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Retail Value Inc. Reports Fourth Quarter 2020 Operating Results

BEACHWOOD, OHIO, March 10, 2021 – Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended December 31, 2020.

Results for the Quarter and Recent Activity

- Fourth quarter net loss attributable to common shareholders was $9.5 million, or $0.48 per diluted share, as compared to net loss of $39.1 million, or $2.06 per share, in the year-ago period. The period-over-period decrease in net loss is primarily attributable to reduced impairment charges, interest expense and debt extinguishment costs partly offset by reduced rental income stemming from the impact of the COVID-19 pandemic and asset sales.
- Fourth quarter operating funds from operations attributable to common shareholders ("Operating FFO" or "OFFO") was $14.8 million, or $0.75 per diluted share, compared to $24.1 million, or $1.27 per diluted share, in the year-ago period. The period-over-period decrease in OFFO is primarily attributable to the impact of the COVID-19 pandemic and asset sales partly offset by lower interest expense and debt extinguishment costs.
- Sold one property, Plaza Palma Real, and an outparcel for an aggregate gross sales price of $52.1 million; $51.2 million of mortgage debt was repaid in January 2021.
- In December, made a $65.0 million voluntary repayment on mortgage debt from operating cash flow.
- The Continental U.S. leased rate was 88.9% at December 31, 2020 as compared to 90.7% at September 30, 2020. The decrease in the leased rate primarily related to the bankruptcy of Stein Mart.
- The Puerto Rico leased rate was 87.7% at December 31, 2020 as compared to 86.3% at September 30, 2020. The increase in the leased rate primarily related to the sale of Plaza Palma Real, which had a lower leased rate than the Puerto Rico portfolio's average leased rate.
- Exercised its first extension option under its loan agreement in which the loan was extended effective March 9, 2021 to March 9, 2022. In addition, extended the revolving credit facility maturity date to February 9, 2022.

Significant Full-Year Activity

- Net loss attributable to common shareholders for the year ended December 31, 2020 was $93.6 million, or $4.72 per diluted share.
- Generated Operating FFO of $61.8 million, or $3.12 per diluted share for the full year of 2020.
- Sold six shopping centers and one outparcel for an aggregate gross sales price of $314.2 million.
- Made principal repayments on the Company's mortgage loan of $320.1 million since December 31, 2019, excluding $51.2 million of restricted cash held at December 31, 2020 related to December 2020 asset sales that were applied toward the repayment of the loan in January 2021. As of December 31, 2020, the outstanding balance of the Company's mortgage loan was $354.2 million.

Key Quarterly Operating Results

The following metrics are as of December 31, 2020:

	Continental U.S.	Puerto Rico
Shopping Center Count	11	11
Gross Leasable Area (thousands)	4,533	3,984
Base Rent PSF	$13.35	$19.95
Leased Rate	88.9%	87.7%
Commenced Rate	88.1%	86.5%
NOI-Quarter (millions)	$10.9	$12.0

Impact of the COVID-19 Pandemic
The impact to the portfolio as of March 4, 2021 is as follows:

	Continental U.S.	Puerto Rico
% of Tenants open and operating (average base rent)	100%	96%
% of Second quarter 2020 rent paid	85%	78%
% of Third quarter 2020 rent paid	91%	90%
% of Fourth quarter 2020 rent paid	95%	90%
% of January 2021 rent paid	99%	91%

- The 98% of tenants open for business as of March 4, 2021 (based on average base rents), is up from a low of 34% in early April. In Puerto Rico, while 96% of the Company's tenants are open, most remain subject to capacity and operating restrictions.
- The Company calculates the aggregate percentage of rents paid for assets owned as of December 31, 2020, by comparing the amount of tenant payments received as of the date presented to the amount billed to tenants during the period, which billed amount includes abated rents, rents subject to deferral arrangements and rents owing from bankrupt tenants that were in possession of the space and billed. For the purposes of reporting the percentage of aggregate base rents collected for a given period, when rents subject to deferral arrangements are later paid, those payments are allocated to the period in which the rent was originally owed.
- As of March 4, 2021, agreed upon rent deferral arrangements that remain unpaid represented approximately 6% of second quarter 2020 rents, 4% of third quarter 2020 rents and 3% of fourth quarter 2020 rents. The Company granted abatements to tenants representing approximately 7% of second quarter 2020 rents and 1% of third quarter 2020 rents. There were no significant abatements of fourth quarter 2020 rents.
- At December 31, 2020, the balance sheet reflects $2.3 million of net deferred rents, a majority of which is expected to be repaid in 2021.
- In addition, during the fourth quarter of 2020, the Company's rental revenue and NOI were reduced by $2.7 million of uncollectible revenue primarily related to reserves associated with cash-basis tenants as well as the impact of lease modification accounting. In addition, the Company recorded a charge of $0.7 million to straight-line revenue primarily related to write-offs associated with cash-basis tenants. Both amounts primarily were triggered by the impacts of the COVID-19 pandemic.
- RVI continues to work with tenants to maximize their ability to provide goods and services to customers in accordance with phased openings in the municipalities where it operates. Efforts include facilitating curbside and online purchase pick-up, utilization of social media platforms, and on-site promotional programs and marketing. Our property operations team continues to monitor CDC and local governmental health agencies to ensure property level practices are in line with best practices and engage with property level vendors in accordance with its Vendor COVID Operating Protocol.

Property Net Operating Income (NOI) Projection
The Company projects, based on the assumptions below, 2021 property level net operating income (NOI) to be as follows:

Portfolio	NOI Projection
Continental U.S.	$38 – $43 million
Puerto Rico	$46 – $53 million

These Projections:

- Assume that properties owned by the Company on January 1, 2021 are held through December 31, 2021;
- Reflect payment of property management fees;
- Assume tenant collections at 100% as compared to fourth quarter 2020 rent collections of 95% and 90% for the continental U.S. and Puerto Rico portfolios, respectively and
- Assume no reserve reversals related to 2020 rents.

Because these projections are based on assumptions that are subject to change, including, without limitation, the Company's actual tenant collections, they should not be viewed as guidance.

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 generally accepted accounting principles in the United States (“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. Reconciliation of 2021 projected NOI to the most directly comparable GAAP financial measure is not provided because the Company is unable to provide such reconciliation without unreasonable effort.

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 Company’s actual property NOI for 2021, which could differ materially from the NOI projections included in this press release; the impact of the COVID-19 pandemic 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 ongoing and deferred rents; 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 report on Form 10-K. 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

		4Q20 Continental U.S.	4Q20 Puerto Rico	Total 4Q20	Total 12M20
	Revenues:				
	Rental income (1)	$17,318	$22,814	$40,132	$169,725
	Other property revenues	14	(15)	(1)	83
		17,332	22,799	40,131	169,808
	Expenses:				
	Operating and maintenance (2)	3,363	9,613	12,976	50,762
	Real estate taxes	3,079	1,153	4,232	20,752
		6,442	10,766	17,208	71,514
	Net operating income (3)	**10,890**	**12,033**	**22,923**	**98,294**
	Other income (expense):				
	Asset management fees			(2,003)	(8,653)
	Interest expense, net			(4,615)	(22,742)
	Depreciation and amortization			(12,575)	(57,053)
	General and administrative			(751)	(3,612)
	Impairment charges			(10,910)	(115,525)
	Debt extinguishment costs, net			(1,505)	(5,922)
	Other expense, net			(190)	251
	Gain on disposition of real estate, net (4)			844	22,800
	Loss before other items			(8,782)	(92,162)
	Tax expense			(714)	(1,392)
	Net loss			**($9,496)**	**($93,554)**
	Weighted average shares – Basic & Diluted – EPS			**19,829**	**19,806**
	Earnings per common share – Basic & Diluted			**($0.48)**	**($4.72)**
	Revenue items:				
(1)	Minimum rents	11,987	14,122	26,109	117,206
	Ground lease minimum rents	861	1,946	2,807	12,255
	Recoveries	4,554	6,491	11,045	47,156
	Uncollectible revenue	(353)	(2,387)	(2,740)	(16,558)
	Percentage and overage rent	44	796	840	2,319
	Ancillary and other rental income	140	1,846	1,986	6,743
	Lease termination fees	85	0	85	604
(2)	**Operating expenses:**				
	Property management fees	(850)	(1,583)	(2,433)	(9,959)
(3)	NOI from assets sold			429	10,069
(4)	SITE Centers disposition fees			(521)	(3,142)

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

in thousands, except per share

	4Q20	12M20
Net loss attributable to Common Shareholders	**($9,496)**	**($93,554)**
Depreciation and amortization of real estate	12,559	56,986
Impairment of real estate	10,910	115,525
Gain on disposition of real estate, net	(844)	(22,800)
FFO attributable to Common Shareholders	**$13,129**	**$56,157**
Debt extinguishment, transaction, other, net	1,695	5,671
Total non-operating items, net	1,695	5,671
Operating FFO attributable to Common Shareholders	**$14,824**	**$61,828**
Weighted average shares and units – Basic & Diluted – FFO & OFFO	**19,829**	**19,806**
FFO per share – Basic & Diluted	**$0.66**	**$2.84**
Operating FFO per share – Basic & Diluted	**$0.75**	**$3.12**
Common stock dividends declared, per share	**$1.16**	**$1.16**
Certain non-cash items:		
Straight-line rent	(443)	(919)
Straight-line fixed CAM	99	408
Loan cost amortization	(786)	(3,602)
Non-real estate depreciation expense	(16)	(67)
Capital expenditures:		
Maintenance capital expenditures	551	1,685
Tenant allowances and landlord work	1,954	5,183
Leasing commissions - SITE Centers	762	2,755
Leasing commissions - external	53	278
Hurricane restorations	1,456	11,343

Retail Value Inc.
Balance Sheet

$ in thousands

	At Period End	
	4Q20	**4Q19**
Assets:		
Land	$397,699	$522,393
Buildings	1,031,886	1,380,984
Fixtures and tenant improvements	134,335	152,426
	1,563,920	2,055,803
Depreciation	(593,691)	(670,509)
	970,229	1,385,294
Construction in progress and land	1,515	2,017
Real estate, net	971,744	1,387,311
Cash	56,849	71,047
Restricted cash (1)	115,939	112,246
Receivables and straight-line (2)	25,302	25,195
Intangible assets, net (3)	9,452	19,573
Other assets, net	16,590	11,315
Total Assets	**1,195,876**	**1,626,687**
Liabilities and Equity:		
Secured debt (4)	344,485	655,833
Payable to SITE	35	105
Dividends payable	23,002	39,057
Other liabilities (5)	38,568	53,789
Total Liabilities	**406,090**	**748,784**
Redeemable preferred equity	**190,000**	**190,000**
Common shares	1,983	1,905
Paid-in capital	721,234	692,871
Distributions in excess of net income	(123,428)	(6,857)
Common shares in treasury at cost	(3)	(16)
Total Equity	**599,786**	**687,903**
Total Liabilities and Equity	**$1,195,876**	**$1,626,687**

(1) Asset sale proceeds	51,168	17,388
Hurricane related escrows	38,469	57,224
Other lender required escrows	26,302	37,634
(2) SL rents (including fixed CAM), net	13,683	16,164
(3) Operating lease right of use asset	1,509	1,714
(4) Unamortized loan costs	(9,718)	(18,498)
(5) Operating lease liabilities	2,602	2,835
Below-market leases, net	13,829	20,042