

Retail Value Inc.
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Retail Value Inc. Reports Fourth Quarter 2019 Operating Results

BEACHWOOD, OHIO, March 2, 2020 - Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended December 31, 2019.

Results for the Quarter

- Fourth quarter net loss attributable to common shareholders was \$39.1 million, or \$2.06 per diluted share as compared to net income of \$2.9 million, or \$0.15 per share, in the year ago-period. The year-over-year decrease in net income is primarily attributable to impairment charges.
- Fourth quarter operating funds from operations attributable to common shareholders (“Operating FFO” or “OFFO”) was \$24.1 million, or \$1.27 per diluted share, compared to \$25.0 million, or \$1.36 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 one shopping center for an aggregate sales price of \$19.2 million.
- Payment of \$16.6 million payable to SITE Centers Corp.
- The Continental U.S. leased rate was 90.6% as compared to 91.4% at September 30, 2019 due to lease expirations and tenant bankruptcies.
- The Puerto Rico leased rate was 84.7% as compared to 83.8% at September 30, 2019 due to a new anchor lease.

Significant Full Year Activity and 2020 Activity

- Net income attributable to common shareholders for the year ended December 31, 2019, was \$46.7 million, or \$2.46 per diluted share. Generated Operating FFO of \$5.05 per diluted share for the full year 2019.
- Sold 10 shopping centers and two outparcels for an aggregate sales price of \$335.2 million.
- In January and February 2020, sold three shopping centers for an aggregate sales price of \$155.6 million.

Key Quarterly Operating Results

The following metrics are as of December 31, 2019:

	<u>Continental U.S.</u>	<u>Puerto Rico</u>
Shopping Center Count	16	12
Gross Leasable Area (thousands)	7,017	4,431
Base Rent PSF	\$13.54	\$19.93
Leased Rate	90.6%	84.7%
Commenced Rate	90.2%	82.7%
NOI-Quarter (millions)	\$19.8	\$16.3

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.

In December 2018, the National Association of Real Estate Investment Trusts (“NAREIT”) issued *NAREIT Funds From Operations White Paper - 2018 Restatement* (“the 2018 FFO White Paper”). The purpose of the 2018 FFO White Paper was not to change the fundamental definition of FFO but to clarify existing guidance and to consolidate into a single document, alerts and policy bulletins issued by NAREIT since the last FFO white paper was issued in 2002. The 2018 FFO White Paper was effective starting with first quarter 2019 reporting. The Company did not report any changes in the calculation of FFO in 2019 related to the clarification in the 2018 FFO White Paper.

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, 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 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

	4Q19 <u>Continental U.S.</u>	4Q19 <u>Puerto Rico</u>	Total <u>4Q19</u>	Total <u>12M19</u>
Revenues (1):				
Rental income (2)	\$29,965	\$25,627	\$55,592	\$230,328
Other property revenues	38	109	147	1,092
Business interruption income	0	0	0	7,675
	30,003	25,736	55,739	239,095
Expenses:				
Operating and maintenance (3)	5,334	8,237	13,571	52,964
Real estate taxes	4,909	1,205	6,114	27,693
	10,243	9,442	19,685	80,657
Net operating income (4)	19,760	16,294	36,054	158,438
Other income (expense):				
Asset management fees			(2,429)	(10,497)
Interest expense, net			(8,473)	(42,674)
Depreciation and amortization			(19,189)	(74,598)
General and administrative			(899)	(3,953)
Impairment charges			(47,080)	(80,070)
Hurricane property insurance income, net			3,159	79,391
Debt extinguishment costs, net			(21)	(19,379)
Transaction costs			0	(37)
Other expense, net			0	(850)
(Loss) gain on disposition of real estate, net (5)			(166)	41,482
(Loss) income before other items			(39,044)	47,253
Tax expense			(82)	(504)
Net (loss) income			(\$39,126)	\$46,749
Weighted average shares – Basic & Diluted – EPS			19,052	19,008
Earnings per common share – Basic & Diluted			(\$2.06)	\$2.46
Revenue items:				
(1) Lost revenue related to hurricane	\$0	\$0	\$0	(\$2,946)
(2) Minimum rents	20,486	14,466	34,952	145,930
Ground lease minimum rents	1,365	1,926	3,291	13,604
Percentage and overage rent	(9)	645	636	3,578
Recoveries	7,556	5,804	13,360	56,010
Lease termination fees	142	0	142	1,082
Ancillary and other rental income	381	2,822	3,203	10,074
Bad debt	44	(36)	8	50
(3) Operating expenses:				
Property management fees	(1,241)	(1,448)	(2,689)	(11,360)
(4) NOI from assets sold			561	10,247
(5) SITE Centers disposition fees			192	3,352

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

in thousands, except per share

	4Q19	12M19
Net income attributable to Common Shareholders	(\$39,126)	\$46,749
Depreciation and amortization of real estate	19,165	74,496
Impairment of real estate	47,080	80,070
Gain on disposition of real estate, net	166	(41,482)
FFO attributable to Common Shareholders	\$27,285	\$159,833
Hurricane activity, net (1)	(3,159)	(84,120)
Debt extinguishment, transaction, other, net	21	20,266
Total non-operating items, net	(3,138)	(63,854)
Operating FFO attributable to Common Shareholders	\$24,147	\$95,979
Weighted average shares and units – Basic & Diluted – FFO & OFFO	19,052	19,008
FFO per share – Basic & Diluted	\$1.43	\$8.41
Operating FFO per share – Basic & Diluted	\$1.27	\$5.05
Common stock dividends declared, per share	\$2.05	\$2.05
Certain non-cash items:		
Straight-line rent	(194)	(1,308)
Straight-line fixed CAM	135	580
Loan cost amortization	(1,134)	(4,828)
Non-real estate depreciation expense	(23)	(101)
Capital expenditures:		
Maintenance capital expenditures	233	953
Tenant allowances and landlord work	2,723	10,692
Leasing commissions - SITE Centers	1,340	3,151
Leasing commissions - external	37	708
Hurricane restorations	10,249	62,401
(1) Hurricane activity, net:		
Lost tenant revenue	0	2,946
Hurricane property insurance income, net	(3,159)	(79,391)
Business interruption income	0	(7,675)
	(3,159)	(84,120)

Retail Value Inc.
Balance Sheet

\$ in thousands

	At Period End	
	4Q19	4Q18
Assets:		
Land	\$522,393	\$622,827
Buildings	1,380,984	1,629,862
Fixtures and tenant improvements	152,426	172,679
	2,055,803	2,425,368
Depreciation	(670,509)	(704,401)
	1,385,294	1,720,967
Construction in progress and land	2,017	26,070
Real estate, net	1,387,311	1,747,037
Cash	71,048	44,565
Restricted cash (1)	112,246	66,634
Receivables and straight-line (2)	25,195	31,426
Property insurance receivable	0	29,422
Intangible assets, net (3)	19,573	31,882
Other assets, net	11,314	11,678
Total Assets	1,626,687	1,962,644
 Liabilities and Equity:		
Secured debt	655,833	967,569
Payable to SITE	105	33,985
Dividends payable	39,057	24,005
Other liabilities (4)	53,789	84,832
Total Liabilities	748,784	1,110,391
Redeemable preferred equity	190,000	190,000
Common shares	1,905	1,846
Paid-in capital	692,871	675,566
Distributions in excess of net income	(6,857)	(15,153)
Common shares in treasury at cost	(16)	(6)
Total Equity	687,903	662,253
Total Liabilities and Equity	\$1,626,687	\$1,962,644
(1) Asset sale proceeds	17,388	26,969
Other escrows	94,858	39,665
(2) Straight-line rents receivable	15,563	18,757
(3) Operating lease right of use assets (related to adoption of Topic 842)	1,714	0
(4) Operating lease liabilities (related to adoption of Topic 842)	2,835	0
Below-market leases, net	20,042	33,914