UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____ to ____

Commission file number 001-33749

RETAIL OPPORTUNITY INVESTMENTS CORP.
RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
(Exact name of registrant as specified in its charter)

Maryland	**(Retail Opportunity Investments Corp.)**	**26-0500600**	**(Retail Opportunity Investments Corp.)**
Delaware	**(Retail Opportunity Investments Partnership, LP)**	**94-2969738**	**(Retail Opportunity Investments Partnership, LP)**
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)	

11250 El Camino Real	
Suite 200	
San Diego, California	**92130**
(Address of Principal Executive Offices)	(Zip Code)

(858) 677-0900
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Retail Opportunity Investments Corp.	Yes	☒	No	☐
Retail Opportunity Investments Partnership, LP	Yes	☒	No	☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Retail Opportunity Investments Corp.	Yes	☒	No	☐
Retail Opportunity Investments Partnership, LP	Yes	☒	No	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Retail Opportunity Investments Corp.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐	If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.					☐

Retail Opportunity Investments Partnership, LP

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐	If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.					☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Retail Opportunity Investments Corp.	Yes	☐	No	☒
Retail Opportunity Investments Partnership, LP	Yes	☐	No	☒

Securities registered pursuant to Section 12(b) of the Act:

Name of Registrant	Title of each class	Trading Symbol	Name of each exchange on which registered
Retail Opportunity Investments Corp.	Common Stock, par value $0.0001 per share	ROIC	NASDAQ
Retail Opportunity Investments Partnership, LP	None	None	None

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: 116,355,537 shares of common stock, par value $0.0001 per share, of Retail Opportunity Investments Corp. outstanding as of April 17, 2020.

EXPLANATORY PARAGRAPH

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2020 of Retail Opportunity Investments Corp., a Maryland corporation (“ROIC”), and Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the “Operating Partnership”), of which ROIC is the parent company and general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “the Company,” “we,” “us,” “our,” or “our company” refer to ROIC together with its consolidated subsidiaries, including the Operating Partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “the Operating Partnership” refer to Retail Opportunity Investments Partnership, LP together with its consolidated subsidiaries.

ROIC operates as a real estate investment trust and as of March 31, 2020, ROIC owned an approximate 91.3% partnership interest in the Operating Partnership. Retail Opportunity Investments GP, LLC, ROIC’s wholly-owned subsidiary, is the sole general partner of the Operating Partnership, and as the parent company, ROIC has the full and complete authority over the Operating Partnership’s day-to-day management and control.

The Company believes that combining the quarterly reports on Form 10-Q of ROIC and the Operating Partnership into a single report will result in the following benefits:

- facilitate a better understanding by the investors of ROIC and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;

- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both ROIC and the Operating Partnership; and

- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates ROIC and the Operating Partnership as one enterprise. The management of ROIC and the Operating Partnership are the same.

There are a few differences between ROIC and the Operating Partnership, which are reflected in the disclosures in this report. The Company believes it is important to understand the differences between ROIC and the Operating Partnership in the context of how these entities operate as an interrelated consolidated company. ROIC is a real estate investment trust, whose only material asset is its ownership of direct or indirect partnership interests in the Operating Partnership and membership interest in Retail Opportunity Investments GP, LLC, which is the sole general partner of the Operating Partnership. As a result, ROIC does not conduct business itself, other than acting as the parent company of the Operating Partnership and issuing equity from time to time. The Operating Partnership holds substantially all the assets of the Company and directly or indirectly holds the ownership interests in the Company’s real estate ventures. The Operating Partnership conducts the operations of the Company’s business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by ROIC, which are contributed to the Operating Partnership, the Operating Partnership generates the capital required by the Company’s business through the Operating Partnership’s operations, by the Operating Partnership’s incurrence of indebtedness (directly and through subsidiaries) or through the issuance of operating partnership units (“OP Units”).

Non-controlling interests is the primary area of difference between the Consolidated Financial Statements for ROIC and the Operating Partnership. The OP Units in the Operating Partnership that are not owned by ROIC are accounted for as partners’ capital in the Operating Partnership’s financial statements and as non-controlling interests in ROIC’s financial statements. Accordingly, this report presents the Consolidated Financial Statements for ROIC and the Operating Partnership separately, as required, as well as Earnings Per Share / Earnings Per Unit and Capital of the Operating Partnership.

This report also includes separate Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources, Item 4. Controls and Procedures sections and separate Chief Executive Officer and Chief Financial Officer certifications for each of ROIC and the Operating Partnership as reflected in Exhibits 31 and 32.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RETAIL OPPORTUNITY INVESTMENTS CORP.
Consolidated Balance Sheets
(In thousands, except share data)

	March 31, 2020 (unaudited)	December 31, 2019
ASSETS		
Real Estate Investments:		
Land	$ 881,615	$ 879,540
Building and improvements	2,255,917	2,252,301
	3,137,532	3,131,841
Less: accumulated depreciation	404,583	390,916
	2,732,949	2,740,925
Mortgage note receivable	13,000	13,000
Real Estate Investments, net	2,745,949	2,753,925
Cash and cash equivalents	63,077	3,800
Restricted cash	1,851	1,658
Tenant and other receivables, net	47,344	45,821
Acquired lease intangible assets, net	57,978	59,701
Prepaid expenses	3,067	3,169
Deferred charges, net	26,786	27,652
Other assets	17,839	18,031
Total assets	$ 2,963,891	$ 2,913,757
LIABILITIES AND EQUITY		
Liabilities:		
Term loan	$ 298,412	$ 298,330
Credit facility	150,436	80,743
Senior Notes	943,206	942,850
Mortgage notes payable	87,271	87,523
Acquired lease intangible liabilities, net	139,999	144,757
Accounts payable and accrued expenses	28,277	17,562
Tenants’ security deposits	7,184	7,177
Other liabilities	49,759	42,987
Total liabilities	1,704,544	1,621,929
Commitments and contingencies		
Equity:		
Preferred stock, $0.0001 par value 50,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized; 116,120,704 and 116,496,016 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	12	12
Additional paid-in capital	1,472,546	1,481,466
Dividends in excess of earnings	(309,325)	(297,998)
Accumulated other comprehensive loss	(12,849)	(4,132)
Total Retail Opportunity Investments Corp. stockholders’ equity	1,150,384	1,179,348
Non-controlling interests	108,963	112,480
Total equity	1,259,347	1,291,828
Total liabilities and equity	$ 2,963,891	$ 2,913,757

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS CORP.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
(In thousands, except share data)

	Three Months Ended March 31,	
	2020	**2019**
Revenues		
Rental revenue	$ 74,197	$ 75,367
Other income	675	686
Total revenues	74,872	76,053
Operating expenses		
Property operating	10,604	11,061
Property taxes	7,989	8,238
Depreciation and amortization	24,278	24,761
General and administrative expenses	3,944	4,276
Other expense	64	93
Total operating expenses	46,879	48,429
Gain on sale of real estate	—	2,638
Operating income	27,993	30,262
Non-operating expenses		
Interest expense and other finance expenses	(14,857)	(15,679)
Net income	13,136	14,583
Net income attributable to non-controlling interests	(1,134)	(1,333)
Net Income Attributable to Retail Opportunity Investments Corp.	$ 12,002	$ 13,250
Earnings per share – basic and diluted	$ 0.10	$ 0.12
Dividends per common share	$ 0.2000	$ 0.1970
Comprehensive income:		
Net income	$ 13,136	$ 14,583
Other comprehensive loss:		
Unrealized swap derivative loss arising during the period	(9,055)	(2,608)
Reclassification adjustment for amortization of interest expense included in net income	338	(202)
Other comprehensive loss	(8,717)	(2,810)
Comprehensive income	4,419	11,773
Comprehensive income attributable to non-controlling interests	(1,134)	(1,333)
Comprehensive income attributable to Retail Opportunity Investments Corp.	$ 3,285	$ 10,440

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS CORP.
Consolidated Statements of Equity
(Unaudited)
(In thousands, except share data)

	Common Stock							
	Shares	Amount	Additional paid-in capital	Accumulated dividends in excess of earnings	Accumulated other comprehensive loss	Non-controlling interests	Equity
Balance at December 31, 2019	**116,496,016**	**$ 12**	**$ 1,481,466**	**$ (297,998)**	**$ (4,132)**	**$ 112,480**	**$ 1,291,828**
Shares issued under the Equity Incentive Plan	428,170	—	—	—	—	—	—
Shares withheld for employee taxes	(128,614)	—	(2,272)	—	—	—	(2,272)
Cancellation of restricted stock	(1,000)	—	—	—	—	—	—
Stock based compensation expense	—	—	1,636	—	—	220	1,856
Cash redemption for non-controlling interests	—	—	—	—	—	(1,999)	(1,999)
Adjustment to non-controlling interests ownership in Operating Partnership	—	—	652	—	—	(652)	—
Repurchase of common stock	(673,868)	—	(8,846)	—	—	—	(8,846)
Registration expenditures	—	—	(90)	—	—	—	(90)
Cash dividends ($0.2000 per share)	—	—	—	(23,273)	—	(2,187)	(25,460)
Dividends payable to officers	—	—	—	(56)	—	(33)	(89)
Net income attributable to Retail Opportunity Investments Corp.	—	—	—	12,002	—	—	12,002
Net income attributable to non-controlling interests	—	—	—	—	—	1,134	1,134
Other comprehensive loss	—	—	—	—	(8,717)	—	(8,717)
Balance at March 31, 2020	**116,120,704**	**$ 12**	**$ 1,472,546**	**$ (309,325)**	**$ (12,849)**	**$ 108,963**	**$ 1,259,347**

	Common Stock						
	Shares	Amount	Additional paid-in capital	Accumulated dividends in excess of earnings	Accumulated other comprehensive income	Non-controlling interests	Equity
Balance at December 31, 2018	**113,992,837**	**$ 11**	**$ 1,441,080**	**$ (256,438)**	**$ 3,561**	**$ 120,214**	**$ 1,308,428**
Shares issued under the Equity Incentive Plan	445,022	—	—	—	—	—	—
Shares withheld for employee taxes	(125,072)	—	(1,986)	—	—	—	(1,986)
Cancellation of restricted stock	(999)	—	—	—	—	—	—
Stock based compensation expense	—	—	1,651	—	—	—	1,651
Cash redemption for non-controlling interests	—	—	—	—	—	(1,246)	(1,246)
Adjustment to non-controlling interests ownership in Operating Partnership	—	—	56	—	—	(56)	—
Registration expenditures	—	—	(47)	—	—	—	(47)
Cash dividends ($0.1970 per share)	—	—	—	(22,519)	—	(2,247)	(24,766)
Dividends payable to officers	—	—	—	142	—	—	142
Net income attributable to Retail Opportunity Investments Corp.	—	—	—	13,250	—	—	13,250
Net income attributable to non-controlling interests	—	—	—	—	—	1,333	1,333
Other comprehensive loss	—	—	—	—	(2,810)	—	(2,810)
Balance at March 31, 2019	**114,311,788**	**$ 11**	**$ 1,440,754**	**$ (265,565)**	**$ 751**	**$ 117,998**	**$ 1,293,949**

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS CORP.
Consolidated Statements of Cash Flow
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,136	$ 14,583
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	24,278	24,761
Amortization of deferred financing costs and mortgage premiums, net	526	515
Straight-line rent adjustment	89	(1,180)
Amortization of above and below market rent	(5,478)	(6,478)
Amortization relating to stock based compensation	1,856	1,651
Provisions for tenant credit losses	715	867
Other noncash interest expense	73	301
Gain on sale of real estate	—	(2,638)
Change in operating assets and liabilities:		
Tenant and other receivables	(2,399)	(1,198)
Prepaid expenses	103	1,231
Accounts payable and accrued expenses	10,455	11,334
Other assets and liabilities, net	(2,647)	(3,559)
Net cash provided by operating activities	40,707	40,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate	—	16,046
Improvements to properties	(11,555)	(10,120)
Net cash (used in) provided by investing activities	(11,555)	5,926
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages	(142)	(138)
Proceeds from draws on credit facility	80,000	22,000
Payments on credit facility	(10,500)	(36,000)
Redemption of OP Units	(1,999)	(1,246)
Distributions to OP Unitholders	(2,187)	(2,247)
Deferred financing and other costs	(5)	—
Repurchase of common stock	(8,846)	—
Registration expenditures	(333)	(32)
Dividends paid to common shareholders	(23,398)	(22,722)
Shares withheld for employee taxes	(2,272)	(1,986)
Net cash provided by (used in) financing activities	30,318	(42,371)
Net increase in cash, cash equivalents and restricted cash	59,470	3,745
Cash, cash equivalents and restricted cash at beginning of period	5,458	7,449
Cash, cash equivalents and restricted cash at end of period	$ 64,928	$ 11,194
Other non-cash investing and financing activities increase (decrease):		
Interest rate swap asset	$ —	$ (2,238)
Interest rate swap liabilities	$ 8,791	$ 873
Accrued real estate improvement costs	$ 3,881	$ 3,500

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statement of cash flows:

	Three Months Ended March 31,	
	2020	**2019**
Cash and cash equivalents	$ 63,077	$ 9,649
Restricted cash	1,851	1,545
Total cash, cash equivalents and restricted cash shown in Statements of Cash Flows	$ 64,928	$ 11,194

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
Consolidated Balance Sheets
(In thousands)

	March 31, 2020 (unaudited)	December 31, 2019
ASSETS		
Real Estate Investments:		
Land	$ 881,615	$ 879,540
Building and improvements	2,255,917	2,252,301
	3,137,532	3,131,841
Less: accumulated depreciation	404,583	390,916
	2,732,949	2,740,925
Mortgage note receivable	13,000	13,000
Real Estate Investments, net	2,745,949	2,753,925
Cash and cash equivalents	63,077	3,800
Restricted cash	1,851	1,658
Tenant and other receivables, net	47,344	45,821
Acquired lease intangible assets, net	57,978	59,701
Prepaid expenses	3,067	3,169
Deferred charges, net	26,786	27,652
Other assets	17,839	18,031
Total assets	$ 2,963,891	$ 2,913,757
LIABILITIES AND CAPITAL		
Liabilities:		
Term loan	$ 298,412	$ 298,330
Credit facility	150,436	80,743
Senior Notes	943,206	942,850
Mortgage notes payable	87,271	87,523
Acquired lease intangible liabilities, net	139,999	144,757
Accounts payable and accrued expenses	28,277	17,562
Tenants’ security deposits	7,184	7,177
Other liabilities	49,759	42,987
Total liabilities	1,704,544	1,621,929
Commitments and contingencies		
Capital:		
Partners’ capital, unlimited partnership units authorized:		
ROIC capital	1,163,233	1,183,480
Limited partners’ capital	108,963	112,480
Accumulated other comprehensive loss	(12,849)	(4,132)
Total capital	1,259,347	1,291,828
Total liabilities and capital	$ 2,963,891	$ 2,913,757

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
(In thousands, except unit data)

	Three Months Ended March 31,	
	2020	**2019**
Revenues		
Rental revenue	$ 74,197	$ 75,367
Other income	675	686
Total revenues	74,872	76,053
Operating expenses		
Property operating	10,604	11,061
Property taxes	7,989	8,238
Depreciation and amortization	24,278	24,761
General and administrative expenses	3,944	4,276
Other expense	64	93
Total operating expenses	46,879	48,429
Gain on sale of real estate	—	2,638
Operating income	27,993	30,262
Non-operating expenses		
Interest expense and other finance expenses	(14,857)	(15,679)
Net Income Attributable to Retail Opportunity Investments Partnership, LP	$ 13,136	$ 14,583
Earnings per unit - basic and diluted	$ 0.10	$ 0.12
Distributions per unit	$ 0.2000	$ 0.1970
Comprehensive income:		
Net income attributable to Retail Opportunity Investments Partnership, LP	$ 13,136	$ 14,583
Other comprehensive loss:		
Unrealized swap derivative loss arising during the period	(9,055)	(2,608)
Reclassification adjustment for amortization of interest expense included in net income	338	(202)
Other comprehensive loss	(8,717)	(2,810)
Comprehensive income attributable to Retail Opportunity Investments Partnership, LP	$ 4,419	$ 11,773

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
Consolidated Statements of Partners' Capital (continued)
(Unaudited)
(In thousands, except unit data)

	Limited Partner's Capital (1)		ROIC Capital (2)		Accumulated other comprehensive loss	Capital
	Units	Amount	Units	Amount		
Balance at December 31, 2019	**11,051,090**	**$ 112,480**	**116,496,016**	**$ 1,183,480**	**$ (4,132)**	**$ 1,291,828**
OP Units issued under the Equity Incentive Plan	—	—	428,170	—	—	—
OP Units withheld for employee taxes	—	—	(128,614)	(2,272)	—	(2,272)
Cancellation of OP Units	—	—	(1,000)	—	—	—
Stock based compensation expense	—	220	—	1,636	—	1,856
Cash redemption of OP Units	(116,657)	(1,999)	—	—	—	(1,999)
Adjustment to non-controlling interests ownership in Operating Partnership	—	(652)	—	652	—	—
Repurchase of OP Units	—	—	(673,868)	(8,846)	—	(8,846)
Registration expenditures	—	—	—	(90)	—	(90)
Cash distributions ($0.2000 per unit)	—	(2,187)	—	(23,273)	—	(25,460)
Distributions payable to officers	—	(33)	—	(56)	—	(89)
Net income attributable to Retail Opportunity Investments Partnership, LP	—	1,134	—	12,002	—	13,136
Other comprehensive loss	—	—	—	—	(8,717)	(8,717)
Balance at March 31, 2020	**10,934,433**	**$ 108,963**	**116,120,704**	**$ 1,163,233**	**$ (12,849)**	**$ 1,259,347**

	Limited Partner's Capital (1)		ROIC Capital (2)		Accumulated other comprehensive income	Capital
	Units	Amount	Units	Amount		
Balance at December 31, 2018	**11,477,041**	**$ 120,214**	**113,992,837**	**$ 1,184,653**	**$ 3,561**	**$ 1,308,428**
OP Units issued under the Equity Incentive Plan	—	—	445,022	—	—	—
OP Units withheld for employee taxes	—	—	(125,072)	(1,986)	—	(1,986)
Cancellation of OP Units	—	—	(999)	—	—	—
Stock based compensation expense	—	—	—	1,651	—	1,651
Cash redemption of OP Units	(70,000)	(1,246)	—	—	—	(1,246)
Adjustment to non-controlling interests ownership in Operating Partnership	—	(56)	—	56	—	—
Registration expenditures	—	—	—	(47)	—	(47)
Cash distributions ($0.1970 per unit)	—	(2,247)	—	(22,519)	—	(24,766)
Distributions payable to officers	—	—	—	142	—	142
Net income attributable to Retail Opportunity Investments Partnership, LP	—	1,333	—	13,250	—	14,583
Other comprehensive loss	—	—	—	—	(2,810)	(2,810)
Balance at March 31, 2019	**11,407,041**	**$ 117,998**	**114,311,788**	**$ 1,175,200**	**$ 751**	**$ 1,293,949**

1. Consists of limited partnership interests held by third parties.
2. Consists of general and limited partnership interests held by ROIC.

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
Consolidated Statements of Cash Flow
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,136	$ 14,583
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	24,278	24,761
Amortization of deferred financing costs and mortgage premiums, net	526	515
Straight-line rent adjustment	89	(1,180)
Amortization of above and below market rent	(5,478)	(6,478)
Amortization relating to stock based compensation	1,856	1,651
Provisions for tenant credit losses	715	867
Other noncash interest expense	73	301
Gain on sale of real estate	—	(2,638)
Change in operating assets and liabilities:		
Tenant and other receivables	(2,399)	(1,198)
Prepaid expenses	103	1,231
Accounts payable and accrued expenses	10,455	11,334
Other assets and liabilities, net	(2,647)	(3,559)
Net cash provided by operating activities	40,707	40,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate	—	16,046
Improvements to properties	(11,555)	(10,120)
Net cash (used in) provided by investing activities	(11,555)	5,926
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages	(142)	(138)
Proceeds from draws on credit facility	80,000	22,000
Payments on credit facility	(10,500)	(36,000)
Redemption of OP Units	(1,999)	(1,246)
Deferred financing and other costs	(5)	—
Repurchase of OP Units	(8,846)	—
Registration expenditures	(333)	(32)
Distributions to OP Unitholders	(25,585)	(24,969)
OP Units withheld for employee taxes	(2,272)	(1,986)
Net cash provided by (used in) financing activities	30,318	(42,371)
Net increase in cash, cash equivalents and restricted cash	59,470	3,745
Cash, cash equivalents and restricted cash at beginning of period	5,458	7,449
Cash, cash equivalents and restricted cash at end of period	$ 64,928	$ 11,194
Other non-cash investing and financing activities increase (decrease):		
Interest rate swap asset	$ —	$ (2,238)
Interest rate swap liabilities	$ 8,791	$ 873
Accrued real estate improvement costs	$ 3,881	$ 3,500

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statement of cash flows:

	Three Months Ended March 31,	
	2020	**2019**
Cash and cash equivalents	$ 63,077	$ 9,649
Restricted cash	1,851	1,545
Total cash, cash equivalents and restricted cash shown in Statements of Cash Flows	$ 64,928	$ 11,194

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

Business

Retail Opportunity Investments Corp., a Maryland corporation (“ROIC”), is a fully integrated and self-managed real estate investment trust (“REIT”). ROIC specializes in the acquisition, ownership and management of necessity-based community and neighborhood shopping centers on the west coast of the United States anchored by supermarkets and drugstores.

ROIC is organized in a traditional umbrella partnership real estate investment trust (“UpREIT”) format pursuant to which Retail Opportunity Investments GP, LLC, its wholly-owned subsidiary, serves as the general partner of, and ROIC conducts substantially all of its business through, its operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the “Operating Partnership”), together with its subsidiaries. Unless otherwise indicated or unless the context requires otherwise, all references to the “Company”, “we,” “us,” “our,” or “our company” refer to ROIC together with its consolidated subsidiaries, including the Operating Partnership.

ROIC’s only material asset is its ownership of direct or indirect partnership interests in the Operating Partnership and membership interest in Retail Opportunity Investments GP, LLC, which is the sole general partner of the Operating Partnership. As a result, ROIC does not conduct business itself, other than acting as the parent company and issuing equity from time to time. The Operating Partnership holds substantially all the assets of the Company and directly or indirectly holds the ownership interests in the Company’s real estate ventures. The Operating Partnership conducts the operations of the Company’s business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by ROIC, which are contributed to the Operating Partnership, the Operating Partnership generates the capital required by the Company’s business through the Operating Partnership’s operations, by the Operating Partnership’s incurrence of indebtedness (directly and through subsidiaries) or through the issuance of operating partnership units (“OP Units”) of the Operating Partnership.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standard Update (“ASU”) No. 2016-13 “Financial Instruments - Credit Topics.” ASU No. 2016-13 requires companies to adopt a new approach to estimating credit losses on certain types of financial instruments, such as trade and other receivables and loans. The standard requires entities to estimate a lifetime expected credit loss for most financial instruments, including trade receivables. ASU No. 2016-13 was effective for reporting periods beginning on January 1, 2020. The Company adopted the provisions of ASU No. 2016-13 effective January 1, 2020, noting the pronouncement did not have a material impact on the Company’s consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04 “Reference Rate Reform (Topic 848).” ASU No. 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU No. 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the three months ended March 31, 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statement disclosures. In the opinion of management, the consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of the Company’s financial position and the results of operations and cash flows for the periods presented. Results of operations for the three month periods ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2019.

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, which are wholly-owned or controlled by the Company. Entities which the Company does not control through its voting interest and entities which are variable interest entities ("VIEs"), but where it is not the primary beneficiary, are accounted for under the equity method. All significant intercompany balances and transactions have been eliminated.

The Company follows the FASB guidance for determining whether an entity is a VIE and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. The Company has concluded that the Operating Partnership is a VIE, and because they have both the power and the rights to control the Operating Partnership, they are the primary beneficiary and are required to continue to consolidate the Operating Partnership.

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are required to be presented as a separate component of equity in the consolidated balance sheet and modify the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. The most significant assumptions and estimates relate to the recoverability of assets to be held and used, purchase price allocations, depreciable lives, revenue recognition and the collectability of tenant receivables, other receivables, notes receivables, the valuation of performance-based restricted stock, LTIP Units, and derivatives. Actual results could differ from these estimates.

Federal Income Taxes

The Company has elected to qualify as a REIT under Sections 856-860 of the Internal Revenue Code (the "Code"). Under those sections, a REIT that, among other things, distributes at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains) and meets certain other qualifications prescribed by the Code, will not be taxed on that portion of its taxable income that is distributed. Although it may qualify as a REIT for U.S. federal income tax purposes, the Company is subject to state income or franchise taxes in certain states in which some of its properties are located. For all periods from inception through September 26, 2013 the Operating Partnership had been an entity disregarded from its sole owner, ROIC, for U.S. federal income tax purposes and as such had not been subject to U.S. federal income taxes. Effective September 27, 2013, the Operating Partnership issued OP Units in connection with the acquisitions of two shopping centers. Accordingly, the Operating Partnership ceased being a disregarded entity and instead is being treated as a partnership for U.S. federal income tax purposes.

The Company follows the FASB guidance that defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The FASB also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company records interest and penalties relating to unrecognized tax benefits, if any, as interest expense. As of March 31, 2020, the statute of limitations for the tax years 2016 through and including 2018 remain open for examination by the Internal Revenue Service ("IRS") and state taxing authorities.

ROIC intends to make distributions to holders of its common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. ROIC intends to pay dividends to stockholders in an amount not less than its net taxable income, if and to the extent authorized by its board of directors. Before ROIC pays any dividend, whether for U.S. federal income tax purposes or otherwise, it must first meet both its operating requirements and its debt service on debt. If ROIC's cash available for distribution is less than its net taxable income, it could be required to sell assets or borrow funds to make cash distributions or it may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. Given the uncertainty of the COVID-19 pandemic's near and potential long-term impact on the Company's business, and in order to preserve its liquidity position, the Company has temporarily suspended quarterly dividend distributions. Going forward, the Company's board of directors will continue to evaluate the Company's dividend policy. The

Company intends to continue to operate its business in a manner that will allow it to qualify as a REIT for U.S. federal income tax requirements.

Real Estate Investments

All costs related to the improvement or replacement of real estate properties are capitalized. Additions, renovations and improvements that enhance and/or extend the useful life of a property are also capitalized. Expenditures for ordinary maintenance, repairs and improvements that do not materially prolong the normal useful life of an asset are charged to operations as incurred. During the three months ended March 31, 2020 and 2019, capitalized costs related to the improvement or replacement of real estate properties were approximately $12.5 million and $11.8 million, respectively.

The Company evaluates each acquisition of real estate to determine if the acquired property meets the definition of a business and needs to be accounted for as a business combination. Under ASU No. 2017-1, the Company first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If this threshold is met, the acquired property does not meet the definition of a business and is accounted for as an asset acquisition. The Company expects that acquisitions of real estate properties will not meet the revised definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e. land, buildings, and related intangible assets).

The Company recognizes the acquisition of real estate properties, including acquired tangible assets (consisting of land, buildings and improvements), and acquired intangible assets and liabilities (consisting of above-market and below-market leases and acquired in-place leases) at their fair value (for acquisitions meeting the definition of a business) and relative fair value (for acquisitions not meeting the definition of a business). The relative fair values used to allocate the cost of an asset acquisition are determined using the same methodologies and assumptions the Company utilizes to determine fair value in a business combination.

Acquired lease intangible assets include above-market leases and acquired in-place leases, and acquired lease intangible liabilities represent below-market leases, in the accompanying consolidated balance sheets. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management’s determination of the relative fair values of these assets. In valuing an acquired property’s intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, and estimates of lost rental revenue during the expected lease-up periods based on management’s evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs. Leasing commissions, legal and other related costs (“lease origination costs”) are classified as deferred charges in the accompanying consolidated balance sheets.

The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above-market and below-market lease values are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management’s estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of acquisition. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal periods. The fair values associated with below-market rental renewal options are determined based on the Company’s experience and the relevant facts and circumstances that existed at the time of the acquisitions. The value of the above-market and below-market leases is amortized to base rental income, over the terms of the respective leases including option periods, if applicable. The value of in-place leases is amortized to expense over the remaining non-cancellable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recognized in operations at that time.

The Company expenses transaction costs associated with business combinations and unsuccessful property asset acquisitions in the period incurred and capitalizes transaction costs associated with successful property asset acquisitions. In conjunction with the Company’s pursuit and acquisition of real estate investments, the Company did not expense any acquisition transaction costs during the three months ended March 31, 2020 or 2019.

Sales of real estate are recognized only when it is determined that the Company will collect substantially all of the consideration to which it is entitled, possession and other attributes of ownership have been transferred to the buyer and the Company has no controlling financial interest. The application of these criteria can be complex and requires the Company to make assumptions. Management has determined that all of these criteria were met for all real estate sold during the periods presented.

Asset Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value. Management does not believe that the value of any of the Company's real estate investments was impaired at March 31, 2020 or December 31, 2019.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit by the Federal Deposit Insurance Corporation. The Company has not experienced any losses related to these balances.

Restricted Cash

The terms of the Company's mortgage loans payable may require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserves have been established and is not available to fund other property-level or Company-level obligations.

Revenue Recognition

Management has determined that all of the Company's leases with its various tenants are operating leases. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition and lease incentive amortization when possession or control of the space is turned over to the tenant for tenant work to begin. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. Percentage rent is recognized when a specific tenant's sales breakpoint is achieved. Each lease agreement is evaluated to identify the lease and nonlease components at lease inception. The Company combines lease and non-lease components into a single lease component presentation if (i) the timing and pattern of the revenue recognition of the combined single lease component is the same, and (ii) the related lease component and, the combined single lease component would be classified as an operating lease. As a result of this assessment, rental revenues and tenant recoveries from the lease of real estate assets are accounted for as a single component. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms.

Termination fees (included in Other income in the consolidated statements of operations and comprehensive income) are fees that the Company has agreed to accept in consideration for permitting certain tenants to terminate their lease prior to the contractual expiration date. The Company recognizes termination fees when the following conditions are met: (a) the termination agreement is executed; (b) the termination fee is determinable; (c) all landlord services pursuant to the terminated lease have been rendered; and (d) collectability of the termination fee is assured. Interest income is recognized as it is earned. Gains or losses on disposition of properties are recorded when the criteria for recognizing such gains or losses have been met.

The Company must make estimates as to the collectability of its accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable by considering tenant creditworthiness, current economic trends, including the impact of the outbreak of the novel strain of coronavirus (COVID-19) on tenants' businesses, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. The Company also provides an allowance for future credit losses of the deferred straight-line rents receivable. The provision for doubtful accounts at March 31, 2020 and December 31, 2019 was approximately $8.9 million and $8.2 million, respectively.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Buildings are depreciated over estimated useful lives which the Company estimates to be 39-40 years. Property improvements are depreciated over estimated useful lives that range from 10 to 20 years. Furniture and fixtures are depreciated over estimated useful lives that range from 3 to 10 years. Tenant improvements are amortized over the shorter of the life of the related leases or their useful life.

Deferred Leasing Costs

Costs incurred in obtaining tenant leases (principally leasing commissions and acquired lease origination costs) are amortized ratably over the life of the tenant leases. The amortization of deferred leasing costs is included in Depreciation and amortization in the consolidated statements of operations and comprehensive income.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and tenant receivables. The Company places its cash and cash equivalents in excess of insured amounts with high quality financial institutions. The Company performs ongoing credit evaluations of its tenants and requires tenants to provide security deposits.

Earnings Per Share

Basic earnings per share ("EPS") excludes the impact of dilutive shares and is computed by dividing net income by the weighted average number of shares of common stock outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue shares of common stock were exercised or converted into shares of common stock and then shared in the earnings of the Company.

For the three months ended March 31, 2020 and 2019, basic EPS was determined by dividing net income allocable to common stockholders for the applicable period by the weighted average number of shares of common stock outstanding during such period. Net income during the applicable period is also allocated to the time-based unvested restricted stock as these grants are entitled to receive dividends and are therefore considered a participating security. Time-based unvested restricted stock is not allocated net losses and/or any excess of dividends declared over net income; such amounts are allocated entirely to the common stockholders other than the holders of time-based unvested restricted stock. The performance-based restricted stock awards and LTIP Units outstanding under the Equity Incentive Plan described in Note 6 are excluded from the basic EPS calculation, as these units are not participating securities until they vest.

The following table sets forth the reconciliation between basic and diluted EPS for ROIC (in thousands, except share data):

	Three Months Ended March 31,	
	2020	2019
Numerator:		
Net income	$ 13,136	$ 14,583
Less income attributable to non-controlling interests	(1,134)	(1,333)
Less earnings allocated to unvested shares	(127)	(114)
Net income available for common stockholders, basic	$ 11,875	$ 13,136
Numerator:		
Net income	$ 13,136	$ 14,583
Less earnings allocated to unvested shares	(127)	(114)
Net income available for common stockholders, diluted	$ 13,009	$ 14,469
Denominator:		
Denominator for basic EPS – weighted average common equivalent shares	115,970,461	113,680,670
OP units	10,977,000	11,445,930
Performance-based restricted stock awards and LTIP Units	218,881	219,762
Stock options	14,991	94,408
Denominator for diluted EPS – weighted average common equivalent shares	127,181,333	125,440,770

Earnings Per Unit

The following table sets forth the reconciliation between basic and diluted earnings per unit for the Operating Partnership (in thousands, except unit data):

	Three Months Ended March 31,	
	2020	2019
Numerator:		
Net income	$ 13,136	$ 14,583
Less earnings allocated to unvested shares	(127)	(114)
Net income available to unitholders, basic and diluted	$ 13,009	$ 14,469
Denominator:		
Denominator for basic earnings per unit – weighted average common equivalent units	126,947,461	125,126,600
Performance-based restricted stock awards and LTIP Units	218,881	219,762
Stock options	14,991	94,408
Denominator for diluted earnings per unit – weighted average common equivalent units	127,181,333	125,440,770

Stock-Based Compensation

The Company has a stock-based employee compensation plan, which is more fully described in Note 6.

The Company accounts for its stock-based compensation plan based on the FASB guidance which requires that compensation expense be recognized based on the fair value of the stock awards less forfeitures. Restricted stock grants vest based upon the completion of a service period ("time-based restricted stock grants") and/or the Company meeting certain pre-established operational performance goals and market-indexed financial performance criteria ("performance-based restricted stock grants"). Time-based grants are valued according to the market price for the Company's common stock at the date of grant. For performance-based restricted stock grants subject to market-indexed performance criteria, a Monte Carlo valuation model is used, taking into account the underlying contingency risks associated with the performance criteria. All other performance-based restricted stock grants are valued according to the market price of the Company's common stock at the date of grant. It is the Company's policy to grant options with an exercise price equal to the quoted closing market price of stock on the grant date.

The Company has made certain separate awards in the form of units of limited partnership interests in its Operating Partnership called LTIP Units. The LTIP Units are subject to such conditions and restrictions as the compensation committee may determine, including continued employment or service, achievement of pre-established operational performance goals and market-indexed performance criteria. For the LTIP Units subject to market-indexed performance criteria (the "marked-indexed LTIP Units"), a Monte Carlo valuation model is used, taking into account the underlying contingency risks associated with the performance criteria. All other LTIP Units (the "operational LTIP Units") are valued according to the market price of the Company's common stock at the date of grant.

Awards of stock options, time-based restricted stock grants, performance-based restricted stock subject to operational performance goals and operational LTIP Units are expensed as compensation on a straight-line basis over the requisite service period. Awards of performance-based restricted stock subject to marked-indexed performance criteria and market-indexed LTIP Units are expensed as compensation under the accelerated attribution method and are recognized in income regardless of the results of the performance criteria.

Derivatives

The Company records all derivatives on the balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged forecasted transactions in a cash flow hedge. When the Company terminates a derivative for which cash flow hedging was being applied, the balance, which was recorded in Other comprehensive income, is amortized to interest expense over the remaining contractual term of the derivative as long as the hedged forecasted transactions continue to be probable of occurring. The Company includes cash payments made to terminate interest rate derivatives as an operating activity on the statement of cash flows, given the nature of the underlying cash flows that the derivative was hedging.

Segment Reporting

The Company's primary business is the ownership, management, and redevelopment of retail real estate properties. The Company reviews operating and financial information for each property on an individual basis and therefore, each property represents an individual operating segment. The Company evaluates financial performance using property operating income, defined as operating revenues (base rent and recoveries from tenants), less property and related expenses (property operating expenses and property taxes). The Company has aggregated the properties into one reportable segment as the properties share similar long-term economic characteristics and have other similarities including the fact that they are operated using consistent business strategies, are typically located in major metropolitan areas, and have similar tenant mixes.

2. Tenant Leases

Space in the Company's shopping centers is leased to various tenants under operating leases that usually grant tenants renewal options and generally provide for additional rents based on certain operating expenses as well as tenants' sales volume.

Future minimum rents to be received under non-cancellable leases as of March 31, 2020 are summarized as follows (in thousands):

	Minimum Rents
Remaining 2020	$ 152,007
2021	187,880
2022	163,347
2023	134,403
2024	103,236
Thereafter	421,115
Total minimum lease payments	$ 1,161,988

3. Mortgage Notes Payable, Credit Facilities and Senior Notes

ROIC does not hold any indebtedness. All debt is held directly or indirectly by the Operating Partnership; however, ROIC has guaranteed the Operating Partnership's term loan, unsecured revolving credit facility, carve-out guarantees on property-level debt, and the Senior Notes. Costs incurred in obtaining long-term financing are amortized ratably over the related debt agreement. The amortization of deferred financing costs is included in Interest expense and other finance expenses in the consolidated statements of operations and comprehensive income.

Mortgage Notes Payable

The mortgage notes payable collateralized by respective properties and assignment of leases at March 31, 2020 and December 31, 2019, respectively, were as follows (in thousands):

Property	Maturity Date	Interest Rate	March 31, 2020	December 31, 2019
Casitas Plaza Shopping Center	June 2022	5.320 %	$ 6,960	$ 7,001
Riverstone Marketplace	July 2022	4.960 %	17,555	17,656
Fullerton Crossroads	April 2024	4.728 %	26,000	26,000
Diamond Hills Plaza	October 2025	3.550 %	35,500	35,500
			$ 86,015	$ 86,157
Mortgage premiums			1,473	1,594
Net unamortized deferred financing costs			(217)	(228)
Total mortgage notes payable			$ 87,271	$ 87,523

Term Loan and Credit Facility

The carrying values of the Company's term loan (the "term loan") were as follows (in thousands):

	March 31, 2020	December 31, 2019
Term loan	$ 300,000	$ 300,000
Net unamortized deferred financing costs	(1,588)	(1,670)
Term loan	$ 298,412	$ 298,330

The Company has an unsecured term loan agreement with several banks under which the lenders agreed to provide a $300.0 million unsecured term loan facility. Effective December 20, 2019, the Company entered into the First Amendment to First Amended and Restated Term Loan Agreement (as amended, the "Term Loan Agreement") pursuant to which the maturity date of the term loan was extended from September 8, 2022 to January 20, 2025, without further options for extension. The Term Loan Agreement also provides that the Company may from time to time request increased aggregate commitments of $200.0 million under certain conditions set forth in the Term Loan Agreement, including the consent of the lenders for the additional commitments. Borrowings under the Term Loan Agreement accrue interest on the outstanding principal amount at a rate equal to an applicable rate based on the credit rating level of the Company, plus, as applicable, (i) a LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for the relevant period (the "Eurodollar Rate"), or (ii) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the rate of interest announced by KeyBank National Association as its "prime rate," and (c) the Eurodollar Rate plus 1.00%.

The carrying values of the Company's unsecured revolving credit facility were as follows (in thousands):

	March 31, 2020	December 31, 2019
Credit facility	$ 153,500	$ 84,000
Net unamortized deferred financing costs	(3,064)	(3,257)
Credit facility	$ 150,436	$ 80,743

The Operating Partnership has an unsecured revolving credit facility with several banks. Effective December 20, 2019, the Company entered into the First Amendment to Second Amended and Restated Credit Agreement (as amended, the "Credit Facility Agreement") pursuant to which the borrowing capacity under the credit facility is $600.0 million and the maturity date of the credit facility was extended from September 8, 2021 to February 20, 2024, with two six-month extension options, which may be exercised by the Operating Partnership upon satisfaction of certain conditions including the payment of extension fees. Additionally, the Credit Facility Agreement contains an accordion feature, which allows the Operating Partnership to increase the borrowing capacity under the credit facility up to an aggregate of $1.2 billion, subject to lender consents and other conditions. Borrowings under the Credit Facility Agreement accrue interest on the outstanding principal amount at a rate equal to an applicable rate based on the credit rating level of the Company, plus, as applicable, (i) the Eurodollar Rate, or (ii) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the rate of interest announced by

KeyBank National Association as its “prime rate,” and (c) the Eurodollar Rate plus 0.90%. Additionally, the Operating Partnership is obligated to pay a facility fee at a rate based on the credit rating level of the Company, currently 0.20%, and a fronting fee at a rate of 0.125% per year with respect to each letter of credit issued under the Credit Facility Agreement. The Company has investment grade credit ratings from Moody’s Investors Service (Baa2) and Standard & Poor’s Ratings Services (BBB-).

Both the Term Loan Agreement and Credit Facility Agreement contain customary representations, financial and other covenants. The Operating Partnership’s ability to borrow under the term loan and credit facility is subject to its compliance with financial covenants and other restrictions on an ongoing basis. The Operating Partnership was in compliance with such covenants at March 31, 2020.

As of March 31, 2020, $300.0 million and $153.5 million were outstanding under the term loan and credit facility, respectively. The weighted average interest rate on the term loan during the three months ended March 31, 2020 was 2.7%. As discussed in Note 8 of the accompanying financial statements, the Company uses interest rate swaps to manage its interest rate risk and accordingly, the swapped interest rate on the term loan is 3.0%. The weighted average interest rate on the credit facility during the three months ended March 31, 2020 was 2.5%. The Company had no available borrowings under the term loan at March 31, 2020. The Company had $446.5 million available to borrow under the credit facility at March 31, 2020.

Senior Notes Due 2027

The carrying value of the Company’s unsecured Senior Notes Due 2027 is as follows (in thousands):

	March 31, 2020	December 31, 2019
Principal amount	$ 250,000	$ 250,000
Net unamortized deferred financing costs	(967)	(998)
Senior Notes Due 2027	$ 249,033	$ 249,002

On November 10, 2017, the Operating Partnership entered into a Note Purchase Agreement which provided for the issuance of $250.0 million principal amount of 4.19% Senior Notes Due 2027 (the “Senior Notes Due 2027”) in a private placement effective December 15, 2017. The Senior Notes Due 2027 pay interest on June 15 and December 15 of each year, commencing on June 15, 2018, and mature on December 15, 2027, unless prepaid earlier by the Operating Partnership. The Operating Partnership’s performance of the obligations under the Note Purchase Agreement, including the payment of any outstanding indebtedness thereunder, are guaranteed, jointly and severally, by ROIC. The net proceeds were used to reduce borrowings under the credit facility.

Senior Notes Due 2026

The carrying value of the Company’s unsecured Senior Notes Due 2026 is as follows (in thousands):

	March 31, 2020	December 31, 2019
Principal amount	$ 200,000	$ 200,000
Net unamortized deferred financing costs	(184)	(191)
Senior Notes Due 2026	$ 199,816	$ 199,809

On July 26, 2016, the Operating Partnership entered into a Note Purchase Agreement, as amended, which provided for the issuance of $200.0 million principal amount of 3.95% Senior Notes Due 2026 (the “Senior Notes Due 2026”) in a private placement effective September 22, 2016. The Senior Notes Due 2026 pay interest on March 22 and September 22 of each year, commencing on March 22, 2017, and mature on September 22, 2026, unless prepaid earlier by the Operating Partnership. The Operating Partnership’s performance of the obligations under the Note Purchase Agreement, including the payment of any outstanding indebtedness thereunder, are guaranteed, jointly and severally, by ROIC.

Senior Notes Due 2024

The carrying value of the Company's unsecured Senior Notes Due 2024 is as follows (in thousands):

	March 31, 2020	December 31, 2019
Principal amount	$ 250,000	$ 250,000
Unamortized debt discount	(1,825)	(1,912)
Net unamortized deferred financing costs	(1,038)	(1,094)
Senior Notes Due 2024	$ 247,137	$ 246,994

On December 3, 2014, the Operating Partnership completed a registered underwritten public offering of $250.0 million aggregate principal amount of 4.000% Senior Notes due 2024 (the "Senior Notes Due 2024"), fully and unconditionally guaranteed by ROIC. The Senior Notes Due 2024 pay interest semi-annually on June 15 and December 15, commencing on June 15, 2015, and mature on December 15, 2024, unless redeemed earlier by the Operating Partnership. The Senior Notes Due 2024 are the Operating Partnership's senior unsecured obligations that rank equally in right of payment with the Operating Partnership's other unsecured indebtedness, and effectively junior to (i) all of the indebtedness and other liabilities, whether secured or unsecured, and any preferred equity of the Operating Partnership's subsidiaries, and (ii) all of the Operating Partnership's indebtedness that is secured by its assets, to the extent of the value of the collateral securing such indebtedness outstanding. ROIC fully and unconditionally guaranteed the Operating Partnership's obligations under the Senior Notes Due 2024 on a senior unsecured basis, including the due and punctual payment of principal of, and premium, if any, and interest on, the notes, whether at stated maturity, upon acceleration, notice of redemption or otherwise. The guarantee is a senior unsecured obligation of ROIC and ranks equally in right of payment with all other senior unsecured indebtedness of ROIC. ROIC's guarantee of the Senior Notes Due 2024 is effectively subordinated in right of payment to all liabilities, whether secured or unsecured, and any preferred equity of its subsidiaries (including the Operating Partnership and any entity ROIC accounts for under the equity method of accounting).

Senior Notes Due 2023

The carrying value of the Company's unsecured Senior Notes Due 2023 is as follows (in thousands):

	March 31, 2020	December 31, 2019
Principal amount	$ 250,000	$ 250,000
Unamortized debt discount	(1,805)	(1,915)
Net unamortized deferred financing costs	(975)	(1,040)
Senior Notes Due 2023	$ 247,220	$ 247,045

On December 9, 2013, the Operating Partnership completed a registered underwritten public offering of $250.0 million aggregate principal amount of 5.000% Senior Notes due 2023 (the "Senior Notes Due 2023"), fully and unconditionally guaranteed by ROIC. The Senior Notes Due 2023 pay interest semi-annually on June 15 and December 15, commencing on June 15, 2014, and mature on December 15, 2023, unless redeemed earlier by the Operating Partnership. The Senior Notes Due 2023 are the Operating Partnership's senior unsecured obligations that rank equally in right of payment with the Operating Partnership's other unsecured indebtedness, and effectively junior to (i) all of the indebtedness and other liabilities, whether secured or unsecured, and any preferred equity of the Operating Partnership's subsidiaries, and (ii) all of the Operating Partnership's indebtedness that is secured by its assets, to the extent of the value of the collateral securing such indebtedness outstanding. ROIC fully and unconditionally guaranteed the Operating Partnership's obligations under the Senior Notes Due 2023 on a senior unsecured basis, including the due and punctual payment of principal of, and premium, if any, and interest on, the notes, whether at stated maturity, upon acceleration, notice of redemption or otherwise. The guarantee is a senior unsecured obligation of ROIC and will rank equally in right of payment with all other senior unsecured indebtedness of ROIC. ROIC's guarantee of the Senior Notes Due 2023 is effectively subordinated in right of payment to all liabilities, whether secured or unsecured, and any preferred equity of its subsidiaries (including the Operating Partnership and any entity ROIC accounts for under the equity method of accounting).

4. Preferred Stock of ROIC

ROIC is authorized to issue 50,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. As of March 31, 2020 and December 31, 2019, there were no shares of preferred stock outstanding.

5. Common Stock of ROIC

ATM

On February 20, 2020, the ROIC entered into an “at the market” sales agreement (the “Sales Agreement”) with each of (i) KeyBanc Capital Markets Inc., BTIG, LLC, BMO Capital Markets Corp., BofA Securities, Inc., Capital One Securities, Inc., Citigroup Global Markets Inc., Jefferies LLC, J.P. Morgan Securities LLC, Raymond James & Associates, Inc., Regions Securities LLC, Robert W. Baird & Co. Incorporated and Wells Fargo Securities, LLC (collectively, the “Agents”) and (ii) the Forward Purchasers (as defined below), pursuant to which ROIC may sell, from time to time, shares (any such shares, the “Primary Shares”) of ROIC’s common stock, par value $0.0001 per share (“Common Stock”), to or through the Agents and instruct certain of the Agents, acting as forward sellers (the “Forward Sellers”), to offer and sell borrowed shares (any such shares, “Forward Hedge Shares,” and collectively with the Primary Shares, the “Shares”) with the Shares to be sold under the Sales Agreement having an aggregate offering price of up to $500.0 million. Additionally, ROIC simultaneously terminated the sales agreements with Capital One Securities, Inc., Jefferies LLC, KeyBanc Capital Markets Inc., Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated, dated as of May 1, 2018 and as amended on April 29, 2019, which ROIC entered into in connection with its prior “at the market” offering.

The Sales Agreement contemplates that, in addition to the issuance and sale of Primary Shares to or through the Agents as principal or its sales agents, ROIC may enter into separate forward sale agreements with any of KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BofA Securities, Inc., Citigroup Global Markets Inc., Jefferies LLC, J.P. Morgan Securities LLC, Raymond James & Associates, Inc. and Wells Fargo Securities, LLC or their respective affiliates (in such capacity, the “Forward Purchasers”). If ROIC enters into a forward sale agreement with any Forward Purchaser, ROIC expects that such Forward Purchaser or its affiliate will borrow from third parties and, through the relevant Forward Seller, sell a number of Forward Hedge Shares equal to the number of shares of Common Stock underlying the particular forward sale agreement, in accordance with the mutually accepted instructions related to such forward sale agreement. ROIC will not initially receive any proceeds from any sale of Forward Hedge Shares through a Forward Seller. ROIC expects to fully physically settle each particular forward sale agreement with the relevant Forward Purchaser on one or more dates specified by ROIC on or prior to the maturity date of that particular forward sale agreement by issuing shares of Common Stock (the “Confirmation Shares”), in which case ROIC expects to receive aggregate net cash proceeds at settlement equal to the number of shares of Common Stock underlying the particular forward sale agreement multiplied by the relevant forward sale price. However, ROIC may also elect to cash settle or net share settle a particular forward sale agreement, in which case ROIC may not receive any proceeds from the issuance of shares of Common Stock, and ROIC will instead receive or pay cash (in the case of cash settlement) or receive or deliver shares of Common Stock (in the case of net share settlement).

During the three months ended March 31, 2020, ROIC did not sell any shares under the Sales Agreement.

Stock Repurchase Program

On July 31, 2013, the Company’s board of directors authorized a stock repurchase program to repurchase up to a maximum of $50.0 million of the Company’s common stock. During the three months ended March 31, 2020, the Company repurchased 673,868 shares of common stock under this program with a principal amount of approximately $8.8 million.

6. Stock Compensation for ROIC

ROIC follows the FASB guidance related to stock compensation which establishes financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer’s stock. The guidance also defines a fair value-based method of accounting for an employee stock option or similar equity instrument.

In 2018, the Company adopted the Company’s Amended and Restated 2009 Equity Incentive Plan (the “Equity Incentive Plan”). The types of awards that may be granted under the Equity Incentive Plan include stock options, restricted shares, share appreciation rights, phantom shares, dividend equivalent rights and other equity-based awards. The Equity Incentive Plan has a fungible unit system that counts the number of shares of the Company’s common stock used in the issuance of full-value awards, such as restricted shares and LTIP Units, differently than the number of shares of common stock used in the issuance of stock options. A total of 22,500,000 Fungible Units (as defined in the Equity Incentive Plan) are reserved for grant under the Equity Incentive Plan and the Fungible Unit-to-full-value award conversion ratio is 6.25 to 1.0. The Equity Incentive Plan will expire on April 25, 2028.

The Company has made certain awards in the form of a separate series of units of limited partnership interests in its Operating Partnership called LTIP Units, which can be granted either as free-standing awards or in tandem with other awards under the Equity Incentive Plan. The LTIP Units are subject to such conditions and restrictions as the compensation committee may determine, including continued employment or service, achievement of pre-established operational performance goals and market-indexed performance criteria. Upon the occurrence of specified events and subject to the satisfaction of applicable vesting conditions, LTIP Units (after conversion into OP Units, in accordance with the Partnership Agreement) are ultimately redeemable for cash or for unregistered shares of ROIC common stock, at the option of ROIC, on a one-for-one basis.

Restricted Stock

During the three months ended March 31, 2020, ROIC awarded 566,350 shares of restricted common stock under the Equity Incentive Plan, of which 192,238 shares are performance-based grants and the remainder of the shares are time-based grants. The performance-based grants vest based on both pre-defined operational and market-indexed performance criteria with a vesting date on January 1, 2023.

A summary of the status of ROIC's non-vested restricted stock awards as of March 31, 2020, and changes during the three months ended March 31, 2020 are presented below:

	Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2019	954,797	$ 16.55
Granted	566,350	$ 16.78
Vested	(372,061)	$ 18.59
Forfeited	(96,417)	$ 14.20
Non-vested at March 31, 2020	1,052,669	$ 16.16

LTIP Units

As of March 31, 2020, there remained 187,279 LTIP Units outstanding under the Equity Incentive Plan, issued at a weighted average grant date fair value of $16.27.

For the three months ended March 31, 2020 and 2019, the amounts charged to expense for all stock-based compensation arrangements totaled approximately $1.9 million and $1.7 million, respectively.

7. Capital of the Operating Partnership

As of March 31, 2020, the Operating Partnership had 127,055,137 OP Units outstanding. ROIC owned an approximate 91.3% partnership interest in the Operating Partnership at March 31, 2020, or 116,120,704 OP Units. The remaining 10,934,433 OP Units are owned by other limited partners. A share of ROIC's common stock and an OP unit have essentially the same economic characteristics as they share equally in the total net income or loss and distributions of the Operating Partnership.

As of March 31, 2020, subject to certain exceptions, holders are able to redeem their OP Units, at the option of ROIC, for cash or for unregistered shares of ROIC common stock on a one-for-one basis. If cash is paid in the redemption, the redemption price is equal to the average closing price on the NASDAQ Stock Market for shares of ROIC's common stock over the ten consecutive trading days immediately preceding the date a redemption notice is received by ROIC.

During the three months ended March 31, 2020, ROIC received notices of redemption for a total of 116,657 OP Units. ROIC elected to redeem 116,657 OP Units in cash, and accordingly, a total of approximately $2.0 million was paid during the three months ended March 31, 2020 to the holder of the respective OP Units. In accordance with the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, the redemption value was calculated based on the average closing price of ROIC's common stock on the NASDAQ Stock Market for the ten consecutive trading days immediately preceding the date of receipt of the notice of redemption.

The redemption value of outstanding OP Units owned by the limited partners as of March 31, 2020, not including ROIC, had such units been redeemed at March 31, 2020, was approximately $90.2 million, calculated based on the average closing price of ROIC's common stock on the NASDAQ Stock Market for the ten consecutive trading days immediately preceding March 31, 2020, which amounted to $8.25 per share.

Retail Opportunity Investments GP, LLC, ROIC’s wholly-owned subsidiary, is the sole general partner of the Operating Partnership, and as the parent company, ROIC has the full and complete authority over the Operating Partnership’s day-to-day management and control. As the sole general partner of the Operating Partnership, ROIC effectively controls the ability to issue common stock of ROIC upon redemption of any OP Units. The redemption provisions that permit ROIC to settle the redemption of OP Units in either cash or common stock, in the sole discretion of ROIC, are further evaluated in accordance with applicable accounting guidance to determine whether temporary or permanent equity classification on the balance sheet is appropriate. The Company evaluated this guidance, including the ability, in its sole discretion, to settle in unregistered shares of common stock, and determined that the OP Units meet the requirements to qualify for presentation as permanent equity.

8. Fair Value of Financial Instruments

The Company follows the FASB guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

The guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 1. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts realizable upon disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying values of cash and cash equivalents, restricted cash, tenant and other receivables, deposits, prepaid expenses, other assets, accounts payable and accrued expenses are reasonable estimates of their fair values because of the short-term nature of these instruments. The carrying values of the term loan and credit facility are deemed to be at fair value since the outstanding debt is directly tied to monthly LIBOR contracts. The fair value of the outstanding Senior Notes Due 2027 and Senior Notes Due 2026 at March 31, 2020 was approximately $219.7 million and $176.5 million, respectively, calculated using significant inputs which are not observable in the market. The fair value of the outstanding Senior Notes Due 2024 and Senior Notes Due 2023 at March 31, 2020 was approximately $253.7 million and $241.7 million, respectively, based on inputs not quoted on active markets, but corroborated by market data, or Level 2. Assumed mortgage notes payable were recorded at their fair value at the time they were assumed. The Company’s outstanding mortgage notes payable were estimated to have a fair value of approximately $84.2 million with a weighted average interest rate of 4.6% as of March 31, 2020. These fair value measurements fall within level 3 of the fair value hierarchy.

Derivative and Hedging Activities

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The following is a summary of the terms of the Company's interest rate swaps as of March 31, 2020 (in thousands):

Swap Counterparty		**Notional Amount**	**Effective Date**	**Maturity Date**
Bank of Montreal	$	100,000	12/29/2017	8/31/2022
U.S. Bank	$	100,000	12/29/2017	8/31/2022
Regions Bank	$	50,000	1/31/2019	8/31/2022
Royal Bank of Canada	$	50,000	1/31/2019	8/31/2022

The changes in the fair value of derivatives that are designated as cash flow hedges are recorded in accumulated other comprehensive income ("AOCI") and will be subsequently reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves, and implied volatilities. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The Company incorporated credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparties' non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contract for the effect of non-performance risk, the Company considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. However, as of March 31, 2020, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative position and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands).

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
March 31, 2020:				
Liabilities				
Derivative financial instruments	$ —	$ (12,656)	$ —	$ (12,656)
December 31, 2019:				
Liabilities				
Derivative financial instruments	$ —	$ (3,865)	$ —	$ (3,865)

Amounts paid, or received, to cash settle interest rate derivatives prior to their maturity date are recorded in AOCI at the cash settlement amount, and will be reclassified to interest expense as interest expense is recognized on the hedged debt. During the next twelve months, the Company estimates that $5.4 million will be reclassified as a non-cash increase to interest expense.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the balance sheet as of March 31, 2020 and December 31, 2019, respectively (in thousands):

Derivatives designed as hedging instruments	Balance sheet location	March 31, 2020 Fair Value	December 31, 2019 Fair Value
Interest rate products	Other liabilities	$ (12,656)	$ (3,865)

Derivatives in Cash Flow Hedging Relationships

The table below details the location in the financial statements of the gain or loss recognized on interest rate derivatives designated as cash flow hedges for the three months ended March 31, 2020 and 2019, respectively (in thousands).

	Three Months Ended March 31,	
	2020	2019
Amount of loss recognized in OCI on derivatives	$ (9,055)	$ (2,608)
Amount of loss (gain) reclassified from AOCI into interest	$ 338	$ (202)

9. Commitments and Contingencies

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that ultimately may result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

The Company has signed several ground leases in which the Company is the lessee for the land beneath all or a portion of the buildings for certain properties. As of March 31, 2020, the Company's weighted average remaining lease term is approximately 37.5 years and the weighted average discount rate used to calculate the Company's lease liability is approximately 5.2%. Rent expense under the Company's ground leases was approximately $428,000 and $412,000 for the three months ended March 31, 2020 and 2019, respectively.

The following table represents a reconciliation of the Company’s undiscounted future minimum lease payments under operating leases to the lease liability as of March 31, 2020 (in thousands):

	Operating Leases
Remaining 2020	$ 966
2021	1,282
2022	1,304
2023	1,330
2024	1,335
Thereafter	32,604
Total undiscounted future minimum lease payments	38,821
Future minimum lease payments, discount	(21,236)
Lease liability	$ 17,585

Tax Protection Agreements

In connection with certain acquisitions from September 2013 through March 2017, the Company entered into Tax Protection Agreements with certain limited partners of the Operating Partnership. The Tax Protection Agreements require the Company, subject to certain exceptions, to indemnify the respective sellers receiving OP Units against certain tax liabilities incurred by them, as calculated pursuant to the respective Tax Protection Agreements, for a period of 12 years (with respect to Tax Protection Agreements entered into in September 2013) or 10 years (with respect to Tax Protection Agreements entered into from December 2014 through March 2017) from the date of the Tax Protection Agreements. If the Company were to trigger the tax protection provisions under these agreements, the Company would be required to pay damages in the amount of the taxes owed by these limited partners (plus additional damages in the amount of the taxes incurred as a result of such payment).

10. Related Party Transactions

The Company has entered into several lease agreements with an officer of the Company, whereby pursuant to the lease agreements, the Company is provided the use of storage space. For both the three months ended March 31, 2020 and 2019, the Company incurred approximately $21,000 of expenses relating to the agreements. These expenses were included in General and administrative expenses in the accompanying consolidated statements of operations and comprehensive income.

11. Subsequent Events

On April 16, 2020, the Company borrowed $80.0 million under its revolving credit facility. These funds were borrowed to increase the Company’s liquidity position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When used in this discussion and elsewhere in this Quarterly Report on Form 10-Q, the words "believes," "anticipates," "projects," "should," "estimates," "expects," and similar expressions are intended to identify forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and in Section 21F of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Important factors that we think could cause our actual results to differ materially from expected results are summarized below. One of the most significant factors, however, is the ongoing impact of the current outbreak of the novel coronavirus (COVID-19), on the U.S., regional and global economies, the U.S. retail market and the broader financial markets. The current outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below and the risks described in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2019, in our subsequent filings under the Exchange Act and in the risk factors set forth in this Form 10-Q.

New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In particular, it is difficult to fully assess the impact of COVID-19 at this time due to, among other factors, uncertainty regarding the severity and duration of the outbreak domestically and internationally, uncertainty regarding the effectiveness of federal, state and local governments' efforts to contain the spread of COVID-19 and respond to its direct and indirect impact on the U.S. economy and economic activity.

Important factors, among others, that may affect our actual results include:

- negative impacts from continued spread of coronavirus (COVID-19), including on the U.S. or global economy or on our business, financial position or results of operations;
- our ability to identify and acquire retail real estate that meet our investment standards in our markets;
- the level of rental revenue we achieve from our assets;
- the market value of our assets and the supply of, and demand for, retail real estate in which we invest;
- the state of the U.S. economy generally, or in specific geographic regions;
- the impact of economic conditions on our business;
- the conditions in the local markets in which we operate and our concentration in those markets, as well as changes in national economic and market conditions;
- consumer spending and confidence trends;
- our ability to enter into new leases or to renew leases with existing tenants at the properties we own or acquire at favorable rates;
- our ability to anticipate changes in consumer buying practices and the space needs of tenants;
- the competitive landscape impacting the properties we own or acquire and their tenants;
- our relationships with our tenants and their financial condition and liquidity;
- our ability to continue to qualify as a real estate investment trust for U.S. federal income tax (a "REIT");
- our use of debt as part of our financing strategy and our ability to make payments or to comply with any covenants under our senior unsecured notes, our unsecured credit facilities or other debt facilities we currently have or subsequently obtain;

- the level of our operating expenses, including amounts we are required to pay to our management team;
- changes in interest rates that could impact the market price of our common stock and the cost of our borrowings; and
- legislative and regulatory changes (including changes to laws governing the taxation of REITs).

Forward-looking statements are based on estimates as of the date of this report. We disclaim any obligation to publicly release the results of any revisions to these forward-looking statements reflecting new estimates, events or circumstances after the date of this report.

We caution that the foregoing list of factors is not all-inclusive. All subsequent written and oral forward-looking statements concerning us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. We caution not to place undue reliance upon any forward-looking statements, which speak only as of the date made. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Overview

Retail Opportunity Investments Corp. ("ROIC") is organized in an UpREIT format pursuant to which Retail Opportunity Investments GP, LLC, its wholly-owned subsidiary, serves as the general partner of, and ROIC conducts substantially all of its business through, its operating partnership, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the "Operating Partnership"), together with its subsidiaries. ROIC reincorporated as a Maryland corporation on June 2, 2011. ROIC has elected to be taxed as a REIT, for U.S. federal income tax purposes, commencing with the year ended December 31, 2010.

ROIC commenced operations in October 2009 as a fully integrated and self-managed REIT, and as of March 31, 2020, ROIC owned an approximate 91.3% partnership interest and other limited partners owned the remaining approximate 8.7% partnership interest in the Operating Partnership. ROIC specializes in the acquisition, ownership and management of necessity-based community and neighborhood shopping centers on the west coast of the United States, anchored by supermarkets and drugstores.

As of March 31, 2020, the Company's portfolio consisted of 89 properties (88 retail and one office) totaling approximately 10.1 million square feet of gross leasable area ("GLA"). As of March 31, 2020, the Company's retail portfolio was approximately 97.7% leased. During the three months ended March 31, 2020, the Company leased or renewed a total of approximately 298,000 square feet in its portfolio. The Company has committed approximately $3.2 million, or $39.74 per square foot, in tenant improvements, including building improvements, for new leases that occurred during the three months ended March 31, 2020. The Company has committed approximately $90,000, or $1.13 per square foot, in leasing commissions, for the new leases that occurred during the three months ended March 31, 2020. The Company has committed approximately $103,000, or $0.47 per square foot, in tenant improvements, including building improvements, for the renewed leases that occurred during the three months ended March 31, 2020. Leasing commission commitments for renewed leases were not material for the three months ended March 31, 2020.

Impact of COVID-19

The following discussion is intended to provide stockholders with certain information regarding the impacts of the COVID-19 pandemic on the Company's business and management's efforts to respond to those impacts. Unless otherwise specified, the statistical and other information regarding the Company's portfolio and tenants are estimates based on information available to the Company as of April 17, 2020. As a result of the rapid development, fluidity and uncertainty surrounding this situation, the Company expects that such statistical and other information will change, potentially significantly, going forward and may not be indicative of the actual impact of the COVID-19 pandemic on the Company's business, operations, cash flows and financial condition for the second quarter of 2020 and future periods.

The spread of COVID-19 is having a significant impact on the global economy, the U.S. economy, the economies of the local markets throughout the west coast in which the Company's properties are located, and the broader financial markets. Nearly every industry has been impacted directly or indirectly, and the U.S. retail market has come under severe pressure due to numerous factors, including preventative measures taken by local, state and federal authorities to alleviate the public health crisis such as mandatory business closures, quarantines, restrictions on travel and “shelter-in-place” or “stay-at-home” orders. These containment measures, which generally do not apply to businesses designated as “essential,” are affecting the operations of different categories of the Company’s base to varying degrees with, for example, grocery stores and pharmacies generally permitted to remain open and operational, restaurants generally limited to take-out and delivery services only, and non-essential businesses generally forced to close. There is uncertainty as to the time, date and extent to which these restrictions will be relaxed or lifted, businesses of tenants that have closed, either voluntarily or by mandate, will reopen or when customers will re-engage with tenants as they have in the past. The Company specializes in the ownership and management of necessity-based community and neighborhood shopping centers on the west coast of the United States, anchored by supermarkets and drugstores, and the Company’s portfolio and tenants have been impacted by these and other factors as follows:

- As of the date of this Quarterly Report on Form 10-Q, all of the Company’s 88 retail shopping centers are open and operating in compliance with federal, state and local COVID-19 guidelines and mandates. All of the Company’s shopping centers feature necessity-based tenants, with 86 of the 88 properties anchored by grocery and/or drug stores.

- Approximately 78.8% of the Company’s tenants (based on GLA) have been designated “essential businesses” in accordance with state guidelines. Of these tenants, approximately 89.4% are open and operating.

- Approximately 70.4% of the Company’s tenants (based on GLA) are open and operating and approximately 29.6% of the Company’s tenants are currently closed.

- As of the date of this Quarterly Report on Form 10-Q, the Company has received payment of approximately 68.3% of contractual base rent and common area maintenance reimbursables billed for the month of April. As is believed to be the case with retail landlords across the U.S., the Company has received a number of rent relief requests from tenants, most often in the form of rent deferral requests, which the Company is evaluating on a case-by-case basis.

The Company has taken a number of proactive measures to maintain the strength of its business and manage the impact of COVID-19 on the Company’s operations and liquidity, including the following:

- Along with the Company’s tenants and the communities they and the Company together serve, the health and safety of the Company’s employees and their families is a top priority. The Company has adapted its operations to protect employees, including by implementing a work from home policy, and the Company’s IT systems have enabled its team to work seamlessly.

- The Company is in constant communication with its tenants and is assisting tenants in identifying local, state and federal resources that may be available to support their businesses and employees during the pandemic, including stimulus funds that may be available under the Coronavirus Aid, Relief, and Economic Security Act of 2020.

- To enhance its liquidity position and maintain financial flexibility, the Company has borrowed an additional $130.0 million under its unsecured revolving credit facility during March and April.

- The Company currently has approximately $133.5 million in cash and cash equivalents, and an additional $366.5 available under its unsecured revolving credit facility (excluding the facility’s $600.0 million accordion feature).

- The Company does not have any unsecured debt maturing until December 2023. Additionally, the Company does not have any secured debt maturing for the next two years, with approximately $23.1 million maturing in mid-2022, and no secured debt maturing in 2023.

- The Company has taken proactive measures to manage costs, including by suspending the Company’s densification activities. There is currently no construction underway at the Company’s properties, and the only expenditures the Company plans to make at this time on these projects relate to obtaining entitlements. Further, the Company expects that the only material capital expenditures at the Company’s properties will be tenant improvements and/or other leasing costs associated with existing and new leases. The Company has also suspended all acquisition activity, including a previously pending transaction.

- Given the uncertainty of the COVID-19 pandemic’s near and potential long-term impact on the Company’s business, and in order to preserve its liquidity position, the Company has temporarily suspended quarterly dividend distributions. Going forward, the Company’s board of directors will continue to evaluate the Company’s dividend policy. The

Company intends to continue to operate its business in a manner that will allow it to qualify as a REIT for U.S. federal income tax requirements.

The Company derives revenues primarily from rents and reimbursement payments received from tenants under leases at the Company's properties. The Company's operating results therefore depend materially on the ability of its tenants to make required rental payments. The extent to which the COVID-19 pandemic impacts the businesses of the Company's tenants, and the Company's operations and financial condition, will depend on future developments which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and such containment measures, among others. While the extent of the outbreak and its impact on the Company, its tenants and the U.S. retail market is uncertain, a prolonged crisis could result in continued disruptions in the credit and financial markets, a continued rise in unemployment rates, decreases in consumer confidence and consumer spending levels and an overall worsening of global and U.S. economic conditions. The factors described above, as well as additional factors that the Company may not currently be aware of, could materially negatively impact the Company's ability to collect rent and could lead to termination of leases by tenants, tenant bankruptcies, decreases in demand for retail space at the Company's properties, difficulties in accessing capital, impairment of the Company's long-lived assets and other impacts that could materially and adversely affect the Company's business, results of operations, financial condition and ability to pay distributions to stockholders. See "Risk Factors."

Property operating income is a non-GAAP financial measure of performance. The Company defines property operating income as operating revenues (base rent and recoveries from tenants), less property and related expenses (property operating expenses and property taxes). Property operating income excludes general and administrative expenses, depreciation and amortization, acquisition transaction costs, other expense, interest expense, gains and losses from property acquisitions and dispositions, extraordinary items, tenant improvements and leasing commissions. Other REITs may use different methodologies for calculating property operating income, and accordingly, the Company's property operating income may not be comparable to other REITs.

Property operating income is used by management to evaluate and compare the operating performance of the Company's properties, to determine trends in earnings and to compute the fair value of the Company's properties as this measure is not affected by the cost of our funding, the impact of depreciation and amortization expenses, gains or losses from the acquisition and sale of operating real estate assets, general and administrative expenses or other gains and losses that relate to our ownership of our properties. The Company believes the exclusion of these items from net income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating the Company's properties as well as trends in occupancy rates, rental rates and operating costs.

Property operating income is a measure of the operating performance of the Company's properties but does not measure the Company's performance as a whole. Property operating income is therefore not a substitute for net income or operating income as computed in accordance with GAAP.

The comparability of the Company's results of operations for the three months ended March 31, 2020 to future periods may be significantly impacted by the effects of the outbreak of the COVID-19 pandemic.

Results of Operations for the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

Property Operating Income

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to consolidated property operating income for the three months ended March 31, 2020 and 2019 (in thousands).

		Three Months Ended March 31,	
		2020	**2019**
Operating income per GAAP		$ 27,993	$ 30,262
Plus:	Depreciation and amortization	24,278	24,761
	General and administrative expenses	3,944	4,276
	Other expense	64	93
Less:	Gain on sale of real estate	—	(2,638)
Property operating income		$ 56,279	$ 56,754

The following comparison for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, makes reference to the effect of the same-center properties. Same-center properties, which totaled 87 of the Company's 89 properties as of March 31, 2020, represent all operating properties owned by the Company during the entirety of both periods presented and consolidated into the Company's financial statements during such periods, except for the Company's corporate office headquarters.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the three months ended March 31, 2020 related to the 87 same-center properties owned by the Company during the entirety of both the three months ended March 31, 2020 and 2019 and consolidated into the Company's financial statements during such periods (in thousands).

		Three Months Ended March 31, 2020		
		Same-Center	Non Same-Center	Total
Operating income (loss) per GAAP		$ 31,451	$ (3,458)	$ 27,993
Plus:	Depreciation and amortization	23,870	408	24,278
	General and administrative expenses [1]	—	3,944	3,944
	Other expense [1]	—	64	64
Property operating income		$ 55,321	$ 958	$ 56,279

(1) For illustration purposes, general and administrative expenses and other expense are included in non same-center because the Company does not allocate these types of expenses between same-center and non same-center.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the three months ended March 31, 2019 related to the 87 same-center properties owned by the Company during the entirety of both the three months ended March 31, 2020 and 2019 and consolidated into the Company's financial statements during such periods (in thousands).

		Three Months Ended March 31, 2019		
		Same-Center	Non Same-Center	Total
Operating income (loss) per GAAP		$ 31,480	$ (1,218)	$ 30,262
Plus:	Depreciation and amortization	24,140	621	24,761
	General and administrative expenses [1]	—	4,276	4,276
	Other expenses [1]	—	93	93
Less:	Gain on sale of real estate	—	(2,638)	(2,638)
Property operating income		$ 55,620	$ 1,134	$ 56,754

(1) For illustration purposes, general and administrative expenses and other expenses are included in non same-center because the Company does not allocate these types of expenses between same-center and non same-center.

During the three months ended March 31, 2020, the Company generated property operating income of approximately $56.3 million compared to property operating income of $56.8 million generated during the three months ended March 31, 2019, a decrease of approximately $475,000. The property operating income for the 87 same-center properties decreased approximately $299,000 primarily due to an increase in rental revenues, offset by a decrease in straight-line rent. The non same-center properties decreased property operating income in the three months ended March 31, 2020 by approximately $176,000 compared to the three months ended March 31, 2019 primarily due to property sales that occurred during the year ended December 31, 2019.

Depreciation and amortization

The Company incurred depreciation and amortization expenses during the three months ended March 31, 2020 of approximately $24.3 million compared to $24.8 million incurred during the three months ended March 31, 2019.

General and administrative expenses

The Company incurred general and administrative expenses of approximately $3.9 million during the three months ended March 31, 2020 compared to $4.3 million during the three months ended March 31, 2019. General and administrative expenses decreased approximately $332,000 primarily as a result of a decrease in compensation-related and legal expenses during the three months ended March 31, 2020.

Gain on sale of real estate

On February 15, 2019, the Company sold Vancouver Market Center, a non-core shopping center located in Vancouver, Washington. The sales price of $17.0 million, less costs to sell, resulted in net proceeds of approximately $16.0 million. The Company recorded a gain on sale of real estate of approximately $2.6 million during the three months ended March 31, 2019 related to this property disposition. There were no property sales in the three months ended March 31, 2020.

Interest expense and other finance expenses

The Company incurred interest expense during the three months ended March 31, 2020 of approximately $14.9 million compared to approximately $15.7 million during the three months ended March 31, 2019. Interest expense and other finance expenses decreased approximately $822,000 primarily as a result of a decrease in both the interest rates payable on and the amount outstanding under the credit facility.

Funds From Operations

Funds from operations ("FFO"), is a widely-recognized non-GAAP financial measure for REITs that the Company believes when considered with financial statements presented in accordance with GAAP, provides additional and useful means to assess its financial performance. FFO is frequently used by securities analysts, investors and other interested parties to evaluate the performance of REITs, most of which present FFO along with net income as calculated in accordance with GAAP.

The Company computes FFO in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income attributable to common stockholders (determined in accordance with GAAP) excluding gains or losses from debt restructuring, sales of depreciable property, and impairments, plus real estate related depreciation and amortization, and after adjustments for partnerships and unconsolidated joint ventures.

However, FFO:

- does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income); and

- should not be considered an alternative to net income as an indication of our performance.

FFO as defined by the Company may not be comparable to similarly titled items reported by other REITs due to possible differences in the application of the NAREIT definition used by such REITs.

The table below provides a reconciliation of net income applicable to stockholders in accordance with GAAP to FFO for the three months ended March 31, 2020 and 2019 (in thousands).

	Three Months Ended March 31,	
	2020	**2019**
Net income attributable to ROIC	$ 12,002	$ 13,250
Plus: Depreciation and amortization	24,278	24,761
Less: Gain on sale of real estate	—	(2,638)
Funds from operations – basic	36,280	35,373
Net income attributable to non-controlling interests	1,134	1,333
Funds from operations – diluted	$ 37,414	$ 36,706

Cash Net Operating Income ("NOI")

Cash NOI is a non-GAAP financial measure of the Company's performance. The most directly comparable GAAP financial measure is operating income. The Company defines cash NOI as operating revenues (base rent and recoveries from tenants), less property and related expenses (property operating expenses and property taxes), adjusted for non-cash revenue and operating expense items such as straight-line rent and amortization of lease intangibles, debt-related expenses, and other adjustments. Cash NOI also excludes general and administrative expenses, depreciation and amortization, acquisition transaction costs, other expense, interest expense, gains and losses from property acquisitions and dispositions, extraordinary items, tenant improvements and leasing commissions. Other REITs may use different methodologies for calculating cash NOI, and accordingly, the Company's cash NOI may not be comparable to other REITs.

Cash NOI is used by management internally to evaluate and compare the operating performance of the Company's properties. The Company believes cash NOI provides useful information to investors regarding the Company's financial condition and results of operations because it reflects only those cash income and expense items that are incurred at the property level, and when compared across periods, can be used to determine trends in earnings of the Company's properties as this measure is not affected by non-cash revenue and expense recognition items, the cost of the Company's funding, the impact of depreciation and amortization expenses, gains or losses from the acquisition and sale of operating real estate assets, general and administrative expenses or other gains and losses that relate to the Company's ownership of properties. The Company believes the exclusion of these items from operating income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating the Company's properties as well as trends in occupancy rates, rental rates and operating costs.

Cash NOI is a measure of the operating performance of the Company's properties but does not measure the Company's performance as a whole and is therefore not a substitute for net income or operating income as computed in accordance with GAAP.

Same-Center Cash NOI

The table below provides a reconciliation of same-center cash NOI to consolidated operating income in accordance with GAAP for the three months ended March 31, 2020 and 2019. The table makes reference to the effect of the same-center properties. Same-center properties, which totaled 87 of the Company's 89 properties for the three months ended March 31, 2020, represent all operating properties owned by the Company during the entirety of both periods presented and consolidated into the Company's financial statements during such periods, except for the Company's corporate office headquarters (in thousands).

	Three Months Ended March 31,	
	2020	2019
GAAP operating income	$ 27,993	$ 30,262
Depreciation and amortization	24,278	24,761
General and administrative expenses	3,944	4,276
Other expense	64	93
Gain on sale of real estate	—	(2,638)
Straight-line rent	89	(1,180)
Amortization of above- and below-market rent	(5,478)	(6,478)
Property revenues and other expenses (1)	(149)	254
Total Company cash NOI	50,741	49,350
Non same-center cash NOI	(951)	(1,134)
Same-center cash NOI	$ 49,790	$ 48,216

(1) Includes anchor lease termination fees, net of contractual amounts, if any, expense and recovery adjustments related to prior periods and other miscellaneous adjustments.

During the three months ended March 31, 2020, the Company generated same-center cash NOI of approximately $49.8 million compared to approximately $48.2 million generated during the three months ended March 31, 2019, representing a 3.3% increase. This increase is primarily due to an increase in base rents and recoveries from tenants.

Critical Accounting Policies

Critical accounting policies are those that are both important to the presentation of the Company's financial condition and results of operations and require management's most difficult, complex or subjective judgments. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. This summary should be read in conjunction with the more complete discussion of the Company's accounting policies included in Note 1 to ROIC's and the Operating Partnership's consolidated financial statements.

Revenue Recognition

The Company records base rents on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in Tenant and other receivables on the accompanying consolidated balance sheets. Most leases contain provisions that require tenants to reimburse a pro-rata share of real estate taxes and certain common area expenses. Adjustments are also made throughout the year to tenant and other receivables and the related cost recovery income based upon the Company's best estimate of the final amounts to be billed and collected. In addition, the Company also provides an allowance for future credit losses in connection with the deferred straight-line rent receivable.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established based on a quarterly analysis of the risk of loss on specific accounts. The analysis places particular emphasis on past-due accounts and considers information such as the nature and age of the receivables, the payment history of the tenants or other debtors, the financial condition of the tenants and any guarantors and management's assessment of their ability to meet their lease obligations, the basis for any disputes and the status of related negotiations, among other things.

Management's estimates of the required allowance are subject to revision as these factors change and are sensitive to the effects of economic and market conditions on tenants, particularly those at retail properties. Estimates are used to establish reimbursements from tenants for common area maintenance, real estate tax and insurance costs. The Company analyzes the balance of its estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of its properties by comparing actual recoveries versus actual expenses and any actual write-offs. Based on its analysis, the Company may record an additional amount in its allowance for doubtful accounts related to these items. In addition, the Company also provides an allowance for future credit losses in connection with the deferred straight-line rent receivable.

As discussed above, the COVID-19 pandemic has impacted states and cities where the Company's tenants operate their businesses and where the Company's properties are located, and accordingly, our tenants may be unable to operate their businesses, maintain profitability and make timely rental payments to the Company under their leases.

Real Estate Investments

Land, buildings, property improvements, furniture/fixtures and tenant improvements are recorded at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Renovations and/or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

The Company recognizes the acquisition of real estate properties, including acquired tangible assets (consisting of land, buildings and improvements) and acquired intangible assets and liabilities (consisting of above-market and below-market leases and acquired in-place leases) at their fair value (for acquisitions meeting the definition of a business) and relative fair value (for acquisitions not meeting the definition of a business). Acquired lease intangible assets include above-market leases and acquired in-place leases, and acquired lease intangible liabilities represent below-market leases, in the accompanying consolidated balance sheets. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the relative fair values of these assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above-market and below-market lease values are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of acquisition. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal periods. The fair values associated with below-market rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The value of the above-market and below-market leases associated with the original lease term is amortized to rental income, over the terms of the respective leases. The value of in-place leases are amortized to expense over the remaining non-cancellable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recognized in operations at that time.

The Company is required to make subjective assessments as to the useful life of its properties for purposes of determining the amount of depreciation. These assessments have a direct impact on the Company's net income.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings (years)	39	—	40
Building Improvements (years)	10	—	20
Furniture/Fixtures (years)	3	—	10
Tenant Improvements	Shorter of lease term or their useful life		

Asset Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. As discussed above, as a result of the COVID-19 pandemic, certain of the Company's tenants may be unable to operate their businesses, maintain profitability and make timely rental payments to the Company under their leases. Accordingly, the worsening of estimated future cash flows could result in the recognition of an impairment charge on certain of the Company's long-lived assets. Management does not believe that the value of any of the Company's real estate investments was impaired at March 31, 2020.

REIT Qualification Requirements

The Company has elected and qualified to be taxed as a REIT under the Code, and believes that it has been organized and has operated in a manner that will allow it to continue to qualify for taxation as a REIT under the Code.

The Company is subject to a number of operational and organizational requirements to qualify and then maintain qualification as a REIT. If the Company does not qualify as a REIT, its income would become subject to U.S. federal, state and local income taxes at regular corporate rates that would be substantial and ROIC may not be permitted to re-elect to qualify as a REIT for four taxable years following the year that it failed to qualify as a REIT. The Company's results of operations, liquidity and amounts distributable to stockholders would be significantly reduced if it failed to qualify as a REIT.

Liquidity and Capital Resources of the Company

In this "Liquidity and Capital Resources of the Company" section and in the "Liquidity and Capital Resources of the Operating Partnership" section, the term "the Company" refers to Retail Opportunity Investments Corp. on an unconsolidated basis, excluding the Operating Partnership.

The Company's business is operated primarily through the Operating Partnership, of which the Company is the parent company and which it consolidates for financial reporting purposes. Because the Company operates on a consolidated basis with the Operating Partnership, the section entitled "Liquidity and Capital Resources of the Operating Partnership" should be read in conjunction with this section to understand the liquidity and capital resources of the Company on a consolidated basis and how the Company is operated as a whole.

The Company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company. The Company itself does not hold any indebtedness other than guarantees of indebtedness of the Operating Partnership, and its only material assets are its ownership of direct or indirect partnership interests in the Operating Partnership and membership interest in Retail Opportunity Investments GP, LLC, the sole general partner of the Operating Partnership. Therefore, the consolidated assets and liabilities and the consolidated revenues and expenses of the Company and the Operating Partnership are the same on their respective financial statements. However, all debt is held directly or indirectly by the Operating Partnership. The Company's principal funding requirement is the payment of dividends on its common stock. The Company's principal source of funding for its dividend payments is distributions it receives from the Operating Partnership.

As the parent company of the Operating Partnership, the Company, indirectly, has the full, exclusive and complete responsibility for the Operating Partnership's day-to-day management and control. The Company causes the Operating Partnership to distribute such portion of its available cash as the Company may in its discretion determine, in the manner provided in the Operating Partnership's partnership agreement.

The Company is a well-known seasoned issuer with an effective shelf registration statement filed in April 2019 that allows the Company to register unspecified various classes of debt and equity securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. Any proceeds from such equity issuances would be contributed to the Operating Partnership. The Operating Partnership may use the proceeds to acquire additional properties, pay down debt, and for general working capital purposes.

Liquidity is a measure of the Company's ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain its assets and operations, make distributions to its stockholders and meet other general business needs. The liquidity of the Company is dependent on the Operating Partnership's ability to make sufficient distributions to the Company. The primary cash requirement of the Company is its payment of dividends to its stockholders.

During the three months ended March 31, 2020, the Company's primary source of cash was distributions from the Operating Partnership. As of March 31, 2020, the Company has determined that it has adequate capital to meet its dividend funding obligations for the next twelve months.

For the three months ended March 31, 2020, dividends paid to stockholders totaled approximately $23.4 million. Additionally, for the three months ended March 31, 2020, the Operating Partnership made distributions of approximately $2.2 million to the non-controlling interest OP Unitholders. On a consolidated basis, cash flows from operations for the same period totaled approximately $40.7 million. For the three months ended March 31, 2019, dividends paid to stockholders totaled approximately $22.7 million. Additionally, for the three months ended March 31, 2019, the Operating Partnership made distributions of approximately $2.2 million to the non-controlling interest OP Unitholders. On a consolidated basis, cash flows from operations for the same period totaled approximately $40.2 million.

Potential future sources of capital include equity issuances and distributions from the Operating Partnership.

Liquidity and Capital Resources of the Operating Partnership

In this "Liquidity and Capital Resources of the Operating Partnership" section, the terms the "Operating Partnership," "we", "our" and "us" refer to the Operating Partnership together with its consolidated subsidiaries or the Operating Partnership and the Company together with their respective consolidated subsidiaries, as the context requires.

During the three months ended March 31, 2020, the Operating Partnership's primary source of cash was cash flow from operations, proceeds from borrowings under its credit facility. As of March 31, 2020, the Operating Partnership has determined that it has adequate capital to meet its debt obligations and operating expenses for the next twelve months.

The Company has an unsecured term loan agreement with several banks under which the lenders agreed to provide a $300.0 million unsecured term loan facility. Effective December 20, 2019, the Company entered into the First Amendment to First Amended and Restated Term Loan Agreement (as amended, the "Term Loan Agreement") pursuant to which the maturity date of the term loan was extended from September 8, 2022 to January 20, 2025, without further options for extension. The Term Loan Agreement also provides that the Company may from time to time request increased aggregate commitments of $200.0 million under certain conditions set forth in the Term Loan Agreement, including the consent of the lenders for the additional commitments. Borrowings under the Term Loan Agreement accrue interest on the outstanding principal amount at a rate equal to an applicable rate based on the credit rating level of the Company, plus, as applicable, (i) a LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for the relevant period (the "Eurodollar Rate"), or (ii) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the rate of interest announced by the Administrative Agent as its “prime rate,” and (c) the Eurodollar Rate plus 1.00%.

The Operating Partnership has an unsecured revolving credit facility with several banks. Effective December 20, 2019, the Company entered into the First Amendment to Second Amended and Restated Credit Agreement (as amended, the “Credit Facility Agreement”) pursuant to which the borrowing capacity under the credit facility is $600.0 million and the maturity date of the credit facility was extended from September 8, 2021 to February 20, 2024, with two six-month extension options, which may be exercised by the Operating Partnership upon satisfaction of certain conditions including the payment of extension fees. Additionally, the Credit Facility Agreement contains an accordion feature, which allows the Operating Partnership to increase the borrowing capacity under the credit facility up to an aggregate of $1.2 billion, subject to lender consents and other conditions. Borrowings under the Credit Facility Agreement accrue interest on the outstanding principal amount at a rate equal to an applicable rate based on the credit rating level of the Company, plus, as applicable, (i) the Eurodollar Rate, or (ii) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the rate of interest announced by KeyBank, National Association as its “prime rate,” and (c) the Eurodollar Rate plus 0.90%. Additionally, the Operating Partnership is obligated to pay a facility fee at a rate based on the credit rating level of the Company, currently 0.20%, and a fronting fee at a rate of 0.125% per year with respect to each letter of credit issued under the Credit Facility Agreement.

Both the Term Loan Agreement and Credit Facility Agreement contain customary representations, financial and other covenants. The Operating Partnership’s ability to borrow under the credit facility and term loan is subject to its compliance with financial covenants and other restrictions on an ongoing basis. The Operating Partnership was in compliance with such covenants at March 31, 2020.

As of March 31, 2020, $300.0 million and $153.5 million were outstanding under the term loan and credit facility, respectively. The weighted average interest rate on the term loan during the three months ended March 31, 2020 was 2.7%. As discussed in Note 8 of the accompanying financial statements, the Company uses interest rate swaps to manage its interest rate risk and accordingly, the swapped interest rate on the term loan is 3.0%. The weighted average interest rate on the credit facility during the three months ended March 31, 2020 was 2.5%. The Company had no available borrowings under the term loan at March 31, 2020. The Company had $446.5 million available to borrow under the credit facility at March 31, 2020.

Further, the Operating Partnership issued $250.0 million aggregate principal amount of unsecured senior notes in each of December 2017, December 2014 and December 2013 and $200.0 million aggregate principal amount of unsecured senior notes in September 2016, each of which were fully and unconditionally guaranteed by the Company.

While the Operating Partnership generally intends to hold its assets as long term investments, certain of its investments may be sold in order to manage the Operating Partnership’s interest rate risk and liquidity needs, meet other operating objectives and adapt to market conditions. The timing and impact of future sales of its investments, if any, cannot be predicted with any certainty.

As discussed above, the COVID-19 pandemic outbreak has adversely impacted states and cities where the Company’s tenants operate their businesses and where the Company’s properties are located. The COVID-19 pandemic could have a material adverse effect on the Company’s financial condition, results of operations and cash flows as the reduced economic activity severely impacts certain of the Company’s tenants’ businesses, financial condition and liquidity and may cause certain tenants to be unable to meet their obligations to the Company in full. Closures by the Company’s tenants of their stores could reduce the Company’s cash flows, which could impact the Company’s ability to continue paying dividends to its stockholders at expected levels. Given the uncertainty related to the COVID-19 pandemic, the Company has temporarily suspended quarterly dividend distributions. Going forward, the Company’s board of directors will continue to evaluate the Company’s dividend policy. The Company intends to continue to operate its business in a manner that will allow it to qualify as a REIT for U.S. federal income tax requirements.

Cash Flows

The following table summarizes, for the periods indicated, selected items in our consolidated statements of cash flows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net Cash Provided by (Used in):		
Operating Activities	$ 40,707	$ 40,190
Investing Activities	$ (11,555)	$ 5,926
Financing Activities	$ 30,318	$ (42,371)

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $40.7 million in the three months ended March 31, 2020, which is materially consistent with $40.2 million in the comparable period in 2019.

Investing Activities

Net cash flows used in investing activities amounted to $11.6 million in the three months ended March 31, 2020, compared to net cash flows provided by investing activities of $5.9 million in the comparable period in 2019. This increase in cash flows used of approximately $17.5 million for the three months ended March 31, 2020 is primarily due to a decrease in proceeds from the sale of real estate of approximately $16.0 million and an increase in improvements to properties of approximately $1.4 million.

Financing Activities

Net cash flows provided by financing activities amounted to $30.3 million in the three months ended March 31, 2020, compared to net cash flows used in financing activities of $42.4 million in the comparable period in 2019. This increase of approximately $72.7 million for the three months ended March 31, 2020 is primarily due to the net increase in proceeds from borrowings on the credit facility of $83.5 million, offset by the increase in repurchase of common stock of approximately $8.8 million.

Contractual Obligations

The following table presents the principal amount of the Company's long-term debt maturing each year, including amortization of principal based on debt outstanding and other contractual obligations at March 31, 2020 (in thousands):

	Remaining 2020	2021	2022	2023	2024	Thereafter	Total
Contractual obligations:							
Mortgage Notes Payable Principal (1)	$ 435	$ 717	$ 24,132	$ 686	$ 26,708	$ 33,337	$ 86,015
Mortgage Notes Payable Interest	2,837	3,737	3,170	2,482	1,627	991	14,844
Term loan (2)	—	—	—	—	—	300,000	300,000
Credit facility (3)	—	—	—	—	153,500	—	153,500
Senior Notes Due 2027 (4)	10,475	10,475	10,475	10,475	10,475	281,425	333,800
Senior Notes Due 2026 (4)	3,950	7,900	7,900	7,900	7,900	215,800	251,350
Senior Notes Due 2024 (5)	10,000	10,000	10,000	10,000	260,000	—	300,000
Senior Notes Due 2023 (6)	12,500	12,500	12,500	262,500	—	—	300,000
Operating lease obligations	966	1,282	1,304	1,330	1,335	32,604	38,821
Total	**$ 41,163**	**$ 46,611**	**$ 69,481**	**$ 295,373**	**$ 461,545**	**$ 864,157**	**$ 1,778,330**

(1) Does not include unamortized mortgage premium of $1.5 million as of March 31, 2020.
(2) For the purpose of the above table, the Company has assumed that borrowings under the term loan accrue interest at the interest rate on the term loan as of March 31, 2020 which was 3.0%, inclusive of the swap agreements the Company has entered into.
(3) For the purpose of the above table, the Company has assumed that borrowings under the credit facility accrue interest at the weighted average interest rate on the credit facility as of March 31, 2020 which was 1.8%.
(4) Represents payments of interest only in years 2020 through 2024 and payments of both principal and interest thereafter.
(5) Represents payments of interest only in years 2020 through 2023 and payments of both principal and interest thereafter.
(6) Represents payments of interest only in years 2020 through 2022 and payments of both principal and interest thereafter.

For the new leases and renewals that occurred during the three months ended March 31, 2020, the Company has committed approximately $3.3 million and $147,000 in tenant improvements (including building improvements) and leasing commissions, respectively. As of March 31, 2020, the Company did not have any capital lease or purchase obligations.

The Company has entered into several lease agreements with an officer of the Company. Pursuant to the lease agreements, the Company is provided the use of storage space.

Off-Balance Sheet Arrangements

As of March 31, 2020, the Company does not have any off-balance sheet arrangements.

Real Estate Taxes

The Company's leases generally require the tenants to be responsible for a pro rata portion of the real estate taxes.

Inflation

The Company's long-term leases contain provisions to mitigate the adverse impact of inflation on its operating results. Such provisions include clauses entitling the Company to receive (a) scheduled base rent increases and (b) percentage rents based upon tenants' gross sales which generally increase as prices rise. In addition, many of the Company's non-anchor leases are for terms of less than ten years, which permits the Company to seek increases in rents upon renewal at then-current market rates if rents provided in the expiring leases are below then-existing market rates. Most of the Company's leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

Leverage Policies

The Company employs prudent amounts of leverage and uses debt as a means of providing additional funds for the acquisition of its properties and the diversification of its portfolio. The Company seeks to primarily utilize unsecured debt in order to maintain liquidity and flexibility in its capital structure.

The Company has an unsecured term loan agreement with several banks under which the lenders agreed to provide a $300.0 million unsecured term loan facility. Effective December 20, 2019, the Company entered into the First Amendment to First Amended and Restated Term Loan Agreement (as amended, the "Term Loan Agreement") pursuant to which the maturity date of the term loan was extended from September 8, 2022 to January 20, 2025, without further options for extension. The Term Loan Agreement also provides that the Company may from time to time request increased aggregate commitments of $200.0 million under certain conditions set forth in the Term Loan Agreement, including the consent of the lenders for the additional commitments. The Operating Partnership has an unsecured revolving credit facility with several banks. Effective December 20, 2019, the Company entered into the First Amendment to Second Amended and Restated Credit Agreement (as amended, the "Credit Facility Agreement") pursuant to which the borrowing capacity under the credit facility is $600.0 million and the maturity date of the credit facility was extended from September 8, 2021 to February 20, 2024, with two six-month extension options, which may be exercised by the Operating Partnership upon satisfaction of certain conditions including the payment of extension fees. Additionally, the Credit Facility Agreement contains an accordion feature, which allows the Operating Partnership to increase the borrowing capacity under the credit facility up to an aggregate of $1.2 billion, subject to lender consents and other conditions.

Further, the Operating Partnership issued $250.0 million aggregate principal amount of unsecured senior notes in each of December 2017, December 2014 and December 2013 and $200.0 million aggregate principal amount of unsecured senior notes in September 2016, each of which were fully and unconditionally guaranteed by the Company.

The Company may borrow on a non-recourse basis at the corporate level or Operating Partnership level. Non-recourse indebtedness means the indebtedness of the borrower or its subsidiaries is secured only by specific assets without recourse to other assets of the borrower or any of its subsidiaries. Even with non-recourse indebtedness, however, a borrower or its subsidiaries will likely be required to guarantee against certain breaches of representations and warranties such as those relating to the absence of fraud, misappropriation, misapplication of funds, environmental conditions and material misrepresentations. Because non-recourse financing generally restricts the lender's claim on the assets of the borrower, the lender generally may only proceed against the asset securing the debt. This may protect the Company's other assets.

The Company plans to evaluate each investment opportunity and determine the appropriate leverage on a case-by-case basis and also on a Company-wide basis. The Company may seek to refinance indebtedness, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, when an existing mortgage matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase the investment.

The Company plans to finance future acquisitions through a combination of cash from operations, borrowings under its credit facility, the assumption of existing mortgage debt, the issuance of OP Units, equity and debt offerings and the potential sale of existing assets. In addition, the Company may acquire retail properties indirectly through joint ventures with third parties as a means of increasing the funds available for the acquisition of properties.

Distributions

The Operating Partnership and ROIC intend to make distributions to holders of their OP Units and common stock, respectively. The Operating Partnership pays distributions to ROIC directly as a holder of units of the Operating Partnership, and indirectly to ROIC through distributions to Retail Opportunity Investments GP, LLC, a wholly owned subsidiary of ROIC. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. ROIC intends to pay dividends to its stockholders in an amount not less than its net taxable income, if and to the extent authorized by its board of directors. If ROIC's cash available for distribution is less than its net taxable income, ROIC could be required to sell assets or borrow funds to make cash distributions or ROIC may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

Recently Issued Accounting Pronouncements

See Note 1 to the accompanying consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is to changes in interest rates related to its debt. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements.

As of March 31, 2020, the Company had $453.5 million of variable rate debt outstanding. The Company has primarily used fixed-rate debt and interest rate swaps to manage its interest rate risk. See the discussion under Note 8 to the accompanying consolidated financial statements for certain quantitative details related to the interest rate swaps.

The Company entered into four interest rate swaps in order to economically hedge against the risk of rising interest rates that would affect the Company's interest expense related to its debt issuances as part of its overall borrowing program. The sensitivity analysis table presented below shows the estimated instantaneous parallel shift in the yield curve up and down by 50 and 100 basis points, respectively, on the clean market value of its interest rate derivatives as of March 31, 2020, exclusive of non-performance risk (in thousands).

Swap Notional	Less 100 basis points		Less 50 basis points		March 31, 2020 Value		Increase 50 basis points		Increase 100 basis points	
$100,000	$	(5,947)	$	(4,740)	$	(3,547)	$	(2,374)	$	(1,211)
$100,000	$	(5,947)	$	(4,740)	$	(3,547)	$	(2,374)	$	(1,211)
$50,000	$	(4,015)	$	(3,405)	$	(2,802)	$	(2,209)	$	(1,621)
$50,000	$	(4,019)	$	(3,409)	$	(2,806)	$	(2,213)	$	(1,626)

See Note 8 of the accompanying consolidated financial statements for a discussion on how the Company values derivative financial instruments. The Company calculates the value of its interest rate swaps based upon the present value of the future cash flows expected to be paid and received on each leg of the swap. The cash flows on the fixed leg of the swap are agreed to at inception and the cash flows on the floating leg of a swap change over time as interest rates change. To estimate the floating cash flows at each valuation date, the Company utilizes a forward curve which is constructed using LIBOR fixings, Eurodollar futures, and swap rates, which are observable in the market. Both the fixed and floating legs' cash flows are discounted at market discount factors. For purposes of adjusting its derivative valuations, the Company incorporates the nonperformance risk for both itself and its counterparties to these contracts based upon management's estimates of credit spreads, credit default swap spreads (if available) or IHS Markit ratings in order to derive a curve that considers the term structure of credit.

As a corporation that has elected to qualify as a REIT for U.S. federal income tax purposes, commencing with its taxable year ended December 31, 2010, ROIC's future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The Company will be exposed to interest rate changes primarily as a result of long-term debt used to acquire properties and make real estate-related debt investments. The Company's interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, the Company expects to borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. In addition, the Company uses derivative financial instruments to manage interest rate risk. The Company will not use derivatives for trading or speculative purposes and will only enter into contracts with major financial institutions based on their credit rating and other factors. Currently, the Company uses four interest rate swaps to manage its interest rate risk. See Note 8 of the accompanying consolidated financial statements.

Item 4. Controls and Procedures

Controls and Procedures (Retail Opportunity Investments Corp.)

ROIC’s Chief Executive Officer and Chief Financial Officer, based on their evaluation of the ROIC’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by paragraph (b) of Rule 13a-15 or Rule 15d-15, have concluded that as of the end of the period covered by this report, the ROIC’s disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to ROIC that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

During the three months ended March 31, 2020, there was no change in ROIC’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, ROIC’s internal control over financial reporting.

Controls and Procedures (Retail Opportunity Investments Partnership, LP)

The Company’s Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Operating Partnership’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by paragraph (b) of Rule 13a-15 or Rule 15d-15, have concluded that as of the end of the period covered by this report, the Operating Partnership’s disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Operating Partnership that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

During the three months ended March 31, 2020, there was no change in the Operating Partnership’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Operating Partnership’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not involved in any material litigation nor, to our knowledge, is any material litigation pending or threatened against us, other than routine litigation arising out of the ordinary course of business or which is expected to be covered by insurance and not expected to harm our business, financial condition or results of operations.

Item 1A. Risk Factors

The following represents a material change in our risk factors from those previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

The current pandemic of the novel coronavirus (COVID-19) is expected to, and the future outbreak of other highly infectious or contagious diseases may, materially and adversely impact the businesses of many of our tenants and materially and adversely impact and disrupt our business, income, cash flow, results of operations, financial condition, liquidity, prospects and ability to service our debt obligations, and our ability to pay dividends and other distributions to our stockholders.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread globally, including to every state in the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19.

The COVID-19 pandemic has had, and another pandemic in the future could have, repercussions across regional and global economies and financial markets. The outbreak of COVID-19 has significantly adversely impacted global economic activity and has contributed to significant volatility and negative pressure in financial markets. The impact of the outbreak has been rapidly evolving and, as cases of COVID-19 have continued to be identified, many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and restricting travel.

The COVID-19 pandemic has impacted states and cities where our tenants operate their businesses and where our properties are located, and preventative measures taken to alleviate the public health crisis, including “shelter-in-place” or “stay-at-home” orders issued by local, state and federal authorities, have materially adversely affected some of and may affect other of our tenants’ businesses. A number of our tenants operate service and retail businesses that require in-person interactions with their customers to generate revenues, and the spread of COVID-19 has decreased customers’ willingness to frequent, and mandated “shelter-in-place” or “stay-at-home” orders have prevented customers from frequenting some of our tenants’ businesses and even if such orders are lifted, customer traffic may continue to be adversely impacted. Some tenants may also seek concessions from us for paying lease charges as a result of such mandatory closures or reduced hours.

Also, some of our tenants have closed or may close and may not re-open even after the aforementioned restrictions are lifted, which could have a material impact on occupancy at our properties which could result in an increase in the number of co-tenancy claims due to falling below required occupancy thresholds and may impact our results. Additionally, a decrease in retail demand could make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates and we could incur significant re-leasing costs. The current decreased customer traffic or continued decreased traffic in the future could adversely impact our ability to successfully execute our leasing strategy and operational objectives.

Furthermore, in the event of any default by a tenant for non-payment of lease charges or early or limited cessation of operations, we might not be able to fully recover and/or experience delays and additional costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with such parties due to potential moratoriums imposed by various jurisdictions in light of the COVID-19 pandemic on landlord initiated commercial eviction and collection actions. Further, one or more of our tenants may seek the protection of the bankruptcy laws as a result of the prolonged impact of the COVID-19 pandemic which could result in the termination of its lease causing a reduction in our income. Tenant bankruptcies may make it more difficult for us to lease the remainder of the property or properties in which the bankrupt tenant operates and adversely impact our ability to successfully execute our re-leasing strategy.

Many experts predict that the outbreak will trigger, or may have already triggered, a period of global economic slowdown or a global recession. A sustained downturn in the U.S. economy and reduced consumer spending as well as consumer activity at brick-and-mortar commercial establishments due to the prolonged existence and threat of the COVID-19 pandemic could impose an economic recession in the U.S. which could impact our tenants’ ability to meet their lease obligations due to poor operating results, lack of liquidity or other reasons and therefore decrease the revenue generated by our properties or the value of our properties. Our ability to lease space and negotiate and maintain favorable rents could also be negatively impacted by a prolonged recession in the U.S. economy. Moreover, the demand for leasing space in our properties could substantially decline during a significant downturn in the U.S. economy which could result in a decline in our occupancy percentage and reduction in rental revenues.

In addition, the COVID-19 pandemic has also led to complete or partial shutdowns of manufacturing facilities and distribution centers in many countries, which could result in temporary or long-term disruptions in our tenants' supply chains from suppliers, or otherwise delay the delivery of inventory or other goods necessary for our tenants' operations.

Our tenants may also be negatively impacted if the outbreak of COVID-19 occurs within their workforce or otherwise disrupts their management. Further, certain of our tenants may not be eligible for or may not be successful in securing stimulus funds under the Coronavirus Aid, Relief, and Economic Security Act of 2020.

As a result of these and other factors, some of our tenants have been unable to and others may become unable to operate their businesses and make rental payments to us on a timely basis or otherwise under their leases. Because substantially all of our income is derived from rentals of commercial real property, our business, income, cash flow, results of operations, financial condition, liquidity, prospects and ability to service our debt obligations and our ability to pay dividends and other distributions to our stockholders would be adversely affected if a significant number of tenants are unable to meet their obligations or their revenues decline.
In addition, the COVID-19 pandemic, or a future pandemic, could have material and adverse effects on our business, income, cash flow, results of operations, financial condition, liquidity, prospects and ability to service our debt obligations and our ability to pay dividends and other distributions to our stockholders due to, among other factors:

- difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis and our tenants' abilities to fund their business operations and meet their obligations to us;

- the financial impact could negatively impact our ability to pay dividends to our stockholders;

- the financial impacts could negatively impact our future compliance with financial covenants of our credit facility and other debt agreements and could result in a default and potentially an acceleration of indebtedness, which non-compliance could also negatively impact our ability to make additional borrowings under our revolving credit facility or otherwise pay dividends to our stockholders;

- the worsening of estimated future cash flows due to a change in our plans, policies, or views of market and economic conditions as it relates to one or more of our adversely impacted properties could result in the recognition of substantial impairment charges imposed on our assets;

- the credit quality of our tenants could be negatively impacted and we may significantly increase our allowance for doubtful accounts;

- a general decline in business activity and demand for real estate transactions could adversely affect our ability or desire to grow our portfolio of properties, or to sell properties as part of our capital recycling strategy;

- difficulties completing our densification projects on a timely basis, on budget or at all; and

- the potential negative impact on the health of our personnel, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during a disruption.

The extent to which the COVID-19 pandemic, or a future pandemic, impacts our operations and those of our tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of such pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. The situation is rapidly changing and additional impacts to the business may arise that we are not aware of currently. The rapid development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic, but a prolonged outbreak as well as related mitigation efforts could continue to have a material impact on our revenues and could materially and adversely affect our business, results of operations and financial condition. Moreover, many risk factors set forth in our Annual Report on Form

10-K for the year ended December 31, 2019 should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2020, ROIC purchased the following (dollars in thousands, except per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
January 1, 2020 to January 31, 2020 (1)	128,614	$ 17.66	—	$ —
February 1, 2020 to February 29, 2020	—	—	—	—
March 1, 2020 to March 31, 2020 (2)	673,868	13.13	673,868	41,154
Total	802,482	$ 13.85	673,868	$ 41,154

(1) Represents shares repurchased by the Company in connection with the net share settlement to cover the minimum taxes on vesting of restricted stock issued under the Company's Equity Incentive Plan that vested.
(2) Represents shares repurchased by the Company pursuant to the Company's $50.0 million stock repurchase program that was authorized on July 13, 2013.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

2.1	Articles of Merger between Retail Opportunity Investments Corp., a Delaware corporation, and Retail Opportunity Investments Corp., a Maryland corporation, as survivor.[(1)]
3.2	Articles of Amendment and Restatement of Retail Opportunity Investments Corp.[(1)]
3.3	Bylaws of Retail Opportunity Investments Corp.[(1)]
3.4	Second Amended and Restated Agreement of Limited Partnership of Retail Opportunity Investments Partnership, LP by and among Retail Opportunity Investments GP, LLC as general partner, Retail Opportunity Investments Corp. and the other limited partners thereto, dated as of September 27, 2013. [(2)]
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL (and contained in Exhibit 101).

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(1) Incorporated by reference to the Company's current report on Form 8-K filed on June 3, 2011.
(2) Incorporated by reference to the Company's current report on Form 8-K filed on October 2, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RETAIL OPPORTUNITY INVESTMENTS CORP.	RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP, by Retail Opportunity Investments GP, LLC, its sole general partner
Registrant	Registrant
/s/ Stuart A. Tanz	/s/ Stuart A. Tanz
Name: Stuart A. Tanz	Name: Stuart A. Tanz
Title: *Chief Executive Officer*	Title: *Chief Executive Officer*
Date: April 23, 2020	Date: April 23, 2020
/s/ Michael B. Haines	/s/ Michael B. Haines
Name: Michael B. Haines	Name: Michael B. Haines
Title: *Chief Financial Officer*	Title: *Chief Financial Officer*
Date: April 23, 2020	Date: April 23, 2020

EXHIBIT 31.1

RETAIL OPPORTUNITY INVESTMENTS CORP.
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Stuart A. Tanz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Retail Opportunity Investments Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

By: /s/ Stuart A. Tanz
Name: Stuart A. Tanz
Title: Chief Executive Officer

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Stuart A. Tanz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Retail Opportunity Investments Partnership, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

By: /s/ Stuart A. Tanz
Name: Stuart A. Tanz
Title: Chief Executive Officer

EXHIBIT 31.2

RETAIL OPPORTUNITY INVESTMENTS CORP.
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael B. Haines, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Retail Opportunity Investments Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

By: /s/ Michael B. Haines
Name: Michael B. Haines
Title: Chief Financial Officer

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael B. Haines, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Retail Opportunity Investments Partnership, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

By: /s/ Michael B. Haines
Name: Michael B. Haines
Title: Chief Financial Officer

EXHIBIT 32.1

RETAIL OPPORTUNITY INVESTMENTS CORP.
Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. Section 1350
as adopted pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Retail Opportunity Investments Corp. (the “Company”), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2020

By: /s/ Stuart A. Tanz
Name: Stuart A. Tanz
Title: Chief Executive Officer

The undersigned, the Chief Financial Officer of Retail Opportunity Investments Corp. (the “Company”), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2020

By: /s/ Michael B. Haines
Name: Michael B. Haines
Title: Chief Financial Officer

Pursuant to the Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

RETAIL OPPORTUNITY INVESTMENTS PARTNERSHIP, LP
Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. Section 1350
as adopted pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Retail Opportunity Investments Corp, the sole member of Retail Opportunity Investments GP, LLC, the sole general partner of Retail Opportunity Investments Partnership, LP (the “Operating Partnership”), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Form 10-Q”), filed concurrently herewith by the Operating Partnership, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: April 23, 2020

By: /s/ Stuart A. Tanz
Name: Stuart A. Tanz
Title: Chief Executive Officer

The undersigned, the Chief Financial Officer of Retail Opportunity Investments Corp, the sole member of Retail Opportunity Investments GP, LLC, the sole general partner of Retail Opportunity Investments Partnership, LP (the “Operating Partnership”), hereby certifies to the best of his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Form 10-Q”), filed concurrently herewith by the Operating Partnership, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: April 23, 2020

By: /s/ Michael B. Haines
Name: Michael B. Haines
Title: Chief Financial Officer

Pursuant to the Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Operating Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Operating Partnership filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.