Retail Value Inc.

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Retail Value Inc. Reports First Quarter 2021 Operating Results

BEACHWOOD, OHIO, May 4, 2021 – Retail Value Inc. (NYSE: RVI) today announced operating results for the quarter ended March 31, 2021.

Results for the Quarter and Recent Activity

- First quarter net income attributable to common shareholders was $3.2 million, or $0.15 per diluted share, as compared to net loss of $13.1 million, or $0.66 per share, in the year-ago period. The period-over-period increase in net income 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.
- First quarter operating funds from operations attributable to common shareholders ("Operating FFO" or "OFFO") was $18.6 million, or $0.89 per diluted share, compared to $20.3 million, or $1.03 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.
- The Continental U.S. leased rate was 86.7% at March 31, 2021 as compared to 88.9% at December 31, 2020. The decrease in the leased rate primarily related to the expiration and termination of two dark anchor tenant leases in the first quarter of 2021.
- The Puerto Rico leased rate was 88.3% at March 31, 2021 as compared to 89.2% at December 31, 2020 primarily due to the legal resolution and termination of dark non-paying tenants.
- Exercised its first extension option under its mortgage loan agreement in which the loan's maturity was extended to March 9, 2022. In addition, extended the revolving credit facility maturity date to February 9, 2022.
- In April 2021, sold four properties (Marketplace of Brown Deer, Noble Town Center, Plaza Vega Baja and Uptown Solon) for a gross sales price of $38.9 million. In April 2021, net proceeds from the sale of Marketplace of Brown Deer along with unrestricted cash on hand aggregating $23.6 million were used to repay the mortgage loan. The majority of the net proceeds from the other three asset sales are expected to repay $24.9 million of the mortgage loan in May 2021.

Key Quarterly Operating Results
The following metrics are as of March 31, 2021:

	Continental U.S.	Puerto Rico
Shopping Center Count	11	11
Gross Leasable Area (thousands)	4,533	3,918
Base Rent PSF	$13.17	$19.60
Leased Rate	86.7%	88.3%
Commenced Rate	86.1%	87.6%
NOI-Quarter (millions)	$11.9	$13.4

Impact of the COVID-19 Pandemic
The impact to the portfolio as of April 23, 2021 is as follows:

	Continental U.S.	Puerto Rico
% of Tenants open and operating (average base rent)	100%	99%
% of Second quarter 2020 rent paid	87%	80%
% of Third quarter 2020 rent paid	92%	90%
% of Fourth quarter 2020 rent paid	96%	92%
% of First quarter 2021 rent paid	98%	94%

- For the total portfolio, 99% of tenants were open for business as of April 23, 2021 (based on average base rents). In Puerto Rico, while 99% of the Company's tenants were open for business as of April 23, 2021, most remain subject to significant capacity and operating restrictions.
- The Company calculates the aggregate percentage of rents paid for assets owned as of March 31, 2021, 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 April 23, 2021, agreed upon rent deferral arrangements that remain unpaid represented approximately 5% of second quarter 2020 rents, 4% of third quarter 2020 rents and 3% of fourth quarter 2020 rents. There were no rent deferral arrangements that remain unpaid with respect to first quarter 2021 rents. The Company granted abatements to tenants representing approximately 6% of second quarter 2020 rents and 1% of third quarter 2020 rents. There were no significant abatements of fourth quarter 2020 rents or first quarter 2021 rents.
- At March 31, 2021, the balance sheet reflects $2.1 million of net deferred rents, a majority of which is expected to be repaid in 2021.
- During the first quarter of 2021, the Company's rental revenue and NOI benefited from $1.7 million of payments related to 2020 rental income received from cash-basis tenants.

Property Net Operating Income (NOI) Projection
The Company has updated its projection of 2021 NOI. 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.	$35 – $40 million
Puerto Rico	$48 – $54 million

These Projections:
- Exclude all properties sold to date and assume all properties owned by the Company on May 4, 2021 are held through year end;
- Reflect payment of property management fees;
- Assume tenant collections at 100% for second quarter of 2021 through fourth quarter of 2021 (as compared to first quarter 2021 rent collections of 98% and 94% for the continental U.S. and Puerto Rico portfolios, respectively) and
- Assume no reserve reversals related to 2020 rents for the second quarter of 2021 through fourth quarter of 2021.

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 or extension 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 Forms 10-K and 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

		1Q21 Continental U.S.	1Q21 Puerto Rico	Total 1Q21	Total 1Q20
	Revenues:				
	Rental income (1)	$18,153	$23,269	$41,422	$50,330
	Other property revenues	17	20	37	39
		18,170	23,289	41,459	50,369
	Expenses:				
	Operating and maintenance (2)	3,085	8,787	11,872	13,614
	Real estate taxes	3,134	1,132	4,266	5,719
		6,219	9,919	16,138	19,333
	Net operating income (3)	**11,951**	**13,370**	**25,321**	**31,036**
	Other income (expense):				
	Asset management fees			(1,770)	(2,324)
	Interest expense, net			(3,991)	(7,292)
	Depreciation and amortization			(13,358)	(16,470)
	General and administrative			(865)	(1,077)
	Impairment charges			(2,010)	(15,910)
	Debt extinguishment costs, net			(130)	(3,965)
	Other income, net			0	334
	Gain on disposition of real estate, net (4)			121	2,674
	Income (loss) before other items			3,318	(12,994)
	Tax expense			(109)	(73)
	Net income (loss)			**$3,209**	**($13,067)**
	Weighted average shares – Basic & Diluted – EPS			**20,916**	**19,749**
	Earnings (loss) per common share – Basic & Diluted			**$0.15**	**($0.66)**
(1)	**Revenue items:**				
	Minimum rents	11,567	13,329	24,896	31,391
	Ground lease minimum rents	839	1,804	2,643	3,206
	Recoveries	4,461	5,834	10,295	12,896
	Uncollectible revenue	992	(754)	238	(858)
	Percentage and overage rent	18	1,439	1,457	1,017
	Ancillary and other rental income	191	1,617	1,808	2,178
	Lease termination fees	85	0	85	500
(2)	**Operating expenses:**				
	Property management fees	(701)	(1,564)	(2,265)	(2,552)
(3)	NOI from assets sold	23	(50)	(27)	1,680
(4)	SITE Centers disposition fees			0	(1,556)

Retail Value Inc.

Reconciliation: Net Loss to FFO and Operating FFO
and Other Financial Information

in thousands, except per share

	1Q21	1Q20
Net income (loss) attributable to Common Shareholders	**$3,209**	**($13,067)**
Depreciation and amortization of real estate	13,341	16,453
Impairment of real estate	2,010	15,910
Gain on disposition of real estate, net	(121)	(2,674)
FFO attributable to Common Shareholders	**$18,439**	**$16,622**
Debt extinguishment, transaction, other, net	130	3,631
Total non-operating items, net	130	3,631
Operating FFO attributable to Common Shareholders	**$18,569**	**$20,253**
Weighted average shares and units – Basic & Diluted – FFO & OFFO	**20,916**	**19,749**
FFO per share – Basic & Diluted	**$0.88**	**$0.84**
Operating FFO per share – Basic & Diluted	**$0.89**	**$1.03**
Common stock dividends declared, per share	**N/A**	**N/A**
Certain non-cash items:		
Straight-line rent	(565)	(1,108)
Straight-line fixed CAM	70	101
Loan cost amortization	(781)	(1,020)
Non-real estate depreciation expense	(17)	(17)
Capital expenditures:		
Maintenance capital expenditures	328	18
Tenant allowances and landlord work	608	591
Leasing commissions - SITE Centers	778	1,231
Leasing commissions - external	133	87
Hurricane restorations	1,848	3,474

Retail Value Inc.
Balance Sheet

$ in thousands

	At Period End	
	1Q21	**4Q20**
Assets:		
Land	$397,024	$397,699
Buildings	1,030,973	1,031,886
Fixtures and tenant improvements	131,780	134,335
	1,559,777	1,563,920
Depreciation	(602,879)	(593,691)
	956,898	970,229
Construction in progress and land	1,887	1,515
Real estate, net	958,785	971,744
Cash	72,741	56,849
Restricted cash (1)	63,557	115,939
Receivables and straight-line (2)	22,053	25,302
Intangible assets, net (3)	8,529	9,452
Other assets, net (4)	14,659	16,590
Total Assets	**1,140,324**	**1,195,876**
Liabilities and Equity:		
Secured debt (5)	294,069	344,485
Dividends payable	0	23,002
Other liabilities (6)	34,239	38,603
Total Liabilities	**328,308**	**406,090**
Redeemable preferred equity	**190,000**	**190,000**
Common shares	2,108	1,983
Paid-in capital	740,130	721,234
Distributions in excess of net income	(120,219)	(123,428)
Common shares in treasury at cost	(3)	(3)
Total Equity	**622,016**	**599,786**
Total Liabilities and Equity	**$1,140,324**	**$1,195,876**

(1) Asset sale proceeds	0	51,168
Hurricane related escrows	37,169	38,469
Other lender required escrows	26,388	26,302
(2) SL rents (including fixed CAM), net	13,189	13,683
(3) Operating lease right of use asset	1,456	1,509
(4) Note receivable	3,000	3,000
(5) Unamortized loan costs	(8,965)	(9,718)
(6) Operating lease liabilities	2,540	2,602
Below-market leases, net	13,529	13,829