Management makes regular visits to the property and has established strong relationships with the tenants. We also embrace the center s military market and our tenant relations group focuses center-wide events on dates which honor the military.

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based upon our combined financial statements as presented in the Selected Financial Data section of this prospectus, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these combined 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 prospectus. Management believes 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.

Our leases generally require the tenant to reimburse us for a substantial portion of operating expenses incurred in operating, maintaining, repairing, insuring and managing the property and common areas (collectively defined as Common Area Maintenance or CAM expenses). This significantly reduces our exposure to increases in costs and operating expenses resulting from inflation or other outside factors. We accrue reimbursements from tenants for recoverable portions of all these expenses as revenue in the period the applicable expenditures are incurred. We calculate 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 in the property. We receive escrow payments for these reimbursements from substantially all its tenants on a monthly basis throughout the year. We recognize differences between estimated recoveries and the final billed amounts in the subsequent year.

When and where applicable, any relatively large expense items are amortized into the CAM pool and are reimbursed by the tenants according to their leases. By amortizing the expenses, the tenants are able to absorb the cost without creating unrealistic monthly CAM charges that would then hinder our ability to fill any vacancy. We monitor market rates for CAM as well as rents to ensure our property s expense and expectations are consistent with what the market will bear.

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

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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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results when ultimately realized could differ from those estimates. Significant estimates in the six month periods ended June 30, 2012 and 2011 and the years ended December 31, 2011 and 2010 include accrued rents and tenant reimbursements, impairment analysis of investment properties and the useful life of investment properties.

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, plus its residual value, 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 six months ended June 30, 2012 and 2011 and the years ended December 31, 2011 and 2010, respectively.

Principal Factors Affecting our Results of Operations

Revenues

The principal components of our total revenues include the following:

Base and percentage rents. We accrue minimum (base) rent on a straight-line basis over the terms of the respective leases. Accordingly, in most cases rent revenue recognized on leases will differ from actual rent collections which may cause fluctuations in rent revenue and cash flows from period to period. Additional factors impacting rent revenues may include terms specified in new, renewed or renegotiated leases and the financial condition and success of our tenants.

Tenant reimbursements. We accrue reimbursements from tenants for recoverable portions of our expenses as revenue in the period the applicable expenditures are incurred. These reimbursements consist primarily of CAM, real estate taxes and property insurance expenses related to the properties. We receive escrow payments for these reimbursements from substantially all tenants on a monthly basis throughout the year with any differences between estimated recoveries and the final billed amounts being recognized in the subsequent year. Accordingly, our estimated billings and post year-end adjustments may fluctuate from period to period due to several factors, including reimbursable expense levels and any changes in lease terms.

The following factors affect the revenues we derive from our operations. For other factors affecting our revenues, see Risk Factors Risks Related to Our Business and Operations.

Our ability to maximize lease terms and occupancy rates. While many outside factors may impact

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our success in these areas, we rely heavily on our hands-on management approach in maximizing property revenues. Accordingly, our ability to execute on this approach will impact revenues from period to period.

Competition and market conditions. Our need to be competitive in our various markets often requires us to adjust lease terms when trying to retain or attract tenants, especially in down economies similar to that experienced in recent years. Again, we rely on our experience and ability to adjust in order to manage through these challenges.

Financial health of our tenants. The distressed economic environment during recent years has resulted in some of our tenants requesting temporary or permanent modifications in lease terms, being more aggressive in negotiating new leases or renewals, not renewing leases and, in extreme cases, closing their business and walking away from their contractual lease agreements. The resulting impact on revenues varies and may cause fluctuations from period to period.

Operating Expenses

The principal components of our total operating expenses include the following:

Property operating expenses. We include in property operating expenses all costs associated with managing and maintaining the properties including: grounds and landscaping; management fees; utilities; legal and professional fees; and other related expenses. This expense category could be affected by the acquisition or development of new properties, changes in management service agreements or other factors not necessarily in our control.

Depreciation and amortization expenses. We include investment property depreciation and amortization associated with lease commissions and in place leases in this category. The most significant factors affecting this category would be property acquisitions and lease commission activities.

Real estate taxes. We include all real estate taxes associated with the properties in this category. The amount of these taxes varies by the jurisdiction where the property resides which could result in changes from period to period.

Repairs and maintenance. This expense category includes all routine repairs and maintenance associated with keeping our properties in operating condition and attractive to existing and potential tenants. The need and timing of repairs and maintenance projects may impact this expense category from period to period.

The following factors affect our operating expense levels. For other factors affecting our operating expenses, see Risk Factors Risks Related to Our Business and Operations.

Property acquisitions, development and renovations. Acquiring, building and significantly renovating a property will impact all operating expense categories. We factor this impact into our planning and due diligence procedures related to these properties.

The condition of our properties. We attempt to diligently control our property expenses through our hands-on management process. However, unanticipated expenses related to property management, repairs and maintenance, real estate taxes or other areas related to the property may impact our operations from period to period. Additionally, newly acquired properties may impact expenses while we transition it into our management program.

Legal expense associated with tenant and other matters. During the past three years, we have incurred a significant amount of legal expense resulting from tenant lawsuits (primarily brought by us), financing activities and construction matters. These expenses are not reimbursable from our tenants under our lease agreements. While we anticipate these costs will decrease as the economy improves and the outstanding matters are resolved, they continue to significantly impact operating expenses.

Transition to public company. Once we complete this offering, we expect that our administrative costs will increase materially, as we need to comply with detailed public reporting requirements.

Interest Expense

Interest expense primarily results from indebtedness incurred to acquire and development investment properties. Factors affecting interest expense levels include acquisition, development and refinancing activities associated with a particular property.

Funds from Operations

We use 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 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.

Principal Factors Affecting Liquidity and Capital Resources

Liquidity

Our sources of immediate liquidity primarily consist of cash flows generated from the operation of our properties and available cash and cash equivalents. The cash generated from operations is primarily paid to our equity members (common stockholders) in the form of distributions (dividends). As a REIT, generally we must make annual distributions to our stockholders of at least 90% of our REIT taxable income. In addition to our sources of immediate liquidity, we utilize several other forms of capital for funding our long-term liquidity requirements including our proceeds from secured mortgages and unsecured indebtedness, proceeds from equity issuances (including this offering) and cash generated from the sale of property. We routinely review our liquidity requirements and believe that our current cash flow levels are sufficient to allow us to continue operations, satisfy our contractual obligations and pay dividends to our stockholders.

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole, including the recent dislocations in the credit and equity markets and the general global economic downturn. These conditions, or similar conditions existing in the future, may adversely affect our financial condition, results of operations, cash flow and per share trading price of our common stock and may also result in the following potential consequences, among others:

- decreased demand for retail space which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties; and
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing

debt, reduce our returns from our acquisition and development activities and increase our future interest expense.

Indebtedness

Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets, our board s efforts to maintain a reasonable ratio of debt to total capital and borrowing restrictions that may be imposed by lenders. Our ability to access the equity capital markets will also be dependent on a number of factors, including general market conditions for REITs and market perceptions about our company. Potential disruptions in the financial markets and deteriorating economic conditions could adversely affect our ability to utilize any one or more of these sources of funds.

We expect our debt to contain customary restrictive covenants, including provisions that may limit our ability, without the prior consent of the lender, to incur additional indebtedness, further mortgage or transfer the applicable property, purchase or acquire additional property, discontinue insurance coverage, change the conduct of our business or make loans or advances to, enter into any merger or consolidation with, or acquire the business, assets or equity of, any third party.

Equity

We anticipate that our primary future uses of capital will include, but will not be limited to, operating expenses; making scheduled debt service payments; principal curtailments; stockholder distributions; acquiring new assets compatible with our investment strategy, subject to the availability of attractive properties and our ability to consummate acquisitions on satisfactory terms; and funding renovations, expansions and other significant capital expenditures for our existing portfolio of properties. These expenditures include building improvement projects, as well as amounts for tenant improvements and leasing commissions related to re-leasing, which are subject to change as market and tenant conditions dictate.

Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

Results of Operations

The following table presents a comparison of the Predecessor s combined historical statements of operations for the six months ended June 30, 2012 and 2011, respectively.

	For the Six Months Ended June 30, 2012 (unaudited)	2011 (unaudited)	Period Over Period Changes $	%
REVENUE:				
Minimum rent	$ 796,791	$ 706,493	$ 90,298	12.78%
Percentage of sales rent				0.00%
Tenant reimbursements	210,349	166,679	43,669	26.20%
Other income	8,518	4,616	3,902	84.52%
Total Revenue	1,015,658	877,789	137,869	15.71%
OPERATING EXPENSES:				
Property operating	134,580	146,887	(12,307)	-8.38%
Depreciation and amortization	371,519	370,199	1,319	0.36%
Real estate taxes	53,492	49,976	3,516	7.03%
Repairs and maintenance	26,750	22,304	4,446	19.93%
Advertising and promotion	2,813	21,770	(18,957)	-87.08%
Corporate general & administrative	412,738		412,738	N/A
Other	17,702	15,213	2,489	16.36%
Total Operating Expenses	1,019,594	626,350	393,243	62.78%
Operating Income	(3,936)	251,438	(255,374)	-101.57%

Interest expense	(395,447)	(406,618)	11,172	-2.75%
Net Loss	$ (399,383)	$ (155,180)	$ (244,202)	157.37%

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Revenues

Total revenues for the six months ended June 30, 2012 increased 15.71% to $1.02 million, compared to $877,789 for the six months ended June 30, 2011. Improvements in base rents, primarily at The Shoppes at Eagle Harbor and Walnut Hill Plaza, accounted for the majority of the increase, while higher tenant reimbursements also contributed to the increase.

Base rents at The Shoppes at Eagle Harbor increased approximately $83,000, primarily due to the property being 100% leased for the entire 2012 six month period compared to being 100% leased for only three months during the 2011 comparable period. Additionally, we benefited from a significant rent increase related to the expansion and subsequent stabilization of a large tenant. Base rents at Walnut Hill Plaza increased approximately $16,000 for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011, primarily due to contractual rent adjustments.

Tenant reimbursements increased $43,669, or 26.20%, during the six months ended June 30, 2012 as compared to the June 2011 six month period, primarily due to an increase of approximately $13,000 in the prior year CAM, tax and insurance reconciliation adjustments and an increase of approximately $30,000 in regular monthly reimbursement charges for 2012 versus 2011.

Operating Expenses

Total operating expenses for the six months ended June 30, 2012 increased 62.78% to $1.02 million, compared to $626,350 for the six months ended June 30, 2011. Corporate general and administrative expenses of $412,738 associated with our formation transactions accounted for the majority of the increase. The corporate general and administrative expenses primarily consist of expenses incurred for our formation, ongoing operations and preparation for the offering, including personnel and other required internal and external resources.

Advertising and promotion expenses decreased $18,957 during the six months ended June 30, 2012 as compared to the June 2011 six month period. June 2011 advertising and promotion expenses were impacted by additional marketing efforts relating to attracting new tenants and maximizing returns for existing tenants, along with annual membership charges associated with an outside industry group of which we are a member.

Operating Income

The $137,869 increase in revenues offset by the $393,243 increase in operating expenses that are discussed above in detail resulted in total operating income decreasing 101.57% to a net operating loss of $3,936 for the six months ended June 30, 2012, compared to net operating income of $251,438 during the June 2011 six month period.

Other Expense

Interest expense was $395,447 for the six months ended June 30, 2012, compared to $406,618 for the six months ended June 30, 2011, primarily resulting from declining principal balances on the outstanding debt.

Funds from Operations

Below is a comparison of FFO, which is a non-GAAP measurement, for the six months ended June 30, 2012 and 2011:

	For the Six Months Ended June 30,		Period Over Period Changes	
	2012	2011	$	%
	(unaudited)			
Net loss	$ (399,383)	$ (155,180)	$ (244,203)	157.37%
Depreciation of real estate assets	371,519	370,199	1,320	0.36%
Total FFO	$ (27,864)	$ 215,019	$ (242,883)	(112.96)%

During the six months ended June 30, 2012, FFO decreased $242,883 as compared to the June 2011 six month period. The primary factors impacting FFO included the $412,738 of corporate general and administrative expenses which were partially offset by the $90,298 increase in base rents, the $43,669 increase in tenant reimbursements and the $18,957 decrease in advertising and promotion expense.

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Liquidity and Capital Resources

At June 30, 2012, our combined cash and cash equivalents totaled $132,933 compared to combined cash and cash equivalents of $104,007 at December 31, 2011. Cash flows from operating activities, investing activities and financing activities for the six months ended June 30, 2012 and 2011 are as follows:

	Six Months Ended June 30,		Period Over Period Change	
	2012	2011	$	%
	(unaudited)			
Operating activities	$ (35,866)	$ 212,287	$ (248,153)	(116.89)%
Investing activities	$ (23,690)	$ (12,979)	$ (10,711)	82.53%
Financing activities	$ 88,482	$ (244,701)	$ 333,183	(136.16)%

Operating Activities

During the six months ended June 30, 2012, our cash flows used in operating activities were $35,866, compared to cash flows from operating activities of $212,287 during the June 2011 six month period. Operating cash flows were primarily impacted by the $244,203 decrease in net income due to the factors discussed in the Results of Operations section above, specifically the $412,738 of expense associated with the formation transactions, and normal fluctuations in operations.

Investing Activities

During the six months ended June 30, 2012, our cash flows used in investing activities were $23,690, compared to cash flows used in investing activities of $12,979 during the June 2011 six month period. These amounts represent capital expenditures at the properties that routinely fluctuate from period to period.

Financing Activities

During the six months ended June 30, 2012, our cash flows from financing activities were $88,482, compared to $244,701 of cash flows used in financing activities during the June 2011 six month period. During the June 2012 period, we used $121,551 of cash flow towards offering expenses which was offset by the $494,000 of proceeds from the sale of preferred stock to cover expenses related to our formation and the offering. Also impacting cash flows from financing activities were distributions to members of $126,084 and $125,462 during the six months ended June 30, 2012 and 2011, respectively.

Mortgage indebtedness activity during the six months ended June 30, 2012 and 2011 included principal payments of $121,037 and $97,251, respectively.

We intend to continue managing our debt prudently so as to maintain a conservative capital structure and minimize leverage within our company. As of June 30, 2012 and 2011, our unaudited debt balances consisted of the following:

	June 30,	
	2012	2011
	(unaudited)	
Fixed-rate mortgages	$ 12,015,046	$ 12,253,326

The decrease in total mortgage indebtedness at June 30, 2012 is primarily due to principal payments of approximately $238,000 being made since June 2011. The weighted average interest rate and term of our fixed-rate debt are 6.47% and 0.8 years, respectively, at June 30, 2012. We have $4.16 million of debt maturing during the 12 months ending June 30, 2013, comprised primarily of a $2.04 million fixed-rate loan on the Monarch Bank Building property which matures in December 2012 and a $2.12 million fixed-rate loan on the Riversedge Office Building that matures in April 2013. Additionally, a $3.97 million fixed-rate loan on The Shoppes at Eagle Harbor matured in April 2012 and has been extended until the refinancing process and the formation and offering transactions contemplated in this prospectus are completed. All indications so far lead us to believe that we will be able to renew the loan at comparable terms. While we anticipate being able to refinance all the loans at reasonable market terms upon maturity, our inability to do so may require us to repay the $8.13 million out of existing funds, most likely using proceeds from this offering. Additionally, our ability to refinance the loans may be conditioned upon us making principal curtailments which would also likely come from the offering net proceeds. See the financial statements included elsewhere in this prospectus for additional mortgage indebtedness details.

In conjunction with executing the formation transactions, except for North Pointe Investors, LLC in which the loan will be paid off, we are required under the Due Upon Sale clause included in each of our notes payable to obtain consents from the noteholders allowing the transfer of the membership interest of the borrowing entities. To date, we have received informal consents from all seven lenders.

Future Liquidity Needs

With the exception of the current owners of The Shoppes at Eagle Harbor property, the Prior Investors will enter into contribution agreements with our Operating Partnership, pursuant to which they will contribute their interests in the Ownership Entities to our Operating Partnership substantially concurrently with the completion of this offering. In exchange for contributing their interests in the Ownership Entities, the Prior Investors will receive an aggregate of $4.18 million and 1,734,064 common units.

Upon completion of the formation and offering transactions, we will have $14.1 million of debt maturing during the 12 months ending June 30, 2013, comprised primarily of the $3.97 million fixed-rate loan on The Shoppes at Eagle Harbor property which matured in April 2012, the $2.04 million fixed-rate loan on the Monarch Bank Building property which matures in December 2012, the $2.12 million fixed-rate loan on the Riversedge Office Building that matures in April 2013 and a $5.98 million fixed-rate loan on the Shoppes at TJ Maxx property (PSF Entities property being acquired as part of the formation transactions) which matures in September 2012. While we anticipate being able to refinance all the loans at reasonable market terms upon maturity, our inability to do so may require us to repay the $12.1 million out of existing funds, most likely using proceeds from this offering. Additionally, our ability to refinance the loans may be conditioned upon us making principal curtailments which would also likely come from the offering net proceeds.

The $14.1 million in debt maturities, ongoing debt service and the $0.42 per share targeted initial dividend we intend to pay for the 12-month period following completion of this offering represent the most significant factors outside of normal operating activities impacting cash flow over the next twelve months. Our success in refinancing the debt and executing on the acquisition strategy discussed below will dictate how we use the offering proceeds. If a significant portion of the proceeds must be used to fund distributions and debt maturities, 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.

As illustrated in the Distribution Policy section of this prospectus, we may experience up to a $2.02 million cash flow deficit based on the $83,093 estimated cash available for distribution and $2.11 million in estimated distributions assuming our targeted initial dividend rate of $0.42 per share. We believe significant opportunities exist in the current commercial real estate environment that will enable us to sufficiently leverage the funds received in the offering to fund planned distributions. Several factors are contributing to an increased supply in available properties for acquisition, including a significant level of maturities of CMBS debt (estimated total maturities of approximately $1.8 trillion over the next five years), 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 downtown experienced over the past four 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 Wheeler properties 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 twelve months following the offering, consisting primarily of a blend of traditional acquisitions using equity capital provided by this offering 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 sufficient to fund current and future dividends 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. Since 1999, Jon S. Wheeler and his affiliates have acquired in excess of 60 properties. We believe our experience and success in acquiring and managing these properties will enable us to execute on our strategies for investing the offering proceeds.

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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 eight properties that cannot be passed on to our tenants. In the past, the majority of these expenditures occurred subsequent to acquiring a new property that required significant improvements to maximize occupancy and lease rates, with an existing property that needed a facelift to improve its marketability or when tenant improvements were required to make a space fit a particular tenant s needs. These expenditures were especially high during the past three years due to the acquisition of Walnut Hill and the development of the Shoppes at Eagle Harbor. However, since the work related to these properties is complete, our adjusted historical average expenditures resulted in approximately $155,099 of projected capital expenditures for the eight properties during the next twelve months. Based on actual expenditures of approximately $24,000 for the combined Ownership Entities through the first six months of 2012 and normal historical amounts, we believe the expenditure levels will be significantly lower over the next twelve months than the $155,099 used in the projections.

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Results of Operations

The following table presents a comparison of the Predecessor s combined historical statements of operations for the years ended December 31, 2011 and 2010, respectively.

	For the Years Ended December 31,		Period Over Period Changes	
			$	%
	2011	2010		
REVENUE:				
Minimum rent	$ 1,458,083	$ 1,510,014	$ (51,931)	-3.44%
Percentage of sales rent	6,525	10,255	(3,730)	-36.37%
Tenant reimbursements	329,452	325,909	3,543	1.09%
Other income	131,217	7,872	123,345	1566.82%
Total Revenue	1,925,277	1,854,050	71,227	3.84%
OPERATING EXPENSES:				
Property operating	352,508	301,076	51,432	17.08%
Depreciation and amortization	744,931	732,852	12,079	1.65%
Real estate taxes	104,555	95,356	9,199	9.65%
Repairs and maintenance	63,253	124,864	(61,611)	-49.34%
Advertising and promotion	27,580	9,606	17,974	187.11%
Provision for credit losses	20,000	9,632	10,368	107.64%
Corporate general & administrative	321,178		321,178	N/A
Other	39,902	38,148	1,754	4.60%
Total Operating Expenses	1,673,907	1,311,534	362,373	27.63%
Operating Income	251,370	542,516	(291,146)	-53.67%
Interest expense	(805,969)	(800,678)	(5,291)	0.66%
Net Loss	$ (554,599)	$ (258,162)	(296,437)	114.83%

Revenues

Total revenues for the year ended December 31, 2011 increased 3.84% to $1.93 million, compared to $1.85 million for the year ended December 31, 2010. Revenues were impacted by increases in other income and the negative impact of straight-line rent adjustments discussed below. Improved performance at The Shoppes at Eagle Harbor continues to positively impact revenues due to the center reaching 100% occupancy.

Straight-line rent adjustments reduced minimum rent revenues by $63,500 during the year ended December 31, 2011, primarily at The Shoppes at Eagle Harbor. This compares to a $22,700 decrease in revenues during the December 2010 annual period due to the straight-line rent adjustments, resulting in a total period to period negative fluctuation of $40,800. The 2011 adjustments primarily resulted from lease modifications and some vacancies occurring prior to the end of contractual lease periods due to financial difficulties experienced by several of our tenants. The straight-line rent adjustments at The Shoppes at Eagle Harbor primarily resulted from lease amendments for one large tenant related to CAM provisions, tenant improvement allowances and lease term adjustments to accommodate them leasing additional space and making other improvements to their existing space.

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We believe the impact of straight-line rent adjustments will lessen going forward as economic conditions improve, resulting in the stabilization of vacancies and financial performance at our properties.

Tenant reimbursements were flat for the year ended December 31, 2011 as compared to the December 2010 annual period. Improvements in 2011 amounts over those recorded in 2010 were mostly offset by a decline in tenant reimbursements during 2011 for reconciliation adjustments to 2010 tenant reimbursements when compared to the same adjustments recorded in 2010 for the 2009 period. The level of tenant reimbursement estimates recorded throughout the year, changes in tenants and lease term modifications represent the primary factors impacting the amount of these adjustments during the periods presented.

The $123,345 increase in other income during the year ended December 31, 2011 as compared to the December 2010 annual period included a settlement of approximately $82,300 with a tenant at Walnut Hill Plaza related to past due 2011 rents and reimbursements. The tenant still occupies space at the center and is making the agreed upon monthly payments toward the settlement in addition to normal rent payments. Due to our history with the tenant, we believe a certain level of collectability risk may exist with this receivable; accordingly, we recorded a $20,000 provision for doubtful accounts against this receivable during the year ended December 31, 2011. Additional factors impacting other income include $15,000 reimbursement from an adjacent property owner for sewer and parking lot repairs, and increases due to insurance reimbursements, other tenant settlements and late fees.

Operating Expenses

Total operating expenses for the year ended December 31, 2011 increased 27.63% to $1.67 million, compared to $1.31 million for the year ended December 31, 2010. Corporate general and administrative expenses of $321,178 associated with our formation transactions and $28,500 of additional property operating expenses related to professional fees accounted for a portion of the increase. The corporate general and administrative expenses primarily consist of expenses incurred for our formation, ongoing operations and preparation for the offering, including personnel and other required internal and external resources. The increase in professional fees consisted of a $38,600 increase in accounting fees, primarily due to the external audits performed in conjunction with our formation and preparation for this offering, offset by a decline in other professional fees.

Increases of $17,974, $12,079 and $10,368 in advertising and promotion, depreciation and amortization and the provision for doubtful accounts, offset by a $61,611 decline in repairs and maintenance expense, also impacted total operating expenses during the December 2011 annual period. Advertising and promotion expenses increased due additional marketing efforts surrounding attracting new tenants, helping existing tenants maximize their potential in our centers and annual membership charges related to an outside industry group of which we are a member. We manage our advertising and promotion expense based on what we perceive to be the best use of our marketing dollars; therefore, these expenses will fluctuate from period to period. The increase in depreciation and amortization expense primarily occurred at Walnut Hill Plaza due to the significant capital improvements incurred at that property during the prior three years. The increase in the provision for doubtful accounts primarily consisted of $20,000 related to the $82,300 settlement at Walnut Hill Plaza discussed in the Revenues section above. Walnut Hill Plaza accounted for $55,800 of the decrease in repairs and maintenance expense during the period, primarily due to significant parking lot repairs that occurred during 2010.

Operating Income

Total operating income decreased 53.67% to $251,370 for the year ended December 31, 2011, compared to $542,516 during the December 2010 annual period. Factors impacting operating income were the $71,277 increase in revenues offset by the $362,373 increase in operating expenses; both categories were impacted by the factors discussed above. The Walnut Hill Plaza other income, the straight-line rent adjustments at The Shoppes at Eagle Harbor and the vacancies affected revenues, while increased costs associated with our formation, preparing for the offering and ongoing operations, along with increases in professional fees, advertising and promotion and uncollectible receivables and decreased repairs and maintenance expenses impacted total expenses.

We believe the increase in the provision for doubtful accounts incurred in recent years directly relates to poor economic conditions and other non-recurring matters and that our ability to collect on receivables will improve as the economy recovers.

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Other Expense

Interest expense was $805,969 for the year ended December 31, 2011, compared to $800,678 for the year ended December 31, 2010. The positive impact of declining principal balances on the debt was offset by increased debt service at The Shoppes at Eagle Harbor due completion of the construction project during 2010.

Funds from Operations

Below is a comparison of FFO for the years ended December 31, 2011 and 2010:

	Years Ended December 31,		Period Over Period Changes	
	2011	2010	$	%
Net income (loss)	$ (554,599)	$ (258,162)	$ (296,437)	114.83%
Depreciation of real estate assets	744,931	732,852	12,079	1.65%
Total FFO	$ 190,332	$ 474,690	$ (284,358)	-59.90%

During the year ended December 31, 2011, FFO, which is a non-GAAP measurement, decreased $284,358 as compared to the December 2010 annual period. The primary factors causing the decrease, discussed in detail above, included: (1) the $321,178 of corporate general and administrative expenses; (2) the $40,800 negative impact of straight-line rent adjustments; (3) the $17,974 increase in advertising and promotion costs; and (4) the $10,368 increase in the provision for doubtful accounts. FFO benefited from the $123,345 increase in other income and the $61,611 decrease in repairs and maintenance expense, both occurring primarily at Walnut Hill Plaza. Additionally, Walnut Hill Plaza experienced improved performance as a result of us fully implementing our management and leasing strategies at the property and scheduled rent escalations taking effect. In one case at Walnut Hill Plaza, a tenant that occupies 14,812 square feet was paying rent of $2.25 per square foot with two renewal options in place when we bought the center. On March 1, 2011, they exercised the first option which increased their rent to $6.60 per square foot, resulting in additional annual revenue of $64,432. Under previous ownership, such a tenant may not have renewed its lease without a rent reduction; however, showing our commitment to the property and the tenants through our investments in property improvements and our hands-on management and leasing approach enhance the center s appeal to both tenants and customers.

Liquidity and Capital Resources

Cash flows from operating activities, investing activities and financing activities for the years ended December 31, 2011 and 2010 are as follows:

	Years Ended December 31,		Period Over Period Change	
	2011	2010	$	%
Operating activities	$ 349,712	$ 419,522	$ (69,809)	(16.64)%
Investing activities	$ (33,346)	$ (46,760)	$ 13,413	(28.69)%
Financing activities	$ (411,996)	$ (419,318)	$ 7,322	(1.75)%

Operating Activities

During the year ended December 31, 2011, we had cash flows from operating activities of $349,712, a 19.96% decrease over cash flows from operating activities of $419,522 during the December 2010 annual period. The most significant impact on operating cash flows was due to approximately $321,000 of net cash used for corporate general and administrative expenses related expenses incurred for our formation, ongoing operations and preparation for the offering, including personnel and other required internal and external resources. Increases in operating cash flow at Walnut Hill during the December 2011 annual period partially offset the impact of the corporate general and administrative expenses as compared to the December 2010 annual period. We benefited from improved operations at Walnut Hill as a result of management efforts and lease renewals since we acquired that

property. Nominal fluctuations in operating cash flows at the other properties and the timing of payments associated with the operating expenses accounted for the remaining increase in cash flows from operating activities.

Investing Activities

During the year ended December 31, 2011, our cash flows used in investing activities were $33,346, compared to cash flows used in investing activities of $46,760 during the December 2010 annual period. Capital expenditures for construction, renovations and major repair projects at The Shoppes at Eagle Harbor and Walnut Hill Plaza accounted for all investing activities during the 2011 and 2010 periods. The 2011 decrease resulted from fewer capital projects occurring during 2011 since the majority of these projects occurred during 2010 and prior periods.

Financing Activities

During the year ended December 31, 2011, our cash flows used in financing activities were $411,996, representing a 1.78% decrease over the $419,318 of cash flows used in financing activities during the December 2010 annual period. During the December 2011 period, we used approximately $239,515 of cash flow towards offering expenses which was offset by the $505,000 of proceeds from the sale of preferred stock to cover expenses related to our formation and the offering. Also impacting cash flows from financing activities were distributions to members of $281,395 and $321,043 during the years ended December 31, 2011 and 2010, respectively.

Mortgage indebtedness activity during the years ended December 31, 2011 and 2010 included principal payments of $214,494 and $382,544, respectively, and indebtedness proceeds of $0 and $68,401, respectively. The higher debt service levels during 2010 primarily resulted from a $250,000 one-time principal curtailment made on The Shoppes at Eagle Harbor construction loan as required by the lender in conjunction with converting the loan to permanent financing; the lender required this payment due to cap rate changes and other factors occurring subsequent to their original underwriting of the construction loan as a result of declining economic conditions. The Shoppes at Eagle Harbor received the $250,000 from a related party which, along with other related party activity, is reflected in the statements of cash flows under net proceeds from related parties during the period. The $68,401 in mortgage proceeds received during the December 2010 annual period related to the construction loan used to finance the Walnut Hill shopping center renovations.

The Shoppes at Eagle Harbor s $250,000 principal curtailment requirement was unique to this particular loan in that we were converting from a construction loan to a permanent loan during one of the worse economical environments on record. The terms of the construction loan were agreed to before the real estate market collapse which significantly impacted cap rates, bank credit philosophies, financing availability and the overall commercial real estate market. Historically, principal curtailment requirements by lenders have been rare and when it has occurred, the amount was generally insignificant when compared to the total loan amount. Events that may trigger a principal curtailment include extending, renewing or refinancing loans, releasing collateral, significant changes to loan terms, loan assumptions and loan defaults. The loan agreements for our properties do not contain provisions that specify a principal curtailment amount due when certain events occur; however, any future events triggering such a requirement would affect cash flows.

As of December 31, 2011 and 2010, our debt balances consisted of the following:

	December 31,	
	2011	**2010**
Fixed-rate mortgages	$ 12,136,083	$ 11,970,402
Variable-rate mortgages		380,175
Total	$ 12,136,083	$ 12,350,577

The decrease in total mortgage indebtedness at December 31, 2011 is primarily due to $214,494 in principal payments being made since December 2010. Additionally, during the December 2011 annual period we refinanced the variable rate mortgage into a fixed rate product. The weighted average interest rate and term of our fixed-rate debt were 6.47% and 1.22 years, respectively, at December 31, 2011. We have $6.1 million of debt maturing during the 12 months ending December 31, 2012, comprised primarily of a $4.02 million fixed-rate loan on The Shoppes at Eagle Harbor property which matured in April 2012 and has been extended until completion of the formation transaction and a $2.04 million fixed-rate loan on the Monarch Bank Building property which matures in December 2012. While we anticipate being able to refinance all the loans at reasonable market terms upon maturity, our inability to do so may require us to repay the $6.1 million out of existing funds, most likely using proceeds from this offering. Additionally, our ability to refinance the loans may be conditioned upon us making principal curtailments which would also likely come from the offering net proceeds. See the financial statements included elsewhere in this prospectus for additional mortgage indebtedness details.

Off-Balance Sheet Arrangements

As of June 30, 2012, we were not involved in any 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.

New Accounting Pronouncements

The FASB and the IASB have initiated a joint project to develop a new approach to lease accounting that would ensure that assets and liabilities arising under leases are recognized in the statement of financial position. This proposed amendment to Topic 840 of the FASB Accounting Standards Codification would require a lessor to apply either a performance obligation approach or a derecognition approach to account for the assets and liabilities arising from a lease, depending on whether the lessor retains exposure to significant risks or benefits associated with the underlying asset during or after the expected term of the lease. We have not yet determined the effect of this

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proposed accounting proposal to the balance sheet.

In October 2011, the FASB issued a proposed accounting standards update to Real Estate Investment Property Entities (Topic 973). The amendments of this proposed update would provide accounting guidance for entities that meet the criteria to be an investment property entity. The amendment would also introduce additional presentation and disclosure requirements. Investment properties acquired by an investment property entity would initially be measured at transaction price, including related transaction costs, and subsequently measured at fair value with all changes in fair value recognized in net income. In connection with this, a lessor of an investment property would not be required to apply the above mentioned proposed lessor accounting requirements for leases if the lessor measures its investment properties at fair value but would account for lease rental income on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. We have not yet determined the impact of this proposed standard to the balance sheet.

In January 2012, the FASB issued a ASU update to Topic 350, *Intangibles Goodwill and Other; Testing Goodwill for Impairment.* This amendment would give us the option to first assess qualitative factors to determine whether the existence of an event or circumstance indicates that it is more likely than not that indefinite lived intangible assets are impaired before having to determine the fair value using the current quantitative approach. This ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We will adopt this ASU during fiscal 2012. We evaluate goodwill for impairment annually in conjunction with our year end closing procedures unless factors arise that would create the need to perform an evaluation during interim periods. For the six months ended June 30, 2012 there were no factors that indicated any impairment. Accordingly, we will apply the concepts of this ASU during our next evaluation of goodwill.

PRIOR PERFORMANCE SUMMARY

The information presented in this section represents information on prior programs organized by our sponsor, Jon S. Wheeler, and his affiliates to invest in real estate. Prospective investors should not assume they will experience returns comparable to those experienced by investors in past real estate programs sponsored by affiliates of our sponsor. The programs discussed in this section were conducted through privately held entities that were not subject to the up-front commissions, fees and expenses associated with this offering or the laws and regulations that will apply to us as a public company.

The information contained herein is included solely to provide prospective investors with background to be used to evaluate the real estate experience of our sponsor and his affiliates. The information summarized below is set forth in greater detail in the Prior Performance Tables included in this prospectus. Investors should direct their attention to the Prior Performance Tables for further information regarding the prior performance of the sponsor and his affiliates. In addition, as part of our registration statement, we have filed certain tables with the SEC which report detailed information regarding program property acquisitions by prior programs. Investors can obtain copies of such tables, without charge, by requesting Table VI Acquisition of Properties by Programs from Part II of this registration statement from us.

THE INFORMATION IN THIS SECTION AND THE TABLES REFERENCED HEREIN SHOULD NOT BE CONSIDERED AS INDICATIVE OF HOW WE WILL PERFORM. THIS DISCUSSION REFERS TO THE PERFORMANCE OF PRIOR PROGRAMS AND PROPERTIES SPONSORED BY OUR SPONSOR OR HIS AFFILIATES OVER THE PERIODS LISTED THEREIN. IN ADDITION, THE TABLES INCLUDED WITH THIS PROSPECTUS (WHICH REFLECT RESULTS OVER THE PERIODS SPECIFIED IN EACH TABLE) DO NOT MEAN THAT WE WILL MAKE INVESTMENTS COMPARABLE TO THOSE REFLECTED IN SUCH TABLES.

Prior Performance of Affiliates of Our Sponsor

Over the past 12 years, our sponsor completed the purchase of 47 properties through private real estate programs with over 1,200 individual investors. These properties are primarily located in the Southeast (79.17%) with locations in other regions as follows: Southwest (12.50%); Mid-Atlantic (6.25%); and Northeast (2.08%). With investors cash totaling $74,047,729 used toward the purchases, the aggregate dollar amount for the purchase of these properties is $274,328,102. Based on this total purchase price, such programs are 95.83% shopping centers, 1.99% office buildings and 2.18% other commercial properties, including self-storage and warehouse. Existing properties (Used) are the vast majority, consisting of 96.1% of the aggregate purchase price spent on this type of property. New construction comprises the remaining 3.9%. Of the 47 properties, 13 have been sold. All such programs have investment objectives similar to those of Wheeler Real Estate Investment Trust, Inc.

In the last three years, programs sponsored by our sponsor acquired a total of six properties. Three of such properties are located in Oklahoma and one property is located in each of Virginia, Georgia and Florida. Such properties were all financed through a combination of cash raises through the sale of LLC membership interests and mortgage financing.

Adverse Business Developments and Conditions

In three separate cases, adverse business developments could have been detrimental to the program, but through the steadfast efforts of the sponsor, these adverse conditions resulted in positive outcomes. Specifically, the anchor tenant at North Pointe Crossing (Tampa, FL) went dark within months of the closing, even though there was no indication of such an action during the due diligence process. After several months of marketing the property and negotiations with the resulting junior anchors, the center was re-merchandised providing greater cross-shopping which resulted in the creation of additional value to the center through new leases and increased rents. When the situation was repeated at Goldenrod Plaza, (Orlando, FL) the previous experience in dealing with a dark tenant was invaluable and once again resulted in increased value to the investors. Most recently, the CMBS loan for Northeast Plaza (Lumberton, NC) had matured and, due to economic conditions, could not be renewed without the injection of considerable additional capital. The relationship of the sponsor with the lender allowed the negotiation of a new loan rather than the foreclosure of the property. After 15 months of negotiations, new capital was raised from existing investors and new investors, thus saving the property from foreclosure and preventing the loss of equity by the investors.

In two cases, Brandy Hill Plaza (Richmond, VA) and Goldenrod Plaza (Orlando, FL), centers were turned back over to their lenders under Deed-in-Lieu of Foreclosure agreements. In both cases, the loans matured and would have required a significant amount of additional capital from investors in order to refinance. The members of the limited liability companies owning such properties were not willing to make such an additional investment, nor did the operating agreements of such LLCs allow for such a capital call.

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INDUSTRY BACKGROUND AND MARKET OPPORTUNITY

The retail shopping center industry is one of the largest industries in the United States. The retail shopping center industry had annual revenue of approximately $2.29 trillion in 2010, a year over year percentage increase of 3.5% from 2009, according to the International Council of Shopping Centers (the ICSC). In order to support such strong demand, the shopping center space market has grown to 7.3 billion square feet of GLA in 2011 from 2.1 billion square feet in 1970, and there are currently over 107,823 shopping centers in the United States according to the latest data provided by the ICSC and CoStar Realty.

The ICSC has defined ten principal shopping center types that include: (1) neighborhood; (2) community; (3) regional; (4) superregional; (5) lifestyle; (6) power; (7) theme/festival; (8) outlets; (9) airport retail; and (10) convenience/strip centers. According to ICSC, the centers are distinguished primarily by their merchandise orientation (i.e., the type of goods and services sold) and the size of the center. Other characteristics include the number and type of anchor tenants and the anchor ratio (i.e., the share of a center s total square footage that is attributable to its anchors) and the primary trade area (i.e., the area from which 60% to 80% of the center s sales originate). Regional and superregional centers, or enclosed malls, comprise approximately 17% of the total shopping center market, while the eight other types of centers make up the remaining 83% on a square footage basis.

We will focus on owning and managing income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. We believe that these property types are the most stable assets within the retail sector. Consumer spending on goods offered by such retailers does not experience significant fluctuations. As of July 2011, convenience/strip centers, neighborhood and community shopping centers made up approximately 11.4%, 31.3% and 25.0% of the open-air shopping center space market based on a square footage basis.

Our Markets

We will primarily target markets in the Mid-Atlantic, Southeast and Southwest that exhibit attractive economic fundamentals and have favorable long-term supply-demand characteristics. Specifically, five of the eight properties in our portfolio are currently located in Virginia, one is located in Florida, one is located in North Carolina and one is located in Oklahoma.

As shown in the 2010 U.S. Census population change map below, the center of gravity of the U.S. population continues to shift toward the southwest and southeast, continuing a decade long shift of the U.S. population toward these areas. The Southwest and Southeast comprise two of our markets and we believe that our

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network of relationships in the retail industry in these geographic areas position us to take advantage of the on-going population shift toward the Southwest and Southeast.

Market Opportunity

Shopping center GLA grew by only 0.25% in 2010 and growth in 2011 continues to be sluggish to date as well. The slow growth in U.S. shopping-center space reflects lagging adjustments resulting from the severe business cycle downturn between 2007 and 2009. However, one effect of such slowed growth has been to bolster the shopping center industry s fundamentals relative to other property classes. For instance, the shopping center vacancy rate in the first quarter of 2011 was 10.9%, considerably lower than that of 15.2% for office properties. We believe that the retail and shopping center industries are poised for a period of growth as the U.S. economy recovers from a period of global economic decline. Additionally, we believe that our company is positioned to take advantage of this coming period of growth.

Retail property values appear to be at their cyclical lows and we believe the ensuing rebound may be similar to those of past economic downturns, which are illustrated in the chart below. Retail sales recorded average year-over-year growth rates of 6.4%, 6.4% and 5.1% during the three years following the recessions of 1982, 1990 and 2001, respectively; however, there is no guarantee that comparable growth rates will occur in the future. We believe that the recent lack of construction combined with the anticipated economic recovery will yield an environment of increasing rents and therefore increasing operating cash flows and property values. The chart below shows retail sales growth following recent recessions.

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Over the longer-term, population growth will continue to support commercial real estate, including retail properties. According to the U.S. Census, annual population growth will remain near historical averages at approximately 1%. Moreover, the number of 25- to 44-year-old consumers, one of the primary drivers of household formation, is expected to grow from 83 million in 2010 to approximately 90 million by 2020. We believe that new household formation is a primary demand driver for consumer goods that are sold at our target assets.

Our management team has had a high degree of success in identifying and capitalizing on opportunities that arise during times of economic weakness and the expansion periods that follow. Accordingly, we believe that in the short to intermediate term we will be able to capitalize on opportunities to purchase properties that meet our investment criteria. We will seek properties in potentially dominant locations in secondary and tertiary markets whose vacancies stem from recent retail dislocations or mismanagement rather than weak property fundamentals.

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BUSINESS AND PROPERTIES

Overview

We are a Maryland corporation formed with the principal objective of acquiring, financing, developing, leasing, owning and managing income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties. 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. We will 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.

Upon the completion of this offering and our formation transactions, we expect to own an initial portfolio consisting of five retail shopping centers, two free-standing retail properties, and one office property, totaling 348,490 square feet of GLA, which were approximately 90% leased as of June 30, 2012.

We believe the current market environment will create a substantial number of favorable investment opportunities with attractive yields on investment and significant upside potential. We believe the markets we plan to pursue of the Mid-Atlantic, Southeast and Southwest are characterized by strong demographics and dynamic, diversified economies that will continue to generate jobs and future demand for commercial real estate. We anticipate that the depth and breadth of our real estate experience will allow us to capitalize on revenue-enhancing opportunities in our portfolio and source and execute new acquisition and development opportunities in our markets, while maintaining stable cash flows throughout various business and economic cycles.

Jon S. Wheeler, our Chairman and President, has 30 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. We have an integrated team of professionals with experience across all stages of the real estate investment cycle.

We were organized as a Maryland corporation on June 23, 2011 and intend to elect to be taxed as a REIT beginning with our taxable year ending December 31, 2012. We will conduct substantially all of our business through our Operating Partnership. We are structured as an UPREIT, which means that we will own most of our properties through our Operating Partnership and its subsidiaries. We are the sole general partner of our Operating Partnership. As an UPREIT, we may be able to acquire properties on more attractive terms from sellers who can defer tax obligations by contributing properties to our Operating Partnership in exchange for Operating Partnership units, which will be redeemable for cash or exchangeable for shares of our common stock at our election. Our headquarters is located at Riversedge North, 2529 Virginia Beach Boulevard, Suite 200, Virginia Beach, Virginia 23452. Our telephone number is (757) 627-9088. We have reserved www.WHLR.us as our Internet address. Our Internet website and the information contained therein or connected thereto does not constitute a part of this prospectus or any amendment or supplement hereto.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from other owners and operators of commercial real estate and will enable us to take advantage of new acquisition and development opportunities, as well as growth opportunities within our portfolio:

- ***Cornerstone Portfolio of Retail Properties.*** We believe we have acquired and developed a portfolio of properties located in business centers in Virginia, North Carolina, Florida and Oklahoma. We believe many of our properties currently achieve rental and occupancy rates equal to or above those typically prevailing in their respective markets due to their desirable and competitively advantageous locations within their submarkets, as well as our hands-on management approach. The retail properties comprising our initial portfolio fit within our property acquisition profile of income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail properties.

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These properties are located in local markets that exhibit stable demographics and have historically exhibited favorable trends, such as strong population and income growth. These properties represent the initial base of the larger portfolio that we expect to build over time.

Experienced Management Team. Our executive officers and the members of the management teams of our Services Companies have significant experience in all aspects of the commercial real estate industry, specifically in our markets. They have overseen the acquisition or development and operation of more than 60 shopping centers, representing over 4 million rentable square feet of retail property, including all of the properties in our portfolio. Mr. Wheeler and the real estate professionals employed by our Services Companies have in-depth knowledge of our assets, markets and future growth opportunities, as well as substantial expertise in all aspects of leasing, asset and property management, marketing, acquisitions, redevelopment and facility engineering and financing, all of which we believe will provide us with a significant competitive advantage.

Access to a Pipeline of Acquisition and Leasing Opportunities. We believe that market knowledge and network of relationships with real estate owners, developers, brokers, national and regional lenders and other market participants will provide us access to an ongoing pipeline of attractive acquisition and investment opportunities in and near our markets. In addition, we have a network of relationships with numerous national and regional tenants in our markets, many of whom currently are tenants in our retail buildings, which we expect will enhance our ability to retain and attract high quality tenants, facilitate our leasing efforts and provide us with opportunities to increase occupancy rates at our properties, thereby allowing us to maximize cash flows from our properties. We have successfully converted many of our strong relationships with our retail tenants into leasing opportunities at our properties.

Broad Real Estate Expertise with Retail Focus. Our management team has experience and capabilities across the real estate sector with experience and expertise particularly in the retail asset class, which we believe provides for flexibility in pursuing attractive acquisition, development, and repositioning opportunities. Since varying market conditions create opportunities at different times across property types, 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.

Business and Growth Strategies

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. Specifically, we intend to pursue the following strategies to achieve these objectives:

Maximize value through proactive asset management. We believe our market expertise, targeted leasing strategies and proactive approach to asset management will enable us to maximize the operating performance of our portfolio. We will continue to implement an active asset management program to increase the long-term value of each of our properties. This may include expanding existing tenants, re-entitling site plans to allow for additional outparcels, which are small tracts of land used for freestanding development not attached to the main buildings, and repositioning tenant mixes to maximize traffic, tenant sales and percentage rents. As we grow our portfolio, we will seek to maintain a diverse pool of assets with respect to both geographic distribution and tenant mix, helping to minimize our portfolio risk. We will utilize our experience and market knowledge to effectively allocate capital to implement our investment strategy. We continually monitor our markets for opportunities to selectively dispose of properties where returns appear to have been maximized and redeploy proceeds into new acquisitions that have greater return prospects.

Pursue value oriented investment strategy targeting properties fitting within our acquisition profile. We believe the types of retail properties we seek to acquire will provide better risk-adjusted returns compared to other properties in the retail asset class, as well as other property types in general, due to the anticipated improvement in consumer spending habits resulting from a strengthening economy coupled with the long-term nature of the underlying leases and predictability of cash flows. We will acquire retail properties based on identified market and property characteristics, including:

Property type. We focus our investment strategy on income producing assets such as strip centers, neighborhood centers, grocery-anchored centers, community centers and free-standing retail

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properties. We will target these types of properties because they tend to be more focused on consumer goods as opposed to enclosed malls, which we believe are more oriented to discretionary spending that is susceptible to cyclical fluctuations.

Strip center. A strip center is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the store fronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line or have an L or U shape.

Neighborhood centers. A neighborhood center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Neighborhood centers are often anchored by a supermarket or drugstore. The anchors are supported by outparcels typically occupied by restaurants, fast food operators, financial institutions and in-line stores offering various products and services ranging from soft goods, healthcare and electronics.

Community centers. A community center typically offers a wider range of apparel and other soft goods relative to a neighborhood center and in addition to supermarkets and drugstores, can include discount department stores as anchor tenants.

Freestanding retail properties. A freestanding retail property constitutes any retail building that is typically occupied by a single tenant. The lease terms are generally structured as triple-net with the tenant agreeing to pay rent as well as all taxes, insurance and maintenance expenses that arise from the use of the property.

Anchor tenant type. We will target properties with anchor tenants that offer consumer goods that are less impacted by fluctuations in consumers disposable income. We believe nationally and regionally recognized anchor tenants that offer consumer goods provide more predictable property-level cash flows as they are typically higher credit quality tenants that generate stable revenues. We feel these properties will act as a catalyst for incremental leasing demand through increased property foot traffic. We will identify the credit quality of our anchor tenants by conducting a thorough analysis including, but not limited to, a review of tenant operating performance, liquidity and balance sheet strength.

Lease terms. In the near term, we intend to acquire properties that feature one or more of the following characteristics in their tenants lease structure: properties with long-term leases (10 years remaining on the primary lease term) for anchor tenants; properties under triple-net leases, which are leases where the tenant agrees to pay rent as well as all taxes, insurance and maintenance expenses that arise from the use of the property; thereby minimizing our expenses; and properties with leases which incorporate gross percentage rent and/or rental escalations that act as an inflation hedge while maximizing operating cash flows. As a longer-term strategy, we will look to acquire properties with shorter-term lease structures (2-3 years) for in-line tenants, which are tenants that rent smaller spaces around the anchor tenants within a property, that have below market rents that can be renewed at higher market rates.

Geographic markets and demographics. We plan to seek investment opportunities throughout the United States; however, we will focus on the Mid-Atlantic, Southeast and Southwest, which are characterized by attractive demographic and property fundamental trends. We will target competitively protected properties in communities that have stable demographics and have historically exhibited favorable trends, such as strong population and income growth. These communities will also have a combination of the following characteristics:

established trade areas with high barriers to entry, high population base with expected annual growth rate higher than the national average,

high retail sales per square foot compared to the national average,

above average household income and expected growth,

above-average household density,

favorable infrastructure such as schools to retain and attract residents, and

below-average unemployment rate.

Capitalize on network of relationships to pursue transactions. We plan to pursue transactions in our target markets through the relationships we have developed. Leveraging these relationships, we will target property owners that our management team has transacted with previously, many of whom, we feel, will

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consider us a preferred counterparty due to our track record of completing fair and timely transactions. We believe this dynamic gives us a competitive advantage in negotiating and executing favorable acquisitions.

Leverage our experienced property management platform. Our executive officers, together with the management teams of our Services Companies, have over 150 years of combined experience managing, operating and leasing retail properties. We consider our Services Companies to be in the best position to oversee the day-to-day operations of our properties, which in turn helps us service our tenants. We feel this generates higher renewal and occupancy rates, minimizes rent interruptions, reduces renewal costs and helps us achieve stronger operating results. Along with this, a major component of our leasing strategy is to cultivate long-term relationships through consistent tenant dialogue in conjunction with a proactive approach to meeting the space requirements of our tenants.

Grow our platform through a comprehensive financing strategy. We believe our capital structure will provide us with sufficient financial capacity and flexibility to fund future growth. Based on our current capitalization, we believe we will have access to multiple sources of financing that are currently unavailable to many of our private market peers or overleveraged public competitors, which will provide us with a competitive advantage. Over time, these financing alternatives may include follow-on offerings of our common stock, unsecured corporate level debt, preferred equity and credit facilities. Initially, we will utilize growth capital raised through this offering to fund acquisitions. Upon completion of this offering, we expect to have a ratio of debt to total market capitalization of approximately 46% assuming completion of the minimum offering, or 42% assuming completion of the maximum offering. Although we are not required by our governing documents to maintain this ratio 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. This strategy will enable us to continue to grow our asset base well into the future.

Our Portfolio

Upon completion of this offering and consummation of the formation transactions, we will own eight properties located in Virginia, North Carolina, Florida and Oklahoma, containing a total of approximately 348,490 million rentable square feet of retail space, which we refer to as our portfolio. The following table presents an overview of our portfolio, based on information as of

June 30, 2012.

Portfolio

Property	**Location**	**Year Built/ Renovated**	**Number of**	**Net Rentable Square**	**Percentage**	**Annualized**	**Annualized Base Rent per Leased Square**