Wheeler Real Estate Investment Trust, Inc.
Form 10-K
March 07, 2018

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 001-35713

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

Maryland	45-2681082
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2529 Virginia Beach Blvd., Suite 200 Virginia Beach. Virginia	23452
(Address of Principal Executive Offices)	(Zip Code)

(757) 627-9088
(Registrant's Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $0.01 par value (NASDAQ Capital Market)
Series B convertible Preferred Stock, no par value (NASDAQ Capital Market)
Series D cumulative convertible Preferred Stock, no par value (NASDAQ Capital Market)
Warrants to acquire shares of Common Stock (NASDAQ Capital Market)
Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

files). Yes þ No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated file	¨	þ	Accelerated filer
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	¨	Smaller reporting company
		¨	Emerging growth company

If an emerging growth company indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

As of June 30, 2017, the aggregate market value of the registrant’s Common Stock held by non-affiliates of the registrant was $86,033,901.

As of March 5, 2018, there were 8,946,399 shares of Common Stock, $0.01 par value per share, outstanding.

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FORWARD- LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") of Wheeler Real Estate Investment Trust, Inc. (the "Company" or "our Company") contains forward-looking statements, including discussion and analysis of our financial condition, anticipated capital expenditures required to complete projects, amounts of anticipated cash distributions to our shareholders in the future and other matters. These forward-looking statements are not historical facts but are the intent, belief or current expectations of our management based on its knowledge and understanding of our business and industry. Forward-looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “potential,” “predicts,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” or the negative of such te variations of these words and similar expressions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

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

- our business and investment strategy;
- our projected operating results;
- actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally and in specific geographic areas;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements;
- financing and advance rates for our target assets;
- our expected leverage;
- availability of investment opportunities in real estate-related investments;
- changes in the values of our assets;
- our ability to make distributions to our stockholders in the future;
- our expected investments and investment decisions;
- changes in interest rates and the market value of our target assets;
- our ability to renew leases at amounts and terms comparable to existing lease arrangements;
- our ability to proceed with potential development opportunities for us and third-parties;
- effects of hedging instruments on our target assets;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to maintain our qualification as a real estate investment trust (“REIT”);
- our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act");
- availability of qualified personnel and management team;
- the ability of our operating partnership, Wheeler REIT, L.P. (the "Operating Partnership") and each of our other partnerships and limited liability companies to be classified as partnerships or disregarded entities for federal income tax purposes;
- our ability to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional authorized but unissued shares of our preferred stock, without par value ("Preferred Stock") and to classify or reclassify unissued shares of our Preferred Stock;
- our understanding of our competition;
- market trends in our industry, interest rates, real estate values or the general economy;

- the imposition of federal taxes if we fail to qualify as a real estate investment trust ("REIT") in any taxable year or forego an opportunity to ensure REIT status;
- uncertainties related to the national economy, the real estate industry in general and in our specific markets;
- legislative or regulatory changes, including changes to laws governing REITs;
- adverse economic or real estate developments in Virginia, Florida, Georgia, Alabama, South Carolina, North Carolina, Oklahoma, Kentucky, Tennessee, West Virginia, New Jersey and Pennsylvania;

- increases in interest rates and operating costs;
- inability to obtain necessary outside financing;
- litigation risks;
- lease-up risks;
- inability to obtain new tenants upon the expiration of existing leases;
- inability to generate sufficient cash flows due to market conditions, competition, uninsured losses, changes in tax or other applicable laws; and
- the need to fund tenant improvements or other capital expenditures out of operating cash flow.

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

Part I

Item 1. Business.

Overview

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

As of December 31, 2017, we own a portfolio consisting of seventy-three properties, including fifty-nine retail shopping centers and five freestanding retail properties totaling 4,902,381 total leasable square feet of which approximately 93% are leased (our "operating portfolio"), one office property, seven undeveloped land parcels totaling approximately 69 acres and 1 redevelopment project. We believe the current market environment creates a substantial number of favorable investment opportunities in our target markets with attractive yields on investment and significant upside potential in terms of income and gain.

We have 53 full-time employees. Our management team has experience and capabilities across the real estate sector with experience in the aggregate and expertise particularly in the retail asset class, which we believe provides for flexibility in pursuing attractive acquisition, development and repositioning opportunities. Because varying market conditions create opportunities at different times across the retail property sector, we believe our expertise enables us to target relatively more attractive investment opportunities throughout economic cycles. In addition, our fully integrated platform with in-house development capabilities allows us to pursue development and redevelopment projects with multiple uses. We believe that our ability to pursue these types of opportunities differentiates us from many competitors in our markets.

Our executive officers and the members of the management team have extensive experience in all aspects of the commercial real estate industry, specifically in our target/existing markets. Jon S. Wheeler, our prior Chairman and Chief Executive Officer, and, prior Chief Financial Officer (the "CFO"), Wilkes Graham were replaced with David Kelly as Chief Executive Officer (the "CEO") in January 2018 and Matthew Reddy as CFO in February 2018. David Kelly, our CEO previously served as the Chief Investment Officer (the "CIO"). He has over twenty-seven years of experience in the real estate industry. Prior to joining us, he served for thirteen years as the Director of Real Estate for

Supevalu, Inc., a Fortune 100 supermarket retailer. While at Supervalu, he focused on site selection and acquisitions from New England to the Carolinas, completing transactions totaling over $500 million. Matthew Reddy our CFO is a certified public accountant and has been with the Company since June 2015 as Chief Accounting Officer. Prior to joining Wheeler, Mr. Reddy was the Assistant Vice President of Online Products at Liberty Tax Service. While employed at Liberty, Mr. Reddy was also employed as Director of Finance from 2011 to 2014, and Manager of Financial Reporting from 2008 to 2011. Prior to joining Liberty, Mr. Reddy worked at KPMG LLP as a Senior Auditor. Andrew Franklin is our Senior Vice President of Operations and has over eighteen years of commercial real estate experience. Mr. Franklin is responsible for overseeing the property management, lease administration and leasing divisions of our growing portfolio of commercial assets. Prior to joining us, Mr. Franklin was a partner with Broad Reach Retail Partners where he ran the day to day operations of the company, managing the leasing team as well as overseeing the asset, property and construction management of the portfolio with assets totaling $50 Million. Mr. Franklin is a graduate of the University of Maryland, with a Bachelor of Science degree in Finance.

Business Objectives and Investment Strategy

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

- Focus on necessity-based retail. We intend to invest in retail properties that serve the essential day-to-day shopping needs of the surrounding communities. These necessity-based centers attract high levels of daily traffic resulting in cross-selling of goods and services from our tenants. The majority of our tenants provide non-cyclical consumer goods and services that are less impacted by fluctuations in the economy. According to Statista, the average consumer in the US makes a trip to a grocery store 1.5 times per week. We believe targeting centers that provide essential goods and services such as groceries results in a stable, lower-risk portfolio of retail investment properties.

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

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

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

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

- Selectively utilize our development capabilities for third parties. We intend to invest capital in development and re-development opportunities where we believe the return on such capital is accretive to our shareholders. We believe our experience in development will benefit us by providing opportunities to either develop properties for us at higher cap rates that result in positive returns to our operations or to develop for third parties which will result in development fee income for us. While this objective is not always possible, we generally want a development project to be at least 50%

pre-leased prior to commencement.

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

Policies With Respect to Certain Activities

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

Investment Policies

Investments in Real Estate or Interests in Real Estate

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

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

We may also participate with third parties in property ownership, through joint ventures or other types of co-ownership. We also may acquire real estate or interests in real estate in exchange for the issuance of Common Stock, units, Preferred Stock or options to purchase stock. These types of investments may permit us to own interests in larger assets without unduly restricting our diversification and, therefore, provide us with flexibility in structuring our portfolio. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies.

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

Investments in Real Estate Mortgages

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

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

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

Investments in Other Securities

Other than as described above, we do not currently intend to invest in any additional securities such as bonds, Preferred Stock or Common Stock, although we reserve the right to do so if our Board of Directors determines that such action would be in our best interests.

Dispositions

In 2017, we disposed of the ground leases for Ruby Tuesday’s and Outback Steakhouse at Pierpont Centre, the 2.14 acre land parcel at Carolina Place and the Steak n' Shake, 1.06 acre outparcel at Rivergate. The sales of the Steak n' Shake outparcel at Rivergate and the land parcel at Carolina Place do not represent a strategic shift that has a major effect on the Company's financial position or results of operations. The sale of the Ruby Tuesday's and Outback Steakhouse free-standing properties reflects the execution of our strategy of acquiring multi-tenant properties, monetizing core-assets and using proceeds to re-invest in our specialized markets. We may dispose of additional properties based upon management’s periodic review of our portfolio, and the determination by our Board of Directors that such activity would be in our best interest. The tax consequences to our directors and executive officers that hold common units resulting from a proposed disposition of a property may influence their decision as to the desirability of such proposed disposition.

Financings and Leverage Policy

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

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

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

Lending Policies

In 2016, we loaned $11.0 million to a related party for the partial funding of the Sea Turtle Development project in Hilton Head, South Carolina and $1.0 million note receivable in consideration for the sale of a land parcel owned by the Company. The Company has recognized a $5.26 million non-cash impairment charge on the note receivable as of December 31, 2017. We do not have a policy limiting our ability to make loans to other persons. We may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We also may make loans to joint ventures in which we participate. However, we do not intend to engage in significant lending activities. Any loan we make will be consistent with maintaining our status as a REIT.

Equity Capital Policies

To the extent that our Board of Directors approve additional capital raises, we may issue debt or equity securities, including additional units or senior securities of our Operating Partnership, retain earnings (subject to provisions in the Internal Revenue Code of 1986, as amended (the "Code") requiring distributions of income to maintain REIT qualification) or pursue a combination of these methods. As long as our Operating Partnership is in existence, we will generally contribute the proceeds of all equity capital raised by us to our Operating Partnership in exchange for additional interests in our Operating Partnership, which will dilute the ownership interests of the limited partners in our Operating Partnership.

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

We may, under certain circumstances, purchase shares of our Common Stock or other securities in the open market or in private transactions with our stockholders, provided that those purchases are approved by our Board of Directors. Any repurchase of shares of our Common Stock or other securities, would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Change in Investment and Financing Objectives and Policies

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

Conflict of Interest Policies

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

Under Virginia law (where our Operating Partnership is formed), a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the Partnership Agreement or Virginia law consistently with the obligation of good faith and fair dealing. The duty of loyalty requires a general partner of a Virginia general partnership to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct of the partnership business or derived from a use by the general partner of partnership property, including the appropriation of a partnership opportunity, to refrain from dealing with the partnership in the conduct of the partnership's business as or on behalf of a party having an interest adverse to the partnership and to refrain from competing with the partnership in the conduct of the partnership business, although the Partnership Agreement may identify specific types or categories of activities that do not violate the duty of loyalty. The Partnership Agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of the Operating Partnership under its Partnership Agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners. The duty of care requires a general partner to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law, and this duty may not be unreasonably reduced by the Partnership Agreement.
The Partnership Agreement provides that we are not liable to our Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by our Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. The Partnership Agreement also provides that any obligation or liability in our capacity as the general partner of our Operating Partnership that may arise at any time under the Partnership Agreement or any other instrument, transaction or undertaking contemplated by the Partnership Agreement will be satisfied, if at all, out of our assets or the assets of our Operating Partnership only, and no obligation or liability of the general partner will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission. Our Operating Partnership must indemnify us, our directors and officers, officers of our Operating Partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of the Operating Partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which such person actually received an improper personal benefit in

violation or breach of any provision of the Partnership Agreement, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

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

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

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

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

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

Interested Director and Officer Transactions

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

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

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

Policies With Respect To Other Activities

We have authority to offer Common Stock, Preferred Stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our Common Stock or other securities in the open market or otherwise, and we may engage in such activities in the future. We expect, but are not obligated, to issue Common Stock to holders of common units upon exercise of their redemption rights. Our Board of Directors has the authority, without further stockholder approval, to amend our charter to increase or decrease the number of authorized shares of Common Stock or Preferred Stock and authorize us to issue additional shares of Common Stock or Preferred Stock, in one or more series, including senior securities, in any manner, and on the terms and for the consideration, it deems appropriate. We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our Operating Partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury regulations, our Board of Directors determines that it is no longer in our best interest to qualify as a REIT. In addition, we intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

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

Item 1A. Risk Factors.

Set forth below are the risk factors that we believe are material to our investors. You should carefully consider the following risks in evaluating our Company and our business. 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. Some statements in this report, including statements in the following risk factors, constitute forward-looking statement. Please refer to the section entitled "Forward-Looking Statements."

Risks Related to Our Business and Operations

Construction and development projects are subject to risks that materially increase the costs of completion.

In the event that we decide to develop and construct new properties or redevelop existing properties, we will be subject to risks and uncertainties associated with construction and development. These risks include, but are not limited to, risks related to obtaining all necessary zoning, land-use, building occupancy and other governmental permits and authorizations, risks related to the environmental concerns of government entities or community groups, risks related to changes in economic and market conditions between development commencement and stabilization, risks related to construction labor disruptions, adverse weather, acts of God or shortages of materials which could cause construction delays and risks related to increases in the cost of labor and materials which could cause construction costs to be greater than projected and adversely impact the amount of our development fees or our results of operations or financial condition.

Our portfolio of properties is dependent upon regional and local economic conditions and is geographically concentrated in the Northeast, 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 Alabama, Virginia, North Carolina, Florida, Georgia, South Carolina, West Virginia, Kentucky, Oklahoma, Tennessee, New Jersey and Pennsylvania, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. If there is a downturn in the economy in 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, Northeast, 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.
As of December 31, 2017, we had approximately $313.78 million of indebtedness outstanding, which may expose us to the risk of default under our debt obligations.
As of December 31, 2017, our total indebtedness was approximately $313.78 million, a substantial portion of which is 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:

l our cash flow may be insufficient to meet our required principal and interest payments;

l 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;

l 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;

l 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;

l we may violate financial covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and

l 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 securities 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.

Failure to reduce our revolving line of credit with KeyBank may cause a default under its terms.
As of December 31, 2017, we had approximately $68.03 million of indebtedness outstanding on our $75.00 million KeyBank Line of Credit, which we are required to pay down to $52.50 million prior to July 1, 2018. If we are unable to refinance properties off the line of credit in order to return the total commitment to $52.50 million, we may use funds from our operations to pay down the indebtedness on the line of credit. A pay down from funds from our operations 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. This could have significant adverse consequences, including the following: our cash flow may be insufficient to make required principal and interest payments on our indebtedness; 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; and 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. If any one of these events were to occur, our financial condition, results of operations, cash flows and the trading price of our securities could be adversely affected. In addition, we may not have sufficient funds from operations to pay down the line of credit, which may cause a default under its terms, resulting in a foreclosure of properties that secure the line of credit. 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.

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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.

Large, regionally or nationally recognized tenants typically anchor our properties. 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 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 December 31, 2017, leases representing approximately 9.39% of the square footage and approximately 9.99% of the annualized base rent of the properties in our portfolio will expire during the twelve months ending December 31, 2018, and an additional 8.07% 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 ability to make distributions and per share trading price of our securities could be adversely affected.

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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, free-standing retail properties and development 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:

l 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;

l 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

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

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

l even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;

l 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;

l our cash flow may be insufficient to meet our required principal and interest payments or make expected distributions;

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- 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 cleanup 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 securities 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, principal loan amounts 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 interest 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

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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 our financial condition, results of operations, cash flow and per share trading price of our securities.

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. We currently do not have any hedges in place. 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 securities. 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, ability to make distributions to our stockholders and per share trading price of our securities.

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 securities as a result of the following potential consequences, among others:

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

l 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

l 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, any economic downturn may 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 corporate offices, all of our improved 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, ability to make distributions to our stockholders and per share trading price of our securities 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 securities.

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 Northeast, 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 have and may continue to 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.

We have and in the future we may continue to 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.

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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 securities.

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, ability to make distributions to our stockholders and the per share trading price of our securities.

The turnover in our senior management could have a material adverse effect on our business.

On January 4, 2018, Wilkes Graham tendered his resignation as our CFO. Our Board of Directors named, Matthew Reddy, the Company’s then acting Chief Accounting Officer as CFO. In addition, on January 29, 2018, our Board or Directors terminated Jon Wheeler as the Company’s Chairman, CEO and President. Our Board of Directors named, David Kelly, the Company’s then acting CIO as CEO. While we believe Mr. Kelly and Mr. Reddy are adequate replacements they have limited experience acting as CEO and CFO, respectively. If Mr. Kelly or Mr. Reddy are unable to adequately perform their new duties it could have a material adverse effect on our Company. In addition, the process of learning their new positions will require them to devote time and resources to such efforts that might otherwise be spent on the operation of our business.

Our success depends upon our retaining and recruiting key personnel.

Our future success depends heavily upon the continued service of our key executives. In particular, we rely on the expertise and experience of David Kelly, our President and CEO, Matthew Reddy, our CFO and Andy Franklin, our Chief Operating Officer ("the COO"). We rely on their industry expertise and experience in our business operations, and in particular, their business vision, financial and accounting, management skills, and working relationship with our employees, our major shareholders, the regulatory authorities, and many of our tenants. If they became unable or unwilling to continue in their present

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positions, or they left our Company, we may not be able to replace him them, our business may be significantly disrupted and our financial condition and results of operations may be materially adversely affected.
We may be subject to on-going or future litigation, including existing claims relating to the entities that own the properties described in this annual filing 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 securities.
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 annual filing and otherwise in the ordinary course of business. 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. 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.
Potential losses may not be covered by insurance or may exceed policy limits and we could incur significant costs and lose our equity in the damaged properties.
We carry comprehensive liability insurance policies, covering all of our properties. Our insurance coverage contains policy specifications and insured limits customarily carried for similar properties and business activities. If a loss or damages are suffered at one or more of our properties, our insurer may attempt to limit or void our coverage by arguing that the loss resulted from facts or circumstances not covered by our policy. Furthermore, if we experience a loss that is uninsured or that exceeds our policy limits, we could incur significant costs and lose the capital invested in the damaged or otherwise adversely affected properties as well as the anticipated future cash flows from those properties.
We have a limited operating history as a REIT and a publicly traded company. We have limited financing sources, and we may not be able to successfully operate as a REIT or a publicly traded company.
We have a limited operating history as a REIT and a publicly traded company. We cannot assure you that the past experience of Mr. Kelly and our management team 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. 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.
Additionally, we have limited 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 the early stages of development. To be successful in this market, we must, among other things:

l identify and acquire additional investments that further our investment strategies;

l increase awareness of our REIT within the investment products market;

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l attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations; and

l respond to competition for our targeted real estate properties and other investment as well as for potential investors.

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 estimated cash available for distribution is insufficient to cover our anticipated annual dividends and distributions paid from sources other than our cash flow from operations 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.

Our operating cash flow currently is insufficient to cover our anticipated monthly and quarterly distributions to common stockholders and preferred stockholders. We have paid 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 our anticipated monthly and quarterly distributions. Moreover, our Board of Directors may change this policy, in its sole discretion, at any time.

By funding distributions from our cash on hand or borrowings 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 offerings may affect our ability to generate cash flows. Funding distributions from the sale of 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.

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 our co-venturers and us.

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 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 securities.

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.
We may not comply with the Asset Coverage Ratio contained in the terms of our Series D Preferred Stock.
The terms of our Series D Preferred Stock require us to maintain a certain level of asset coverage. More specifically, we are required to maintain an asset coverage percentage of at least 200% on the last business day of each calendar quarter. This percentage is calculated by dividing (i) our total assets plus accumulated depreciation minus our total liabilities and indebtedness as reported in our financial statements (exclusive of the book value of any Redeemable and Term Preferred Stock) by (ii) the aggregate liquidation preference, plus an amount equal to all accrued and unpaid dividends, of the outstanding shares of our Series D Preferred Stock and any outstanding shares of Redeemable and Term Preferred Stock. If we fail to satisfy the Asset Coverage Ratio (as defined in Note 9 to the consolidated financial statements beginning on page 126 of this Annual Report on Form 10-K"), we must cure the failure during the period that expires at the close of business on the date that is 30 calendar days following the filing date of our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, for that quarter. If we fail to cure the failure prior to the Asset Coverage Cure Date (as defined in Note 9 to the consolidated financial statements beginning on page 121 of this Annual Report on Form 10-K"), the terms of our Series D Preferred Stock require us to redeem, within 90 calendar days of the Asset Coverage Cure Date, shares of Redeemable and Term Preferred Stock, which may include Series D Preferred Stock, at least equal to the lesser of (i) the minimum number of shares of Redeemable and Term Preferred Stock that will result in us having an Asset Coverage Ratio of at least 200% and (ii) the maximum number of shares of Redeemable and Term Preferred Stock that can be redeemed solely out of funds legally available for such redemption.
There can be no guarantee that we will continue to comply with the Asset Coverage Ratio in the future. To the extent we fail to satisfy the Asset Coverage Ratio and are required to redeem shares of our Series D Preferred Stock, our business and its operations may be materially and adversely impacted.

If a major tenant declares bankruptcy or experiences a downturn in its business, we may be unable to collect balances due under relevant leases.

We may experience concentration in one or more tenants across several of the properties in our portfolio. 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. In addition, we may not be able to re-lease vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or 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.

Any of our tenants, or any guarantor of one of our tenant's lease obligations, could become subject to a bankruptcy proceeding pursuant to Title 11 of the United States Code (the "Bankruptcy Code"). If a tenant becomes a debtor under the Bankruptcy Code, federal law prohibits us from evicting such tenant based solely upon the commencement of such bankruptcy. Further, such a bankruptcy filing could prevent us from attempting to collect pre-bankruptcy debts from the bankrupt tenant or its properties or taking other debt enforcement actions, unless we receive an enabling order from the bankruptcy court. Generally, post-bankruptcy debts are required by statute to be paid currently, which would include payments on our leases that come due after the date of the bankruptcy filing. Such a bankruptcy filing also could cause a decrease, delay or cessation of current rental payments, reducing our operating cash flows and the amount of cash available for distributions to stockholders. Prior to emerging from bankruptcy, the tenant will need to decide whether to assume or reject its leases. Generally, and unless otherwise agreed to by the tenant and the lessor, if a tenant assumes a lease, all pre-bankruptcy balances and unpaid post-bankruptcy amounts owed under the lease must be paid in full. If a given lease or guaranty is not assumed, our operating cash flows and the amount of cash available for distribution to stockholders may be adversely affected. If a lease is rejected by a tenant in bankruptcy, we are entitled to general unsecured claims for damages. If a lease is rejected, we may not receive any further rent payments from the tenant, and the amount of our general unsecured claim for future rent would be capped at the rent reserved under the lease, without acceleration, for the greater of one year or 15% of the remaining term of the lease, but not greater than three years, plus rent and damages already due but unpaid. We would only receive recovery on our general unsecured claim in the event that funds or other consideration were available for distribution to general unsecured creditors, and then only in the same percentage as that realized on other general unsecured claims. We may also be unable to re-lease a terminated or rejected property or to re-lease it on comparable or more favorable terms.

As of December 31, 2017, approximately 32.01% of the contractual base revenue of our total portfolio was derived from our ten largest tenants. The largest tenant as of December 31, 2017, Bi-Lo, LLC ("BI-LO"), a subsidiary of Southeastern Grocers, LLC ("Southeastern Grocers"), leased fourteen BI-LO grocery store locations from us with an aggregate of 516,173 leased square feet for an aggregate annualized base rent of approximately $4.8 million, which together represents 10.53% of our gross leasable area and 11.24% of our total annualized base rent. One of these locations, representing 47,260 square feet and approximately $454,000 in annualized based rent, is currently closed. However, we expect that BI-LO will continue to pay the rent for this location through the remainder of the lease term, which expires in March 2018. In addition, BI-LO closed a second store in our portfolio in 2017, representing 37,900 square feet and approximately $569,000 in annualized base rent. On December 19, 2017, we entered into a lease with nationally recognized fitness center operator Planet Fitness to backfill 24,050 square feet of the 37,900 square foot vacancy created by this store closure. In addition, subsidiaries of Southeastern Grocers lease three Winn Dixie locations and two Harvey's locations from us with an aggregate of 208,175 leased square feet for an aggregate annualized base rent of approximately $1.5 million, which together represents 4.25% of our gross leasable area and 3.39% of our total annualized base rent. Recent media reports have indicated that Southeastern Grocers and BI-LO may be in financial distress and considering filing for bankruptcy protection. If BI-LO, Southeastern Grocers or any of its subsidiaries fail to comply with their contractual obligations to us, seek concessions in order to continue operations or file for bankruptcy protection, our efforts to collect rental payments could be delayed and, ultimately, precluded. Any decrease or cessation of rental payments would result in a reduction in our cash flow and the amount of cash available to distribute to our stockholders.

In the event of a bankruptcy filing by Southeastern Grocers or any of its subsidiaries, there can be no assurance that Southeastern Grocers, any of its subsidiaries or the bankruptcy trustee would assume our leases. If any lease is not assumed or we cannot lease the space to another tenant, our cash flow and the amounts available for distributions to our stockholders may be adversely affected.

Our business and the market price of our common stock could be negatively affected as a result of the actions of activist stockholders.

Joseph Stilwell, NS Advisors, LLC and Westport Capital Partners LLC have each filed a Schedule 13D announcing that they each plan to nominate two director candidates for election to our board of directors at our 2018 annual meeting of stockholders. Our business, operating results or financial condition could be harmed by these potential proxy contests because, among other things:

- Responding to proxy contests is costly and time-consuming, is a significant distraction for our board of directors, management and employees, and diverts the attention of our board of directors and senior management from the pursuit of our business strategy, which could adversely affect our results of operations and financial condition;
- Perceived uncertainties as to our future direction, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team, including our CEO, may lead to the perception of a change in the direction of our business, instability or lack of continuity which may be exploited by our competitors, and may result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel and business partners;
- The expenses for legal and advisory fees and administrative and associated costs incurred in connection with responding to proxy contests and any related litigation may be substantial; and
- We may choose to initiate, or may become subject to, litigation as a result of the proxy contests or matters arising from the proxy contests, which would serve as a further distraction to our board of directors, management and employees and would require us to incur significant additional costs.

In addition, the market price of our securities could be subject to significant fluctuations or otherwise be adversely affected by the uncertainties described above or the outcome of the proxy contests.

The federal government's "green lease" policies may adversely affect us.

In recent years, the federal government has instituted "green lease" policies that allow a government tenant to require leadership in energy and environmental design for commercial interiors, or LEED®-CI, certification in selecting new premises or renewing leases at existing premises. In addition, the Energy Independence and Security Act of 2007 allows the General Services Administration to prefer buildings for lease that have received an "Energy Star" label. Obtaining such certifications and labels may be costly and time consuming, but our failure to do so may result in our competitive disadvantage in acquiring new or retaining existing government tenants.

Technological developments may impact customer traffic at certain tenants' stores and ultimately sales at such stores.

We may be adversely affected by developments of new technology that may cause the business of certain of our tenants to become substantially diminished or functionally obsolete, with the result that such tenants may be unable to pay rent, become insolvent, file for bankruptcy protection, close their stores or terminate their leases. Examples of the potentially adverse effects of new technology on retail businesses include, amongst other things, the advent of online movie rentals on video stores, the effect of e-books and small screen readers on book stores, and increased sales of many products online.

Substantial recent annual increases in online sales have also caused many retailers to sell products on line on their websites with pick-ups at a store or warehouse or through deliveries. With special reference to our principal tenants, online grocery orders are available and especially useful in urban areas, but have not yet become a major factor affecting grocers in our portfolio.

Natural disasters and severe weather conditions could have an adverse impact on our cash flow and operating results. Some of our properties could be subject to potential natural or other disasters. In addition, we may acquire properties that are located in areas that are subject to natural disasters, such as earthquakes and droughts. Properties could also be affected by increases in the frequency or severity of tornadoes, hurricanes or other storms, whether such increases are caused by global climate changes or other factors. The occurrence of natural disasters or severe weather conditions can increase investment costs to repair or replace damaged properties, increase operating costs, increase future property insurance costs, and/or negatively impact the tenant demand for lease space. If insurance is unavailable to us, or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses from such events, our earnings, liquidity and/or capital resources could be adversely affected.

We face risks relating to cybersecurity attacks, loss of confidential information and other business disruptions.

Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data, and other electronic security breaches. Such cyber attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber attack. A cybersecurity attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and otherwise adversely affect our business operations.

Risks Related to the Real Estate Industry
There are inherent risks associated with real estate investments and with the real estate industry, each of which could have an adverse impact on our financial performance and the value of our properties.
Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Our financial performance and the value of our properties can be affected by many of these factors, including the following:

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

l the national, regional and local economy, which may be negatively impacted by concerns about increasing interest rates, inflation, deflation and government deficits, high unemployment rates, decreased consumer confidence, industry slowdowns, reduced corporate profits, liquidity concerns in our markets and other adverse business concerns;

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

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

l 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;

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

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

- inability to refinance our indebtedness, which could result in a default on our obligation;
- the convenience and quality of competing retail properties;
- inability to collect rent from tenants;
- our ability to secure adequate insurance;
- our ability to secure adequate management services and to maintain our properties;
- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, government fiscal policies and the Americans with Disabilities Act of 1990 (the "ADA"); and
- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes, wind damage and floods, which may result in uninsured and underinsured losses.

In addition, because the yields available from equity investments in real estate depend in large part on the amount of rental income earned, as well as property operating expenses and other costs incurred, a period of economic slowdown or recession, 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 among our existing leases, and, consequently, our properties, including any held by joint ventures, may fail to generate revenues sufficient to meet operating, debt service and other expenses. As a result, we may have to borrow amounts to cover fixed costs, and our financial condition, results of operations, cash flow, per share market price of our securities and ability to satisfy our principal and interest obligations and to make distributions to our stockholders may be adversely affected.

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, ability to make distributions to our stockholders and the per share trading price of our securities.

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, ability to make distributions to our stockholders and per share trading price of our securities.

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, 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 forgo 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, ability to make distributions to our stockholders and per share trading price of our securities.

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

Although we believe we qualify as a REIT for U.S. 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.

Our properties may contain asbestos or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem, which could adversely affect the value of the affected property and our ability to make distributions to our stockholders.

We are required by federal regulations with respect to our properties to identify and warn, via signs and labels, of potential hazards posed by workplace exposure to installed asbestos-containing materials (“ACMs”), and potential ACMs. We may be subject to an increased risk of personal injury lawsuits by workers and others exposed to ACMs and potential ACMs at our properties as a result of these regulations. The regulations may affect the value of any of our properties containing ACMs and potential ACMs. Federal, state and local laws and regulations also govern the removal, encapsulation, disturbance, handling and disposal of ACMs and potential ACMs when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a property.

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. Concern about indoor exposure to mold has been increasing because exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions.

The presence of ACMs or significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the ACMs or mold from the affected property. In addition, the presence of ACMs or significant mold could expose us to claims of liability to our tenants, their or our employees, and others if property damage or health concerns arise.

Acquired properties may be located in new markets where we may face risks associated with investing in an unfamiliar market.

We may acquire properties in markets that are new to us. When we acquire properties located in new markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced service providers. However, there can be no guarantee that all such risks will be eliminated.

We may acquire properties with lock-out provisions, or agree to such provisions in connection with obtaining financing, which may prohibit us from selling or refinancing a property during the lock-out period.

We may acquire properties in exchange for common units of our Operating Partnership and agree to restrictions on sales or refinancing, called “lock-out” provisions, which are intended to preserve favorable tax treatment for the owners of such properties who sell them to us. In addition, we may agree to lock-out provisions in connection with obtaining financing for the acquisition of properties. Lock-out provisions could materially restrict us from selling, otherwise disposing of or refinancing properties. These restrictions could affect our ability to turn our investments into cash and thus affect cash available for distributions to our stockholders. Lock-out provisions could impair our ability to take actions during the lock-out period that would otherwise be in the best interests of our stockholders and, therefore, could adversely impact the market value of our Common Stock. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control might be in the best interests of our stockholders.

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 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. However, management believes that the potential liabilities resulting from removing these items would be immaterial.

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.

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 regulation 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 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, ability to make distributions to our stockholders and per share trading price of our securities.

The Sea Turtle Development notes receivable are subject to significant risks and losses related to the underlying collateral which could have a material adverse effect on our financial condition and results of operations.

As discussed in greater detail in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," we have originated notes receivable to Sea Turtle Development which take the form of subordinated loans secured

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by second mortgages on the underlying development. This type of loan involves a higher degree of risk than first lien position mortgages because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. If the borrower defaults on our loan or in the event of a borrower bankruptcy our loan will be satisfied only after the senior debt is paid in full. As a result, we may not recover some or all of our initial investment. In the event of default, significant losses related to loan investments could have a material adverse effect on our financial condition and results of operations.

Risks Related to Our Organization 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 (the "Partnership Agreement") in connection with the management of our Operating Partnership. Our fiduciary duties and obligations as the general partner of our Operating Partnership may come into conflict with the duties of our directors and officers to our company.

Under Virginia law, 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 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.

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 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 our other 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.

As of December 31, 2017, we own 94.34% of the outstanding common units of our Operating Partnership, 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.

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

We conduct our operations so that our company and each of its subsidiaries are exempt from registration as an investment company under the Investment Company Act of 1940, or the Investment Company Act. Under Section 3(a)(1)(A) of the Investment Company Act, a company is an "investment company" if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Under Section 3(a)(1)(C) of the Investment Company Act, a company is deemed to be an "investment company" if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment

securities" having a value exceeding 40% of the value of its total assets (exclusive of government securities and cash items) on an unconsolidated basis, or the 40% test.

We conduct our operations so that our company and most, if not all, of our subsidiaries will comply with the 40% test. We will continuously monitor our holdings on an ongoing basis to determine the compliance of our company and each subsidiary with this test. In addition, we believe that neither our company nor any of our subsidiaries will be considered investment companies under Section 3(a)(1)(A) of the Investment Company Act because they will not engage primarily, or propose to engage primarily, or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, our company and its subsidiaries are primarily engaged in non-investment company businesses related to real estate. Our business will be materially and adversely affected if we fail to qualify for this exclusion from regulation pursuant to the Investment Company 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 have elected to be taxed, and we operate in a manner that will allow us to qualify, as a REIT for U.S. federal income tax purposes. 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 this annual filing are not binding on the IRS or any court. Therefore, we cannot assure you that we 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 U.S. 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 five 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 U.S. federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

Even if we continue to qualify as a REIT for U.S. 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 fails to continue to qualify as a partnership for U.S. federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.
We believe that our Operating Partnership will continue to be treated as a partnership for U.S. federal income tax purposes. As a partnership, our Operating Partnership will not be subject to U.S. 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 U.S. 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 U.S. 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 continue to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to continue 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, ability to make distributions to our stockholders and per share trading price of our securities.
To continue 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 U.S. 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 investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flow, ability to make distributions to our stockholders and per share trading price of our securities.
We may in the future choose to pay dividends in our securities, 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 securities. 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 U.S. 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 securities, see "Material U.S. 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 securities.

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 20%. Dividends payable by REITs, however, generally are not eligible for the 20% rate. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the 20% 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 that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% excise 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 U.S. federal income tax consequences of such qualification.

The rules dealing with U.S. 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 U.S. federal income tax consequences of such qualification.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.
Our Portfolio

At December 31, 2017, we owned seventy-three properties, including sixty-four income producing properties located in Virginia, North Carolina, South Carolina, Florida, Georgia, Kentucky, Oklahoma, Tennessee, Alabama, New Jersey, Pennsylvania and West Virginia, containing a total of 4,902,381 gross leasable square feet of retail space, which we refer to as our operating portfolio. The following table presents an overview of our properties, based on information as of December 31, 2017.
Portfolio

Property	Location	Number of Tenants	Total Leasable Square Feet	Percentage Leased (1)		Percentage Occupied		Annualized Base Rent (2)	Annualized Base Rent per Occupied Square Foot
Alex City Marketplace	Alexander City, AL	18	147,791	99.2	%	99.2	%	$1,133,080	$ 7.73
Amscot Building (3)	Tampa, FL	1	2,500	100.0	%	100.0	%	115,849	46.34
Beaver Ruin Village	Lilburn, GA	27	74,038	84.0	%	84.0	%	1,065,286	17.13
Beaver Ruin Village II	Lilburn, GA	4	34,925	100.0	%	100.0	%	416,584	11.93
Berkley (4)	Norfolk, VA	—	—	—	%	—	%	—	—
Berkley Shopping Center	Norfolk, VA	10	47,945	91.7	%	91.7	%	340,560	7.75
Brook Run Shopping Center	Richmond, VA	19	147,738	92.1	%	92.1	%	1,511,306	11.10
Brook Run Properties (4)	Richmond, VA	—	—	—	%	—	%	—	—
Bryan Station	Lexington, KY	10	54,397	99.8	%	99.8	%	582,113	10.72
Butler Square	Mauldin, SC	16	82,400	98.2	%	98.2	%	804,183	9.93
Cardinal Plaza	Henderson, NC	7	50,000	94.0	%	94.0	%	447,350	9.52
Chesapeake Square	Onley, VA	13	99,848	79.5	%	79.5	%	679,232	8.55
Clover Plaza	Clover, SC	9	45,575	100.0	%	100.0	%	354,044	7.77
Columbia Fire Station (6)	Columbia, SC	—	—	—	%	—	%	—	—
Conyers Crossing	Conyers, GA	15	170,475	100.0	%	100.0	%	1,004,179	5.89
Courtland Commons (4)	Courtland, VA	—	—	—	%	—	%	—	—
Crockett Square	Morristown, TN	4	107,122	100.0	%	100.0	%	920,322	8.59
Cypress Shopping Center	Boiling Springs, SC	17	80,435	98.3	%	98.3	%	865,610	10.95
Darien Shopping Center	Darien, GA	1	26,001	100.0	%	100.0	%	208,008	8.00
Devine Street	Columbia, SC	2	38,464	100.0	%	100.0	%	318,500	8.28
Edenton Commons (4)	Edenton, NC	—	—	—	%	—	%	—	—
Folly Road	Charleston, SC	6	47,794	100.0	%	100.0	%	721,552	15.10
Forrest Gallery	Tullahoma, TN	28	214,451	95.3	%	95.3	%	1,366,992	6.69
Fort Howard Shopping Center	Rincon, GA	17	113,652	75.1	%	75.1	%	728,150	8.53
Franklin Village	Kittanning, PA	29	151,673	100.0	%	100.0	%	1,203,743	7.94
Franklinton Square	Franklinton, NC	14	65,366	93.0	%	93.0	%	541,086	8.90
Freeway Junction	Stockbridge, GA	15	156,834	96.9	%	96.9	%	1,120,756	7.38
Georgetown	Georgetown, SC	2	29,572	100.0	%	100.0	%	267,215	9.04
Graystone Crossing	Tega Cay, SC	11	21,997	100.0	%	100.0	%	537,329	24.43
Grove Park	Orangeburg, SC	14	106,557	86.9	%	86.9	%	704,674	7.61
Harbor Point (4)	Grove, OK	—	—	—	%	—	%	—	—
Harrodsburg Marketplace	Harrodsburg, KY	9	60,048	100.0	%	100.0	%	401,440	6.69
Jenks Plaza	Jenks, OK	4	7,800	64.1	%	64.1	%	101,764	20.35

Laburnum Square	Richmond, VA	21	109,405	100.0	%	100.0	%	978,186	8.94
Ladson Crossing	Ladson, SC	14	52,607	95.4	%	95.4	%	739,374	14.73

Property	Location	Number of Tenants	Total Leasable Square Feet	Percentage Leased (1)		Percentage Occupied		Annualized Base Rent (2)	Annualized Base Rent per Occupied Square Foot
LaGrange Marketplace	LaGrange, GA	14	76,594	95.3	%	95.3	%	$385,743	$ 5.28
Lake Greenwood Crossing	Greenwood, SC	6	47,546	87.4	%	87.4	%	409,417	9.85
Lake Murray	Lexington, SC	5	39,218	100.0	%	100.0	%	352,185	8.98
Laskin Road (4)	Virginia Beach, VA	—	—	—	%	—	%	—	—
Litchfield Market Village	Pawleys Island, SC	17	86,740	83.8	%	83.8	%	1,088,817	14.98
Lumber River Village	Lumberton, NC	10	66,781	96.4	%	96.4	%	483,813	7.51
Monarch Bank	Virginia Beach, VA	1	3,620	100.0	%	100.0	%	126,702	35.00
Moncks Corner	Moncks Corner, SC	1	26,800	100.0	%	100.0	%	323,451	12.07
Nashville Commons	Nashville, NC	12	56,100	99.9	%	99.9	%	585,453	10.45
New Market Crossing	Mt. Airy, NC	13	116,976	96.1	%	96.1	%	966,962	8.61
Parkway Plaza	Brunswick, GA	4	52,365	81.7	%	81.7	%	488,280	11.41
Perimeter Square	Tulsa, OK	8	58,277	85.2	%	51.8	%	374,167	12.41
Pierpont Centre	Morgantown, WV	17	122,259	89.3	%	89.3	%	1,294,431	11.85
Port Crossing	Harrisonburg, VA	9	65,365	97.9	%	97.9	%	806,576	12.60
Ridgeland	Ridgeland, SC	1	20,029	100.0	%	100.0	%	140,203	7.00
Riverbridge Shopping Center	Carrollton, GA	11	91,188	98.5	%	98.5	%	682,628	7.60
Riversedge North (5)	Virginia Beach, VA	—	—	—	%	—	%	—	—
Rivergate Shopping Center	Macon, GA	30	201,680	96.6	%	96.6	%	2,753,254	14.13
Sangaree Plaza	Summerville, SC	8	66,948	87.4	%	87.4	%	538,060	9.20
Shoppes at Myrtle Park	Bluffton, SC	12	56,380	75.4	%	32.8	%	366,347	19.82
Shoppes at TJ Maxx	Richmond, VA	18	93,624	100.0	%	100.0	%	1,124,749	12.01
South Lake	Lexington, SC	10	44,318	100.0	%	100.0	%	278,550	6.29
South Park	Mullins, SC	2	60,734	71.2	%	71.2	%	491,245	11.37
South Square	Lancaster, SC	4	44,350	70.8	%	70.8	%	256,255	8.16
St. George Plaza	St. George, SC	3	59,279	62.0	%	62.0	%	273,786	7.45
St. Matthews	St. Matthews, SC	5	29,015	87.2	%	87.2	%	307,693	12.16
Sunshine Plaza	Lehigh Acres, FL	19	111,189	91.1	%	91.1	%	911,068	8.99
Surrey Plaza	Hawkinsville, GA	5	42,680	100.0	%	100.0	%	286,245	6.71
Tampa Festival	Tampa, FL	19	137,987	98.8	%	98.8	%	1,266,566	9.29
The Shoppes at Eagle Harbor	Carrollton, VA	7	23,303	100.0	%	100.0	%	456,737	19.60
Tri-County Plaza	Royston, GA	6	67,577	89.2	%	89.2	%	431,969	7.17
Tulls Creek (4)	Moyock, NC	—	—	—	%	—	%	—	—
Twin City Commons	Batesburg-Leesville, SC	5	47,680	100.0	%	100.0	%	454,315	9.53
Village of Martinsville	Martinsville, VA	18	297,950	96.1	%	96.1	%	2,218,658	7.75
Walnut Hill Plaza	Petersburg, VA	8	87,239	65.0	%	65.0	%	447,119	7.88
Waterway Plaza	Little River, SC	10	49,750	100.0	%	100.0	%	418,228	8.41
Westland Square	West Columbia, SC	9	62,735	77.1	%	77.1	%	443,952	9.18
Winslow Plaza	Sicklerville, NJ	15	40,695	89.9	%	89.9	%	558,894	15.27
Total Portfolio		699	4,902,381	92.8	%	91.9	%	$42,970,985	$ 9.53

(1) Reflects leases executed through January 10, 2018 that commence subsequent to the end of the current period.

(2) Annualized base rent per leased square foot, assumes base rent as of the end of the current year, excluding the impact of tenant concessions and rent abatements.

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

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

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

(6) This information is not available because the property is a redevelopment property.

Outstanding Indebtedness

As of December 31, 2017, our outstanding indebtedness was approximately $313.8 million. The following table sets forth information with respect to such indebtedness:

	Amount of Debt Outstanding as of December 31, 2017 ($ in 000s)	Weighted Average Interest Rate		Maturity Date	Amortization Period (Mths)	Annual Debt Service ($ in 000s)	Balance at Maturity ($ in 000s)
Bank Line of Credit	$ 3,000	4.37	%	December 2017	N/A	$ 131	$ 3,000
Shoppes at Eagle Harbor	3,341	4.34	%	March 2018	240	301	3,316
Revere Loan	6,808	8.00	%	April 2018	N/A	545	6,808
Lumber River	1,500	4.32	%	June 2018	N/A	65	1,473
KeyBank Line of Credit	15,532	4.05	%	July 2018	N/A	628	15,532
Senior convertible notes	1,369	9.00	%	December 2018	N/A	123	1,369
Harbor Point	553	5.85	%	December 2018	240	132	460
Perimeter Square	5,382	5.50	%	December 2018	N/A	296	5,382
Riversedge North	863	6.00	%	January 2019	360	106	808
Monarch Bank Building	1,266	4.85	%	June 2019	300	88	1,228
DF I-Moyock	194	5.00	%	July 2019	60	128	—
Rivergate	22,689	4.32	%	December 2019	N/A	981	21,593
KeyBank Line of Credit	52,500	4.05	%	December 2019	N/A	2,124	52,500
LaGrange Marketplace	2,317	5.50	%	March 2020	120	181	2,195
Folly Road	6,181	4.00	%	March 2020	N/A	247	5,902
Columbia Fire Station construction loan	3,421	4.00	%	May 2020	N/A	137	3,261
Shoppes at TJ Maxx	5,727	3.88	%	May 2020	300	407	5,278
Walnut Hill Plaza	3,903	5.50	%	September 2022	N/A	215	3,447
Twin City Commons	3,111	4.86	%	January 2023	360	214	2,768
Tampa Festival	8,368	5.56	%	September 2023	360	610	7,452
Forrest Gallery	8,669	5.40	%	September 2023	360	612	7,764
South Carolina Food Lions Note	12,050	5.25	%	January 2024	360	820	10,793
Cypress Shopping Center	6,485	4.70	%	July 2024	240	412	5,700
Port Crossing	6,263	4.84	%	August 2024	240	417	5,410
Freeway Junction	7,994	4.60	%	September 2024	240	502	6,993
Harrodsburg Marketplace	3,553	4.55	%	September 2024	240	229	3,044
Graystone Crossing	3,928	4.55	%	October 2024	240	245	3,428
Bryan Station	4,547	4.52	%	November 2024	240	282	3,960
Crockett Square	6,338	4.47	%	December 2024	N/A	283	6,338
Pierpont Centre	8,113	4.15	%	February 2025	N/A	337	6,858
Alex City Marketplace	5,750	3.95	%	April 2025	N/A	227	5,750
Butler Square	5,640	3.90	%	May 2025	N/A	220	5,640
Brook Run Shopping Center	10,950	4.08	%	June 2025	N/A	447	10,950

Beaver Ruin Village I and II	9,400	4.73 %	July 2025	N/A	445	9,400
Sunshine Shopping Plaza	5,900	4.57 %	August 2025	N/A	270	5,900

	Amount of Debt Outstanding as of December 31, 2017 ($ in 000s)	Weighted Average Interest Rate		Maturity Date	Amortization Period (Mths)	Annual Debt Service ($ in 000s)	Balance at Maturity ($ in 000s)
Barnett Portfolio	$ 8,770	4.30	%	September 2025	N/A	$ 377	$ 8,770
Fort Howard Shopping Center	7,100	4.57	%	October 2025	N/A	324	7,100
Conyers Crossing	5,960	4.67	%	October 2025	N/A	278	5,960
Grove Park Shopping Center	3,800	4.52	%	October 2025	N/A	172	3,800
Parkway Plaza	3,500	4.57	%	October 2025	N/A	160	3,500
Winslow Plaza	4,620	4.82	%	December 2025	N/A	223	4,171
Chesapeake Square	4,507	4.70	%	August 2026	120	286	3,753
Berkley/Sangaree/Tri-County	9,400	4.78	%	December 2026	N/A	449	8,654
Riverbridge	4,000	4.48	%	December 2026	N/A	179	4,000
Franklin	8,516	4.93	%	January 2027	N/A	420	7,539
	$ 313,778						

Major Tenants

The following table sets forth information regarding the ten largest tenants in our operating portfolio based on annualized base rent as of December 31, 2017.

Tenants	Annualized Base Rent ($ in 000s)	% of Total Annualized Base Rent		Total Occupied Square Feet	Square Footage Percent Occupied		Base Rent Per Occupied Square Foot
BI-LO (1)	$ 4,829	11.24	%	516,173	10.53	%	$ 9.36
Food Lion	2,691	6.26	%	325,576	6.64	%	8.27
Kroger (2)	1,309	3.05	%	186,064	3.80	%	7.04
Winn Dixie (1)	1,031	2.40	%	133,575	2.72	%	7.72
Piggly Wiggly	978	2.28	%	136,343	2.78	%	7.17
Hobby Lobby	675	1.57	%	114,298	2.33	%	5.91
Harris Teeter (2)	578	1.35	%	39,946	0.81	%	14.47
Lowes Foods	571	1.33	%	54,838	1.12	%	10.41
Family Dollar	548	1.28	%	75,291	1.54	%	7.28
Goodwill	538	1.25	%	71,620	1.46	%	7.51
	$ 13,748	32.01	%	1,653,724	33.73	%	$ 8.31

(1) These tenants are both owned by Southeastern Grocers.
(2) These tenants are both owned by The Kroger Company.

Lease Expirations

The following table sets forth information with respect to the lease expirations of our properties as of December 31, 2017.

Lease Expiration Year	Number of Expiring Leases	Total Expiring Gross Leaseable Area	Percent of Total Gross Leaseable Area	Expiring Annualized Base Rent (in 000s)	Percent of Total Annualized Base Rent	Expiring Base Rent Per Leased Square Foot
Available	—	395,422	8.07 %	$ —	—	$ —
2018	115	460,155	9.39 %	4,292	9.99 %	9.33
2019	140	713,230	14.55 %	7,158	16.66 %	10.04
2020	139	887,603	18.11 %	8,044	18.72 %	9.06
2021	89	578,364	11.80 %	5,305	12.35 %	9.17
2022	99	429,834	8.77 %	4,786	11.14 %	11.13
2023	37	452,104	9.22 %	3,731	8.68 %	8.25
2024	19	113,484	2.31 %	1,105	2.57 %	9.74
2025	18	264,323	5.39 %	2,815	6.55 %	10.65
2026	20	278,223	5.68 %	2,418	5.63 %	8.69
2027 and thereafter	23	329,639	6.71 %	3,317	7.71 %	10.06
		4,902,381	100.00 %	$ 42,971	100.00 %	$ 9.53

Property Management and Leasing Strategy

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

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

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

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

Depreciation

The following table sets forth depreciation information for our properties, as of December 31, 2017.

	Federal Tax Basis	Depreciation Rate		Method of Depreciation	Useful Life Claimed
Shoppes at TJ Maxx	$7,273	3.88	%	Straight-Line	5-39 Years
Walnut Hill Plaza	3,607	4.73	%	Straight-Line	5-39 Years
Lumber River Village	4,490	2.97	%	Straight-Line	5-39 Years
Perimeter Square	5,559	3.08	%	Straight-Line	5-39 Years
The Shoppes at Eagle Harbor	4,478	2.71	%	Straight-Line	5-39 Years
Riversedge North	2,296	2.57	%	Straight-Line	5-39 Years
Monarch Bank	1,986	2.90	%	Straight-Line	5-39 Years
Amscot Building	493	2.77	%	Straight-Line	5-39 Years
Twin City Crossing	3,065	3.13	%	Straight-Line	5-39 Years
Surrey Plaza	1,857	3.63	%	Straight-Line	5-39 Years
Tampa Festival	7,306	3.85	%	Straight-Line	5-39 Years
Forrest Gallery	8,310	3.23	%	Straight-Line	5-39 Years
Jenks Plaza	995	2.98	%	Straight-Line	5-39 Years
Winslow Plaza	3,823	4.07	%	Straight-Line	5-39 Years
Clover Plaza	1,223	2.84	%	Straight-Line	5-39 Years
St. George Plaza	1,289	3.05	%	Straight-Line	5-39 Years
South Square	1,911	2.56	%	Straight-Line	5-39 Years
Westland Square	1,731	2.75	%	Straight-Line	5-39 Years
Waterway Plaza	1,259	2.88	%	Straight-Line	5-39 Years
Cypress Shopping Center	4,845	3.14	%	Straight-Line	5-39 Years
Harrodsburg Marketplace	2,485	3.26	%	Straight-Line	5-39 Years
Port Crossing Shopping Center	7,014	4.55	%	Straight-Line	5-39 Years
LaGrange Marketplace	2,655	3.82	%	Straight-Line	5-39 Years
Freeway Junction	6,768	2.93	%	Straight-Line	5-39 Years
Graystone Crossing	2,856	2.77	%	Straight-Line	5-39 Years
Bryan Station	2,813	3.05	%	Straight-Line	5-39 Years
Crockett Square	6,998	3.15	%	Straight-Line	5-39 Years
Pierpont Centre	9,231	3.35	%	Straight-Line	5-39 Years
Alex City Marketplace	8,563	3.02	%	Straight-Line	5-39 Years
Butler Square	6,433	2.82	%	Straight-Line	5-39 Years
Brook Run Shopping Center	13,394	5.61	%	Straight-Line	5-39 Years
Brook Run Properties (1)	8	—	%	(1)	(1)
Laskin Road (1)	204	—	%	(1)	(1)
Beaver Ruin Village	8,287	3.07	%	Straight-Line	5-39 Years
Beaver Ruin Village II	2,814	2.80	%	Straight-Line	5-39 Years
Sunshine Shopping Plaza	6,384	3.19	%	Straight-Line	5-39 Years
Cardinal Plaza	2,475	3.48	%	Straight-Line	5-39 Years
Franklinton Square	2,966	3.70	%	Straight-Line	5-39 Years
Nashville Commons	3,526	3.20	%	Straight-Line	5-39 Years
Chesapeake Square	4,426	4.49	%	Straight-Line	5-39 Years
Grove Park Shopping Center	4,590	3.63	%	Straight-Line	5-39 Years

	Federal Tax Basis	Depreciation Rate		Method of Depreciation	Useful Life Claimed
Parkway Plaza	$4,244	3.13	%	Straight-Line	5-39 Years
Conyers Crossing	6,820	4.00	%	Straight-Line	5-39 Years
Fort Howard Shopping Center	7,369	3.17	%	Straight-Line	5-39 Years
Columbia Fire House (1)	4,334	—	%	(1)	(1)
WHLR Macpherson, LLC (1)	7	—	%	(1)	(1)
LBP Milltown, LLC (1)	196	—	%	(1)	(1)
LBP Vauxhall, LLC (1)	1	—	%	(1)	(1)
Darien Shopping Center	1,055	3.10	%	Straight-Line	5-39 Years
Devine Street	1,941	2.79	%	Straight-Line	5-39 Years
Folly Road	4,707	2.77	%	Straight-Line	5-39 Years
Georgetown	1,917	2.94	%	Straight-Line	5-39 Years
Ladson Crossing	3,958	3.17	%	Straight-Line	5-39 Years
Lake Greenwood Crossing	2,499	2.92	%	Straight-Line	5-39 Years
Lake Murray	1,537	3.85	%	Straight-Line	5-39 Years
Litchfield Market Village	6,581	3.38	%	Straight-Line	5-39 Years
Moncks Corner	1,109	3.07	%	Straight-Line	5-39 Years
Ridgeland	376	3.63	%	Straight-Line	5-39 Years
Shoppes at Myrtle Park	5,371	3.05	%	Straight-Line	5-39 Years
South Lake	2,025	3.63	%	Straight-Line	5-39 Years
South Park	2,972	2.97	%	Straight-Line	5-39 Years
St. Matthews	1,946	2.79	%	Straight-Line	5-39 Years
Berkley Shopping Center	2,856	3.60	%	Straight-Line	5-39 Years
Sangaree Plaza	2,957	5.04	%	Straight-Line	5-39 Years
Tri-County Plaza	3,421	4.45	%	Straight-Line	5-39 Years
Riverbridge Shopping Center	5,384	3.33	%	Straight-Line	5-39 Years
Laburnum Square	5,980	3.17	%	Straight-Line	5-39 Years
Franklin Village	9,426	2.93	%	Straight-Line	5-39 Years
Village at Martinsville	12,882	3.45	%	Straight-Line	5-39 Years
New Market Crossing	5,232	3.24	%	Straight-Line	5-39 Years
Rivergate Shopping Center	30,704	3.07	%	Straight-Line	5-39 Years
Wheeler Real Estate, LLC	54	10.42	%	Straight-Line	5-39 Years
Wheeler Interests, LLC	9	23.11	%	Straight-Line	5-39 Years
Wheeler Real Estate Investment Trust, Inc.	487	18.38	%	Straight-Line	5-39 Years
Wheeler REIT, LP	—	—	%	Straight-Line	5-39 Years
	$313,043				

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

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

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

Market Information.

Our Common Stock is traded on the NASDAQ Capital Market under the symbol "WHLR". On March 5, 2018, the closing price of our Common Stock reported on the NASDAQ Capital Market was $4.95 per share. All per share amounts for all periods presented reflect our Reverse Stock Split, which was effective March 31, 2017. The high and low Common Stock sales prices per share during the periods indicated were as follows:

Price per share of Common Stock:

Quarter Ended	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Fiscal Year 2017					
High	$ 14.64	$ 14.40	$ 12.07	$ 12.30	$ 14.64
Low	$ 13.28	$ 7.95	$ 9.63	$ 8.18	$ 7.95
Quarter Ended					
Fiscal Year 2016					
High	$ 15.44	$ 12.80	$ 15.60	$ 14.40	$ 15.60
Low	$ 8.80	$ 9.60	$ 12.32	$ 12.00	$ 8.80

Our Series B Preferred Stock is traded on the NASDAQ Capital Market under the symbol "WHLRP". On March 5, 2018, the closing price of our Series B Preferred Stock reported on the NASDAQ Capital Market was $13.98 per share. The high and low Preferred Stock sales prices per share during the periods indicated were as follows:

Price per share of Series B Preferred Stock:

Quarter Ended	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Fiscal Year 2017					
High	$ 24.89	$ 24.76	$ 23.12	$ 22.65	$ 24.89
Low	$ 22.13	$ 19.51	$ 20.68	$ 17.69	$ 17.69
Quarter Ended					
Fiscal Year 2016					
High	$ 23.14	$ 22.13	$ 22.22	$ 23.00	$ 23.14
Low	$ 16.52	$ 18.48	$ 20.78	$ 20.63	$ 16.52

Our Series D Preferred Stock is traded on the NASDAQ Capital Market under the symbol "WHLRD". On March 5, 2018, the closing price of our Series D Preferred Stock reported on the NASDAQ Capital Market was $16.60 per share. Our Series D Preferred Stock began trading on September 21, 2016. The high and low Preferred Stock sales prices per share during the periods indicated were as follows:

Price per share of Series D Preferred Stock:

Quarter Ended	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Fiscal Year 2017					
High	$ 26.10	$ 26.44	$ 26.50	$ 22.84	$ 26.50
Low	$ 23.12	$ 21.99	$ 21.60	$ 19.02	$ 19.02

Quarter Ended					
Fiscal Year 2016					
High	N/A	N/A	$ 25.50	$ 25.50	$ 25.50
Low	N/A	N/A	$ 24.50	$ 23.01	$ 23.01

Total Stockholder Return Graph

The following graph sets forth the cumulative total stockholder return on Wheeler's common shares, assuming reinvestment of dividends, to our stockholders for the five years ending December 31, 2017, in comparison to cumulative total stockholder returns for the Russell 2000 Index Total Return and the index of equity real estate investments trusts prepared by the National Association of Real Estate Investment Trusts ("NAREIT"). The stock performance graph assumes that $100 was invested on November 16, 2012. The FTSE NAREIT All Equity Index Total Return includes all tax qualified real estate investment trusts with more than 50% of total assets in qualifying real estate assets other than mortgage secured by real property. The information in this paragraph and the following graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.

	Cumulative Total Return for the Period Ending					
Index	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17
WHLR	$ 100.00	$ 78.64	$ 79.58	$ 43.19	$ 43.66	$ 36.39
Russell 2000	100.00	138.82	145.62	139.19	168.85	193.58
FTSE NAREIT All Equity Index	100.00	102.86	131.68	135.40	147.09	159.85

Approximate Number of Holders of Our Common Shares

As of March 5, 2018 there were 178 holders of record of our common shares, 0 holders of our Series B Preferred Stock shares, and 0 holders of our Series D Preferred Stock. These numbers exclude our Common Stock, Series B Preferred Stock and Series D Preferred Stock owned by shareholders holding under nominee security position listings.

Dividend Policy

In the second quarter of 2017 we began paying dividends to holders of our Common Stock on a quarterly basis. Prior to this time we paid monthly dividends. We intend to make quarterly dividend distributions that will enable us to meet the distribution requirements applicable to REITs and to eliminate or minimize our obligation to pay income and excise taxes. We may in the future also choose to pay dividends in shares of our Common Stock. The Board of Directors determined to suspend the Common Stock dividend for the remainder of 2018. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Future Liquidity Needs."

Dividend Payments

We have made dividend payments to holders of our Common Stock and holders of common units in our Operating Partnership as follows in 2017 and 2016, all periods presented adjusted for our Reverse Stock Split, which was effective March 31, 2017:

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2017 - January 31, 2017	1/31/2017	2/28/2017	$ 0.1400
February 1, 2017 - February 28, 2017	2/28/2017	3/31/2017	$ 0.1400
March 1, 2017 - March 31, 2017	3/31/2017	4/28/2017	$ 0.1400
April 1, 2017 - June 30, 2017	6/30/2017	7/15/2017	$ 0.3400
July 1, 2017 - September 30, 2017	9/29/2017	10/15/2017	$ 0.3400
October 1, 2017 - December 31, 2017	12/28/2017	1/15/2018	$ 0.3400

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2016 - January 31, 2016	1/31/2016	2/29/2016	$0.1400
February 1, 2016 - February 29, 2016	2/29/2016	3/31/2016	$0.1400
March 1, 2016 - March 31, 2016	3/31/2016	4/30/2016	$0.1400
April 1, 2016 - April 30, 2016	4/30/2016	5/31/2016	$0.1400
May 1, 2016 - May 31, 2016	5/31/2016	6/30/2016	$0.1400
June 1, 2016 - June 30, 2016	6/30/2016	7/31/2016	$0.1400
July 1, 2016 - July 31, 2016	7/31/2016	8/31/2016	$0.1400
August 1, 2016 - August 31, 2016	8/31/2016	9/30/2016	$0.1400
September 1, 2016 - September 30, 2016	9/30/2016	10/31/2016	$0.1400
October 1, 2016 - October 31, 2016	10/31/2016	11/30/2016	$0.1400
November 1, 2016 - November 30, 2016	11/30/2016	12/30/2016	$0.1400
December 1, 2016 - December 31, 2016	12/30/2016	1/29/2017	$0.1400

We have made dividend payments to holders of our Series B Preferred Stock as follows in 2017 and 2016:

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2017 - March 31, 2017	3/31/2017	4/15/2017	$ 0.5625
April 1, 2017 - June 30, 2017	6/30/2017	7/15/2017	$ 0.5625
July 1, 2017 - September 30, 2017	9/29/2017	10/15/2017	$ 0.5625
October 1, 2017 - December 31, 2017	12/30/2017	1/15/2018	$ 0.5625

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2016 - March 31, 2016	3/31/2016	4/15/2016	$ 0.5625
April 1, 2016 - June 30, 2016	6/30/2016	7/15/2016	$ 0.5625
July 1, 2016 - September 30, 2016	9/30/2016	10/15/2016	$ 0.5625
October 1, 2016 - December 31, 2016	12/30/2016	1/15/2017	$ 0.5625

We have made dividend payments to holders of our Series D Preferred Stock as follows in 2017 and 2016 (1):

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2017 - March 31, 2017	3/31/2017	4/15/2017	$ 0.5469
April 1, 2017 - June 30, 2017	6/30/2017	7/15/2017	$ 0.5469
July 1, 2017 - September 30, 2017	9/29/2017	10/15/2017	$ 0.5469
October 1, 2017 - December 31, 2017	12/30/2017	1/15/2018	$ 0.5469

Dividend Period	Record Date	Payment Date	Payment Amount per Share or Unit
January 1, 2016 - March 31, 2016	3/31/2016	4/15/2016	$ —
April 1, 2016 - June 30, 2016	6/30/2016	7/15/2016	$ —
July 1, 2016 - September 30, 2016	9/30/2016	10/15/2016	$ 0.0608
October 1, 2016 - December 31, 2016	12/30/2016	1/15/2017	$ 0.5469

(1) There is no dividend history for the Series D Preferred Stock prior to September 21, 2016 because it was not issued until September 21, 2016.

Item 6. Selected Financial Data.

The following selected historical consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements as of December 31, 2017 and 2016 and for each of the years in the three-year period ended December 31, 2017 and the related notes included elsewhere in this Annual Report on Form 10-K, as adoptions of new ASU's have been considered when presenting prior period amounts. All per share amounts, common units amounts for all periods presented reflect our one-for-eight reverse stock split (the "Reverse Stock Split"), which was effective March 31, 2017. The selected historical consolidated financial information as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 has been derived from our audited historical financial statements, except for FFO and AFFO.

	Year Ended December 31,				
Operating Data:	2017	2016	2015	2014	2013
	(in thousands, except per share data)				
Total Revenues	$58,535	$44,160	$27,615	$14,851	$7,611
Operating Income (Loss)	542	(291)	(12,452)	(6,168)	(1,751)
Net Loss from Continuing Operations	(14,296)	(13,062)	(21,377)	(12,053)	(3,858)
Net Income (Loss) from Discontinued Operations	1,518	824	2,604	308	(517)
Net Loss	(12,778)	(12,238)	(18,773)	(11,745)	(4,375)
Net loss attributable to noncontrolling interests	(684)	(1,035)	(1,253)	(1,195)	(715)
Net Loss Attributable to Wheeler REIT	(12,094)	(11,203)	(17,520)	(10,550)	(3,660)
Net Loss Attributable to Wheeler REIT Common Shareholders	(22,063)	(15,916)	(103,793)	(13,269)	(3,802)
Loss per share from continuing operations (basis and diluted)	$(2.70)	$(1.98)	$(21.78)	$(14.71)	$(5.96)
Income (loss) per share from discontinued operations	0.16	0.09	0.46	0.27	(0.62)
	(2.54)	(1.89)	(21.32)	(14.44)	(6.58)
Weighted-average number of shares (basic and diluted)	8,654,240	8,420,374	4,867,559	919,054	577,575
Dividends declared per common share	$1.44	$1.68	$1.82	$3.37	$3.81
Balance Sheet Data:					
Investment properties, net	$384,334	$388,880	$238,765	$128,994	$77,895
Assets held for sale	—	366	1,692	26,781	27,586
Total Assets	457,674	489,046	309,243	201,454	123,625
Loans payable, net	308,122	305,973	184,629	119,094	72,717
Liabilities associated with assets held for sale	—	1,350	1,992	18,969	19,009
Series D Cumulative Convertible Preferred Stock	53,236	52,530	—	—	—
Other Data:					
Funds from Operations (a)	$10,930	$7,711	$(3,415)	$(3,525)	$(908)
Adjusted Funds From Operations (b)	12,261	8,670	847	(1,427)	648
Net cash from operating activities	24,761	10,442	(5,326)	(2,476)	1,110
Net cash from investing activities	(2,979)	(60,537)	(54,859)	(19,595)	(24,281)
Net cash from financing activities	(22,968)	44,480	60,823	30,844	22,227

(a) We use Funds from Operations ("FFO"), a non-GAAP measure, as an alternative measure of our operating performance, specifically as it relates to results of operations and liquidity. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002). As defined by NAREIT, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. Most industry analysts and equity REITs, including us, consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions and excluding depreciation and amortization, 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.

(b) See Item 7 - "Management Discussion and Analysis of Financial Condition and Results of Operations" for a reconciliation of FFO to AFFO, both non-GAAP measurements. We believe the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by our operating portfolio and affect the comparability of our period-over-period performance. These items include, but are not limited to, legal settlements, non-cash share-based compensation expense and non-cash amortization on loans and acquisition costs. Therefore, in addition to FFO, management uses Adjusted FFO ("AFFO"), which we define to exclude such items. Management believes that these adjustments are appropriate in determining AFFO as they are not indicative of the operating performance of our assets. In addition, we believe that AFFO is a useful supplemental measure for the investing community to use in comparing us to other REITs as many REITs provide some form of adjusted or modified FFO. However, there can be no assurance that AFFO presented by us is comparable to the adjusted or modified FFO of other REITs.

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

You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the notes thereto included in this Form 10-K. All per share amounts, common units and shares outstanding and stock-based compensation amounts for all periods presented reflect our one-for-eight Reverse Stock Split, which was effective at approximately 5:00 pm Eastern Time on March 31, 2017 (the "Effective Time"). For more detailed information regarding the basis of presentation for the following information, you should read the notes to the audited consolidated financial statements included in this Form 10-K.

Company Overview

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

Our portfolio is comprised of fifty-nine retail shopping centers, five free-standing retail properties, our office building, seven undeveloped land parcels, and one redevelopment project. Fifteen of these properties are located in Virginia, three are located in Florida, seven are located in North Carolina, twenty-five are located in South Carolina, twelve are located in Georgia, two are located in Kentucky, two are located in Tennessee, one is located in New Jersey, three are located in Oklahoma, one is located in Alabama, one is located in West Virginia and one is located Pennsylvania. Our operating portfolio has a total Gross Leasable Area ("GLA") of 4,902,381 square feet and an occupancy level of approximately 91.93%.

Recent Trends and Activities

There have been several significant events in 2017 that have impacted our company. These events are summarized below.

2017 Dispositions
On June 27, 2017, the Company completed the sale of the 2.14 acre land parcel at Carolina Place for a contract price of $250 thousand, resulting in a loss of $12 thousand with net proceeds of $238 thousand.
On June 26, 2017, the Company completed the sale of the Steak n' Shake, a 1.06 acre outparcel at Rivergate, for a contract price of approximately $2.25 million, resulting in a gain of $1.03 million with net proceeds of $2.18 million. The sales of the Steak n' Shake outparcel at Rivergate and the land parcel at Carolina Place do not represent a strategic shift that has a major effect on the Company's financial position or results of operations. Accordingly, the operating results of these properties remains classified within continuing operations for all periods presented.

On February 28, 2017, the Company completed its sales of Ruby Tuesday’s and Outback Steakhouse at Pierpont Centre for a contract price of approximately $2.29 million, resulting in a gain of $1.50 million. The Company has defeased the $1.69 million loan payable at a cost of $223 thousand. The operating results of these properties are classified as discontinued operations for all period presented as they reflect the execution of our strategy of acquiring multi-tenant properties, monetizing core-assets and using proceeds to re-invest in our specialized markets.

Financing Activities

Key Bank Credit Agreement

On August 7, 2017, the Company executed a Third Amendment (the "Third Amendment") to the KeyBank Credit Agreement (the "Credit Agreement"). The Third Amendment changed the interest payment date to the first day of each calendar month and decreased the total commitment on the revolving credit line by $25.00 million to $50.00 million effective October 7, 2017. The Company and KeyBank agreed Shoppes at Myrtle Park shall continue to be included in the calculation of the Borrowing Base Availability (as defined in the Credit Agreement) through December 21, 2017. On October 6, 2017, the Company executed a Fourth Amendment to the Credit Agreement (the "Fourth Amendment"). The Fourth Amendment provided for a sixty day extension from October 7, 2017 to December 6, 2017 upon which the $75.00 million total commitment on the revolving credit line was to decrease to $50.00 million.

On December 21, 2017, the Company entered into an Amended and Restated Credit Agreement to the Credit Agreement (the “Amended and Restated Credit Agreement”). The Amended and Restated Credit Agreement provides for an increase in borrowing capacity from $50.00 million to $52.50 million and also increases the accordion feature by $50.00 million to $150.00 million. Additionally, the Amended and Restated Credit Agreement provides for an extension of the requirement to reduce the outstanding borrowings under the facility from $68.03 million to $52.50 million by July 1, 2018. The revolving facility will mature on December 21, 2019, but may be extended at the Company’s option for an additional one-year period, subject to certain customary conditions. The interest rate remains the same at LIBOR plus 250 basis points based on the Company’s Consolidated Leverage Ratio (as defined in the Amended and Restated Credit Agreement).

On March 2, 2018, KeyBank reduced the liquidity requirement from $5.00 million to $3.50 million through March 31, 2018. The liquidity requirement reverts back to $5.00 million subsequent to March 31, 2018 until such time as the Total Commitment (as defined in the Amended and Restated Credit Agreement) has been reduced to $52.50 million and $3.50 million at all times thereafter.

Revere Loan Agreement

On May 1, 2017, the Operating Partnership extended the $7.45 million Revere Term Loan maturity to April 30, 2018, as permitted within the terms of the loan agreement, with a $450 thousand principal payment and $140 thousand extension fee. In June 2017, upon the completion of the sale of Carolina Place, as discussed in Note 3 to the audited consolidated financial statements, a $167 thousand principal payment was made on the loan. On August 29, 2017, a $25 thousand principal payment was made on the loan as a result of the Walnut Hill Plaza amendment discussed below.

Senior Convertible Notes

As of December 31, 2017, the Bulldog Investors converted approximately $1.64 million of principal amount into 1,417,079 shares, pre-reverse split of the Company's Common Stock, the maximum number of shares allowed.

Perimeter Square Refinance

On June 14, 2017, the Company executed a promissory note for $6.25 million to refinance the Perimeter loan totaling $4.50 million. The loan matures December 2018 with monthly interest only payments. Principal is due at maturity. The loan bears interest at 5.50%.

Rivergate

With the sale of the Steak n' Shake outparcel at Rivergate, as discussed in Note 3 to the audited consolidated financial statements, a $1.52 million principal payment was made on the Rivergate loan.

Folly Road Refinance

On March 22, 2017, the Company executed a promissory note for $8.57 million to refinance the Folly Road collateralized portion of the KeyBank Credit Agreement totaling $6.05 million. The loan matures in March 2020 with monthly interest only payments due through April 2018 at which time monthly principal and interest payments begin based on a 25 year amortization. The loan bears interest at 4.00%.

Columbia Fire House Construction Loan

On May 3, 2017, the Company executed a promissory note for $4.30 million related to construction at Columbia Fire House ("Columbia Fire House Construction Loan") at which time the original Columbia Fire House note ("Columbia Fire House Loan") was paid down to $262 thousand. The loan matures in May 2020 with monthly interest only payments through November 2018 at which time monthly principal and interest payments begin based on a 20 year amortization. The loan bears interest at 4.00%.

Walnut Hill Plaza Amendment

On July 18, 2017, the Company extended the $3.39 million Walnut Hill Plaza loan maturity to October 31, 2017.

On August 29, 2017, the Company amended the Walnut Hill Plaza promissory note for $3.90 million. The amended loan matures in September 2022 with monthly interest only payments through August 2018 at which time monthly principal and interest payments of $26,850 begin based on a 20 year amortization. The loan bears interest at 5.50%.

Bank Line of Credit

On September 16, 2017, the Company extended the $3.00 million bank line of credit to December 15, 2017.

Monarch Bank Building

On December 12, 2017, the Company extended the $1.27 million Monarch Bank Building loan to June 2019 with monthly principal and interest payments of $7,340 at a rate of 4.85%.

Columbia Fire Station

On December 21, 2017, the Company paid $262 thousand to satisfy the loan in full.

Loan Covenants

Certain of the Company’s loans payable have covenants with which the Company is required to comply. As of December 31, 2017, the Company has received a waiver through loan maturity for the debt to tangible net worth ratio on the Bank Line of Credit and a waiver of the interest coverage ratio on the Revere Loan as of December 31, 2017 which was adversely impacted by the impairment on note receivable and reserve on related party receivables recognized during fourth quarter 2017. As of December 31, 2017, the Company believes it is in compliance with all other applicable covenants.

Sea Turtle Development and Related Receivables

In 2016, the Company loaned $11.00 million for the partial funding of Pineland Station Shopping Center in Hilton Head, South Carolina to be known in the future as Sea Turtle Development and loaned $1.00 million for the sale of land to be used in the development. The Company has recognized a $5.26 million impairment charge on the notes receivable and fully reserved $1.34 million in accrued interest of which $895 thousand was due at note maturity. Subsequent to December 31, 2017, the Company's agreement to perform development, leasing, property and asset management services for Sea Turtle Development in Hilton Head, South Carolina was terminated. Sea Turtle Development is a related party as Jon Wheeler, the Company's former CEO and shareholder of the Company, is the

managing member. Prior to the termination of the agreements, development fees of 5% of hard costs incurred were paid to the Company. Leasing, property and asset management fees were consistent with those charged for services provided to non-related properties. The Company has fully reserved $390 thousand in amounts due from Sea Turtle Development for these services at December 31, 2017.
The determination to fully reserve amounts due from Sea Turtle Development and recognize a note impairment are a result of uncertainty surrounding the recoverability of those amounts. As of December 31, 2017, the Company believes the estimated fair market value of the development at stabilization at a future date will not provide for the cash required to repay

the entire note receivable due the Company in the event of a sale. The Company's estimated fair value of the project is based upon cash flow models that include development costs to date, anticipated cost to complete, executed leases, and financing available to complete and stabilize the project. Capitalization rates utilized in these models are based upon rates that the Company believes to be within a reasonable range of current market rates for the respective project. The notes are collateralized by a 2^{nd} deed of trust on the property. If the holder of the 1st deed of trust proceeds to foreclosure, this may have an adverse effect on assumptions used in the Company's fair value analysis leading to further impairment.

Other Related Party Receivables

The Company has reserved $636 thousand of amounts due from non-REIT properties for asset management and lease commissions based on available cash flows at the respective properties and payment history.

New Leases, Leasing Renewals and Expirations

The following table presents selected lease activity statistics for our properties.

	Twelve Months Ended December 31,	
	2017	2016
Renewals:		
Leases renewed with rate increase (sq feet)	296,005	181,850
Leases renewed with rate decrease (sq feet)	53,669	1,200
Leases renewed with no rate change (sq feet)	220,787	103,213
Total leases renewed (sq feet)	570,461	286,263
Leases renewed with rate increase (count)	76	50
Leases renewed with rate decrease (count)	6	1
Leases renewed with no rate change (count)	30	18
Total leases renewed (count)	112	69