



Retail Value Inc. Reports Third Quarter 2020 Operating Results

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

Results for the Quarter

- Third quarter net loss attributable to common shareholders was \$69.0 million, or \$3.48 per diluted share as compared to net income of \$72.3 million, or \$3.79 per share, in the year-ago period. The period-over-period decrease in net income is primarily attributable to reduced rental income and increased impairment charges stemming from the impact of the COVID-19 pandemic and the dilutive effect of asset sales offset by reduced interest expense and debt extinguishment costs.
- Third quarter operating funds from operations attributable to common shareholders (“Operating FFO” or “OFFO”) was \$14.6 million, or \$0.74 per diluted share, compared to \$23.1 million, or \$1.21 per diluted share, in the year-ago period. The period-over-period decrease in OFFO is primarily attributable to the same factors as above.
- Sold two properties, Riverdale Village and Newnan Crossing (Lowe’s), aggregating \$85.6 million; \$69.7 million of mortgage debt was repaid in October 2020.
- The Continental U.S. leased rate was 90.7% at September 30, 2020 as compared to 89.3% at June 30, 2020. The increase is primarily due to the impact of the asset sold in the third quarter.
- The Puerto Rico leased rate was 86.3% at September 30, 2020 as compared to 85.9% at June 30, 2020. The increase is primarily due to new leasing activity which included 12 new leases for approximately 53,000 square feet partly offset by the impact of tenant lease expirations.

Key Quarterly Operating Results

The following metrics are as of September 30, 2020:

	Continental U.S.	Puerto Rico
Shopping Center Count	11	12
Gross Leasable Area (thousands)	4,539	4,432
Base Rent PSF	\$13.31	\$19.72
Leased Rate	90.7%	86.3%
Commenced Rate	89.8%	83.7%
NOI-Quarter (millions)	\$12.0	\$10.7

Impact of the COVID-19 Pandemic

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

	Continental U.S.	Puerto Rico
% of Tenants open and operating (pro rata average rent)	97%	96%
% of Second quarter rent paid	76%	69%
% of Third quarter rent paid	88%	84%
% of October rent paid	88%	80%

As of October 31, 2020, approximately 97% of the Company’s tenants (based on average base rents) were open for business, up from a low of 34% in early April. In Puerto Rico, while 96% of the Company’s tenants are open, most remain open subject to significant capacity and operating restrictions.

Further, as of October 31, 2020, the additional impact of the COVID-19 pandemic for the entire Company is as follows:

- Tenants paid approximately 72% of second quarter 2020 rents, 86% of third quarter 2020 rents and 84% of October 2020 rents.

- The Company had reached deferral arrangements with tenants representing approximately 9% of second quarter 2020 rents and 4% of third quarter 2020 rents.
- The Company granted abatements to tenants representing approximately 5% of second quarter 2020 rents and 0.5% of third quarter 2020 rents.

In addition, during the third quarter of 2020 the Company's rental revenue and NOI were reduced by \$6.1 million of uncollectible revenue primarily related to reserves associated with cash-basis tenants as well as the impact of lease modification accounting, both triggered by the impact of the COVID-19 pandemic.

The Company's COVID-19 pandemic response remains at the forefront of our property operations objectives. As tenants ramped up their in-store operations, the Company worked to facilitate curbside and online purchase pick-up, continued with the Company's social media and property level promotional programs, and worked to promote social distancing and CDC protocols among shopping center patrons through signage and other measures. Our property operations teams continued to maintain heightened cleaning and disinfection procedures in accordance with CDC guidelines and worked diligently to monitor the compliance of vendors' operations with our Vendor COVID Operating Protocol.

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.

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 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 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

	3Q20	3Q20	Total	Total
	Continental U.S.	Puerto Rico	3Q20	9M20
Revenues:				
Rental income (1)	\$19,366	\$20,598	\$39,964	\$129,593
Other property revenues	33	19	52	84
	<u>19,399</u>	<u>20,617</u>	<u>40,016</u>	<u>129,677</u>
Expenses:				
Operating and maintenance (2)	3,253	8,726	11,979	37,786
Real estate taxes	4,091	1,227	5,318	16,520
	<u>7,344</u>	<u>9,953</u>	<u>17,297</u>	<u>54,306</u>
Net operating income (3)	12,055	10,664	22,719	75,371
Other income (expense):				
Asset management fees			(2,002)	(6,650)
Interest expense, net			(5,175)	(18,127)
Depreciation and amortization			(13,797)	(44,478)
General and administrative			(860)	(2,861)
Impairment charges			(77,795)	(104,615)
Debt extinguishment costs, net			(440)	(4,417)
Other expense, net			107	441
Gain on disposition of real estate, net (4)			8,324	21,956
Loss before other items			(68,919)	(83,380)
Tax expense			(86)	(678)
Net loss			<u>(\$69,005)</u>	<u>(\$84,058)</u>
Weighted average shares – Basic & Diluted – EPS			19,829	19,798
Earnings per common share – Basic & Diluted			(\$3.48)	(\$4.25)
Revenue items:				
(1) Minimum rents	14,795	14,565	29,360	91,097
Ground lease minimum rents	1,082	2,048	3,130	9,448
Recoveries	5,402	5,993	11,395	36,111
Uncollectible revenue	(2,229)	(3,912)	(6,141)	(13,819)
Percentage and overage rent	147	277	424	1,480
Ancillary and other rental income	169	1,627	1,796	4,757
Lease termination fees	0	0	0	519
(2) Operating expenses:				
Property management fees	(850)	(1,558)	(2,408)	(7,526)
(3) NOI from assets sold			1,914	7,813
(4) SITE Centers disposition fees			856	2,622

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

in thousands, except per share

	3Q20	9M20
Net loss attributable to Common Shareholders	(\$69,005)	(\$84,058)
Depreciation and amortization of real estate	13,780	44,427
Impairment of real estate	77,795	104,615
Gain on disposition of real estate, net	(8,324)	(21,956)
FFO attributable to Common Shareholders	\$14,246	\$43,028
Debt extinguishment, transaction, other, net	333	3,976
Total non-operating items, net	333	3,976
Operating FFO attributable to Common Shareholders	\$14,579	\$47,004
Weighted average shares and units – Basic & Diluted – FFO & OFFO	19,829	19,798
FFO per share – Basic & Diluted	\$0.72	\$2.17
Operating FFO per share – Basic & Diluted	\$0.74	\$2.37
Common stock dividends declared, per share	N/A	N/A
Certain non-cash items:		
Straight-line rent	41	(476)
Straight-line fixed CAM	108	308
Loan cost amortization	(883)	(2,817)
Non-real estate depreciation expense	(17)	(51)
Capital expenditures:		
Maintenance capital expenditures	471	1,134
Tenant allowances and landlord work	1,618	3,229
Leasing commissions - SITE Centers	288	1,992
Leasing commissions - external	71	226
Hurricane restorations	1,875	9,887

Retail Value Inc.
Balance Sheet

\$ in thousands

	At Period End	
	3Q20	4Q19
Assets:		
Land	\$414,653	\$522,393
Buildings	1,085,202	1,380,984
Fixtures and tenant improvements	133,852	152,426
	1,633,707	2,055,803
Depreciation	(604,085)	(670,509)
	1,029,622	1,385,294
Construction in progress and land	4,811	2,017
Real estate, net	1,034,433	1,387,311
Cash	115,254	71,047
Restricted cash (1)	140,548	112,246
Receivables and straight-line (2)	27,527	25,195
Intangible assets, net (3)	10,041	19,573
Other assets, net	11,090	11,315
Total Assets	1,338,893	1,626,687
 Liabilities and Equity:		
Secured debt	477,087	655,833
Payable to SITE	770	105
Dividends payable	0	39,057
Other liabilities (4)	38,653	53,789
Total Liabilities	516,510	748,784
Redeemable preferred equity	190,000	190,000
Common shares	1,983	1,905
Paid-in capital	721,318	692,871
Distributions in excess of net income	(90,915)	(6,857)
Common shares in treasury at cost	(3)	(16)
Total Equity	632,383	687,903
Total Liabilities and Equity	\$1,338,893	\$1,626,687
(1) Asset sale proceeds	69,720	17,388
Hurricane related escrows	41,469	57,224
Other escrows	29,359	37,634
(2) SL rents (including fixed CAM), net	14,313	16,164
(3) Operating lease right of use asset	1,562	1,714
(4) Operating lease liabilities	2,663	2,835
Below-market leases, net	14,129	20,042