

Retail Value Inc.
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Retail Value Inc. Reports First Quarter 2020 Operating Results

BEACHWOOD, OHIO, May 1, 2020 - Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended March 31, 2020.

Results for the Quarter

- First quarter net loss attributable to common shareholders was \$13.1 million, or \$0.66 per diluted share as compared to net loss of \$10 thousand, or \$0.00 per share, in the year ago-period. The year-over-year increase in net loss is primarily attributable to an increase in impairment charges and lower gain on sale of assets and the dilutive effect of asset sales offset by reduced interest expense and debt extinguishment costs.
- First quarter operating funds from operations attributable to common shareholders ("Operating FFO" or "OFFO") was \$20.3 million, or \$1.03 per diluted share, compared to \$24.3 million, or \$1.29 per diluted share, in the year ago-period. The year-over-year decrease in OFFO is primarily attributable to the impact of asset sales.
- Sold three shopping centers for an aggregate sales price of \$155.6 million.
- The Continental U.S. leased rate was 89.6% as compared to 90.6% at December 31, 2019 due to lease expirations and assets sold in first quarter.
- The Puerto Rico leased rate was 85.8% as compared to 84.7% at December 31, 2019 primarily due to the reopening of an anchor lease tenant that had closed in 2017 due to the hurricane.

Key Quarterly Operating Results

The following metrics are as of March 31, 2020:

	<u>Continental U.S.</u>	<u>Puerto Rico</u>
Shopping Center Count	14	12
Gross Leasable Area (thousands)	5,805	4,435
Base Rent PSF	\$13.00	\$19.85
Leased Rate	89.6%	85.8%
Commenced Rate	89.3%	83.4%
NOI-Quarter (millions)	\$15.5	\$15.5

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 impact to the portfolio as of April 29, 2020 is as follows:

	<u>Continental U.S.</u>	<u>Puerto Rico</u>
% of Tenants open and operating (pro rata rent)	49%	37%
% of April rent paid	44%	36%

In addition, during the first quarter the Company's NOI was reduced by \$1.2 million of straight-line rent reserves and bad debt triggered by the impact of COVID-19.

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 and the accompanying financial supplement.

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, finance its operations and perform necessary administrative and reporting functions 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 COVID-19 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

	1Q20 Continental U.S.	1Q20 Puerto Rico	Total 1Q20
Revenues:			
Rental income (1)	\$24,931	\$25,399	\$50,330
Other property revenues	24	15	39
	24,955	25,414	50,369
Expenses:			
Operating and maintenance (2)	4,889	8,725	13,614
Real estate taxes	4,488	1,231	5,719
	9,377	9,956	19,333
Net operating income (3)	15,578	15,458	31,036
Other income (expense):			
Asset management fees			(2,324)
Interest expense, net			(7,292)
Depreciation and amortization			(16,470)
General and administrative			(1,077)
Impairment charges			(15,910)
Debt extinguishment costs, net			(3,965)
Other expense, net			334
Gain on disposition of real estate, net (4)			2,674
Loss before other items			(12,994)
Tax expense			(73)
Net loss			(\$13,067)
Weighted average shares – Basic & Diluted – EPS			19,749
Earnings per common share – Basic & Diluted			(\$0.66)
Revenue items:			
(1) Minimum rents	17,012	14,379	31,391
Ground lease minimum rents	1,205	2,001	3,206
Percentage and overage rent	97	920	1,017
Recoveries	6,646	6,250	12,896
Lease termination fees	500	0	500
Ancillary and other rental income	322	1,856	2,178
Bad debt	(851)	(7)	(858)
(2) Operating expenses:			
Property management fees	(1,099)	(1,453)	(2,552)
(3) NOI from assets sold			1,680
(4) SITE Centers disposition fees			(1,556)

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

in thousands, except per share

	1Q20
Net loss attributable to Common Shareholders	(\$13,067)
Depreciation and amortization of real estate	16,453
Impairment of real estate	15,910
Gain on disposition of real estate, net	(2,674)
FFO attributable to Common Shareholders	\$16,622
Debt extinguishment, transaction, other, net	3,631
Total non-operating items, net	3,631
Operating FFO attributable to Common Shareholders	\$20,253
 Weighted average shares and units – Basic & Diluted – FFO & OFFO	 19,749
 FFO per share – Basic & Diluted	 \$0.84
Operating FFO per share – Basic & Diluted	\$1.03
Common stock dividends declared, per share	N/A
 Certain non-cash items:	
Straight-line rent	(1,108)
Straight-line fixed CAM	101
Loan cost amortization	(1,020)
Non-real estate depreciation expense	(17)
 Capital expenditures:	
Maintenance capital expenditures	18
Tenant allowances and landlord work	591
Leasing commissions - SITE Centers	1,231
Leasing commissions - external	87
Hurricane restorations	3,474

Retail Value Inc.
Balance Sheet

\$ in thousands

	At Period End	
	1Q20	4Q19
Assets:		
Land	\$469,890	\$522,393
Buildings	1,230,987	1,380,984
Fixtures and tenant improvements	140,181	152,426
	1,841,058	2,055,803
Depreciation	(624,546)	(670,509)
	1,216,512	1,385,294
Construction in progress and land	2,242	2,017
Real estate, net	1,218,754	1,387,311
Cash	92,366	71,047
Restricted cash (1)	81,268	112,246
Receivables and straight-line (2)	21,407	25,195
Intangible assets, net (3)	15,036	19,573
Other assets, net	11,837	11,315
Total Assets	1,440,668	1,626,687
 Liabilities and Equity:		
Secured debt	505,790	655,833
Payable to SITE	105	105
Dividends payable	0	39,057
Other liabilities (4)	41,838	53,789
Total Liabilities	547,733	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	(19,924)	(6,857)
Common shares in treasury at cost	(16)	(16)
Total Equity	702,935	687,903
Total Liabilities and Equity	\$1,440,668	\$1,626,687
(1) Asset sale proceeds	0	17,388
Other escrows	81,268	94,858
(2) SL rents (including fixed CAM), net	14,011	16,164
(3) Operating lease right of use asset	1,664	1,714
(4) Operating lease liabilities	2,779	2,835
Below-market leases, net	16,733	20,042