







FROM THE PRESIDENT

Dear Fellow Shareholders:

The fourth quarter of 2014 was a fitting end to an outstanding year. We added \$158 million in additional properties, representing 1.3M GLA, 99 more tenants of which 72 are new to Devonshire, \$12.3 million in NOI and \$4.3M in CFADS. These are significant increases in every statistical category.

The acquisitions were part of a \$219.7 million purchase/refinance package put together with JP Morgan and Jefferies/Loancore. A deal of this size with the parties involved is another positive indicator of the strength of Devonshire REIT and its portfolio.

So far in 2015 we've added 2 properties in Florida valued at \$26.3M with 2 more under contract and scheduled to close in the next couple of months. We also have another \$87.5M in properties either under contract or with LOIs.

Additional highlights since our last newsletter:

- Expanded our footprint into Tennessee and Florida, and added 8 new cities: Akron, OH; Grand Rapids, MI; Kalamazoo, MI; Brazil, IN; Chattanooga, TN; Knoxville, TN; Bradenton, FL and Ft Myers, FL.
- The \$57.65M purchase of The Plaza at Chapel Hill in Akron/Cuyahoga Falls, OH is the largest single property purchase in the history of the company outstripping the next largest by \$22M.
- Petsmart, 5 Below, Carter's and OshKosh B'gosh at Franklin Place in Toledo were turned over to the tenants and are scheduled to open in late March or early April.
- In January, we sold 24.8 acres out of the original 123.2 undeveloped acres at Waterville Landings in Waterville, OH to Meijer Food Stores for just under \$4M (our original cost for the entire 123.2 acre parcel was \$6M).
- In February we acquired our first property, and first Publix anchored center, in Florida 12 Oaks in Bradenton for \$10.8M, and we have 2 more centers in Florida scheduled to close before Summer, 2015.
- We are currently in negotiations with a national home improvement chain to sell them a 26.7 acre parcel also in the Waterville Landings development in Waterville, OH (adjacent to the future Meijer Food Store).
- We hosted our Inaugural Fiduciary Commercial Real Estate Symposium at the Ritz-Carlton Golf Resort in Naples, Florida in February with great success. Twenty six banks and private trusts were represented along with 12 sponsors/exhibitors and 8 speakers.

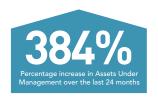
2014 was a banner year, and 2015 is looking to be another good year that further sets us apart as a company making a positive difference for its employees, its tenants, its investors and its industry.

Very sincerely,

Christopher S. Campbell

CEO & President

¹ See back cover for disclaimer regarding forward-looking statements. All figures are unaudited except where noted otherwise.

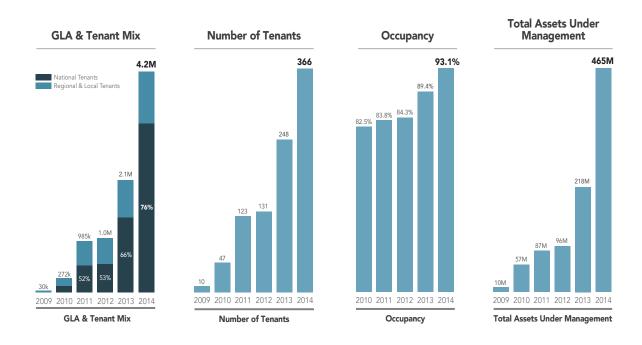






COMPANY METRICS¹ (as of 12/31/2014)

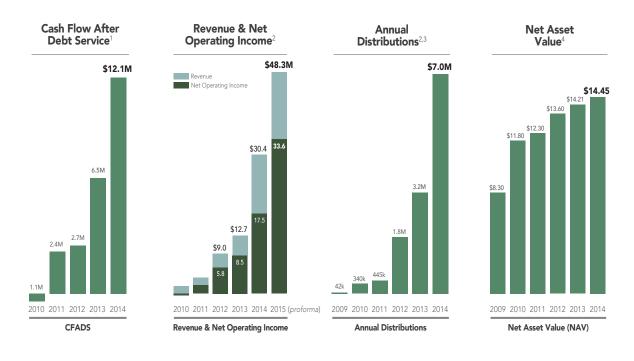
Total Assets Under Management \$465,466,000 ²	Gross Leasable Area (GLA)	4,212,936
Annual Gross Revenue (AGR) (proforma) \$48,250,000	Total Properties	60
Net Operating Income (proforma) \$33,674,000	Total Tenants	366
Cash Flow After Debt Service (proforma) \$12,100,000	Total Unique Tenants	284
Occupancy (%GLA) 93%	Total Cities	31
Loan to Value (LTV) 74%	Total States	6

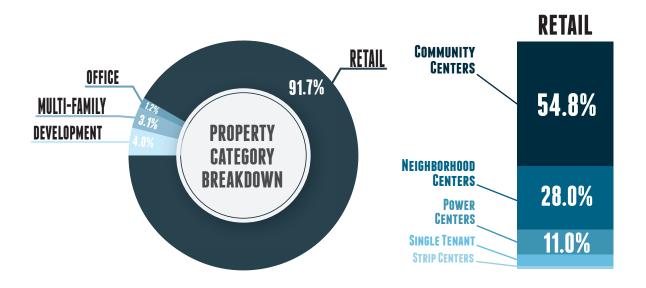


¹ All numbers are unaudited. ² Values mainly by appraisals with some determined by internal pricing models. Includes \$18.7M in development.



COMPANY METRICS (as of 12/31/2014)





¹ Unaudited. ² Audited for 2014. ³ Distributions are not guaranteed, are determined monthly by the board of directors and may or may not be 6% of offering price.

⁴ Audited for 2009-2013, but Net Asset Value (NAV) for 2014 based on Management's best estimate (see president's letter).



SIX NEW PROPERTIES ADDED IN THE FOURTH QUARTER OF 2014

The Plaza at Chapel Hill, Akron/Cuyahoga Falls, OH - \$57.65M

The Plaza at Chapel Hill is a 456,044 square foot regional power center located in Cuyahoga Falls, OH on Highway 8 - the major north/south feeder into the Akron Central Business District and the University of Akron. The center includes several national tenants as anchors and sub-anchors - Giant Eagle, TJ Maxx, HH Gregg, Burlington Coat Facto-

ry, Dick's Sporting Goods, OfficeMax, Marc's, Pier 1 Imports, Shoe Carnival, Party City and Plato's Closet. BJ's Wholesale and Toys-R-Us are also within the center, but separately owned. The total property is 66 acres of which 18 acres is prime undeveloped space. Current occupancy is 94.3%.







Maple Hill Mall, Kalamazoo, MI - \$35.25M

Maple Hill Mall is a 283,551 square foot open air power center in Kalamazoo, Michigan shadow anchored by Target that includes national tenant sub-anchors Marshalls, Hobby Lobby and Value City Furniture. Additional national tenants include: Pier 1 Imports, Dollar Tree, rue 21, Five Below, Hobby-Town, Kay Jewelers, GNC and Starbucks. The property is 100% occupied.







Alpine Summit Shopping Center, Grand Rapids, MI - \$19M

Alpine Summit Shopping Center is a 136,942 square foot community center in Grand Rapids, Michigan anchored by Marshalls, HomeGoods and ABC Warehouse. Additional tenants include: ULTA,

CATO Fashions, Dress Barn, Petco and Party America. HomeGoods recently took over space previously occupied by Schuler Books leaving the center with only one vacancy and a 95% occupancy.









SIX NEW PROPERTIES ADDED IN THE FOURTH QUARTER OF 2014-CONTINUED

Oak Park Town Center, Chattanooga, TN - \$22.75M

Oak Park Town Center is a 174,384 square foot WalMart-anchored*community center in Chattanooga, TN sub-anchored by Gander Mountain, Marshalls and Burkes. Additional tenants include: Office Depot, Party City, Shoe Carnival and Petco. Burkes and Gander Mountain are recent additions to the center which was expanded by 10,000 square

feet this past year to accommodate the new Gander Mountain store. The center is 96% occupied. (* WalMart is tenant owned)

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







Northwest Crossing Shopping Center, Knoxville, TN - \$15.5M

Northwest Crossings Shopping Center is a 124,453 square foot community center in Knoxville, Tennessee. It is Walmart Supercenter anchored (separately owned) and sub-anchored by HH

Gregg, Ross Dress for Less and OfficeMax. Additional national tenants include: DollarTree, CATO Fashions, GNC and Gamestop. The property is 100% occupied.







Forest Park Shopping Center, Brazil, IN - \$8.2M

Forest Park Plaza is a 105,698 square foot Kroger-anchored neighborhood center in Brazil, IN. Additional national tenants include: Dollar Tree, CATO Fashions, Hibbett Sports and Carquest. The property is 96% occupied.









TWO NEW PROPERTIES ADDED IN THE FIRST QUARTER OF 2015

12 Oaks Shopping Center, Bradenton, FL - \$10.8M

12 Oaks Shopping Center is a 80,499 square foot neighborhood center located at the intersection of State Road 70 (Oneco-Myakka City Road) and I-75 in Bradenton, FL. The center is 100% occupied with a Publix Supermarket as anchor and several other

national and regional tenants. The property was updated in 2013 with a new parking lot, lights and landscaping. Allowance for a new roof was included in the purchase price by the seller.







The Shoppes at Plantation, Fort Myers, FL - \$14.9M

The Shoppes at Plantation is a 71,429 square foot neighborhood center located at the southeast corner of Daniels Parkway and Plantation Road just west of Six Mile Cypress Parkway and 10 miles south of the Orlando CBD. The center is 96% occupied with a Kash N Karry Food Store (lease is guaranteed by Winn-Dixie until September, 2025).



PROPERTIES UNDER CONTRACT OR WITH LOIS

Property	Location	Major Tenants	GLA	Cost
Shoppes at Southern Palms	West Palm Beach, FL	Kohl's, Dick's, Dollar Tree	202,663	\$37.00M
Harper Village	Battle Creek, MI	TJMaxx, Kohl's, Best Buy	235,885	\$27.00M
The Cypress	Tampa, FL	Winn-Dixie, LA Fitness	111,228	\$26.34M
Owensboro Towne Center	Owensboro, KY	TJ Maxx, JoAnn, Best Buy	156,575	\$23.25M
Felch Street Center	Holland, MI	JoAnn, Old Navy, TJ Maxx	178,384	\$22.75M
Willow Lakes Plaza	Goshen, IN	Michael's, Kohl's	139,141	\$14.50M
			1,018,876	\$150.84M

PROGRESS ON FRANKLIN PLACE - TOLEDO, OH

Petsmart and Five Below Construction Progress

The construction of the PetSmart and Five Below stores at The Shops at Franklin Place is complete for Devonshire. The stores have been turned over to

the tenants for final finish out and should be opening for business at the end of March or beginning of April.







PetSmart as of 1/31/15



PetSmart as of 2/20/15





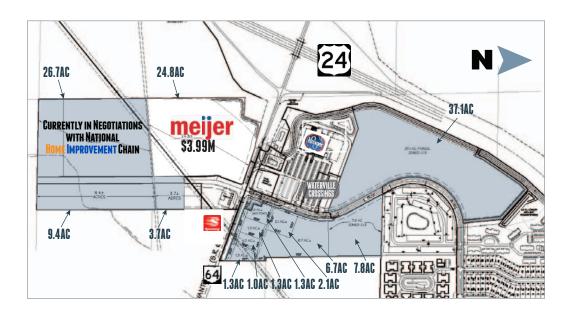


PetSmart and Five Below as of 2/27/15

PROGRESS ON DEVELOPMENT AT WATERVILLE LANDINGS - WATERVILLE, OH

In January we sold 24.8 acres out of the 123.2 undeveloped acres at Waterville Landings in Waterville, OH for \$3.993M and are currently in negotiations

with a national home improvement chain for another 26.7 acres. The original 123.2 acres was acquired in 2013 by Devonshire for \$6M.





DEVONSHIRE REIT FIDUCIARY COMMERCIAL REAL ESTATE SYMPOSIUM

February 4th-6th, 2015, Devonshire hosted it's Inaugural Fiduciary Symposium

For over 60 years Pensions, Endowments and Foundations have used Commercial Real Estate as an integral part of their portfolio allocations for three reasons: 1) Income, 2) Diversification and 3) an Inflationary Hedge. The average allocation to CRE is 10% with almost 75% of that being in the form of private commercial real estate.

This is in contrast to the average bank or private trust who typically hold at most a small position in public REITs as their "real estate" allocation.

Academic studies and real performance have proven that holding both private and public real estate in portfolio allocations yield the highest returns for the lowest corresponding amount of risk (as measured by volatility).

So, in an effort to help spread awareness, and provide education on commercial real estate, its structures and options, its strengths and weaknesses, and its proper role in a fiduciary's practice, on

February 4th - 6th, Devonshire hosted its Inaugural Fiduciary Commercial Real Estate Symposium.

Held at the Ritz-Carlton Golf Resort in Naples, Florida, attendees heard speakers representing the full spectrum of commercial real estate topics: public and private, due diligence, economics, portfolio allocation and estate planning (721/1031 exchanges). Attendees also earned six continuing education credits towards their CFAs, CFPs and CSOPs.

It wasn't all work though as several attendees got in a round of golf Wednesday morning, and on Thursday night all enjoyed a private cruise and dinner on the Naples Princess dinner cruise ship with a ride along the coast taking in the beautiful scenery of Naples Bay and Port Royal.

Planning is under way for next year's Symposium with hopes to have additional details available in the near future.

Symposium Speakers and Subject Matter



Michael A. Carroll Chief Executive Officer Brixmor Property Group Shopping Center Landscape



Brian S. Mick, Esq President Mick & Associates, PC, LLO Due Diligence & Rethinking Liquidity



John Chang First Vice President Research Services Marcus & Millichap Real Estate National Economic & Real Estate Outlook



Glenn R. Mueller, Ph.D. Prof, School of Real Estate & Const Mgmt University of Denver Real Estate Cycles



Meredith Despins
VP, Investment Affairs & Investor Education
NAREIT
REITs, An Industry Perspective



Gary Zdolshek
Principal
Investors Diversified Realty
PERE, Public REITs & Rising Interest Rates



R. Todd Ervin, JD Member Bass, Berry & Sims, PLC Tax Deferral and Avoidance with UPREITs



Travis MillsSSGT, US Army 82nd Airborne, Retired
Travis Mills Foundation
Never Give Up, Never Quit

COMMERCIAL REAL ES

RITZ-CARLTON GOLF RESORT NAPLES, FLORIDA



Ritz-Carlton Golf Resort, Naples, Florida



Naples Princess Dinner Cruise Ship



Devonshire employees contributed \$25,000 to the Travis Mills Foundation (it was actually \$32k, but the presentation check had already been printed)



Tom & Kathy Elbert, Bayport Bank: Tony Sublett, Bank of Missouri: Mike Bogdan, Devonshire; David Rea, Field & Main Bank; Julie & Hal Peterson, Bank of Idaho



Carl Kraiss, Trust Imaging Systems; Ken Entenmann, NBT Bank, Walt Lotspeich, Devonshire (with back to camera); John Smith, Moody Bank



Mark Schmiel, Bremer Trust Company



Judie and Anthony Albuquerque, Glenmede Trust



Walt Lotspeich, Devonshire;



Jeff Seiple, Devonshire; Thom Kieffer, Winona National Bank



Don Kingsbury, American Bank, Corpus Christi; John Bingham, Trust Management Network



Chris Denman, Devonshire; Todd Wetsel, Happy State Bank



Steve Soper, Fidelity Deposit and Discount Bank; Steve Brown, Accutech Systems

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