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Wheeler Real Estate Investment Trust, Inc. Responds To Southeastern Grocers Filing for Pre-Package Chapter 11 Bankruptcy

VIRGINIA BEACH, Va., March 15, 2018 (GLOBE NEWSWIRE) -- **Wheeler Real Estate Investment Trust, Inc.** (NASDAQ:WHLR) (“Wheeler” or the “Company”), a fully-integrated, self-managed commercial real estate investment company focused on owning and operating income-producing retail properties with a primary focus on grocery-anchored centers, has responded to the news that Southeastern Grocers (“SEG”), the parent company to its largest tenant, BI-LO, has filed for a pre-package Chapter 11 bankruptcy.

“Although no tenant bankruptcy is ever good news, over the past several weeks, we have worked diligently and believe we have accomplished a great deal to mitigate the potential impact on our portfolio,” stated David Kelly, President and Chief Executive Officer. “With the speculation in the market over the last several weeks, this removes a significant amount of uncertainty around the SEG bankruptcy and allows us to move forward with our strategic efforts to deleverage through selective asset sales and refinancing activities.”

Through the normal course of business and active portfolio management, the Company has been in ongoing discussions with SEG to identify the potential impact and preemptively prepare solutions to reduce the Company’s exposure through a combination of lease modifications and securing back-fill tenants. Below is a list of preliminary answers to questions pertaining to SEG’s recent announcement:

Q: What is a “Pre-Package Chapter 11 Bankruptcy”?

A: SEG is seeking a pre-packaged bankruptcy filing, which means that they have negotiated agreements with their creditors prior to the filing which are legally binding in the bankruptcy case. Typically, the bankruptcy process is shorter, minimizing the impact on the business operations and speeds up the process with the creditors.

Q: How Many Properties are Impacted?

A: WHLR owns a total of 19 stores leased to BI-LO, Winn-Dixie and Harvey’s aggregating 721,612 square feet. The Company and SEG have preemptively modified 17 of the affected lease agreements. These modifications include a combination of term adjustments, rent adjustments (decreases and increases), deferred landlord contributions for remodels and recaptures. All lease modifications are subject to and conditioned bankruptcy court approval.

	Shopping Center	City	State	Sq. Ft		Shopping Center	City	State	Sq. Ft
1.	Alex City Marketplace	Alexander City	AL	44,932	11.	Sangaree Plaza	Summerville	SC	47,698
2.	Butler Square	Mauldin	SC	49,365	12.	South Park Shopping Center	Mullins	SC	33,218

3.	Cypress	Boiling Springs	SC	47,260	13.	St. George Plaza	Saint George	SC	33,518
4.	Darien Centre	Darien	GA	26,001	14.	St. Matthews Shopping Center	St Matthews	SC	21,613
5.	Grove Park	Orangeburg	SC	41,600	15.	Sunshine Plaza	Lehigh Acres	FL	47,922
6.	Ladson Crossing	Ladson	SC	33,407	16.	Surrey Plaza	Hawkinsville	GA	29,000
7.	Lake Greenwood Crossing	Greenwood	SC	33,218	17.	Tampa Festival	Tampa	FL	45,600
8.	Lake Murray Center	Lexington	SC	33,218	18.	Tri-County Plaza	Royston	GA	36,377
9.	Litchfield Market Village	Pawleys Island	SC	37,700	19.	Twin City Crossing	Batesburg	SC	41,980
10.	Parkway Plaza	Brunswick	GA	37,985					

Q: How many stores are being recaptured?

A: In total there are five anticipated recaptures. The Company has elected to recapture four locations, Ladson Crossing, St. Matthews, South Park and Tampa Festival. Based on other grocery operators' interest, the Company believes there is an opportunity to enhance the value of these centers outside of SEG tenancy.

In addition to these recaptures, and as previously announced during the second quarter of 2017, BI-LO at Cypress Shopping Center in Boiling Springs, SC will not be renewing its lease that is due to expire on March 31, 2018. The Company is in preliminary negotiations with two grocery operators to backfill this location.

Q: When do you expect to recapture these stores?

A: While this may occur earlier, the effective date on three of the leases is anticipated to be on April 30, 2018, with one more lease becoming effective on June 30, 2018.

Q: Was there any monetary consideration given as part of the termination agreements?

A: Yes, through a combination of termination fees and existing lease obligations, the Company received approximately \$590,000. At the request of the potential backfill operators, the Company has retained the furniture, fixtures and equipment for three of the four locations, which will be used as part of the backfill plan going forward.

Q: What is the estimated annualized base rent impact?

A: Assuming the prepackaged negotiated terms that the Company has executed are affirmed by the bankruptcy court, it is estimated that the initial annualized base rent impact of these lease modifications and recaptures will be approximately \$2.5 million. However, the Company believes the impact could be reduced to less than \$1.5 million upon the successful backfill of the recaptured locations.

Q: What will your SEG exposure be if all of the lease amendments are approved by the bankruptcy court?

A: Based on the annualized base rent from its core portfolio, the Company's exposure to SEG will be reduced from 12.21% of ABR to 7.57% of ABR.

Q: What is the timing and potential outcome?

A: WHLR cannot speculate specifically on the timing. However, according to SEG's press release issued today, all general unsecured claims, including supplier partners and trade creditors, will be paid in full in ordinary course. In addition, SEG stated that they are filing

pre-packaged (pre-pack) chapter 11 cases to efficiently execute restructuring.

Mr. Kelly continued, “Had it not been for the strong fundamentals of our portfolio the impact would have been far greater. The quality of the real estate has given us the opportunity to revitalize these centers, secure longer term stability and reduce our exposure to any one singular tenant.”

About Wheeler Real Estate Investment Trust, Inc.

Headquartered in Virginia Beach, VA, Wheeler Real Estate Investment Trust, Inc. is a fully-integrated, self-managed commercial real estate investment company focused on owning and operating income-producing retail properties with a primary focus on grocery-anchored centers. Wheeler’s portfolio contains well-located, potentially dominant retail properties in secondary and tertiary markets that generate attractive risk-adjusted returns, with an emphasis on grocery-anchored retail centers. Additional information about Wheeler Real Estate Investment Trust, Inc. can be found at the Company’s corporate website:

www.whlr.us.

Forward-Looking Statements

This press release may contain “forward-looking” statements as defined in the Private Securities Litigation Reform Act of 1995. When the Company uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “estimate” or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. The Company’s expected results may not be achieved, and actual results may differ materially from expectations. Specifically, the Company’s statements regarding: (i) the bankruptcy court’s prospective approval of SEG’s bankruptcy plan; (ii) the Company’s ability to backfill vacancies created by the SEG bankruptcy, (iii) the exact date of Company recaptures; (iv) the Company’s ability to mitigate the potential impact of the SEG bankruptcy on its portfolio; and (v) the estimated financial impact of SEG’s bankruptcy upon the Company’s financial position are forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Additional factors that could cause the Company’s actual results to differ materially from those expressed or forecasted in forward-looking statements are discussed in the Company’s filings with the U.S. Securities and Exchange Commission, which are available for review at www.sec.gov. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

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Source: Wheeler Real Estate Investment Trust, Inc.