



FOR IMMEDIATE RELEASE:

Retail Value Inc. Reports Fourth Quarter 2018 Operating Results

BEACHWOOD, OHIO--- March 5, 2019 - Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended December 31, 2018.

“We made significant progress realizing equity value for shareholders in the Company’s first year. Puerto Rico repair and restoration work remains on track to be substantially complete by the end of 2019 and operations are slowly improving,” commented David R. Lukes, president and chief executive officer.

Results for the Quarter

- Fourth quarter net income attributable to common shareholders was \$2.9 million, or \$0.15 per diluted share. Fourth quarter operating funds from operations attributable to common shareholders (“Operating FFO” or “OFFO”) was \$25.0 million, or \$1.36 per diluted share.
- Sold four shopping centers for an aggregate sales price of \$133.7 million.
- The Continental U.S. leased rate was 92.9% as compared to 93.1% at September 30, 2018 with the decline driven by the impact of asset sales.

Key Quarterly Operating Results

The following metrics are as of December 31, 2018:

	<u>Continental U.S.</u>	<u>Puerto Rico</u>
Shopping Center Count	26	12
Gross Leasable Area (thousands)	9,592	4,431
Base Rent PSF	\$13.42	\$20.66
Leased Rate	92.9%	87.0%
Commenced Rate	91.5%	84.4%
NOI (millions)	\$26.9	\$17.7

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 depreciable real estate property, which are presented net of taxes, if any, (ii) impairment charges on depreciable real estate property 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 the National Association of Real Estate Investment Trusts (“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.

In December 2018, NAREIT issued *NAREIT Funds From Operations White Paper - 2018 Restatement* (“2018 FFO White Paper”). The purpose of the 2018 FFO White Paper was not to change the fundamental definition of FFO but clarify existing guidance and 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 is effective starting with first quarter 2019 reporting. Although early adoption for the year ended 2018 is permitted, the Company plans to adopt any changes in its calculation in 2019 on a retrospective basis. The Company does not expect to report any changes in the calculation of FFO related to the clarification in the 2018 FFO White Paper.

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 ability to execute our strategy as an independent, publicly traded company. Other risks and uncertainties that could cause our results to differ materially from those indicated by such forward-looking statements include our ability to sell assets on commercially reasonable terms; our ability to complete dispositions of assets under contract; the success of our asset sale strategy; property damage, expenses related thereto and other business and economic consequences (including the potential loss of rental revenues) resulting from extreme weather conditions 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; local conditions such as supply of space or a reduction in demand for real estate in the area; competition from other available space; 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; our ability to enter into definitive agreements with regard to our financing arrangements or our failure to satisfy conditions to the completion of these arrangements; unforeseen changes 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 “Risk Factors” included in the Company’s report on Form 10-K for the year ended December 31, 2018. 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

	4Q18	4Q18	Total	Total
	<u>Continental U.S.</u>	<u>Puerto Rico</u>	<u>4Q18</u>	<u>6M18</u>
Revenues (1):				
Minimum rents (2)	\$29,607	\$16,126	\$45,733	\$94,319
Percentage rent	295	959	1,254	1,612
Recoveries	10,321	5,741	16,062	32,119
Other property revenues (3)	435	2,208	2,643	4,893
Business interruption income	0	2,000	2,000	4,404
	40,658	27,034	67,692	137,347
Expenses:				
Operating and maintenance (4)	6,487	8,047	14,534	28,193
Real estate taxes	7,267	1,268	8,535	17,597
	13,754	9,315	23,069	45,790
Net operating income (5)	26,904	17,719	44,623	91,557
Other income (expense):				
Asset management fees			(3,268)	(6,537)
Interest expense			(15,199)	(32,249)
Depreciation and amortization			(20,333)	(42,471)
General and administrative			(1,138)	(2,147)
Impairment charges			(1,970)	(6,390)
Hurricane property loss			(211)	(366)
Debt extinguishment costs, net			(3,718)	(6,431)
Transaction costs			(7)	(186)
Other income (expense), net			(3,035)	(2,590)
Gain on disposition of real estate, net (6)			6,978	16,813
Income before other items			2,722	9,003
Tax benefit (expense)			177	(151)
Net income			\$2,899	\$8,852
Weighted average shares – Basic & Diluted – EPS			18,464	18,464
Earnings per common share – Basic & Diluted			\$0.15	\$0.48
Revenue items:				
(1) Lost revenue related to hurricane			(\$1,849)	(\$4,250)
(2) Ground lease revenue			4,070	8,178
(3) Lease termination fees			70	81
(4) Operating expenses:				
Property management fees	(1,666)	(1,589)	(3,255)	(6,538)
Bad debt expense			(218)	(222)
(5) NOI from assets sold	1,142	0	1,142	5,531
(6) SITE Centers disposition fees			(1,337)	(2,959)

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

\$ in thousands, except per share

	4Q18	6M18
Net income attributable to Common Shareholders	\$2,899	\$8,852
Depreciation and amortization of real estate	20,319	42,419
Impairment of depreciable real estate	1,970	6,390
Gain on disposition of depreciable real estate, net	(6,978)	(16,813)
FFO attributable to Common Shareholders	\$18,210	\$40,848
Hurricane property loss, net (1)	60	212
Debt extinguishment, transaction, other, net	6,760	9,207
Total non-operating items, net	6,820	9,419
Operating FFO attributable to Common Shareholders	\$25,030	\$50,267
Weighted average shares and units – Basic & Diluted – FFO & OFFO	18,465	18,465
FFO per share – Basic & Diluted	\$0.99	\$2.21
Operating FFO per share – Basic & Diluted	\$1.36	\$2.72
Common stock dividends declared, per share	\$1.30	\$1.30
Certain non-cash items:		
Straight-line rent, net	(\$114)	(\$13)
Loan cost amortization	(1,368)	(2,866)
Non-real estate depreciation expense	(14)	(52)
Capital expenditures:		
Maintenance capital expenditures	300	983
Tenant allowances and landlord work	4,160	5,786
Leasing commissions (2)	573	1,491
Hurricane restorations	18,487	31,380
(1) Hurricane property (income) loss:		
Lost tenant revenue	1,849	4,250
Business interruption income	(2,000)	(4,404)
Clean up costs and other expenses	211	366
	60	212
(2) SITE Centers lease commissions	420	1,085

Retail Value Inc.
Balance Sheet

\$ in thousands

	<u>At Period End</u> 4Q18
Assets:	
Land	\$622,827
Buildings	1,629,862
Fixtures and tenant improvements	172,679
	2,425,368
Depreciation	(704,401)
	1,720,967
Construction in progress and land	26,070
Real estate, net	1,747,037
Cash	44,565
Restricted cash(1)	66,634
Receivables, net (2)	31,426
Property insurance receivable	29,422
Intangible assets, net	31,882
Other assets, net	11,678
Total Assets	1,962,644
Liabilities and Equity:	
Secured debt	967,569
Payable to SITE	33,985
Dividends payable	24,005
Other liabilities (3)	84,832
Total Liabilities	1,110,391
Redeemable preferred equity	190,000
Common shares	1,846
Paid-in capital	675,566
Distributions in excess of net income	(15,153)
Common shares in treasury at cost	(6)
Total Equity	662,253
Total Liabilities and Equity	\$1,962,644
(1) Asset sale proceeds	26,969
Other escrows	39,665
(2) Straight-line rents receivable, net	18,757
(3) Below-market leases, net	33,914