

Retail Value Inc.
3300 Enterprise Parkway
Beachwood, OH 44122
216-755-5500



For additional information:
Christa Vesey, EVP and
Chief Financial Officer

Retail Value Inc. Reports Second Quarter 2020 Operating Results

BEACHWOOD, OHIO, August 5, 2020 - Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended June 30, 2020.

Results for the Quarter

- Second quarter net loss attributable to common shareholders was \$1.9 million, or \$0.10 per diluted share as compared to net income of \$13.6 million, or \$0.72 per share, in the year ago-period. The year-over-year decrease in net income is primarily attributable to the impact of the COVID-19 pandemic and the dilutive effect of asset sales offset by reduced interest expense and debt extinguishment costs.
- Second quarter operating funds from operations attributable to common shareholders (“Operating FFO” or “OFFO”) was \$12.2 million, or \$0.61 per diluted share, compared to \$24.4 million, or \$1.28 per diluted share, in the year ago-period. The year-over-year decrease in OFFO is primarily attributable to the same factors as above.
- Sold one property, Big Oaks Crossing, on June 30, 2020 for \$21 million; ninety percent (90%) of net proceeds were used to repay mortgage debt with the remaining proceeds retained as cash.
- In July 2020, sold the Lowe’s parcel, Newnan Crossing for \$15.6 million; ninety percent (90%) of net proceeds were used to repay mortgage debt with the remaining proceeds retained as cash.
- The Continental U.S. leased rate was 89.3% at June 30, 2020 as compared to 89.6% at March 31, 2020, the decrease is primarily due to an asset sold in the second quarter.
- The Puerto Rico leased rate was 85.9% at June 30, 2020 as compared to 85.8% at March 31, 2020.

Key Quarterly Operating Results

The following metrics are as of June 30, 2020:

	Continental U.S.	Puerto Rico
Shopping Center Count	13	12
Gross Leasable Area (thousands)	5,457	4,432
Base Rent PSF	\$13.60	\$19.80
Leased Rate	89.3%	85.9%
Commenced Rate	88.8%	83.9%
NOI-Quarter (millions)	\$10.9	\$10.7

Impact of COVID-19

The impact to the portfolio as of July 31, 2020 is as follows:

	Continental U.S.	Puerto Rico
% of Tenants open and operating (pro rata average rent)	92%	94%
% of second quarter rent paid	66%	60%
% of July rent paid	78%	72%

In Puerto Rico, malls and non-essential businesses at outdoor shopping centers remained fully closed until early June when they were permitted to reopen with significant occupancy and operating restrictions. As of July 31, 2020, approximately 93% of the Company’s tenants (based on average base rents) were open for business, up from a low of 34% in early April.

As of July 31, 2020, tenants for the entire company had paid approximately 63% of second quarter rents and 75% of July rents. As of July 31, 2020, the Company had reached deferral arrangements with tenants representing approximately 14% of second quarter rents and 8% of July rents. In addition, during the second quarter the Company’s rental revenue and NOI were reduced by \$6.8 million of uncollectible revenue primarily related to reserves associated with cash-basis tenants triggered by the impact of COVID-19.

The Company implemented a COVID-19 response plan that included enacting protocols in line with government guidelines at Company-owned shopping centers to keep its properties operational and working with tenants to access small business resources including those provided by the Payroll Protection Program (PPP). The Company furthered its property level COVID-19 pandemic response to include: property level social media and email marketing campaigns to help communities identify operating tenants, facilitated gift card program to connect local businesses with members of the communities, instituted heightened cleaning and disinfection protocols, installed social distancing and hygiene signage around its properties to follow CDC guidelines, developed and implemented Vendor COVID Operating Protocol to promote safe and responsible operations by vendors, developed and implemented a COVID Operating Protocol for all property operations staff, deployed online purchase pick-up locations across the portfolio and completed a tenant survey to identify specific tenant needs around curbside and online purchase pick-up.

About RVI

RVI is an independent publicly traded company trading under the ticker symbol “RVI” on the New York Stock Exchange. RVI holds assets in the continental U.S. and Puerto Rico and is managed by one or more subsidiaries of SITE Centers Corp. RVI focuses on realizing value in its business through operations and sales of its assets. Additional information about RVI is available at www.retailvalueinc.com.

Non-GAAP Measures

Funds from Operations (“FFO”) is a supplemental non-GAAP financial measure used as a standard in the real estate industry and is a widely accepted measure of real estate investment trust (“REIT”) performance. Management believes that both FFO and Operating FFO provide additional indicators of the financial performance of a REIT. The Company also believes that FFO and Operating FFO more appropriately measure the core operations of the Company and provide benchmarks to its peer group.

FFO is generally defined and calculated by the Company as net income (loss) (computed in accordance with GAAP) adjusted to exclude (i) gains and losses from disposition of real estate property and related investments, which are presented net of taxes, if any, (ii) impairment charges on real estate property and related investments and (iii) certain non-cash items. These non-cash items principally include real property depreciation and amortization of intangibles. The Company’s calculation of FFO is consistent with the definition of FFO provided by NAREIT. The Company calculates Operating FFO by excluding certain non-operating charges and income. Operating FFO is useful to investors as the Company removes non-comparable charges and income to analyze the results of its operations and assess performance of the core operating real estate portfolio. Other real estate companies may calculate FFO and Operating FFO in a different manner.

The Company also uses net operating income (“NOI”), a non-GAAP financial measure, as a supplemental performance measure. NOI is calculated as property revenues less property-related expenses. The Company believes NOI provides useful information to investors regarding the Company’s financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level and, when compared across periods, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and disposition activity on an unleveraged basis.

FFO, Operating FFO and NOI do not represent cash generated from operating activities in accordance with GAAP, are not necessarily indicative of cash available to fund cash needs and should not be considered as alternatives to net income computed in accordance with GAAP as indicators of the Company’s operating performance or as alternatives to cash flow as a measure of liquidity. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures are included in this release herein.

Safe Harbor

RVI considers portions of the information in this press release to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to the Company’s expectation for future periods. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. For this purpose, any statements contained herein that are not historical fact may be deemed to be forward-looking statements. There are a number of important factors that could cause our results to differ materially from those indicated by such forward-looking statements, including, among other factors, the impact of the outbreak of COVID-19 on the Company’s ability to manage its properties and finance its operations and on tenants’ ability to operate their businesses, generate sales and meet their financial obligations, including the obligation to pay rent; our ability to sell assets on commercially reasonable terms; our ability to complete dispositions of assets under contract; property damage, expenses related thereto and other business and economic consequences (including the potential loss of rental

revenues) resulting from extreme weather conditions and natural disasters in locations where we own properties, and the ability to estimate accurately the amounts thereof; sufficiency and timing of any insurance recovery payments related to damages from extreme weather conditions and natural disasters; local conditions such as an increase in the supply of, or a reduction in demand for, retail real estate in the area; the impact of e-commerce; dependence on rental income from real property; the loss of, significant downsizing of or bankruptcy of a major tenant and the impact of any such event on rental income from other tenants at our properties; our ability to secure equity or debt financing on commercially acceptable terms or at all; impairment charges; our ability to enter into definitive agreements with regard to our financing arrangements and our ability to satisfy conditions to the completion of these arrangements; changes with respect to the Puerto Rican economy and government; the ability to secure and maintain management services provided to us, including pursuant to our external management agreement with one or more subsidiaries of SITE Centers; and our ability to maintain our REIT status. For additional factors that could cause the results of the Company to differ materially from those indicated in the forward-looking statements, please refer to the Company's most recent reports on Form 10-K and Form 10-Q. The impacts of the COVID-19 pandemic may also exacerbate the risks described therein, any of which could have a material effect on the Company. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Retail Value Inc.
Income Statement

in thousands, except per share

	2Q20	2Q20	Total	Total
	Continental U.S.	Puerto Rico	2Q20	6M20
Revenues:				
Rental income (1)	\$19,077	\$20,222	\$39,299	\$89,629
Other property revenues	(26)	19	(7)	32
	<u>19,051</u>	<u>20,241</u>	<u>39,292</u>	<u>89,661</u>
Expenses:				
Operating and maintenance (2)	3,854	8,339	12,193	25,807
Real estate taxes	4,299	1,184	5,483	11,202
	<u>8,153</u>	<u>9,523</u>	<u>17,676</u>	<u>37,009</u>
Net operating income (3)	10,898	10,718	21,616	52,652
Other income (expense):				
Asset management fees			(2,324)	(4,648)
Interest expense, net			(5,660)	(12,952)
Depreciation and amortization			(14,211)	(30,681)
General and administrative			(924)	(2,001)
Impairment charges			(10,910)	(26,820)
Debt extinguishment costs, net			(12)	(3,977)
Other expense, net			0	334
Gain on disposition of real estate, net (4)			10,958	13,632
Loss before other items			(1,467)	(14,461)
Tax expense			(519)	(592)
Net loss			(\$1,986)	(\$15,053)
Weighted average shares – Basic & Diluted – EPS			19,816	19,782
Earnings per common share – Basic & Diluted			(\$0.10)	(\$0.76)
Revenue items:				
(1) Minimum rents	15,089	15,259	30,348	61,738
Ground lease minimum rents	1,099	2,013	3,112	6,318
Recoveries	5,932	5,887	11,819	24,716
Uncollectible revenue	(3,199)	(3,621)	(6,820)	(7,678)
Percentage and overage rent	6	32	38	1,055
Ancillary and other rental income	150	633	783	2,961
Lease termination fees	0	19	19	519
(2) Operating expenses:				
Property management fees	(1,099)	(1,467)	(2,566)	(5,118)
(3) NOI from assets sold			224	2,487
(4) SITE Centers disposition fees			(210)	(1,766)

Retail Value Inc.
Reconciliation: Net Income to FFO and Operating FFO
and Other Financial Information

in thousands, except per share

	2Q20	6M20
Net loss attributable to Common Shareholders	(\$1,986)	(\$15,053)
Depreciation and amortization of real estate	14,193	30,646
Impairment of real estate	10,910	26,820
Gain on disposition of real estate, net	(10,958)	(13,632)
FFO attributable to Common Shareholders	\$12,159	\$28,781
Debt extinguishment, transaction, other, net	12	3,644
Total non-operating items, net	12	3,644
Operating FFO attributable to Common Shareholders	\$12,171	\$32,425
Weighted average shares and units – Basic & Diluted – FFO & OFFO	19,816	19,782
FFO per share – Basic & Diluted	\$0.61	\$1.45
Operating FFO per share – Basic & Diluted	\$0.61	\$1.64
Common stock dividends declared, per share	N/A	N/A
Certain non-cash items:		
Straight-line rent	590	(517)
Straight-line fixed CAM	99	200
Loan cost amortization	(914)	(1,933)
Non-real estate depreciation expense	(17)	(34)
Capital expenditures:		
Maintenance capital expenditures	645	663
Tenant allowances and landlord work	1,020	1,611
Leasing commissions - SITE Centers	473	1,704
Leasing commissions - external	68	155
Hurricane restorations	4,538	8,012

Retail Value Inc.
Balance Sheet

\$ in thousands

	At Period End	
	2Q20	4Q19
Assets:		
Land	\$464,876	\$522,393
Buildings	1,205,401	1,380,984
Fixtures and tenant improvements	137,586	152,426
	1,807,863	2,055,803
Depreciation	(622,100)	(670,509)
	1,185,763	1,385,294
Construction in progress and land	6,962	2,017
Real estate, net	1,192,725	1,387,311
Cash	99,176	71,047
Restricted cash (1)	93,172	112,246
Receivables and straight-line (2)	31,884	25,195
Intangible assets, net (3)	14,106	19,573
Other assets, net	8,197	11,315
Total Assets	1,439,260	1,626,687
Liabilities and Equity:		
Secured debt	506,688	655,833
Payable to SITE	280	105
Dividends payable	0	39,057
Other liabilities (4)	41,343	53,789
Total Liabilities	548,311	748,784
Redeemable preferred equity	190,000	190,000
Common shares	1,982	1,905
Paid-in capital	720,893	692,871
Distributions in excess of net income	(21,910)	(6,857)
Common shares in treasury at cost	(16)	(16)
Total Equity	700,949	687,903
Total Liabilities and Equity	\$1,439,260	\$1,626,687
(1) Asset sale proceeds	17,275	17,388
Other escrows	75,897	94,858
(2) SL rents (including fixed CAM), net	14,677	16,164
(3) Operating lease right of use asset	1,613	1,714
(4) Operating lease liabilities	2,721	2,835
Below-market leases, net	16,373	20,042