



DEVONSHIRE | REIT™

INVESTOR NEWSLETTER

FALL, 2014

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2

Number of Distribution increases
in the last 14 months

35%

Percentage increase in annual
Distribution in the last 14 months

LETTER FROM THE PRESIDENT¹

Dear Fellow Shareholders:

The last six months have been extremely productive and successful for Devonshire REIT.

On July 31, 2014 we officially closed our first offering of Devonshire REIT at \$12.00/share. Total capital investment for the month of July was over \$13 million - the single largest monthly capital raise in the history of the company.

We reopened the Fund to new investment on September 1st at a price of \$13.50/share and raised over \$7 million in September. The two month total of over \$20 million is also the largest in company history. This capital will help us close on the \$211 million in properties we currently have under contract to close by the end of 2014.

Along with the increase in the offering price, we raised the annual distribution² by 12.5% to \$0.81/share - our second increase in 13 months (we raised the distribution by 20% to \$0.72/share from \$0.60/share in August, 2013). We are confident that current and future cash flows justify the increased distribution and are pleased to be able to provide additional income to our shareholders.

Additional highlights of the past 6 months:



Expanded our geographic footprint into Kentucky with the purchase of two CVS stores - one in Louisville, KY and another in Murray, KY.



Added two free standing Tractor Supply stores in Michigan at a \$1.2M discount to appraised values. Both were built in 2008, so are relatively new and current leases extend to 2023.



\$35M purchase of Pavilion Shopping Center in Beachwood, OH was the largest single property purchase in the history of the company (*but that record is about to be eclipsed*).



Marshalls and Homegoods stores at Franklin Place opened for business on October 23rd - three weeks ahead of schedule thanks to our extraordinary development team.



\$211M in properties under contract and scheduled to close by the end of this year. If all the deals go as expected, projected assets under management will rise above \$500M by YE2014.



Added 10 new full-time employees, a 45% increase, to help us manage and grow our portfolio and our company.

We raised our YE2014 projected assets under management to over \$500M, and cash flow after debt service to \$16.5M from \$346M and \$12.2M respectively since our last newsletter, so we are building momentum and believe our model is sustainable into the foreseeable future.

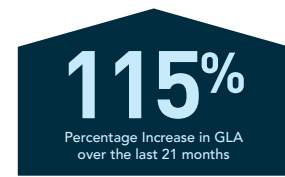
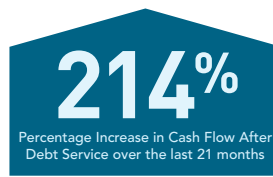
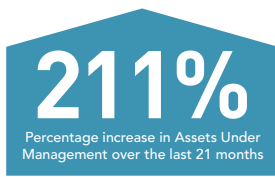
Very sincerely,

Christopher S. Campbell
CEO & President



¹ Except for previous year end numbers cited, all numbers are unaudited and are management's best estimates (*cash flow after debt service is unaudited for all years*).

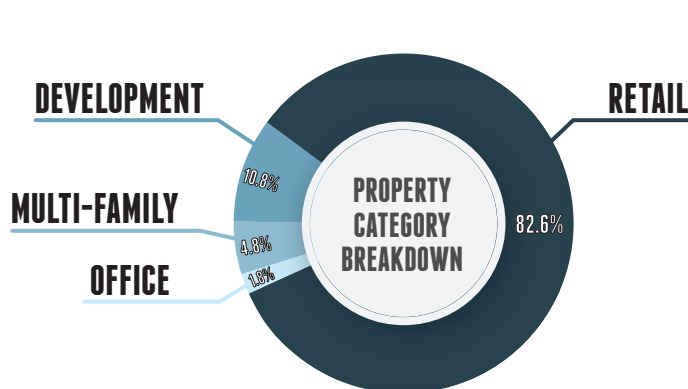
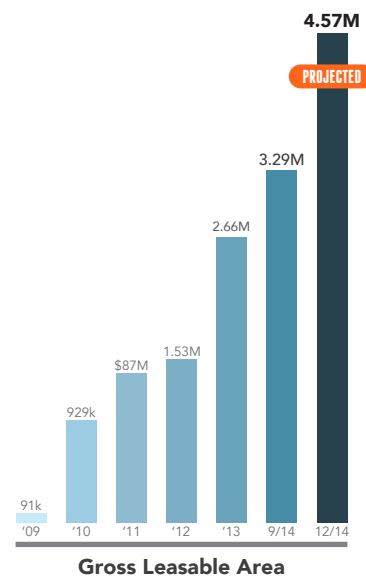
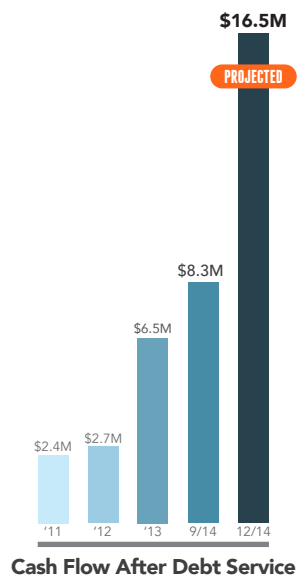
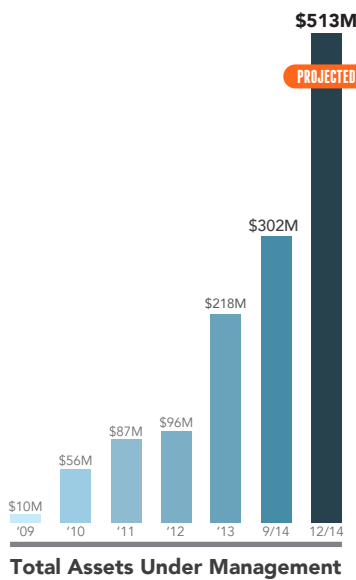
² Distributions are determined by Management monthly, are not guaranteed and may or may not equal 6% of the current offering price.

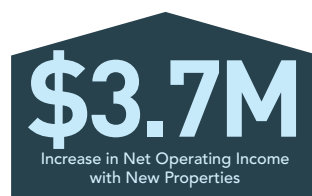
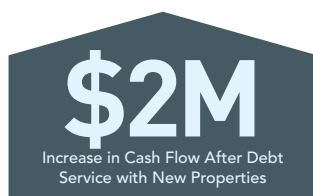


COMPANY METRICS¹ (as of 9/30/2014)

Total Assets Under Management	\$302,150,000 ²	Gross Leasable Area (GLA)	3,291,679
Annual Gross Revenue (AGR) (proforma)	\$27,250,000	Total Properties	54
Net Operating Income (proforma)	\$19,425,000	Total Suites	299
Cash Flow After Debt Service (proforma)	\$8,350,000	Total Tenants	212
Occupancy (%GLA)	92%	Total Cities	25
Loan to Value (LTV)	61%	Total States	5

¹ All numbers are unaudited. ² Values mainly by appraisals with some determined by internal pricing models. Includes \$32.7M in development.





NEW PROPERTIES ADDED SINCE SPRING, 2014

Devonshire added six new properties since April, 2014. The new properties represent an additional \$3.7M in net operating income (NOI) and \$2.0M in

cash flow after debt service (CFADS) annually, along with another 322,000 square feet in gross leasable area (GLA).

Pavilion Shopping Center, Beachwood, OH - \$35M

Pavilion Shopping Center is a 249,873 square foot Giant Eagle anchored power center with Big Lots, Marshalls, Michael's and Stein Mart as sub-anchors. Other national tenants include: Petco, Lane Bryant, Quiznos, Bruegger's Bagels, Sally Beauty Supply, GNC, Verizon Wireless, Ruby Tuesday and Huntington Bank.

The center is located in Beachwood, OH. The area includes some of the most affluent suburbs in the state of Ohio. Demographics surrounding the center are especially strong with an average household income of \$146,701 and almost 250,000 people living within 5 miles.



CVS #6202, Louisville, KY and CVS #2352, Murray, KY - \$5.45M total

In May, Devonshire purchased two CVS properties in Kentucky at a total cost of \$5.45M and a cap rate of 7.8% while the national average cap for a CVS property is 6.07%. These are the Fund's first acquisitions

in Kentucky and further extend the portfolio footprint.

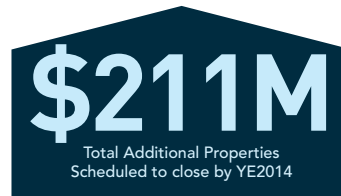
PNC Bank, National Association provided financing for this transaction.



CVS #6202, Louisville, KY



CVS #2352, Murray, KY



NEW PROPERTIES ADDED SINCE SPRING, 2014 - CONTINUED

Tractor Supply #1209, Ann Arbor, MI and #1238, Escanaba, MI - \$7M total

In September, Devonshire purchased two Tractor Supply properties in Michigan at a total cost of \$7M and a cap rate of 8.2%. Both of these properties were built in 2007 and have nine years remaining on the original leases.

This off-market acquisition was structured as a tax-deferred exchange in which property owners took Devonshire equity in lieu of cash.



Tractor Supply #1209, Ann Arbor, MI



Tractor Supply #1238, Escanaba, MI

Springwater Plaza, Toledo, OH - \$1.35M

As a part of a larger portfolio, Devonshire purchased Springwater Plaza in Toledo, OH for \$1.4M at a cap rate of 8.76%. The strip center adds \$62k in CFADS.

The center is 100% occupied with national tenants AutoZone and Chipotle Mexican Grill.



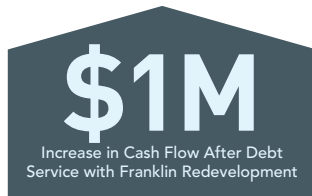
Springwater Plaza, Toledo, OH

PROPERTIES SCHEDULED TO CLOSE BY 12/31/2014

CLOSE BY 10/31/2014
BY 12/31/2014

Property	Location	Major Tenants	GLA	Cost
Maple Hill Mall*	Kalamazoo, MI	Marshalls, Hobby Lobby, PetSmart	283,551	\$35.25M
Northwest Crossings*	Knoxville, TN	Ross, HH Gregg, (Walmart Shadow)	124,453	\$15.75M
Alpine Summit*	Grand Rapids, MI	Marshalls, HomeGoods, Petco	136,942	\$18.75M
Plaza at Chapel Hill	Akron, OH	Giant Eagle, TJ Maxx, Burlington	456,044	\$57.15M
Oak Park Town Center	Hixson, TN	Marshalls, PetSmart, (Walmart Anchor)	178,384	\$22.75M
Forest Park Plaza	Brazil, IN	Kroger, Dollar Tree, Hibbet Sports	105,698	\$8.5M
The Cypress	Tampa, FL	Winn Dixie, LA Fitness, Five Guys	111,228	\$25.77M
Shoppes at Plantation	Fort Myers, FL	Winn Dixie, Great Clips	71,429	\$16.22M
12 Oaks Shopping Center	Bradenton, FL	Publix, Supercuts	80,499	\$11.54M

* Closed on October 22nd, 2014.



PROGRESS ON FRANKLIN PLACE AND MONROE STREET

Franklin Place Shopping Center, Toledo, OH

Devonshire purchased Franklin Place Shopping Center on September 3, 2013 as a 242,000 square foot center with almost 71,000 square feet vacant and an abandoned, deteriorating movie theater in

the middle of the parking lot. A significant portion of the empty space was immediately filled with Gabriel Brothers - a retailer new to Toledo.



Vacant Space as Acquired



Vacant Space after Gabe's completion



Gabe's 11/15/2013 Grand Opening

The second stage of the Franklin Place redevelopment was the demolition of the empty Theater and construction of an 80,000 square foot building in its place. The new building was divided into two phases of construction. The first phase is complete with Marshalls and HomeGoods celebrating their Grand Opening on October 23, 2014, approximately three weeks ahead of schedule, which was met with long lines of anxious shoppers eager to explore the new stores.

The balance of the space is scheduled to be complete March, 2015 with Carters and OshKosh B'gosh being the primary tenants.

When completed and stabilized, Franklin Place will be a 320,000 square foot center valued at approximately \$31M and generating over \$1M in annual cash flow after debt service.



Theater as of September 3, 2013



Demo begins October 23, 2013



Demo complete November 16, 2013



Grand Opening October 23, 2014



Construction complete October 8, 2014



Construction as of May 16, 2014

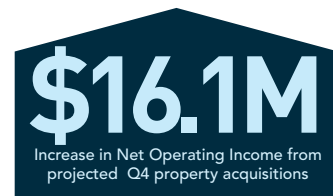
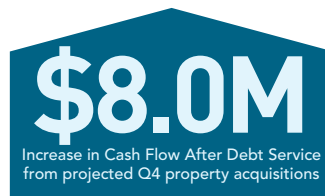


Parking lot on second day open (a Friday)



Phase II scheduled for March, 2015





PROGRESS ON FRANKLIN PLACE AND MONROE STREET

Hobby Lobby at Monroe Street Marketplace Facelift

The purchase of Franklin Place Shopping Center was the first of several acquisitions by Devonshire on Monroe Street in Toledo that now surpass 500,000 square feet of space in the primary retail corridor in the area. The new buildings at Franklin Place, along with the reconditioning of the entire

center, are the first steps in a long term plan to increase the attraction of Monroe Street as a shopping destination. We also just completed refreshing the facade of the Hobby Lobby store in Monroe Street Marketplace.



As of October 21, 2013



As of October 21, 2014

PROGRESS ON DEVELOPMENT AT WATERVILLE CROSSINGS

As a part of the Monroe Street Marketplace deal, Devonshire also acquired the 125 acre retail portion of the 350 acre mixed use development known as The Villages at Waterville Landing. A 110,00 square foot, Kroger anchored center called Waterville Crossings was in development when acquired, and Devonshire has continued that development by adding a

30,000 square foot strip of which 21,500 square feet in Phase I is almost complete. Great Clips opened for business on October 23rd, and University of Toledo Medical Center office opens October 31st. Only one 1,750 square foot space is still available for lease.

Plans for the remaining acreage are under way.



As of May 26, 2014



As of September 14, 2014

DEVONSHIRE|REIT™

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