UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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.) **Delaware (Retail Opportunity Investments Partnership, LP)** (State or other jurisdiction of incorporation or organization)	**26-0500600 (Retail Opportunity Investments Corp.)** **94-2969738 (Retail Opportunity Investments Partnership, LP)** (I.R.S. Employer Identification No.)
11250 El Camino Real, Suite 200 **San Diego, California** (Address of principal executive offices)	**92130** (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 [X]	No [_]
Retail Opportunity Investments Partnership, LP	Yes [X]	No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Retail Opportunity Investments Corp.	Yes [X]	No [_]
Retail Opportunity Investments Partnership, LP	Yes [X]	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 [X]	Accelerated filer [_]	Non-accelerated filer [_] (Do not check if a smaller reporting company)	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 [X] (Do not check if a smaller reporting company)	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 [X]
Retail Opportunity Investments Partnership, LP	Yes [_] No [X]

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: 112,775,493 shares of common stock, par value $0.0001 per share, of Retail Opportunity Investments Corp. outstanding as of July 20, 2018.

EXPLANATORY PARAGRAPH

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2018 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 June 30, 2018, ROIC owned an approximate 90.6% partnership interest and other limited partners owned the remaining 9.4% 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.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Real Estate Investments:		
Land	$ 898,436	$ 878,797
Building and improvements	2,265,760	2,230,600
	3,164,196	3,109,397
Less: accumulated depreciation	295,602	260,115
Real Estate Investments, net	2,868,594	2,849,282
Cash and cash equivalents	10,958	11,553
Restricted cash	1,420	5,412
Tenant and other receivables, net	42,095	43,257
Deposits	—	500
Acquired lease intangible assets, net	78,246	82,778
Prepaid expenses	1,600	2,853
Deferred charges, net	36,150	37,167
Other	10,606	6,396
Total assets	$ 3,049,669	$ 3,039,198
LIABILITIES AND EQUITY		
Liabilities:		
Term loan	$ 298,942	$ 298,816
Credit facility	189,259	140,329
Senior Notes	940,762	940,086
Mortgage notes payable	97,884	107,915
Acquired lease intangible liabilities, net	173,911	178,984
Accounts payable and accrued expenses	14,580	18,638
Tenants' security deposits	6,997	6,771
Other liabilities	18,213	18,018
Total liabilities	1,740,548	1,709,557
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; 112,719,459 and 112,347,451 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	11	11
Additional paid-in capital	1,415,286	1,412,590
Dividends in excess of earnings	(236,570)	(210,490)
Accumulated other comprehensive income	7,235	1,856
Total Retail Opportunity Investments Corp. stockholders' equity	1,185,962	1,203,967
Non-controlling interests	123,159	125,674
Total equity	1,309,121	1,329,641
Total liabilities and equity	$ 3,049,669	$ 3,039,198

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 June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues				
Base rents	$ 55,050	$ 50,528	$ 110,427	$ 102,007
Recoveries from tenants	16,471	15,222	32,632	28,890
Other income	820	890	3,677	1,643
Total revenues	72,341	66,640	146,736	132,540
Operating expenses				
Property operating	11,017	9,628	21,495	18,928
Property taxes	7,914	7,647	15,733	14,715
Depreciation and amortization	25,331	23,645	50,548	46,703
General and administrative expenses	3,990	3,817	7,521	7,316
Acquisition transaction costs	—	4	—	4
Other expense	274	225	343	274
Total operating expenses	48,526	44,966	95,640	87,940
Operating income	23,815	21,674	51,096	44,600
Non-operating expenses				
Interest expense and other finance expenses	(15,713)	(12,477)	(31,170)	(24,152)
Net income	8,102	9,197	19,926	20,448
Net income attributable to non-controlling interests	(763)	(888)	(1,885)	(1,969)
Net Income Attributable to Retail Opportunity Investments Corp.	$ 7,339	$ 8,309	$ 18,041	$ 18,479
Earnings per share – basic and diluted	$ 0.06	$ 0.08	$ 0.16	$ 0.17
Dividends per common share	$ 0.1950	$ 0.1875	$ 0.3900	$ 0.3750
Comprehensive income:				
Net income	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Other comprehensive income:				
Unrealized swap derivative gain (loss) arising during the period	1,397	(64)	4,787	97
Reclassification adjustment for amortization of interest expense included in net income	174	497	592	1,052
Other comprehensive income	1,571	433	5,379	1,149
Comprehensive income	9,673	9,630	25,305	21,597
Comprehensive income attributable to non-controlling interests	(763)	(888)	(1,885)	(1,969)
Comprehensive income attributable to Retail Opportunity Investments Corp.	$ 8,910	$ 8,742	$ 23,420	$ 19,628

See accompanying notes to consolidated financial statements.

RETAIL OPPORTUNITY INVESTMENTS CORP.
Consolidated Statement 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 income**	**Non-controlling interests**	**Equity**
Balance at December 31, 2017	**112,347,451**	**$ 11**	**$ 1,412,590**	**$ (210,490)**	**$ 1,856**	**$ 125,674**	**$ 1,329,641**
Shares issued under the Equity Incentive Plan	373,861	—	—	—	—	—	—
Shares withheld for employee taxes	(70,168)	—	(1,400)	—	—	—	(1,400)
Cancellation of restricted stock	(6,999)	—	—	—	—	—	—
Stock based compensation expense	—	—	3,419	—	—	—	3,419
Cash redemption for non-controlling interests	—	—	—	—	—	(560)	(560)
Adjustment to non-controlling interests ownership in Operating Partnership	—	—	(713)	—	—	713	—
Proceeds from the issuance of common stock	75,314		1,508	—	—	—	1,508
Registration expenditures	—	—	(118)	—	—	—	(118)
Cash dividends ($0.39 per share)	—	—	—	(43,961)	—	(4,553)	(48,514)
Dividends payable to officers	—	—	—	(160)	—	—	(160)
Net income attributable to Retail Opportunity Investments Corp.	—	—	—	18,041	—	—	18,041
Net income attributable to non-controlling interests	—	—	—	—	—	1,885	1,885
Other comprehensive income	—	—	—	—	5,379	—	5,379
Balance at June 30, 2018	**112,719,459**	**$ 11**	**$ 1,415,286**	**$ (236,570)**	**$ 7,235**	**$ 123,159**	**$ 1,309,121**

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 19,926	$ 20,448
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	50,548	46,703
Amortization of deferred financing costs and mortgage premiums, net	926	1,067
Straight-line rent adjustment	(2,881)	(2,340)
Amortization of above and below market rent	(7,218)	(9,319)
Amortization relating to stock based compensation	3,419	2,873
Provisions for tenant credit losses	789	979
Other noncash interest expense	1,070	1,070
Change in operating assets and liabilities:		
Tenant and other receivables	3,254	535
Prepaid expenses	1,252	2,150
Accounts payable and accrued expenses	(2,925)	(1,393)
Other assets and liabilities, net	(1,248)	977
Net cash provided by operating activities	66,912	63,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in real estate	(39,176)	(168,672)
Improvements to properties	(21,662)	(18,760)
Deposits on real estate acquisitions, net	500	(5,000)
Net cash used in investing activities	(60,338)	(192,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages	(10,493)	(8,498)
Proceeds from draws on credit facility	110,000	193,000
Payments on credit facility	(61,500)	(10,000)
Redemption of OP Units	(560)	(150)
Distributions to OP Unitholders	(4,553)	(4,349)
Deferred financing and other costs	—	(3)
Proceeds from the sale of common stock	1,508	—
Registration expenditures	(118)	(348)
Dividends paid to common shareholders	(44,045)	(41,284)
Common shares issued under the Equity Incentive Plan	—	43
Shares withheld for employee taxes	(1,400)	(1,571)
Net cash (used in) provided by financing activities	(11,161)	126,840
Net decrease in cash, cash equivalents and restricted cash	(4,587)	(1,842)
Cash, cash equivalents and restricted cash at beginning of period	16,965	13,250
Cash, cash equivalents and restricted cash at end of period	$ 12,378	$ 11,408
Other non-cash investing and financing activities:		
Issuance of OP Units in connection with acquisitions	$ —	$ 3,559
Intangible lease liabilities	$ 925	$ 14,355
Interest rate swap asset	$ 4,309	$ 80
Accrued real estate improvement costs	$ (1,074)	$ 2,822
Redemption / exchange of OP Units	$ —	$ 3,202

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:

	Six Months Ended June 30,	
	2018	**2017**
Cash and cash equivalents	$ 10,958	$ 11,408
Restricted cash	1,420	—
Total cash, cash equivalents and restricted cash shown in Statements of Cash Flow	$ 12,378	$ 11,408

See accompanying notes to consolidated financial statements.

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

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Real Estate Investments:		
Land	$ 898,436	$ 878,797
Building and improvements	2,265,760	2,230,600
	3,164,196	3,109,397
Less: accumulated depreciation	295,602	260,115
Real Estate Investments, net	2,868,594	2,849,282
Cash and cash equivalents	10,958	11,553
Restricted cash	1,420	5,412
Tenant and other receivables, net	42,095	43,257
Deposits	—	500
Acquired lease intangible assets, net	78,246	82,778
Prepaid expenses	1,600	2,853
Deferred charges, net	36,150	37,167
Other	10,606	6,396
Total assets	$ 3,049,669	$ 3,039,198
LIABILITIES AND CAPITAL		
Liabilities:		
Term loan	$ 298,942	$ 298,816
Credit facility	189,259	140,329
Senior Notes	940,762	940,086
Mortgage notes payable	97,884	107,915
Acquired lease intangible liabilities, net	173,911	178,984
Accounts payable and accrued expenses	14,580	18,638
Tenants' security deposits	6,997	6,771
Other liabilities	18,213	18,018
Total liabilities	1,740,548	1,709,557
Commitments and contingencies		
Capital:		
Partners' capital, unlimited partnership units authorized:		
ROIC capital	1,178,727	1,202,111
Limited partners' capital	123,159	125,674
Accumulated other comprehensive income	7,235	1,856
Total capital	1,309,121	1,329,641
Total liabilities and capital	$ 3,049,669	$ 3,039,198

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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Base rents	$ 55,050	$ 50,528	$ 110,427	$ 102,007
Recoveries from tenants	16,471	15,222	32,632	28,890
Other income	820	890	3,677	1,643
Total revenues	72,341	66,640	146,736	132,540
Operating expenses				
Property operating	11,017	9,628	21,495	18,928
Property taxes	7,914	7,647	15,733	14,715
Depreciation and amortization	25,331	23,645	50,548	46,703
General and administrative expenses	3,990	3,817	7,521	7,316
Acquisition transaction costs	—	4	—	4
Other expense	274	225	343	274
Total operating expenses	48,526	44,966	95,640	87,940
Operating income	23,815	21,674	51,096	44,600
Non-operating expenses				
Interest expense and other finance expenses	(15,713)	(12,477)	(31,170)	(24,152)
Net Income Attributable to Retail Opportunity Investments Partnership, LP	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Earnings per unit - basic and diluted	$ 0.06	$ 0.08	$ 0.16	$ 0.17
Distributions per unit	$ 0.1950	$ 0.1875	$ 0.3900	$ 0.3750
Comprehensive income:				
Net income attributable to Retail Opportunity Investments Partnership, LP	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Other comprehensive income:				
Unrealized swap derivative gain (loss) arising during the period	1,397	(64)	4,787	97
Reclassification adjustment for amortization of interest expense included in net income	174	497	592	1,052
Other comprehensive income	1,571	433	5,379	1,149
Comprehensive income attributable to Retail Opportunity Investments Partnership, LP	$ 9,673	$ 9,630	$ 25,305	$ 21,597

See accompanying notes to consolidated financial statements.

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

	Limited Partner's Capital (1)		ROIC Capital (2)		Accumulated other comprehensive income	Capital
	Units	Amount	Units	Amount		
Balance at December 31, 2017	**11,678,991**	**$ 125,674**	**112,347,451**	**$ 1,202,111**	**$ 1,856**	**$ 1,329,641**
OP units issued under the Equity Incentive Plan	—	—	373,861	—	—	—
OP Units withheld for employee taxes	—	—	(70,168)	(1,400)	—	(1,400)
Cancellation of OP Units	—	—	(6,999)	—	—	—
Stock based compensation expense	—	—	—	3,419	—	3,419
Cash redemption of OP Units	(30,889)	(560)	—	—	—	(560)
Adjustment to non-controlling interests ownership in Operating Partnership	—	713	—	(713)	—	—
Issuance of OP Units in connection with sale of common stock	—	—	75,314	1,508	—	1,508
Registration expenditures	—	—	—	(118)	—	(118)
Cash distributions ($0.39 per unit)	—	(4,553)	—	(43,961)	—	(48,514)
Distributions payable to officers	—	—	—	(160)	—	(160)
Net income attributable to Retail Opportunity Investments Partnership, LP	—	1,885	—	18,041	—	19,926
Other comprehensive income	—	—	—	—	5,379	5,379
Balance at June 30, 2018	**11,648,102**	**$ 123,159**	**112,719,459**	**$ 1,178,727**	**$ 7,235**	**$ 1,309,121**

(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)

	Six Months Ended June 30,	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 19,926	$ 20,448
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	50,548	46,703
Amortization of deferred financing costs and mortgage premiums, net	926	1,067
Straight-line rent adjustment	(2,881)	(2,340)
Amortization of above and below market rent	(7,218)	(9,319)
Amortization relating to stock based compensation	3,419	2,873
Provisions for tenant credit losses	789	979
Other noncash interest expense	1,070	1,070
Change in operating assets and liabilities:		
Tenant and other receivables	3,254	535
Prepaid expenses	1,252	2,150
Accounts payable and accrued expenses	(2,925)	(1,393)
Other assets and liabilities, net	(1,248)	977
Net cash provided by operating activities	66,912	63,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in real estate	(39,176)	(168,672)
Improvements to properties	(21,662)	(18,760)
Deposits on real estate acquisitions, net	500	(5,000)
Net cash used in investing activities	(60,338)	(192,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages	(10,493)	(8,498)
Proceeds from draws on credit facility	110,000	193,000
Payments on credit facility	(61,500)	(10,000)
Redemption of OP Units	(560)	(150)
Deferred financing and other costs	—	(3)
Proceeds from the issuance of OP Units in connection with issuance of common stock	1,508	—
Registration expenditures	(118)	(348)
Distributions to OP Unitholders	(48,598)	(45,633)
Issuance of OP Units under the Equity Incentive Plan	—	43
OP Units withheld for employee taxes	(1,400)	(1,571)
Net cash (used in) provided by financing activities	(11,161)	126,840
Net decrease in cash, cash equivalents and restricted cash	(4,587)	(1,842)
Cash, cash equivalents and restricted cash at beginning of period	16,965	13,250
Cash, cash equivalents and restricted cash at end of period	$ 12,378	$ 11,408
Other non-cash investing and financing activities:		
Issuance of OP Units in connection with acquisitions	$ —	$ 3,559
Intangible lease liabilities	$ 925	$ 14,355
Interest rate swap asset	$ 4,309	$ 80
Accrued real estate improvement costs	$ (1,074)	$ 2,822
Redemption / exchange of OP Units	$ —	$ 3,202

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:

	Six Months Ended June 30,	
	2018	**2017**
Cash and cash equivalents	$ 10,958	$ 11,408
Restricted cash	1,420	—
Total cash, cash equivalents and restricted cash shown in Statements of Cash Flow	$ 12,378	$ 11,408

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.

With the approval of its stockholders, ROIC reincorporated as a Maryland corporation on June 2, 2011. ROIC began operations as a Delaware corporation, known as NRDC Acquisition Corp., which was incorporated on July 10, 2007, for the purpose of acquiring assets or operating businesses through a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination. On October 20, 2009, ROIC's stockholders and warrantholders approved, among other things, the steps to be taken by ROIC to continue its business as a corporation that has elected to qualify as a REIT for U.S. federal income tax purposes.

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 November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-18, Restricted Cash. ASU No. 2016-18 requires companies to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Additionally, ASU No. 2016-18 requires a disclosure of a reconciliation between the statement of financial position and the statement of cash flows when the balance sheet includes more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents. ASU No. 2016-18 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted, and will be applied retrospectively to all periods presented. The Company adopted ASU No. 2018-16 effective January 1, 2018. The adoption of ASU No. 2016-18 impacted the presentation of cash flows with inclusion of restricted cash flows for each of the presented periods.

In February 2016, the FASB issued ASU No. 2016-2, "Leases." ASU No. 2016-2 is expected to result in the recognition of a right-to-use asset and related liability to account for future obligations under ground lease agreements for which the Company is the lessee. As of June 30, 2018, the remaining contractual payments under ground lease agreements aggregated approximately $41.1 million. In addition, ASU No. 2016-2 will require that lessees and lessors capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease. Allocated payroll costs and other costs that are incurred regardless of whether the lease is obtained will no longer be capitalized as initial direct costs and instead will be expensed as incurred.

As a lessor, under current accounting standards, the Company recognizes rental revenue from its operating leases on a straight-line basis over the respective lease terms. The Company commences recognition of rental revenue at the date the property is ready for its intended use and the tenant takes possession of or controls the physical use of the property. Under current accounting standards, tenant recoveries related to payments of real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses are considered lease components. The Company recognizes these tenant recoveries as revenue when services are rendered in an amount equal to the related operating expenses incurred that are recoverable under the terms of the applicable lease.

Under ASU No. 2016-2, each lease agreement will be evaluated to identify the lease components and nonlease components at lease inception. The total consideration in the lease agreement will be allocated to the lease and nonlease components based on their relative standalone selling prices. Lessors will continue to recognize the lease revenue component using an approach that is substantially equivalent to existing guidance for operating leases (straight-line basis). In January 2018, the FASB issued a proposed amendment to ASU No. 2016-2 that would allow lessors to elect, as a practical expedient, not to allocate the total consideration to lease and nonlease components based on their relative standalone selling prices. If adopted, this practical expedient will allow lessors to elect a combined 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.

The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company plans to adopt the provisions of ASU No. 2016-2 effective January 1, 2019 using the modified retrospective approach. The Company continues to evaluate the impact this pronouncement will have on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-9, "Revenue from Contracts with Customers." The pronouncement was issued to clarify the principles for recognizing revenue and to develop a common revenue standard and disclosure requirements for U.S. GAAP and International Financial Reporting Standards. The pronouncement is effective for reporting periods beginning after December 15, 2017. As discussed above, leases are specifically excluded from ASU No. 2014-9 and will be governed by the applicable lease codification; however, this update may have implications on certain variable payment terms included in lease agreements. Upon adoption of ASU No. 2016-2 in 2019, the Company may be required to classify its tenant recoveries into lease and nonlease components, whereby the nonlease components would be subject to ASU No. 2014-9, pending the resolution of the proposed amendment issued by the FASB in January 2018. Property services categorized as nonlease components that are reimbursed by the Company's tenants may need to be presented on a net basis if it is determined that the Company holds an agent arrangement. The Company adopted the provisions of ASU No. 2014-9 effective January 1, 2018 using the modified retrospective approach. The Company evaluated the revenue recognition for all contracts within this scope under existing accounting standards and under ASU No. 2014-9 and confirmed that there were no differences in the amounts recognized or the pattern of recognition. Therefore, the adoption of ASU 2014-9 did not result in an adjustment to the Company's retained earnings on January 1, 2018.

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 and six month periods ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. 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, 2017.

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 purchase price allocations, depreciable lives, revenue recognition and the collectability of tenant receivables, other receivables, notes receivables, the valuation of performance-based restricted stock, stock options, 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. In addition, taxable income from non-REIT activities managed through the Company's taxable REIT subsidiary ("TRS"), if any, is fully subject to U.S. federal, state and local income taxes. 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 June 30, 2018, the statute of limitations for the tax years 2014 through and including 2016 remain open for examination by the Internal Revenue Service ("IRS") and state taxing authorities.

ROIC intends to make regular quarterly 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 regular quarterly 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.

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. 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. During the six months ended June 30, 2018 and 2017, capitalized costs related to the improvement or replacement of real estate properties were approximately $20.6 million and $21.6 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 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 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 and six months ended June 30, 2018.

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 June 30, 2018.

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. Property operating expense recoveries from tenants of common area maintenance, real estate taxes and other recoverable costs are recognized in the period the related expenses are incurred. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms.

Termination fees (included in other 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, 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 June 30, 2018 and December 31, 2017 was approximately $6.7 million and $6.4 million, respectively.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Buildings are depreciated over the estimated useful lives which the Company estimates to be 39-40 years. Property improvements are depreciated over the estimated useful lives that range from 10 to 20 years. Furniture and fixtures are depreciated over the 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 and Internal Capitalized 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. The Company currently capitalizes a portion of payroll-related costs related to its leasing personnel associated with new leases and lease renewals. These costs are amortized over the life of the respective leases. During the three months ended June 30, 2018 and 2017, the Company capitalized approximately $277,000 and $258,000, respectively. During the six months ended June 30, 2018 and 2017, the Company capitalized approximately $611,000 and $570,000, respectively.

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 and six months ended June 30, 2018 and 2017, 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 outstanding under the Equity Incentive Plan described in Note 7 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 June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Numerator:				
Net income	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Less income attributable to non-controlling interests	(763)	(888)	(1,885)	(1,969)
Less earnings allocated to unvested shares	(100)	(80)	(201)	(160)
Net income available for common stockholders, basic	$ 7,239	$ 8,229	$ 17,840	$ 18,319
Numerator:				
Net income	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Less earnings allocated to unvested shares	(100)	(80)	(201)	(160)
Net income available for common stockholders, diluted	$ 8,002	$ 9,117	$ 19,725	$ 20,288
Denominator:				
Denominator for basic EPS – weighted average common equivalent shares	112,165,453	109,267,356	112,164,205	109,247,194
OP units	11,672,244	11,680,311	11,675,599	11,625,048
Restricted stock awards – performance-based	257,821	159,526	227,811	150,613
Stock options	109,471	130,741	110,323	133,314
Denominator for diluted EPS – weighted average common equivalent shares	124,204,989	121,237,934	124,177,938	121,156,169

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 June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Numerator:				
Net income	$ 8,102	$ 9,197	$ 19,926	$ 20,448
Less earnings allocated to unvested shares	(100)	(80)	(201)	(160)
Net income available to unitholders, basic and diluted	$ 8,002	$ 9,117	$ 19,725	$ 20,288
Denominator:				
Denominator for basic earnings per unit – weighted average common equivalent units	123,837,697	120,947,667	123,839,804	120,872,242
Restricted stock awards – performance-based	257,821	159,526	227,811	150,613
Stock options	109,471	130,741	110,323	133,314
Denominator for diluted earnings per unit – weighted average common equivalent units	124,204,989	121,237,934	124,177,938	121,156,169

Stock-Based Compensation

The Company has a stock-based employee compensation plan, which is more fully described in Note 7.

The Company accounts for its stock-based compensation plans based on the FASB guidance which requires that compensation expense be recognized based on the fair value of the stock awards less estimated forfeitures. Restricted stock grants vest based upon the completion of a service period ("time-based grants") and/or the Company meeting certain established market-specific financial performance criteria ("performance-based 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 grants, a Monte Carlo valuation model is used, taking into account the underlying contingency risks associated with the performance criteria. 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. Awards of stock options and time-based grants of stock are expensed as compensation on a straight-line basis over the vesting period. Depending on the terms of the agreement, certain awards of performance-based grants are expensed as compensation under the accelerated attribution method while certain are expensed as compensation on a straight-line basis over the vesting period. All awards of performance-based grants 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 swap as long as the hedged forecasted transactions continue to be probable of occurring. The Company includes cash payments made to terminate interest rate swaps 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.

Reclassifications

Certain reclassifications have been made to the prior period consolidated financial statements and notes to conform to the current year presentation.

2. Real Estate Investments

The following real estate investment transactions have occurred during the six months ended June 30, 2018.

Property Asset Acquisitions

On February 23, 2018, the Company acquired the property known as Stadium Center located in Tacoma, Washington, within the Seattle metropolitan area, for an adjusted purchase price of approximately $19.3 million. Stadium Center is approximately 49,000 square feet and is anchored by Thriftway Supermarket. The property was acquired with borrowings under the credit facility and restricted cash that was previously held by a qualified intermediary for the acquisition of a replacement property in a tax-free exchange under Section 1031 of the Code.

On May 18, 2018, the Company acquired the property known as King City Plaza located in King City, Oregon, within the Portland metropolitan area, for an adjusted purchase price of approximately $15.7 million. King City Plaza is approximately 63,000 square feet and is anchored by Grocery Outlet Supermarket. The property was acquired with borrowings under the credit facility.

Any reference to the number of properties and square footage are unaudited and outside the scope of the Company's independent registered public accounting firm's review of its financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board.

The financial information set forth below summarizes the Company's purchase price allocation for the properties acquired during the six months ended June 30, 2018 (in thousands).

	June 30, 2018
Assets	
Land	$ 5,657
Building and improvements	33,100
Acquired lease intangible asset	821
Deferred charges	523
Assets acquired	$ 40,101
Liabilities	
Acquired lease intangible liability	$ 925
Liabilities assumed	$ 925

The following table summarizes the operating results included in the Company's historical consolidated statement of operations for the three and six months ended June 30, 2018, for the properties acquired during the six months ended June 30, 2018 (in thousands).

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Statement of operations:		
Revenues	$ 570	$ 716
Net income attributable to Retail Opportunity Investments Corp.	$ 161	$ 238

3. 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 June 30, 2018 are summarized as follows (in thousands):

	Minimum Rents
Remaining 2018	$ 100,884
2019	190,202
2020	169,284
2021	146,710
2022	120,783
Thereafter	490,078
Total minimum lease payments	$ 1,217,941

4. 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.

Mortgage Notes Payable

On February 1, 2018, the Company repaid in full the Santa Teresa Village mortgage note related to Santa Teresa Village for a total of approximately $10.1 million, without penalty, in accordance with the prepayment provisions of the note.

The mortgage notes payable collateralized by respective properties and assignment of leases at June 30, 2018 and December 31, 2017, respectively, were as follows (in thousands):

Property	Maturity Date	Interest Rate	June 30, 2018	December 31, 2017
Santa Teresa Village	February 2018	6.20%	—	10,138
Magnolia Shopping Center	October 2018	5.50%	8,855	8,951
Casitas Plaza Shopping Center	June 2022	5.32%	7,234	7,307
Riverstone Marketplace	July 2022	4.96%	18,238	18,424
Fullerton Crossroads	April 2024	4.73%	26,000	26,000
Diamond Hills Plaza	October 2025	3.55%	35,500	35,500
			$ 95,827	$ 106,320
Mortgage premiums			2,354	1,921
Net unamortized deferred financing costs			(297)	(326)
Total mortgage notes payable			$ 97,884	$ 107,915

Term Loan and Credit Facility

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

	June 30, 2018	December 31, 2017
Term loan	$ 300,000	$ 300,000
Net unamortized deferred financing costs	(1,058)	(1,184)
Term loan	$ 298,942	$ 298,816

On September 29, 2015, the Company entered into an unsecured term loan agreement under which the lenders agreed to provide a $300.0 million unsecured term loan facility. Effective September 8, 2017, the Company entered into a First Amended and Restated Term Loan Agreement (the "Term Loan Agreement") pursuant to which the maturity date of the term loan was extended from January 31, 2019 to September 8, 2022, 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 1.10%.

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

	June 30, 2018	December 31, 2017
Credit facility	$ 192,000	$ 143,500
Net unamortized deferred financing costs	(2,741)	(3,171)
Credit facility	$ 189,259	$ 140,329

The Operating Partnership has an unsecured revolving credit facility with several banks. Effective September 8, 2017, the Company entered into a Second Amended and Restated Credit Agreement (the “Credit Facility Agreement”) pursuant to which the borrowing capacity under the credit facility was increased from $500.0 million to $600.0 million. The maturity date of the credit facility was extended from January 31, 2019 to September 8, 2021, 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 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 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 1.00%. 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. The Company has investment grade credit ratings from Moody’s Investors Service (Baa2) and Standard & Poor’s Ratings Services (BBB-).

Both the term loan and credit facility 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 June 30, 2018.

As of June 30, 2018, $300.0 million and $192.0 million were outstanding under the term loan and credit facility, respectively. The weighted average interest rate on the term loan during the three and six months ended June 30, 2018 was 3.0% and 2.9%, respectively. The weighted average interest rate on the credit facility during the three and six months ended June 30, 2018 was 2.9% and 2.8%. The Company had no available borrowings under the term loan at June 30, 2018. The Company had $408.0 million available to borrow under the credit facility at June 30, 2018.

Senior Notes Due 2027

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

	June 30, 2018	December 31, 2017
Principal amount	$ 250,000	$ 250,000
Net unamortized deferred financing costs	(1,186)	(1,249)
Senior Notes Due 2027	$ 248,814	$ 248,751

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. The interest expense recognized on the Senior Notes Due 2027 during the three and six months ended June 30, 2018 included approximately $2.6 million and $5.2 million, respectively, for the contractual coupon interest.

In connection with the issuance of the Senior Notes Due 2027, the Company incurred approximately $1.3 million of deferred financing costs which are being amortized over the term of the Senior Notes Due 2027.

Senior Notes Due 2026

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

	June 30, 2018	December 31, 2017
Principal amount	$ 200,000	$ 200,000
Net unamortized deferred financing costs	(234)	(248)
Senior Notes Due 2026	$ 199,766	$ 199,752

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. The interest expense recognized on the Senior Notes Due 2026 during the three months ended June 30, 2018 and 2017 included approximately $2.0 million for the contractual coupon interest. The interest expense recognized on the Senior Notes Due 2026 during the six months ended June 30, 2018 and 2017 included approximately $3.9 million for the contractual coupon interest.

In connection with the issuance of the Senior Notes Due 2026, the Company incurred approximately $283,000 of deferred financing costs which are being amortized over the term of the Senior Notes Due 2026.

Senior Notes Due 2024

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

	June 30, 2018	December 31, 2017
Principal amount	$ 250,000	$ 250,000
Unamortized debt discount	(2,417)	(2,578)
Net unamortized deferred financing costs	(1,424)	(1,535)
Senior Notes Due 2024	$ 246,159	$ 245,887

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). The interest expense recognized for the contractual coupon interest on the Senior Notes Due 2024 during the three months ended June 30, 2018 and 2017 was $2.5 million. The interest expense recognized for the accretion of the debt discount on the Senior Notes Due 2024 during the three months ended June 30, 2018 and 2017 was approximately $81,000 and $78,000, respectively. The interest expense recognized for the contractual coupon interest on the Senior Notes Due 2024 during the six months ended June 30, 2018 and 2017 was $5.0 million. The interest expense recognized for the accretion of the debt discount on the Senior Notes Due 2024 during the six months ended June 30, 2018 and 2017 was approximately $161,000 and $155,000, respectively.

In connection with the Senior Notes Due 2024 offering, the Company incurred approximately $2.2 million of deferred financing costs which are being amortized over the term of the Senior Notes Due 2024.

Senior Notes Due 2023

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

	June 30, 2018	December 31, 2017
Principal amount	$ 250,000	$ 250,000
Unamortized debt discount	(2,542)	(2,737)
Net unamortized deferred financing costs	(1,435)	(1,567)
Senior Notes Due 2023	$ 246,023	$ 245,696

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). The interest expense recognized for the contractual coupon interest on the Senior Notes Due 2023 during the three months ended June 30, 2018 and 2017 was $3.1 million. The interest expense recognized for the accretion of the debt discount on the Senior Notes Due 2023 during the three months ended June 30, 2018 and 2017 was approximately $100,000 and $95,000, respectively.
The interest expense recognized for the contractual coupon interest on the Senior Notes Due 2023 during the six months ended June 30, 2018 and 2017 was $6.3 million. The interest expense recognized for the accretion of the debt discount on the Senior Notes Due 2023 during the six months ended June 30, 2018 and 2017 was approximately $195,000 and $188,000, respectively.

In connection with the Senior Notes Due 2023 offering, the Company incurred approximately $2.6 million of deferred financing costs which are being amortized over the term of the Senior Notes Due 2023.

5. 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 June 30, 2018 and December 31, 2017, there were no shares of preferred stock outstanding.

6. Common Stock of ROIC

ATM

On May 1, 2018, the Company entered into five separate Sales Agreements (the “Sales Agreements”) with each of Capital One Securities, Inc., Jefferies LLC, KeyBanc Capital Markets Inc., Raymond James & Associates, Inc., and Robert W. Baird & Co. Incorporated (each individually, an “Agent” and collectively, the “Agents”) pursuant to which ROIC may sell, from time to time, shares of ROIC’s common stock, par value $0.0001 per share, having an aggregate offering price of up to $250.0 million through the Agents either as agents or principals. In addition, on April 30, 2018, the Company terminated sales agreements with Jefferies, KeyBanc and Raymond James, dated as of September 19, 2014 and with Baird, dated as of May 23, 2016 (the “Prior Sales Agreements”), which the Company entered into in connection with its prior “at the market” offering.

During the three months ended June 30, 2018, ROIC did not sell any shares under the Sales Agreements. During the six months ended June 30, 2018, ROIC sold a total of 75,314 shares of common stock under the Prior Sales Agreements, which resulted in gross proceeds of approximately $1.5 million and commissions of approximately $19,000 paid to the agents.

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 six months ended June 30, 2018, the Company did not repurchase any shares of common stock under this program.

7. 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.

The Company's Annual Meeting of Stockholders was held on April 25, 2018 at which the stockholders of the Company approved the Company's Amended and Restated 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, 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.

Restricted Stock

During the six months ended June 30, 2018, ROIC awarded 514,972 shares of restricted common stock under the Equity Incentive Plan, of which 180,200 shares are performance-based grants and the remainder of the shares are time-based grants. The performance-based grants vest based on pre-defined market-specific performance criteria with a vesting date on January 1, 2021.

A summary of the status of ROIC's non-vested restricted stock awards as of June 30, 2018, and changes during the six months ended June 30, 2018 are presented below:

	Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2017	781,467	$ 18.14
Granted	514,972	$ 15.85
Vested	(274,608)	$ 18.46
Forfeited	(16,998)	$ 17.60
Non-vested at June 30, 2018	1,004,833	$ 16.89

For the three months ended June 30, 2018 and 2017, the amounts charged to expenses for all stock-based compensation arrangements totaled approximately $2.0 million and $1.7 million, respectively. For the six months ended June 30, 2018 and 2017, the amounts charged to expenses for all stock-based compensation arrangements totaled approximately $3.4 million and $2.9 million, respectively.

8. Capital of the Operating Partnership

As of June 30, 2018, the Operating Partnership had 124,367,561 OP Units outstanding. ROIC owned an approximate 90.6% partnership interest in the Operating Partnership at June 30, 2018, or 112,719,459 OP Units. The remaining 11,648,102 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 June 30, 2018, 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 six months ended June 30, 2018, ROIC received notices of redemption for a total of 30,889 OP Units. ROIC elected to redeem the OP Units in cash, and accordingly, a total of $560,000 was paid during the six months ended June 30, 2018 to the holders of the respective OP Units. In accordance with the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, the redemption values were 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 notices of redemption.

The redemption value of outstanding OP Units owned by the limited partners as of June 30, 2018, not including ROIC, had such units been redeemed at June 30, 2018, was approximately $223.1 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 June 30, 2018, which amounted to $19.15 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.

9. 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 June 30, 2018 was approximately $229.9 million and $182.5 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 June 30, 2018 was approximately $235.7 million and $253.5 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 $93.5 million with an interest rate range of 4.4% to 5.3% and a weighted average interest rate of 4.7% as of June 30, 2018. 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 June 30, 2018 (in thousands):

Swap Counterparty	Notional Amount		Effective Date	Maturity Date
Bank of Montreal	$	50,000	1/29/2016	1/31/2019
Regions Bank	$	50,000	2/29/2016	1/31/2019
Bank of Montreal	$	100,000	12/29/2017	8/31/2022
U.S. Bank	$	100,000	12/29/2017	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 June 30, 2018, 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	
June 30, 2018:								
Assets								
Derivative financial instruments	$	—	$	8,630	$	—	$	8,630
December 31, 2017:								
Assets								
Derivative financial instruments	$	—	$	4,321	$	—	$	4,321

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 $1.1 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 June 30, 2018 and December 31, 2017, respectively (in thousands):

Derivatives designed as hedging instruments	Balance sheet location	June 30, 2018 Fair Value	December 31, 2017 Fair Value
Interest rate products	Other assets	$ 8,630	$ 4,321

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 and six months ended June 30, 2018 and 2017, respectively (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amount of gain (loss) recognized in OCI on derivatives	$ 1,397	$ (64)	$ 4,787	$ 97
Amount of gain reclassified from AOCI into interest	$ 174	$ 497	$ 592	$ 1,052

10. 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 following table represents the Company's future minimum annual lease payments under operating leases as of June 30, 2018 (in thousands):

	Operating Leases
Remaining 2018	$ 636
2019	1,278
2020	1,286
2021	1,283
2022	1,304
Thereafter	35,347
Total minimum lease payments	$ 41,134

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).

11. 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 the three months ended June 30, 2018 and 2017, the Company incurred approximately $19,000 and $13,000, respectively, of expenses relating to the agreements. For the six months ended June 30, 2018 and 2017, the Company incurred approximately $34,000 and $26,000, respectively, of expenses relating to the agreements. These expenses were included in general and administrative expenses in the accompanying consolidated statements of operations.

12. Subsequent Events

On July 25, 2018, ROIC’s board of directors declared a cash dividend on its common stock and a distribution on the Operating Partnership’s OP Units of $0.1950 per share and per OP Unit, payable on September 27, 2018 to holders of record on September 13, 2018.

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 and Exchange Act of 1934, as amended (the “Exchange Act”). Actual results may differ materially due to uncertainties including:

- 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 June 30, 2018, ROIC owned an approximate 90.6% partnership interest and other limited partners owned the remaining approximate 9.4% 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 June 30, 2018, the Company's portfolio consisted of 93 properties (92 retail and one office) totaling approximately 10.6 million square feet of gross leasable area ("GLA"). As of June 30, 2018, the Company's total portfolio was approximately 96.7% leased. During the six months ended June 30, 2018, the Company leased or renewed a total of 690,000 square feet in its portfolio. The Company has committed approximately $10.0 million, or $54.44 per square foot, in tenant improvements, including building improvements, for new leases that occurred during the six months ended June 30, 2018. The Company has committed approximately $393,000, or $2.13 per square foot, in leasing commissions, for the new leases that occurred during the six months ended June 30, 2018. The Company has committed approximately $624,000, or $1.23 per square foot, in tenant improvements, including building improvements, for the renewed leases that occurred during the six months ended June 30, 2018. Leasing commission commitments for renewed leases were not material for the six months ended June 30, 2018.

Subsequent Events

On July 25, 2018, ROIC's board of directors declared a cash dividend on its common stock and a distribution on the Operating Partnership's OP Units of $0.1950 per share and per OP Unit, payable on September 27, 2018 to holders of record on September 13, 2018.

Results of Operations

At June 30, 2018, the Company had 93 properties (92 retail and one office), all of which are consolidated in the accompanying financial statements. The Company believes, because of the location of the properties in densely populated areas, the nature of its investments provides for relatively stable revenue flows even during difficult economic times. The Company has a strong capital structure with manageable debt as of June 30, 2018. The Company expects to continue to actively explore acquisition opportunities consistent with its business strategy.

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.

Results of Operations for the three months ended June 30, 2018 compared to the three months ended June 30, 2017.

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 June 30, 2018 and 2017 (in thousands).

		Three Months Ended June 30,	
		2018	**2017**
Operating income per GAAP		$ 23,815	$ 21,674
Plus:	Depreciation and amortization	25,331	23,645
	General and administrative expenses	3,990	3,817
	Acquisition transaction costs	—	4
	Other expenses	274	225
Property operating income		$ 53,410	$ 49,365

The following comparison for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, makes reference to the effect of the same-center properties. Same-center properties, which totaled 82 of the Company's 93 properties as of June 30, 2018, 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 building and one shopping center that is currently lined up to be sold and is slated for new multi-family development and is no longer being managed as a retail asset.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the three months ended June 30, 2018 related to the 82 same-center properties owned by the Company during the entirety of both the three months ended June 30, 2018 and 2017 and consolidated into the Company's financial statements during such periods (in thousands).

		Three Months Ended June 30, 2018		
		Same-Center	**Non Same-Center**	**Total**
Operating income per GAAP		$ 25,593	$ (1,778)	$ 23,815
Plus:	Depreciation and amortization	22,637	2,694	25,331
	General and administrative expenses (1)	—	3,990	3,990
	Other expenses (1)	—	274	274
Property operating income		$ 48,230	$ 5,180	$ 53,410

(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.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the three months ended June 30, 2017 related to the 82 same-center properties owned by the Company during the entirety of both the three months ended June 30, 2018 and 2017 and consolidated into the Company's financial statements during such periods (in thousands).

	Three Months Ended June 30, 2017		
	Same-Center	Non Same-Center	Total
Operating income (loss) per GAAP	$ 24,349	$ (2,675)	$ 21,674
Plus: Depreciation and amortization	22,734	911	23,645
General and administrative expenses (1)	—	3,817	3,817
Acquisition transaction costs	—	4	4
Other expenses (1)	—	225	225
Property operating income	$ 47,083	$ 2,282	$ 49,365

(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 June 30, 2018, the Company generated property operating income of approximately $53.4 million compared to property operating income of $49.4 million generated during the three months ended June 30, 2017. Property operating income increased by approximately $4.0 million during the three months ended June 30, 2018 primarily as a result of an increase in the number of properties owned by the Company in 2018 compared to 2017. As of June 30, 2018, the Company owned 93 consolidated properties as compared to 86 properties at June 30, 2017. The newly acquired properties increased property operating income in the three months ended June 30, 2018 by approximately $2.9 million compared to the three months ended June 30, 2017. The property operating income for the 82 same-center properties increased approximately $1.1 million primarily due to increased rental revenue.

Depreciation and amortization

The Company incurred depreciation and amortization expenses during the three months ended June 30, 2018 of approximately $25.3 million compared to $23.6 million incurred during the three months ended June 30, 2017. Depreciation and amortization expenses were higher in 2018 as a result of an increase in the number of properties owned by the Company in the three months ended June 30, 2018 compared to the three months ended June 30, 2017.

General and administrative expenses

The Company incurred general and administrative expenses of approximately $4.0 million during the three months ended June 30, 2018 compared to $3.8 million during the three months ended June 30, 2017.

Interest expense and other finance expenses

The Company incurred interest expense during the three months ended June 30, 2018 of approximately $15.7 million compared to approximately $12.5 million during the three months ended June 30, 2017. The increase of approximately $3.2 million was primarily due to the incremental increase in interest expense recognized on the Senior Notes Due 2027 issued in December 2017 and increased borrowings under and interest rates payable on the credit facility.

Results of Operations for the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Property Operating Income

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to consolidated property operating income for the six months ended June 30, 2018 and 2017 (in thousands).

		Six Months Ended June 30,	
		2018	2017
Operating income per GAAP		$ 51,096	$ 44,600
Plus:	Depreciation and amortization	50,548	46,703
	General and administrative expenses	7,521	7,316
	Acquisition transaction costs	—	4
	Other expenses	343	274
Property operating income		$ 109,508	$ 98,897

The following comparison for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, makes reference to the effect of the same-center properties. Same-center properties, which totaled 79 of the Company's 93 properties as of June 30, 2018, 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 building and one shopping center that is currently lined up to be sold and is slated for new multi-family development and is no longer being managed as a retail asset.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the six months ended June 30, 2018 related to the 79 same-center properties owned by the Company during the entirety of both the six months ended June 30, 2018 and 2017 and consolidated into the Company's financial statements during such periods (in thousands).

		Six Months Ended June 30, 2018		
		Same-Center	Non Same-Center	Total
Operating income per GAAP		$ 50,426	$ 670	$ 51,096
Plus:	Depreciation and amortization	43,598	6,950	50,548
	General and administrative expenses (1)	—	7,521	7,521
	Other expenses (1)	—	343	343
Property operating income		$ 94,024	$ 15,484	$ 109,508

(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.

The table below provides a reconciliation of consolidated operating income, in accordance with GAAP, to property operating income for the six months ended June 30, 2017 related to the 79 same-center properties owned by the Company during the entirety of both the six months ended June 30, 2018 and 2017 and consolidated into the Company's financial statements during such periods (in thousands).

	Six Months Ended June 30, 2017		
	Same-Center	Non Same-Center	Total
Operating income (loss) per GAAP	$ 50,058	$ (5,458)	$ 44,600
Plus: Depreciation and amortization	44,329	2,374	46,703
General and administrative expenses (1)	—	7,316	7,316
Acquisition transaction costs	—	4	4
Other expenses (1)	—	274	274
Property operating income	$ 94,387	$ 4,510	$ 98,897

(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 six months ended June 30, 2018, the Company generated property operating income of approximately $109.5 million compared to property operating income of $98.9 million generated during the six months ended June 30, 2017. Property operating income increased by approximately $10.6 million during the six months ended June 30, 2018 primarily as a result of an increase in the number of properties owned by the Company in 2018 compared to 2017 as well as $2.2 million of lease settlement income received in connection with a property that is currently lined up to be sold and is slated for new multi-family development. As of June 30, 2018, the Company owned 93 consolidated properties as compared to 86 properties at June 30, 2017. The newly acquired properties increased property operating income in the six months ended June 30, 2018 by approximately $11.0 million compared to the six months ended June 30, 2017. The property operating income for the 79 same-center properties decreased approximately $363,000 primarily due to a $2.7 million accelerated recognition of a below-market lease intangible liability resulting from a lease termination in the three months ended March 31, 2017, offset by an increase in rental revenue.

Depreciation and amortization

The Company incurred depreciation and amortization expenses during the six months ended June 30, 2018 of approximately $50.5 million compared to $46.7 million incurred during the six months ended June 30, 2017. Depreciation and amortization expenses were higher in 2018 as a result of an increase in the number of properties owned by the Company in the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

General and administrative expenses

The Company incurred general and administrative expenses of approximately $7.5 million during the six months ended June 30, 2018 compared to $7.3 million during the six months ended June 30, 2017.

Interest expense and other finance expenses

The Company incurred interest expense during the six months ended June 30, 2018 of approximately $31.2 million compared to approximately $24.2 million during the six months ended June 30, 2017. The increase of approximately $7.0 million was primarily due to the incremental increase in interest expense recognized on the Senior Notes Due 2027 issued in December 2017 and increased borrowings under and interest rates payable on 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 and six months ended June 30, 2018 and 2017 (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income attributable to ROIC	$ 7,339	$ 8,309	$ 18,041	$ 18,479
Plus: Depreciation and amortization	25,331	23,645	50,548	46,703
Funds from operations – basic	32,670	31,954	68,589	65,182
Net income attributable to non-controlling interests	763	888	1,885	1,969
Funds from operations – diluted	$ 33,433	$ 32,842	$ 70,474	$ 67,151

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 and six months ended June 30, 2018 and 2017. The table makes reference to the effect of the same-center properties. Same-center properties, which totaled 82 and 79 of the Company's 93 properties for the three and six months ended June 30, 2018, respectively, 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 building and one shopping center that is currently lined up to be sold and is slated for new multi-family development and is no longer being managed as a retail asset (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP operating income	$ 23,815	$ 21,674	$ 51,096	$ 44,600
Depreciation and amortization	25,331	23,645	50,548	46,703
General and administrative expenses	3,990	3,817	7,521	7,316
Acquisition transaction costs	—	4	—	4
Other expense	274	225	343	274
Property revenues and other expenses (1)	(4,441)	(4,311)	(9,924)	(11,201)
Total Company cash NOI	48,969	45,054	99,584	87,696
Non same-center cash NOI	(4,519)	(1,828)	(13,667)	(3,844)
Same-center cash NOI	$ 44,450	$ 43,226	$ 85,917	$ 83,852

(1) Includes straight-line rents, amortization of above and below-market lease intangibles, anchor lease termination fees, net of contractual amounts, and expense and recovery adjustments related to prior periods.

During the three months ended June 30, 2018, the Company generated same-center cash NOI of approximately $44.5 million compared to $43.2 million generated during the three months ended June 30, 2017, representing a 2.8% increase. This increase is primarily due to an increase in base rents and recoveries from tenants, slightly offset by an increase in operating expenses. During the six months ended June 30, 2018, the Company generated same-center cash NOI of approximately $85.9 million compared to approximately $83.9 million generated during the six months ended June 30, 2017, representing a 2.5% increase. This increase is primarily due to an increase in base rents and recoveries from tenants, offset by an increase in operating expenses.

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 is subject to revision as these factors change and is 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.

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. Management does not believe that the value of any of the Company's real estate investments was impaired at June 30, 2018.

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 May 2016 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 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 six months ended June 30, 2018, the Company's primary source of cash was distributions from the Operating Partnership. As of June 30, 2018, the Company has determined that it has adequate working capital to meet its dividend funding obligations for the next twelve months.

On May 1, 2018, the Company entered into five separate Sales Agreements (the "Sales Agreements") with each of Capital One Securities, Inc., Jefferies LLC, KeyBanc Capital Markets Inc., Raymond James & Associates, Inc., and Robert W. Baird & Co. Incorporated (each individually, an "Agent" and collectively, the "Agents") pursuant to which ROIC may sell, from time to time, shares of ROIC's common stock, par value $0.0001 per share, having an aggregate offering price of up to $250.0 million through the Agents either as agents or principals. In addition, on April 30, 2018, the Company terminated sales agreements with Jefferies, KeyBanc and Raymond James, dated as of September 19, 2014 and with Baird, dated as of May 23, 2016, which the Company entered into in connection with its prior "at the market" offering. During the three months ended June 30, 2018, ROIC did not sell any shares under the Sales Agreements.

For the six months ended June 30, 2018, dividends paid to stockholders totaled approximately $44.0 million. Additionally, for the six months ended June 30, 2018, the Operating Partnership made distributions of approximately $4.6 million to the non-controlling interest OP Unitholders. On a consolidated basis, cash flows from operations for the same period totaled approximately $66.9 million. For the six months ended June 30, 2017, dividends paid to stockholders totaled approximately $41.3 million. Additionally, for the six months ended June 30, 2017, the Operating Partnership made distributions of approximately $4.3 million to the non-controlling interest OP Unitholders. On a consolidated basis, cash flows from operations for the same period totaled approximately $63.8 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 six months ended June 30, 2018, the Operating Partnership’s primary sources of cash were (i) cash flow from operations and (ii) proceeds from bank borrowings under the credit facility. As of June 30, 2018, the Operating Partnership has determined that it has adequate working capital to meet its debt obligations and operating expenses for the next twelve months.

On September 29, 2015, the Company entered into a term loan agreement. Effective September 8, 2017, the Company entered into a First Amended and Restated Term Loan Agreement (the “Term Loan Agreement”) pursuant to which the maturity date of the term loan was extended from January 31, 2019 to September 8, 2022, 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 1.10%.

The Operating Partnership has an unsecured revolving credit facility with several banks. Effective September 8, 2017, the Company entered into a Second Amended and Restated Credit Agreement (the “Credit Facility Agreement”) pursuant to which the borrowing capacity under the credit facility was increased from $500.0 million to $600.0 million. The maturity date of the credit facility was extended from January 31, 2019 to September 8, 2021, 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 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 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 1.00%. 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.

Both the term loan and credit facility 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 June 30, 2018.

As of June 30, 2018, $300.0 million and $192.0 million were outstanding under the term loan and credit facility, respectively. The weighted average interest rate on the term loan during the three and six months ended June 30, 2018 was 3.0% and 2.9%, respectively. The weighted average interest rate on the credit facility during the three and six months ended June 30, 2018 was 2.9% and 2.8%. The Company had no available borrowings under the term loan at June 30, 2018. The Company had $408.0 million available to borrow under the credit facility at June 30, 2018.

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.

Cash Flows

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

	Six Months Ended June 30,	
	2018	**2017**
Net Cash Provided by (Used in):		
Operating Activities	$ 66,912	$ 63,750
Investing Activities	$ (60,338)	$ (192,432)
Financing Activities	$ (11,161)	$ 126,840

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $66.9 million in the six months ended June 30, 2018, compared to $63.8 million in the comparable period in 2017. During the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, cash flows from operating activities increased by approximately $3.2 million primarily due to an increase in property operating income of approximately $10.6 million, the timing of collections and payments of working capital accounts, offset by an increase in interest expense of approximately $7.0 million primarily due to interest incurred related to the Senior Notes Due 2027 issued in December 2017.

Investing Activities

Net cash flows used in investing activities amounted to $60.3 million in the six months ended June 30, 2018, compared to $192.4 million in the comparable period in 2017. During the six months ended June 30, 2018, cash flows used in investing activities decreased by approximately $132.1 million, primarily due to a decrease in investments in real estate of approximately $129.5 million.

Financing Activities

Net cash flows used in financing activities amounted to $11.2 million for the six months ended June 30, 2018, compared to net cash flows provided by financing activities of $126.8 million for the six months ended June 30, 2017. This decrease of approximately $138.0 million for the six months ended June 30, 2018, is primarily due to the net decrease in proceeds from draws on the credit facility of $134.5 million, the increase in dividend and distribution payments of approximately $3.0 million and the increase in repayments on mortgages of approximately $2.0 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 June 30, 2018 (in thousands):

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
Contractual obligations:							
Mortgage Notes Payable Principal (1)	$ 9,119	$ 551	$ 577	$ 717	$ 24,132	$ 60,731	$ 95,827
Mortgage Notes Payable Interest	2,077	3,796	3,774	3,737	3,170	5,100	21,654
Term loan (2)	—	—	—	—	300,000	—	300,000
Credit facility (3)	—	—	—	192,000	—	—	192,000
Senior Notes Due 2027 (4)	5,237	10,475	10,475	10,475	10,475	302,375	349,512
Senior Notes Due 2026 (4)	3,950	7,900	7,900	7,900	7,900	231,600	267,150
Senior Notes Due 2024 (4)	5,000	10,000	10,000	10,000	10,000	270,000	315,000
Senior Notes Due 2023 (4)	6,250	12,500	12,500	12,500	12,500	262,500	318,750
Operating lease obligations	636	1,278	1,286	1,283	1,304	35,347	41,134
Total	**$ 32,269**	**$ 46,500**	**$ 46,512**	**$ 238,612**	**$ 369,481**	**$ 1,167,653**	**$ 1,901,027**

(1) Does not include unamortized mortgage premium of $2.4 million as of June 30, 2018.

(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 June 30, 2018 which was 3.2%. Borrowings under the term loan accrue interest 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 the KeyBank National Association as its "prime rate," and (c) the Eurodollar Rate plus 1.10%.

(3) For the purpose of the above table, the Company has assumed that borrowings under the credit facility accrue interest at the interest rate on the credit facility as of June 30, 2018 which was 3.1%. Borrowings under the credit facility accrue interest 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 1.00%.

(4) Represents payments of interest only in years 2018 through 2022 and payments of both principal and interest thereafter.

For the new leases and renewals that occurred during the six months ended June 30, 2018, the Company has committed approximately $10.6 million and $441,000 in tenant improvements (including building improvements) and leasing commissions, respectively. As of June 30, 2018, 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 June 30, 2018, 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.

On September 29, 2015, the Company entered into a term loan agreement. Effective September 8, 2017, the Company entered into a First Amended and Restated Term Loan Agreement (the “Term Loan Agreement”) pursuant to which the maturity date of the term loan was extended from January 31, 2019 to September 8, 2022, 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 September 8, 2017, the Company entered into a Second Amended and Restated Credit Agreement (the “Credit Facility Agreement”) pursuant to which the borrowing capacity under the credit facility was increased from $500.0 million to $600.0 million. The maturity date of the credit facility was extended from January 31, 2019 to September 8, 2021, 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 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 ROIC.

The Company may borrow on a non-recourse basis or 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, borrowings under its credit facility, the assumption of existing mortgage debt, the issuance of OP Units, and equity and debt offerings. 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 regular quarterly 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 regular quarterly 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 June 30, 2018, the Company had $492.0 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 9 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 June 30, 2018, exclusive of non-performance risk (in thousands).

Swap Notional	Less 100 basis points	Less 50 basis points	June 30, 2018 Value	Increase 50 basis points	Increase 100 basis points
$50,000	$ 144	$ 270	$ 396	$ 521	$ 645
$50,000	$ 171	$ 297	$ 423	$ 548	$ 672
$100,000	$ 89	$ 2,027	$ 3,925	$ 5,777	$ 7,583
$100,000	$ 89	$ 2,027	$ 3,925	$ 5,777	$ 7,583

See Note 9 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 9 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 six months ended June 30, 2018, 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 six months ended June 30, 2018, 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

See our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no significant changes to our risk factors during the six months ended June 30, 2018.

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

None.

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)]
10.1	Amended and Restated 2009 Equity Incentive Plan. [(3)]
10.2	Sales Agreement, dated May 1, 2018, by and among Retail Opportunity Investments Corp., Retail Opportunity Investments Partnership, LP and Capital One Securities, Inc. [(4)]
10.3	Sales Agreement, dated May 1, 2018, by and among Retail Opportunity Investments Corp., Retail Opportunity Investments Partnership, LP and Jefferies LLC. [(4)]
10.4	Sales Agreement, dated May 1, 2018, by and among Retail Opportunity Investments Corp., Retail Opportunity Investments Partnership, LP and KeyBanc Capital Markets Inc. [(4)]
10.5	Sales Agreement, dated May 1, 2018, by and among Retail Opportunity Investments Corp., Retail Opportunity Investments Partnership, LP and Raymond James & Associates, Inc. [(4)]
10.6	Sales Agreement, dated May 1, 2018, by and among Retail Opportunity Investments Corp., Retail Opportunity Investments Partnership, LP and Robert W. Baird & Co. Incorporated [(4)]
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.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

(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.
(3) Incorporated by reference to the Company’s current report on Form 8-K filed on May 1, 2018.
(4) Incorporated by reference to the Company’s current report on Form 8-K filed on May 2, 2018.

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: July 26, 2018	Date: July 26, 2018
/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: July 26, 2018	Date: July 26, 2018

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: July 26, 2018

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: July 26, 2018

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: July 26, 2018

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: July 26, 2018

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 June 30, 2018 (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: July 26, 2018

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 June 30, 2018 (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: July 26, 2018

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 June 30, 2018 (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: July 26, 2018

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 June 30, 2018 (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: July 26, 2018

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.