

QUARTERLY
REPORT

REVESCO PROPERTIES TRUST

Q2 2024

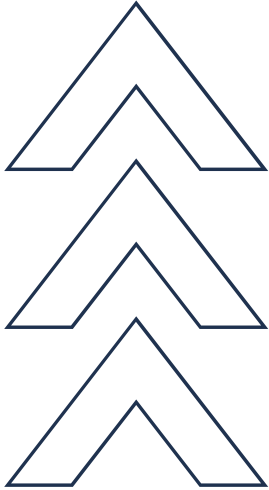


REVESCO
PROPERTIES TRUST

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Quarterly Insights from our Trustees



Dear Investors,

We are pleased to provide you with an update on RPT's performance and strategic initiatives for the second quarter of 2024.

Economic and Market Overview

The U.S. economy continues to exhibit robust growth. Consumer spending remains strong, unemployment levels are near historical lows and inflation continues to moderate. These favorable conditions have fueled speculation that the Federal Reserve may implement one or even two interest rate cuts by the end of the year. As a result, the 10 year U.S. Treasury rate declined from a peak of 4.6% in Q1 to just over 4.25% at the close of Q2. In the retail sector, the national vacancy rate remains at historically low levels, currently at 5% as of July 2024 as reported by Cushman & Wakefield.

We view these market dynamics - characterized by strong consumer demand and easing inflation - as a significant opportunity for accretive acquisitions and portfolio expansion. We continue to see high quality retail real estate assets come to market. As we reported last quarter, we envision 2024 as a year of growth for RPT.

Portfolio Performance & Growth

We are now under contract to acquire Roswell Village in an affluent suburb of metro Atlanta. This 150,211 square foot center, with a contracted acquisition price of \$38.3 million, presents an attractive investment opportunity. Roswell Village is in an affluent trade area with strong demographics, features publicly traded tenants including Marshall's (TJX), Ross Dress for Less (ROST), Dollar General (DG), and Starbucks (SBUX), and has a weighted average lease term ("WALT") of six (6) years. Due diligence is well underway and anticipated closing is in Q4 2024.

RPT also has a mutually executed letter of intent to acquire the Whole Foods Market adjacent to our Aspen Place shopping center. This 24,774 square foot stand-alone building will increase RPT's footprint in Flagstaff by 24% and bring additional cash flow and increased value to Aspen Place. There is over nine (9) years of remaining lease commitment with Whole Foods Market which shall assist in securing the best possible mortgage terms upon a refinancing.

We are pleased to report in-place rents increased by 0.2% during the quarter to \$18.77 per square foot. Our portfolio boasts a conservative loan-to-value (LTV) ratio of 44.4% on our investment portfolio, with an average mortgage rate of 4.4%. Notably, there are no variable rate mortgages in our portfolio, and the first mortgage renewal in the portfolio does not occur until 2027.

Looking ahead, we are excited by the acquisition opportunities of Roswell Village in metro Atlanta and Whole Foods Market in Flagstaff, AZ.

We extend our gratitude for your continued trust and support.

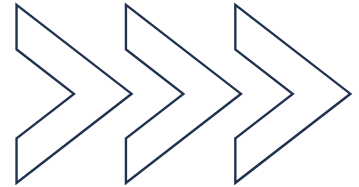
Warm regards,



Christopher A. Wood
Trustee
Revesco Properties Trust

Scott R. Lee
Trustee
Revesco Properties Trust

Market Highlights



Retail: The Comeback Kid

Investments in open-air centers are growing, exemplified by Kimco Realty's acquisition of Ramco-Gershenson Properties Trust and Bain Capital Real Estate's new partnership with 11North Partners. Brian Harper of 11North notes that low supply growth, high demand, and evolving shopping trends make this sector particularly promising.

01 Leading the Way

According to recent research from Placer.ai, open-air centers, including strip centers and strip malls, have experienced the largest rebound in foot traffic among retail channels since the pandemic began four years ago.

02 New Construction Doesn't Pencil

Despite high demand and occupancy in the strip center sector, new development remains unlikely due to elevated construction costs and cap rates. According to a recent report from Green Street, rents would need to increase by about 65% to make new projects profitable, which is not feasible in the current market. As a result, with limited new supply and strong demand, Green Street believes the sector is expected to maintain robust performance, with an annual growth forecast of around 3.2% through 2028, reflecting balanced supply-demand dynamics and constraints on rent increases.

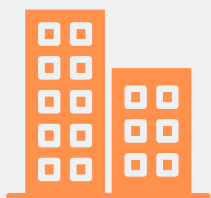
03 AI Can't Replace the Personal Touch

EY's recent survey of 23,000 consumers across 30 countries reveals that despite advancements in AI, in-store experiences remain highly valued. Over two-thirds of customers seek expert advice for high-value purchases, and 60% prefer to see and touch items before buying. AI-powered customer service is falling short, with half of consumers frustrated by ineffective chatbots and 30% citing poor service or difficulty reaching agents.

RPT by the Numbers

AUM

\$100 M



WALT

3.4 Years



SQFT

425K



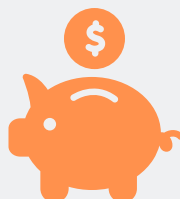
OCCUPANCY

95%



LTV

44.4%



Q2 NOI

\$1.7 M



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5 West

Bozeman, MT

SQFT
37,668

PURCHASE
DATE
2021

Regus



clearwater
CREDIT UNION

FICO

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$25.78	\$26.19	\$26.54	\$26.54	\$26.58
WALT (Years)	4.63	4.38	4.13	3.88	3.63
NOI	\$306,930	\$251,424	\$337,920	\$288,010	\$289,754

QOQ | YOY Change

5 West continues to demonstrate robust performance with a 100% occupancy rate maintained throughout the quarter. Year-over-year rental income has increased by 3%, reflecting strong market demand and effective property management. Cash flow remains steady, meeting our projections and contributing positively to our overall portfolio performance.

Q2 Updates

As previously reported last quarter, Opportunity Bank closed their branch at 5 West. We are pleased to announce that during Q2, Clearwater Credit Union has taken over the space and will fulfill the remaining lease term from Opportunity Bank. Importantly, there was no rental loss during this transition, ensuring continued stability in our rental income.



Harmony School Shops

Fort Collins, CO

SQFT
88,144

PURCHASE
DATE
2021



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$18.68	\$18.68	\$18.71	\$18.73	\$18.73
WALT (Years)	3.91	3.73	3.33	3.33	3.08
NOI	\$388,381	\$386,041	\$369,840	\$394,958	\$320,627

QOQ | YOY Change

Harmony School Shops continues to perform in line with expectations. The decrease in net operating income (NOI) is attributed to a true-up in annual property insurance payments for 24 Hour Fitness. This adjustment was anticipated and does not reflect a decline in overall property performance.

Q2 Updates

Throughout the quarter, seasonal repairs were carried out across the shopping center to maintain its overall curb appeal and ensure a welcoming environment for tenants and customers. With the Office Depot lease expiring in March 2025, our asset management team is proactively exploring potential replacement tenants, including grocers, to minimize downtime and sustain property performance.



Aspen Place at the Sawmill

Flagstaff, AZ

SQFT
99,566

PURCHASE
DATE
2021



VILLAGE ASPEN PLACE

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Occupancy	99%	99%	99%	99%	99%
Avg. In-Place Rents (\$/SF)	\$24.73	\$24.80	\$25.27	\$25.24	\$25.31
WALT (Years)	4.49	4.30	4.39	4.33	3.95
NOI	\$865,987	\$703,768	\$625,261	\$638,667	\$734,536

QOQ | YOY Change

Aspen Place experienced a notable 13% increase in net operating income (NOI) from Q1 2024, driven by the addition of new tenants Milan Laser Clinic and Carhartt, who have commenced rent payments. In-place rents have increased by 2.3% since Q2 2023, demonstrating the property's strong performance.



Q2 Updates

New tenant Club Pilates is on track to complete construction and open for business in September. Their lease commands an additional \$5 per square foot over the previous tenant, underscoring the high demand for space in Aspen Place and contributing positively to our rental income.

Preston Place

Louisville, KY

SQFT
134,019

PURCHASE
DATE
2022

FLOOR
DECOR & VCF
VALUE CITY
FURNITURE

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$7.81	\$7.81	\$7.81	\$7.81	\$7.81
WALT (Years)	4.94	4.69	4.50	4.50	4.00
NOI	\$257,277	\$247,520	\$160,266	\$266,100	\$270,748

QOQ | YOY Change

Preston Place continues to perform as expected, generating stable cash flow and maintaining its strong position within our portfolio.

Q2 Updates

This quarter, planned roofing repairs were completed at the center to extend its overall lifespan. Management is also exploring opportunities to develop a new pad site, including the potential addition of a gas station, to enhance the property's value and attract more visitors.



Park Lee

Phoenix, AZ

SQFT
75,559

PURCHASE
DATE
2022



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Occupancy	93.11%	93.11%	81.40%	81.40%	81.40%
Avg. In-Place Rents (\$/SF)	\$13.11	\$13.44	\$13.85	\$15.38	\$15.43
WALT (Years)	2.38	2.44	2.20	2.30	1.71
NOI	\$242,110	\$187,887	\$186,668	\$150,285	\$167,972

QOQ | YOY Change

NOI at Park Lee is trending upwards this quarter, even with lower occupancy, as we focus on decreasing expenses. Average in-place rents have increased by 15% compared to the same period last year, reflecting our successful efforts to reposition the property and enhance its value.

Q2 Updates

This quarter, we completed updates to a sewer line, an issue discovered during construction for our new tenant, WaveMax, a publicly traded laundry service. WaveMax is leasing 2,600 sq. ft. at a rate \$5 per sq. ft. higher than the previous tenant. The addition of WaveMax aligns with our repositioning strategy, focusing on attracting higher-paying tenants to enhance the property's value.



Potential Acquisition



ROSWELL VILLAGE Roswell City, GA

Georgia's ninth largest city and located just 35 minutes outside of Atlanta, Roswell is a perfect destination for young families seeking a blend of history, nature, and modern conveniences. Its Historic District offers Southern Trilogy home tours, ghost walks, festivals, dining, theater, arts, and vibrant shopping. Outdoor enthusiasts can explore the Chattahoochee River, woodland trails, marsh boardwalks, and cycling routes.



6 Years



2018-2022



150,211 SF

73,033
population

\$139,797
avg household
income

60%
population holding a
college degree or higher

TRADE AREA
(3 mile radius)

Potential Acquisition

WHOLE FOODS
Aspen Place
Flagstaff, AZ




We are excited to announce that Whole Foods Market, currently serving as a shadow anchor, will become the main grocery anchor for Aspen Place should the asset be acquired. Aspen Place is an RPT asset acquired in December 2021. This strategic acquisition will transform Aspen Place into a Grocery-Anchored center, enhancing its overall value. After two years of careful review and negotiations, we look forward to welcoming Whole Foods to the RPT portfolio.

Financial Assets

Name	Address	Asset Type	Size	Purchase Price	Purchase Date
Santa Barbara Loan	111 E Victoria St. Santa Barbara, CA	Loan	21,970 SF	\$4 Million	August 2023
Debenture Investment	4 Sites in Denver, CO	Convertible Debenture for Mixed-Use Development	308 Units	\$1.525 Million	December 2021

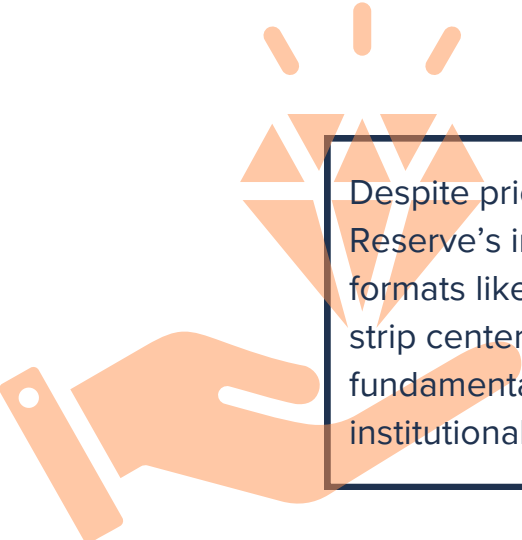


Key Takeaways




Asking rents in retail properties have continued to rise in response to a tight market. In the second quarter, the average asking rent was \$24.37 per square foot, reflecting a 3.8% increase from the previous year.

Source: Cushman & Wakefield



Despite pricing volatility due to the Federal Reserve's interest rate policy, smaller retail formats like grocery-anchored and unanchored strip centers remain highly valued. Retail leasing fundamentals are strong, driving renewed institutional investor interest.

Source: JLL



Not all retail formats will thrive in 2024. Enclosed mall-based retailers, closing underperforming stores, are shifting to smaller-format open-air suburban centers. Neighborhood, community, and strip centers will maintain stable occupancy, while availability rates for malls are expected to rise by nearly a full percentage point.

Source: CBRE

Acknowledgements

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We appreciate the invaluable support and feedback from our investors and stakeholders, whose trust and partnership are fundamental to our achievements. This report reflects our collective efforts and commitment to transparency and success in the real estate investment sector.

Thank you.

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