

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2010

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.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-0500600

(I.R.S. Employer
Identification No.)

3 Manhattanville Road

Purchase, New York

(Address of principal executive
offices)

10577

(Zip code)

(914) 272-8080

(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.

Yes 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).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting
company)

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 41,804,675 shares of common stock, par value \$0.0001 per share, outstanding as of August 4, 2010.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED BALANCE SHEETS

	June 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Real Estate Investments:		
Land	\$ 32,245,949	\$ 6,346,871
Building and improvements	69,014,416	10,218,422
	<u>101,260,365</u>	<u>16,565,293</u>
Less: accumulated depreciation	678,669	20,388
	<u>100,581,696</u>	<u>16,544,905</u>
Mortgage Notes Receivable	14,982,813	—
Real Estate Investments, net	<u>115,564,509</u>	<u>16,544,905</u>
Cash and cash equivalents	272,268,822	383,240,827
Tenant and other receivables	421,727	—
Notes Receivables	1,015,708	—
Deposits	2,000,000	—
Acquired lease intangible asset, net of accumulated amortization	5,050,240	1,820,151
Income taxes receivable	1,236,375	1,236,375
Prepaid expenses	357,841	147,634
Deferred charges, net of accumulated amortization	2,050,747	870,769
Other	58,854	12,852
Total assets	<u>\$ 400,024,823</u>	<u>\$ 403,873,513</u>
LIABILITIES AND EQUITY		
Liabilities:		
Acquired lease intangibles liability, net of accumulated amortization	\$ 3,843,079	\$ 1,121,187
Accounts payable and accrued expenses	2,126,098	4,434,586
Due to related party	5,556	5,556
Tenants' security deposits	347,825	22,946
Other liabilities	1,155,259	94,463
Total liabilities	<u>7,477,817</u>	<u>5,678,738</u>
Equity:		
Preferred stock, \$.0001 par value 50,000,000 Authorized shares; none issued and outstanding	—	—
Common stock, \$.0001 par value 500,000,000 shares Authorized; 41,569,675 shares issued and outstanding	4,156	4,156
Additional paid-in-capital	403,642,605	403,184,312
Accumulated deficit	(10,233,255)	(4,993,693)
Accumulated other comprehensive loss	(868,889)	—
Total Retail Opportunity Investments Corp. shareholders' equity	<u>392,544,617</u>	<u>398,194,775</u>
Noncontrolling interests	2,389	—
Total equity	<u>392,547,006</u>	<u>398,194,775</u>
Total liabilities and equity	<u>\$ 400,024,823</u>	<u>\$ 403,873,513</u>

The accompanying notes to consolidated financial statements
are an integral part of these statements

**RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues				
Base rents	\$ 2,348,788	\$ —	\$ 3,457,471	\$ —
Recoveries from tenants	545,433	—	806,082	—
Mortgage receivable	18,200	—	18,200	—
Total revenues	2,912,421	—	4,281,753	—
Operating expenses				
Property operating	528,421	—	735,386	—
Property taxes	346,305	—	480,262	—
Depreciation and amortization	838,679	—	1,282,229	—
General & Administrative Expenses	2,061,365	1,201,828	4,214,291	1,608,225
Acquisition transaction costs	516,511	—	1,002,981	—
Total operating expenses	4,291,281	1,201,828	7,715,149	1,608,225
Operating loss	(1,378,860)	(1,201,828)	(3,433,396)	(1,608,225)
Non-operating income (expenses)				
Interest Income	288,556	83,083	702,117	156,588
Benefit for Income Taxes	—	(380,009)	—	(493,172)
Net Loss Attributable to Retail Opportunity Investments Corp.	\$ (1,090,304)	\$ (738,736)	\$ (2,731,279)	\$ (958,465)
Weighted average shares outstanding				
Basic and diluted:	41,569,675	51,750,000	41,569,675	51,750,000
Loss per share				
Basic and diluted:	\$ (0.03)	\$ (0.01)	\$ (0.07)	\$ (0.02)
Dividends paid to Common Share Holders	\$.06	\$ —	\$.06	\$ —

The accompanying notes to consolidated financial statements
are an integral part of these statements

RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED STATEMENTS OF EQUITY

(unaudited)

	<u>Common Stock</u>			Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss) income	Noncontrolling Interests	Equity
	Shares	Amount	Additional paid-in capital				
Balance at December 31, 2009	41,569,675	\$ 4,156	\$ 403,184,312	\$ (4,993,693)	\$ —	\$ —	\$ 398,194,775
Compensation expense related to options granted	—	—	80,227	—	—	—	80,227
Compensation expense related to restricted stock grants	—	—	378,066	—	—	—	378,066
Cash dividends (\$.06 per share)	—	—	—	(2,508,283)	—	—	(2,508,283)
Contributions	—	—	—	—	—	2,389	2,389
Comprehensive income (loss)							
Net Loss Attributable to Retail Opportunity Investments Corp.	—	—	—	(2,731,279)	—	—	(2,731,279)
Unrealized gain (loss) on swap derivative	—	—	—	—	(868,889)	—	(868,889)
Total other comprehensive loss							(3,600,168)
Balance at June 30, 2010	41,569,675	\$ 4,156	\$ 403,642,605	\$ (10,233,255)	\$ (868,889)	\$ 2,389	\$ 392,547,006

The accompanying notes to consolidated financial statements
are an integral part of these statements

**RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

	For the Six Months Ended	
	June 30, 2010	June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,731,279)	\$ (958,465)
Adjustments to reconcile loss to cash used in operating activities:		
Depreciation and amortization	1,282,229	—
Straight-line rent adjustment	(254,205)	—
Amortization of above and below market rent	(167,090)	—
Amortization relating to stock based compensation	458,293	—
Provisions for tenant credit losses	182,050	—
Change in operating assets and liabilities		
Tenant and other receivables	(349,573)	—
Prepaid expenses	(210,207)	(3,858)
Interest on investments held in trust	—	(153,009)
Income taxes receivable	—	(101)
Deferred tax asset	—	(444,546)
Due to related party	—	1,000
Deferred interest payable	—	(3,580)
Accounts payable and accrued expenses	(2,339,143)	338,805
Other asset and liabilities, net	471,067	—
Net cash used in operating activities	(3,657,858)	(1,223,754)
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of funds from investments placed in trust	—	1,276,917
Investments in real estate	(101,300,615)	—
Improvements to properties and deferred charges	(491,930)	—
Deposits on real estate acquisitions	(2,000,000)	—
Disbursements relating to notes receivable	(1,015,708)	—
Net cash (used in) provided by investment activities	(104,808,253)	1,276,917
CASH FLOWS FROM FINANCING ACTIVITIES		
Noncontrolling interests:		
Contributions from consolidated joint venture minority interests, net	2,389	—
Dividends paid to common stockholders	(2,508,283)	—
Net cash used by financing activities	(2,505,894)	—
Net (decrease) increase in cash and cash equivalents	(110,972,005)	53,163
Cash and cash equivalents at beginning of period	383,240,827	4,222
Cash and cash equivalents at end of period	\$ 272,268,822	\$ 57,385

The accompanying notes to consolidated financial statements are an integral part of these statements.

RETAIL OPPORTUNITY INVESTMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010
(unaudited)

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

Business

Retail Opportunity Investments Corp. (the "Company"), formerly known as NRDC Acquisition Corp., was incorporated in Delaware on July 10, 2007 for the purpose of acquiring through a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination with one or more assets or control of one or more operating businesses (the "Business Combination"). On August 7, 2009, the Company entered into the Framework Agreement (the "Framework Agreement") with NRDC Capital Management, LLC (the "Sponsor") which, among other things, sets forth the steps to be taken by the Company to continue the business as a corporation that will elect to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes, commencing with its taxable year ending December 31, 2010. ; On October 20, 2009, the Company's stockholders and warrant holders approved each of the proposals presented at the special meetings of stockholders and warrant holders, respectively, in connection with the transactions contemplated by the Framework Agreement (the "Framework Transactions"), including to provide that the consummation of substantially all of the Framework Transactions also constitutes a Business Combination under the Company's second amended and restated certificate of incorporation, as amended (the "certificate of incorporation"). Following the consummation of the Framework Transactions, the Company has been primarily focused on investing in, acquiring, owning, leasing, repositioning and managing a diverse portfolio of necessity-based retail properties, including, primarily, well located community and neighborhood shopping centers, anchored by national or regional supermarkets and drugstores.

As of June 30, 2010, the Company owned eight properties containing a total of approximately 723,800 square feet of gross leasable area ("GLA").

The Company 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 the Company conducts substantially all of its business through, its wholly-owned operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the "operating partnership"), and its subsidiary.

Principles of Consolidation and Use of Estimates

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method or as structured finance investments. See Note 5 and Note 6. All significant intercompany balances and transactions have been eliminated.

In June 2009, the FASB amended the guidance for determining whether an entity is a variable interest entity, or 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. Adoption of this guidance on January 1, 2010 did not have a material impact on our consolidated financial statements.

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 modifies the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

We assess the accounting treatment for each joint venture and structured finance investment. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIE's we review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where we or our partner approves, among other things, the annual budget, receives a detailed monthly reporting package from us, meets on a quarterly basis to review the results of the joint venture, reviews and approves the joint venture's tax return before filing, and approves all leases that cover more than a nominal amount of space relative to the total rentable space at each property, we do not consolidate the joint venture as we consider these to be substantive participation rights that result in shared power of the activities that most significantly impact the performance of our joint venture. Our joint venture agreements also contain certain protective rights such as the requirement of partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan. We have no VIEs for which we are the primary beneficiary.

Federal Income Taxes

Commencing with the Company's taxable year ending December 31, 2010, the Company intends to elect 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 REIT taxable income and meets certain other qualifications prescribed by the Code will not be taxed on that portion of its taxable income that is distributed.

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, 2010, the tax years 2007 through and including 2009 remain open to examination by the Internal Revenue Service and state taxing authorities. There are currently no examinations in progress.

Real Estate Investments

All capitalizable 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 in the period incurred. During the three and six months ended June 30, 2010, the capitalized costs related to the improvements or replacement of real estate properties were \$194,000 and \$331,000, respectively.

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and building improvements), and acquired intangible assets and liabilities (consisting of above-market and below-market leases and acquired in-place leases). Acquired lease intangible assets include above market leases and acquired in-place leases in the accompanying consolidated balance sheet. 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. Leasing commissions, legal and other related costs ("lease origination") costs are classified as deferred charges in the accompanying balance sheet.

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 period(s). The fair values associated with below market rental renewal options are determined based on our 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 below market rental lease renewal options is deferred until such time as the renewal option is exercised and subsequently amortized over the corresponding renewal period. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time. The value of in-place leases are amortized to expense, and the above-market and below-market lease values are amortized to rental income, over the remaining non-cancelable 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. If, up to one year from the acquisition date, information regarding fair value of assets acquired and liabilities assumed is received and estimates are refined, appropriate property adjustments are made to the purchase price allocation on a retrospective basis.

In conjunction with our pursuit and acquisition of real estate investments, we expensed acquisition transaction costs during the three and six months ended June 30, 2010 of \$516,500 and \$1 million, respectively. Nothing was incurred during the three and six months ended June 30, 2009.

Regarding the Company's 2010 property acquisitions (see Note 2), the fair values of in-place leases and other intangibles have been allocated to intangible assets and liability accounts. Such allocations are preliminary and may be adjusted as final information becomes available.

The Company is currently in the process of evaluating the fair value of the in-place leases for the properties Phillips Ranch Shopping Center and the Vancouver Market Center (see Note 2). Consequently, no value has been assigned to the leases. Accordingly, the purchase price allocation is preliminary and may be subject to change.

For the three and six months ended June 30, 2010, the net amortization of acquired lease intangible assets and acquired lease intangible liabilities was \$114,000 and \$167,000 respectively, which amounts are included in base rents in the accompanying consolidated statements of operations. For the three and six months ended June 30, 2009, the net amortization of acquired lease intangible assets and acquired lease intangible liabilities was \$0.

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 its real estate investments is impaired at June 30, 2010.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in banks and money market depository accounts with U.S financial institutions with original maturities of less than ninety days. These balances in the U.S. may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits.

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 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 rental revenue) 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 in accordance with Securities and Exchange Commission Staff Accounting Bulletin 104, "Revenue Recognition," 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) collectivity 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 under generally accepted accounting principles 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 and the allowance for bad debts 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 was \$128,600 and \$182,000 for the three and six months ended June 30, 2010, respectively. The provision for doubtful accounts was \$0 for the three and six months ended June 30, 2009.

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 35-40 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 Charges

Deferred charges consist principally of leasing commissions and acquired lease origination costs (which are amortized ratably over the life of the tenant leases). Deferred charges in the accompanying consolidated balance sheets are shown at cost, net of accumulated amortization of \$143,000 and \$0 as of June 30, 2010 and December 31, 2009, 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 (Loss) Per Share

Basic earnings (loss) per share ("EPS") excludes the impact of dilutive shares and is computed by dividing net income (loss) 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.

As of June 30, 2010 and June 30, 2009, the effect of the 41,400,000 warrants issued in connection with the initial Public Offering (the "Public Offering"), the 8,000,000 Private Placement Warrants purchased simultaneously by the Sponsor with the consummation of the Public Offering, and the restricted stock and options granted in 2009 were not included in the calculation of diluted EPS since the effect would be anti-dilutive.

Stock-Based Compensation

The Company has a stock-based employee compensation plan, which is more fully described in Note 5.

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. 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 restricted stock are expensed as compensation on a current basis over the benefit period.

Derivatives

The Company records all derivatives on the balance sheet 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 risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

Segment Reporting

The Company operates in one industry segment which involves, investing in, acquiring, owning, and managing commercial real estate in the United States. Accordingly, the Company has a single reportable segment for disclosure purposes.

Accounting Standards Updates

Effective January 1, 2010 the Company adopted the accounting guidance related to noncontrolling interests in the consolidated financial statements, which clarifies that a noncontrolling interest in a subsidiary (minority interests or certain limited partners' interest, in the case of the Company), subject to the classification and measurement of redeemable securities, is an ownership interest in a consolidated entity which should be reported as equity in the parent company's consolidated statements. The guidance requires a reconciliation of the beginning and ending balances of equity attributable to noncontrolling interests and disclosure, on the face of the consolidated statement of operations, of those amounts of consolidated statement of operations attributable to the noncontrolling interests, eliminating the past practice of reporting these amounts as an adjustment in arriving at consolidated statement of operations. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2010 the Company adopted the FASB guidance which requires additional information regarding transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risks related to transferred financial assets. The guidance eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2010 the Company adopted the FASB guidance which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The guidance requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. The guidance also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued updated accounting 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. The updated guidance requires an entity 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. This guidance is effective for fiscal years beginning after November 15, 2009 and early adoption is not permitted. The Company adopted the updated guidance as of January 1, 2010. The adoption of this guidance did not have a material effect on the consolidated financial statements.

2. Real Estate Investments

The following real estate investment transactions have occurred during the six months ended June 30, 2010.

Property Acquisitions

On January 26, 2010, the Company acquired a shopping center located in Santa Ana, California (the "Santa Ana Property"), for a purchase price of approximately \$17.3 million. The Santa Ana Property is a shopping center of approximately 100,306 square feet. The Santa Ana Property has two major anchor tenants, including Food 4 Less and FAMSA Furniture Store. The acquisition of the property was funded from available cash.

On February 1, 2010, the Company acquired a shopping center located in Kent, Washington (the "Meridian Valley Property"), for an aggregate purchase price of approximately \$7.1 million. The Meridian Valley Property is a fully leased shopping center of approximately 51,566 square feet, anchored by a QFC (Kroger) Grocery store. The acquisition of the property was funded from available cash.

On February 2, 2010, the Company purchased a 99.97% membership interest in ROIC Phillips Ranch, LLC, (the "Phillips Ranch, LLC") which owns and manages the Phillips Ranch Shopping Center (the "Phillips Ranch Property"), a neighborhood center located in Pomona, California, for an aggregate purchase price of approximately \$7.4 million. The Phillips Ranch Property is approximately 125,554 square feet. The investment in the Phillips Ranch, LLC was funded from available cash.

As the managing member of the Phillips Ranch, LLC, a subsidiary of the Company has the authority to oversee the day-to-day operations of the Phillips Ranch, LLC. The Phillips Ranch, LLC has hired an affiliate (the "Phillips Ranch Manager") of the third party member of the Phillips Ranch, LLC which holds a 0.3% membership interest in the Phillips Ranch, LLC to assist in managing and operating the Phillips Ranch Property as specified in that certain Management Services Agreement dated February 2, 2010 between Phillips Ranch, LLC and the Phillips Ranch Manager. In compensation for its services the Phillips Ranch Manager is to receive an amount equal to one-third of actual management fees received by the Company. The Company receives a management fee based on 4% of collected revenue. In addition the Phillips Manager is to receive a monthly asset management fee of \$8,000.

On March 11, 2010, the Company acquired a shopping center located in Lake Stevens, Snohomish County, Washington (the "Lake Stevens Property"), for an aggregate purchase price of approximately \$16.2 million. The Lake Stevens Property is a shopping center of approximately 74,130 square feet and anchored by Haggen Food & Pharmacy. The acquisition of the property was funded from available cash.

On April 5, 2010, the Company acquired a shopping center located in Sacramento, California (the "Norwood Property"), for an aggregate purchase price of \$13.5 million. The Norwood Property is approximately 90,000 square feet and is anchored by Viva Supermarket, Rite Aid and Citi Trends. The acquisition of the property was funded from available cash.

On April 8, 2010, the Company acquired a shopping center located in Pleasant Hill, California (the "Pleasant Hill Marketplace Property"), for an aggregate purchase price of \$13.7 million. The Pleasant Hill Marketplace Property is approximately 71,000 square feet and is anchored by Office Depot and Basset Furniture, and shadow anchored by Best Buy. The acquisition of the property was funded from available cash.

On June 17, 2010, the Company acquired a shopping center located in Vancouver, Washington (the "Vancouver Market Center Property"), for an aggregate purchase price of \$11.2 million. The Vancouver Market Center Property is approximately 118,500 square feet and is anchored by Albertsons and Portland Habitat for Humanity, and shadow anchored by Taco Bell, Subway, Carl's Jr and Blockbuster. The acquisition of the property was funded from available cash.

Mortgage Notes Receivable

On May 18, 2010, the Company acquired a mortgage note from Bank of America for an aggregate purchase price of \$7.3 million, which represents a 68.2% discount to face value of \$23 million at the time of acquisition. The note matured in July 2009 and the current borrowers are in default. The note is secured by a shopping center located in Claremont, California (the "Claremont Center"). The Claremont Center is approximately 91,000 square feet. The Company served the borrower with notice of default and intends to appoint a receiver. The acquisition of the mortgage note was funded from available cash.

On June 28, 2010, the Company through a 50/50 joint venture with Winthrop Realty Trust acquired from John Hancock Life Insurance Company a newly created B participation interest, represented by a B-note of an existing promissory note secured by Riverside Plaza Shopping Center ("Riverside Plaza"). The Company's equity investment will amount to \$7.8 million. Riverside Plaza is located in Riverside, California and is approximately 407,952 square feet and approximately 99% occupied. The Participation Agreement also includes a buy-out provision of the A participation of the promissory note upon monetary or maturity default. The A participation has an original principal balance of \$54.4 million. If we decline to purchase the A participation, the on ly rights retained by the B participation will be for residual proceeds above the A participation. The acquisition of the B-note was funded from available cash.

3. Preferred Stock

The Company 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.

4. Common Stock and Warrants

On October 23, 2007, the Company sold 41,400,000 units ("Units") in the Public Offering at a price of \$10 per Unit, including 5,400,000 Units sold by the underwriters in their exercise of the full amount of their over-allotment option. Each Unit consists of one share of the Company's common stock and one warrant.

Simultaneously with the consummation of the Public Offering, the Sponsor purchased 8,000,000 Private Placement Warrants at a purchase price of \$1.00 per warrant. The Private Placement Warrants were identical to the warrants sold in the Public Offering except that the Private Placement Warrants are exercisable on a cashless basis as long as they are still held by the Sponsor or its permitted transferees. In addition, the Private Placement and Public placement warrants have different prices that the stock must trade before the Company is able to redeem the warrants. The purchase price of the Private Placement Warrants approximated the fair value of such warrants at the purchase date.

The Company has the right to redeem all of the warrants it issued in the Public Offering and the Private Placement Warrants, at a price of \$0.01 per warrant upon 30 days' notice while the warrants are exercisable, only in

the event that the last sale price of the common stock is at least a specified price. The terms of the warrants are as follows:

- The exercise price of the warrants is \$12.00.
- The expiration date of the warrants is October 23, 2014.
- The price at which the Company's common stock must trade before the Company is able to redeem the warrants it issued in the Public Offering is \$18.75.
- The price at which the Company's common stock must trade before the Company is able to redeem the Private Placement Warrants is (x) \$22.00, as long as they are held by the Sponsor or its members, members of its members' immediate families or their controlled affiliates, or (y) \$18.75.
- To provide that a warrant holder's ability to exercise warrants is limited to ensure that such holder's "Beneficial Ownership" or "Constructive Ownership," each as defined in the Company's certificate of incorporation, does not exceed the restrictions contained in the certificate of incorporation limiting the ownership of shares of the Company's common stock.

The Company has reserved 53,400,000 shares for the exercise of warrants issued during the Public Offering and the Private Placement Warrants, and issuance of shares under the Company's 2009 Equity Incentive Plan (the "2009 Plan").

Warrant Repurchase

In May 2010, the Company's Board of Directors authorized a warrant repurchase program to repurchase up to a maximum of \$40 million of the Company's warrants. To date, the Company has not authorized the repurchase of any warrants under such program.

5. Stock Compensation and Other Benefit Plans

The Company follows 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.

During 2009, the Company adopted the 2009 Plan. The 2009 Plan provides for grants of restricted common stock and stock option awards up to an aggregate of 7.5% of the issued and outstanding shares of the Company's common stock at the time of the award, subject to a ceiling of 4,000,000 shares.

Restricted Stock

During the six months ended June 30, 2010, the Company did not award any shares of restricted stock. As of June 30, 2010 there remained a total of \$1.9 million of unrecognized restricted stock compensation related to outstanding nonvested restricted stock grants awarded under the 2009 Plan. Restricted stock compensation is expected to be expensed over a remaining weighted average period of 2.50 years. For the three and six months ended June 30, 2010, amounts charged to compensation expense totaled \$189,000 and \$378,000, respectively. For the three and six months ended June 30, 2009, amounts charged to compensation expense totaled \$0.

A summary of the status of the Company's nonvested restricted stock awards as of June 30, 2010, and changes during the six months ended June 30, 2010 are presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2009	235,000	\$ 10.27
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at June 30, 2010	<u>235,000</u>	<u>\$ 10.27</u>

Stock Options

A summary of options activity as of June 30, 2010, and changes during the six months ended June 30, 2010 is presented below:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	235,000	\$ 10.25
Granted	—	—
Exercised	—	—
Expired	—	—
Outstanding at June 30, 2010	<u>235,000</u>	<u>\$ 10.25</u>
Exercisable at June 30, 2010	<u>—</u>	<u>—</u>

For the three and six months ended June 30, 2010, amounts charged to compensation expense totaled \$40,113 and \$80,227, respectively. For the three and six months ended June 30, 2009, amounts charged to compensation expense totaled \$0. The total unearned compensation at June 30, 2010 was \$402,000. The shares vest over an average period of 3.0 years.

6. Fair Value of Financial Instruments

The Company follows 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.

Derivative Financial Instruments

Currently, the Company uses one interest rate swap to manage its interest rate risk. The valuation of this instrument 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 the interest rate swap 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.

To comply with the guidance the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contract for the effect of nonperformance risk, the Company has 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 derivative fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivative utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of June 30, 2010 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 derivative. 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 as of June 30, 2010, aggregated by the level in the fair value hierarchy within which those measurements fall.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2010

	Quoted Prices in Active Markets for Identical			
	Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2010
Assets				
Derivative financial instruments	\$ —	\$ —	\$ —	\$ —
Liabilities				
Derivative financial instruments	\$ —	\$ (869,000)	\$ —	\$ (869,000)

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 2. 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 we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying values of cash and cash equivalents, tenant and other receivables, deposits, income tax receivable, prepaid expenses, other assets and accounts payable and accrued expenses are reasonable estimates of their fair values because of the short-term nature of these instruments. Notes receivable is based on actual payments made on the note and includes accrued interest. Mortgage notes receivable are based on the actual disbursements incurred for these recent acquisitions.

Disclosure about fair value of financial instruments is based on pertinent information available to us as of June 30, 2010. Although we are not aware of any factors that would significantly affect the reasonable fair value

amount, such amount have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	June 30, 2010	December 31, 2009
Framework Transaction costs	\$ —	\$ 2,440,060
Professional fees	720,277	896,928
Payroll and related costs	1,043,605	521,598
Costs related to the acquisition of properties	156,450	328,485
Building improvements	30,655	—
Other	175,111	247,515
	<u>\$ 2,126,098</u>	<u>\$ 4,434,586</u>

8. 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.

In June 2010, the Company entered into a \$25 million forward starting interest rate swap with Wells Fargo Bank, N.A. The forward starting swap is being used to hedge the anticipated variable cash flows associated with the Company's variable-rate debt that is planned to be issued between October 15, 2010 and December 31, 2011. The effective portion of changes in the fair value of the derivative that is designated as a cash flow hedge is being recorded in accumulated other comprehensive income and will be subsequently reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Ineffectiveness, if any, related to the Company's changes in estimates about the debt issuance related to the forward starting swap would be recognized directly in earnings. During the period ended June 30, 2010, the Company realized no ineffectiveness as a result of the hedging relationship.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest expense is recognized on the hedged debt. During the next twelve months, the Company estimates that \$194,000 will be reclassified as an increase to interest expense.

As of June 30, 2010, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of instruments	Notional
Interest rate swap	1	\$25,000,000

As of December 31, 2009, the Company had no outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk.

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, 2010:

Derivatives designed as hedging instruments	Balance sheet location	Fair Value(liability)
Interest rate products	Other liabilities	(\$869,000)

Derivatives in Cash Flow Hedging Relationships

The table below details the location in the financial statements of the gain or loss recognized on interest rate derivatives designated as cash flow hedges for the three months ended June 30, 2010. The Company had no derivatives outstanding as of December 31, 2009.

	Three Months Ended June 30, 2010
Amount of loss recognized in accumulated other comprehensive income as interest rate derivatives (effective portion)	\$ 869,000
Amount of loss reclassified from accumulated other comprehensive income into income as interest expense (effective portion)	\$ —
Amount of gain recognized in income on derivative as gain on derivative instruments (ineffective portion and amount excluded from effectiveness testing)	\$ —

9. Commitments and Contingencies

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

10. Related Party Transactions

During the year ended December 31, 2009, the Company entered into a Transitional Shared Facilities and Services Agreement with NRDC Real Estate Advisors, LLC, an entity wholly owned by four of the Company's directors, which replaced the original agreement with the Sponsor. Pursuant to the Transitional Shared Facilities and Services Agreement, NRDC Real Estate Advisors, LLC provides the Company with access to, among other things, their information technology, office space, personnel and other resources necessary to enable the Company to perform its business, including access to NRDC Real Estate Advisors, LLC's real estate teams, who will work with the Company to source, structure, execute and manage properties for a transitional period. As of June 30, 2010, the Company paid NRDC Real Estate Advisors, LLC a monthly fee of \$7,500 pursuant to the Transitional Shared Facilities and Services Agreement. For the three and six months ended June 30, 2010, the Company has incurred \$22,500 and \$45,000, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the three and six months ended June 30, 2009, the Company has incurred \$22,500 and \$45,000, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations.

In May 2010, the Company entered into a Shared Facilities and Service Agreement effective January 1, 2010 with an officer of the Company. Pursuant to the Shared Facilities and Service Agreement the Company is provided the use of office space and other resources for a monthly fee of \$1,938. For the three and six months ended June 30, 2010, the Company has incurred \$11,600, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the three and six months ended June 30, 2009, the Company did not incur expenses relating to this agreement.

The related party payable at June 30, 2010 and December 31, 2009 was related to expenses paid by Hudson Bay Trading Company, an affiliate of the Sponsor, on the Company's behalf.

11. Subsequent Events

In determining subsequent events, the Company reviewed all activity from July 1, 2010 to the date the financial statements are issued and discloses the following items:

On July 6, 2010, the Company deposited \$380,000 into an interest-bearing escrow account with the Title Company in accordance with a purchase sale agreement entered into on June 15, 2010. The deposit is for the potential acquisition of the property known as Cascade Summit Shopping Center located in West Linn, Oregon. The deposit was funded from available cash.

On July 6, 2010, the Company deposited \$440,000 into an interest-bearing escrow account with the Title Company in accordance with a purchase sale agreement entered into on June 15, 2010. The deposit is for the potential acquisition of the property known as Heritage Market Center located in Vancouver, Washington. The deposit was funded from available cash.

On July 9, 2010, the Company acquired a first mortgage note for an aggregate purchase price of \$9.2 million. The note matured in May 2010 and the current borrower is in default. The note is secured by a shopping center located in Downey, California ("Gallatin Plaza"). Gallatin Plaza is approximately 60,000 square

feet. The Company has served the borrower with notice of default. The acquisition of the mortgage note was funded from available cash.

On July 14, 2010, the Company acquired the property known as the Happy Valley Town Center, located in Happy Valley, Oregon for a net purchase price of \$39.4 million. Happy Valley Towne Center is approximately 135,422 square feet and is anchored by New Seasons Market. The acquisition of the property was funded from available cash.

On July 14, 2010, the Company acquired the property known as the Oregon City Point, located in Oregon City, Oregon for a net purchase price of \$11.6 million. Oregon City Point is approximately 35,305 square feet. The acquisition of the property was funded from available cash.

On July 19, 2010 and July 22, 2010, in two separate transactions, the Company contributed a total of \$3.7 million into Wilsonville OTS LLC, an Oregon limited liability company ("Wilsonville OTS"). Wilsonville OTS is a development project which will feature seven single store retail buildings in Wilsonville, Oregon. The Company is expected to provide 95% of the required equity.

On July 21, 2010, the Company entered into a purchase and sale agreement with Ohearn/Hillcrest Properties, LLC (the "Seller") to acquire a property known as The Balcony at Beverwil, located in Los Angeles, California. The estimated total purchase price \$36 million which includes the Company assuming \$29 million of the Sellers obligation on an existing loan. In accordance with the terms of this agreement, \$1 million was deposited into an interest-bearing escrow account with the title company on July 22, 2010.

On August 3, 2010, the Company's Board of Directors declared a cash dividend on its common stock of \$.06 per share, payable on September 15, 2010 to holders of record on August 26, 2010.

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

In this Quarterly Report on Form 10-Q, we refer to Retail Opportunity Investments Corp. as "we," "us," "Company," or "our," unless we specifically state otherwise or the context indicates otherwise.

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 and real estate-related debt investments that meet our investment standards in our target markets and the time period required for us to acquire our initial portfolio of its target assets;
- the level of rental revenue and net interest income we achieve from our target assets;
- the market value of our assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which we invest;

- the length of the current economic downturn;
- the conditions in the local markets in which we will operate, 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 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 acquire and their tenants;
- our relationships with our tenants and their financial condition;
- our use of debt as part of our financing strategy and our ability to make payments or to comply with any covenants under any borrowings or other debt facilities we obtain;
- the level of our operating expenses, including amounts we are required to pay to our management team and to engage third party property managers;
- 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 real estate investment trusts ("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.

The risks included here are not exhaustive. 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., formerly known as NRDC Acquisition Corp., was formed on July 10, 2007 as a special purpose acquisition corporation for the purpose of acquiring, through a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination, one or more assets or control of one or more operating businesses. Through October 19, 2009, our efforts had been limited to organizational activities and activities relating to our initial public offering; we had neither engaged in any operations nor generated any revenues. On October 20, 2009, we completed the transactions contemplated by the Framework Agreement with NRDC Capital Management, LLC, which, among other things sets forth the steps taken by us to continue our business as a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010 (collectively, the "Framework Transactions").

Following the consummation of the Framework Transactions, our business has been primarily focused on investing in, acquiring, owning, leasing, repositioning and managing a diverse portfolio of necessity-based retail properties, including, primarily, well located community and neighborhood shopping centers, anchored by national or regional supermarkets and drugstores. Although not our primary focus, we may also acquire other retail

properties, including power centers, regional malls, lifestyle centers and single-tenant retail locations, that are leased to national, regional and local tenants. We target properties strategically situated in densely populated, middle and upper income markets in the eastern and western regions of the United States. In addition, we may supplement our direct purchases of retail properties with first mortgages or second mortgages, mezzanine loans, bridge or other loans and debt investments related to retail properties, which we refer to collectively as "real estate-related debt investments," in each case provided that the underlying real estate meets our criteria for direct investments. Our primary focus with respect to real estate-related debt investments is to capitalize on the opportunity to acquire controlling positions that will enable us to obtain the asset should a default occur. We refer to the properties and investments we target as our target assets. We are organized in a traditional umbrella partnership real estate investment trust ("UpREIT") format pursuant to which Retail Opportunity Investments GP, LLC, our wholly-owned subsidiary, serves as the general partner of, and we conduct substantially all of our business through, our operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (our "operating partnership"), and its subsidiaries.

Since the consummation of the Framework Transactions, we have been actively seeking to invest the amounts released to us from the trust account established in connection with our initial public offering (the "Trust Account") in our target assets. As of June 30, 2010, our portfolio consisted of eight shopping centers in California and Washington and two mortgage notes receivable. At June 30, 2010, our portfolio contained approximately 724,000 net rentable square feet and the properties in our portfolio were approximately 90.1 % leased.

Subsequent Events

In determining subsequent events, the Company reviewed all activity from July 1, 2010 to the date the financial statements are issued and discloses the following items:

On July 6, 2010, the Company deposited \$380,000 into an interest-bearing escrow account with the Title Company in accordance with a purchase sale agreement entered into on June 15, 2010. The deposit is for the potential acquisition of the property known as Cascade Summit Shopping Center located in West Linn, Oregon. The deposit was funded from available cash.

On July 6, 2010, the Company deposited \$440,000 into an interest-bearing escrow account with the Title Company in accordance with a purchase sale agreement entered into on June 15, 2010. The deposit is for the potential acquisition of the property known as Heritage Market Center located in Vancouver, Washington. The deposit was funded from available cash.

On July 9, 2010, the Company acquired a first mortgage note for an aggregate purchase price of \$9.2 million. The note matured in May 2010 and the current borrower is in default. The note is secured by a shopping center located in Downey, California ("Gallatin Plaza"). Gallatin Plaza is approximately 60,000 square feet. The Company has served the borrower with notice of default. The acquisition of the mortgage note was funded from available cash.

On July 14, 2010, the Company acquired the property known as the Happy Valley Town Center, located in Happy Valley, Oregon for a net purchase price of \$39.4 million. Happy Valley Towne Center is approximately 135,422 square feet and is anchored by New Seasons Market. The acquisition of the property was funded from available cash.

On July 14, 2010, the Company acquired the property known as the Oregon City Point, located in Oregon City, Oregon for a net purchase price of \$11.6 million. Oregon City Point is approximately 35,305 square feet. The acquisition of the property was funded from available cash.

On July 19, 2010 and July 22, 2010, in two separate transactions, the Company contributed a total of \$3.7 million into Wilsonville OTS LLC, an Oregon limited liability company ("Wilsonville OTS"). Wilsonville OTS is a development project which will feature seven single store retail buildings in Wilsonville, Oregon. The Company is expected to provide 95% of the required equity.

On July 21, 2010, the Company entered into a purchase and sale agreement with Ohearn/Hillcrest Properties, LLC (the "Seller") to acquire a property known as The Balcony at Beverwil, located in Los Angeles, California. The estimated total purchase price \$36 million which includes the Company assuming \$29 million of the Sellers obligation on an existing loan. In accordance with the terms of this agreement, \$1 million was deposited into an interest-bearing escrow account with the title company on July 22, 2010.

On August 3, 2010, the Company's Board of Directors declared a cash dividend on its common stock of \$.06 per share, payable on September 15, 2010 to holders of record on August 26, 2010.

Factors Impacting Our Operating Results

The results of our operations are affected by a number of factors and primarily depend on, among other things, the following:

- Our ability to identify and acquire retail real estate and real estate-related debt investments that meet our investment standards and the time period required for us to acquire our initial portfolio of our target assets;
- The level of rental revenue and net interest income we achieve from our target assets;
- The market value of our assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which we invest;
- The length of the current economic downturn;
- The conditions in the local markets in which we will operate, 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 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 acquire and their tenants;
- Our relationships with our tenants and their financial condition;
- Our use of debt as part of our financing strategy and our ability to make payments or to comply with any covenants under any borrowings or other debt facilities we obtain;
- The level of our operating expenses, including amounts we are required to pay to our management team and to engage third party property managers and loan servicers; and
- Changes in interest rates that could impact the market price of our common stock and the cost of our borrowings.

Report on Operating Results

Funds from operations ("FFO"), is a widely-recognized non-GAAP financial measure for REIT's that we believe when considered with financial statements determined in accordance with GAAP, provides additional and useful means to assess our 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.

We compute 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 shareholders

(determined in accordance with GAAP) excluding gains or losses from debt restructuring and sales of property, plus real estate related depreciation and amortization, and after adjustments for partnerships and unconsolidated joint ventures.

In accordance with FASB guidance relating to business combinations, which, among other things, requires any acquirer of a business (investment property) to expense all acquisition costs related to the acquisition, the amount of which will vary based on each specific acquisition and the volume of acquisitions. Accordingly, in fiscal year 2010 the costs of completed acquisitions will reduce our FFO. For the three and six months ended June 30, 2010, we expensed \$517,000 and \$1 million, respectively, relating to real estate acquisitions.

We consider FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of its real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure.

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 us may not be comparable to similarly titled items reported by other real estate investment trusts 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, 2010. FFO for the three and six months ended June 31, 2009 is not provided, since no real estate assets were owned by us during this period.

	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2010
Net Loss for period	\$ (1,090,304)	\$ (2,731,279)
Plus: Real property depreciation	406,680	581,459
Amortization of tenant improvements and allowances	49,719	76,539
Amortization of deferred leasing costs	382,284	624,230
Funds used by operations	<u>\$ (251,621)</u>	<u>\$ (1,449,051)</u>
Net Cash Provided by (Used in):		
Operating Activities	<u>\$ (438,557)</u>	<u>\$ (3,657,858)</u>
Investing Activities	<u>\$ (54,801,569)</u>	<u>\$ (104,808,253)</u>
Financing Activities	<u>\$ (2,508,283)</u>	<u>\$ (2,505,894)</u>

Results of Operations

Our entire activity prior to the consummation of the Framework Transactions was limited to organizational activities, activities relating to our initial public offering and, after the initial public offering, activities relating to identifying and evaluating prospective acquisition targets. During that period, we neither engaged in any operations nor generated any revenues, other than interest income earned on the proceeds of the initial public offering. Prior to the consummation of the Framework Transactions, the majority of our operating income is derived from interest earned from the Trust Account previously held.

We had eight properties in our portfolio at June 30, 2010. We believe, because of the location of the properties in densely populated areas, the nature of our investment provides for relatively stable revenue flows even during difficult economic times. We have a strong capital structure with no debt as of the quarter just ended. We expect to continue to explore acquisition opportunities that might present themselves during this economic downturn consistent with our business strategy.

Results of Operations for the six months ended June 30, 2010 compared to the six months ended June 30, 2009

During the six months ended June 30, 2010, we incurred a net loss of \$2.7 million compared to a net loss of \$959,000 incurred during the six months ended June 30, 2009. The substantial cause of the differences during the six month periods was due to the consummation of the Framework Transactions on October 20, 2009, which commenced our business plan of acquiring and managing retail properties. During the six months ended June 30, 2010, we generated net operating income of \$1.8 million from the eight properties in our portfolio at June 30, 2010. General and administrative expenses increased to \$4.2 million for the six months ended June 30, 2010 from \$1.6 million during the six months ended June 30, 2009 mostly due to higher payroll costs incurred since key personnel were hired following the consummation of the Framework Transactions. We incurred acquisition transaction costs during the six months ended June 30, 2010 of \$1 million associated with our pursuit and acquisition of real estate properties. During the six months ended June 30, 2009, we deferred a portion of interest income earned on investments resulting in higher income recognized during the six months ended June 30, 2010. Interest income was deferred in 2009 awaiting the consummation of our business plan.

Results of Operations for the three months ended June 30, 2010 compared to the three months ended June 30, 2009

During the three months ended June 30 2010, we incurred a net loss of \$1.1 million compared to a net loss of \$739,000 incurred during the three months ended June 30, 2009. The substantial cause of the differences during the three month periods was due to the consummation of the Framework Transactions on October 20, 2009, which commenced our business plan of acquiring and managing retail properties. During the three months ended June 30, 2010, we generated net operating income of \$1.2 million from the eight properties in our portfolio at June 30, 2010. General and administrative expenses increased to \$2.1 million for the three months ended June 30, 2010 from \$1.2 million during the three months ended June 30, 2009 mostly due to higher payroll costs incurred since key personnel were hired following the consummation of the Framework Transactions. We incurred acquisition transaction costs during the three months ended June 30, 2010 of \$517,000 associated with our pursuit and acquisition of real estate investments. During the three months ended June 30, 2009, we deferred a portion of interest income earned on investments resulting in higher income recognized during the three months ended June 30, 2010. Interest income was deferred in 2009 awaiting the consummation of our business plan.

Critical Accounting Policies

Critical accounting policies are those that are both important to the presentation of our 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 our accounting policies included in Note 1 to our consolidated financial statements for the year ended December 31, 2009 included in our Annual Report on Form 10-K for the year ended December 31, 2009.

Revenue Recognition

We record 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 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 our best estimate of the final amounts to be billed and collected. In addition, we also provide an allowance for future credit losses of 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. We analyze the balance of our estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of our properties by comparing actual recoveries versus actual expenses and any actual write-offs. Based on our analysis, we may record an additional amount in our allowance for doubtful accounts related to these items. In addition, we also provide an allowance for future credit losses of the deferred straight-line rent receivable.

Real Estate

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 amounts to be capitalized as a result of an acquisition and the periods over which the assets are depreciated or amortized are determined based on estimates as to fair value and the allocation of various costs to the individual assets. We allocate the cost of an acquisition based upon the estimated fair value of the net assets acquired. We also estimate the fair value of intangibles related to our acquisitions. The valuation of the fair value of intangibles involves estimates related to market conditions, probability of lease renewals and the current market value of in-place leases. This market value is determined by considering factors such as the tenant's industry, location within the property and competition in the specific region in which the property operates. Differences in the amount attributed to the intangible assets can be significant based upon the assumptions made in calculating these estimates.

We are required to make subjective assessments as to the useful life of our properties for purposes of determining the amount of depreciation. These assessments have a direct impact on our 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	35-40 years
Property Improvements	10-20 years
Furniture/Fixtures	3-10 years
Tenant Improvements	Shorter of lease term or their useful life

Asset Impairment

On a continuous basis, management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in our plans or market and economic conditions could result in recognition of impairment losses which could be substantial. Management does not believe that the value of our rental property is impaired at June 30, 2010.

REIT Qualification Requirements

We intend to elect and qualify to be taxed as a REIT under the Code, commencing with our taxable year ending December 31, 2010. We believe that we have been organized and we intend to operate in a manner that will allow us to qualify for taxation as a REIT under the Code commencing with our taxable year ending December 31, 2010.

The law firm of Clifford Chance US LLP has acted as our counsel in connection with our registration statement on Form S-3 filed with the SEC on April 29, 2010 and in connection therewith, we received an opinion of Clifford Chance US LLP to the effect that, commencing with our taxable year ending December 31, 2010, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT under the Code. The opinion of Clifford Chance US LLP was based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, and that we will at all times operate in accordance with the method of operation described in our organizational documents. Additionally, the opinion of Clifford Chance US LLP was conditioned upon factual representations and covenants made by our management and affiliated entities regarding our organization, assets, and present and future conduct of our business operations and other items regarding our ability to meet the various requirements for qualification as a REIT, and assumed that such representations and covenants are accurate and complete and that we will take no action that could adversely affect our qualification as a REIT. While we believe that we are organized and intend to operate so that we will qualify as a REIT commencing with our taxable year ending December 31, 2010, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances or applicable law, no assurance can be given by Clifford Chance US LLP or us that we will so qualify for any particular year. Clifford Chance US LLP will have no obligation to advise us or the holders of our stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the Internal Revenue Service ("IRS"), or any court, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions. Qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by Clifford Chance US LLP. In addition, our ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest. Our ability to qualify as a REIT for a particular year also requires that we satisfy certain asset and income tests during such year, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make distributions to our stockholders and meet other general business needs. Currently our primary sources of cash generally consist of the funds released to us from the Trust Account upon consummation of the Framework Transactions that occurred during year ended December 31, 2009, cash generated from our operating results and interest we receive on our cash investments. We will use our current cash to purchase our target assets make distributions to our stockholders and fund our operations. We expect to fund long-term liquidity requirements for property acquisitions, development, and capital improvements through a combination of issuing and/or assuming mortgage debt and the sale of equity securities. As of June 30, 2010, we had cash and cash equivalents of \$272.3 million, compared to \$383.2 million at December 31, 2009.

While we generally intend to hold our target assets as long term investments, certain of our investments may be sold in order to manage our interest rate risk and liquidity needs, meet other operating objectives and adapt to market conditions. The timing and impact of future sales of our investments, if any, cannot be predicted with any certainty.

Potential future sources of capital include proceeds from the sale of real estate or real estate-related debt investments, proceeds from secured or unsecured financings from banks or other lenders and undistributed funds from operations. In addition, we anticipate raising additional capital from future equity financings and if the value of our common stock exceeds the exercise price of our warrants through the sale of common stock to the holders of our warrants from time to time.

Net Cash Flows from:

Operating Activities

Net cash flows used in operating activities amounted to \$3.7 million in the six months ended June 30, 2010, compared to \$1.2 million in the comparable period in 2009. The net decrease in operating cash flows during the six months ended June 30, 2010 compared with the corresponding prior period was due primarily to (a) the payment of accrued expenses in 2010 of approximately \$2.4 million (b) an increase in net loss during the six months ended June 30, 2010 of \$1.8 million due to higher general and administrative expenses incurred following the approval of the Framework Transactions.

Investing Activities

Net cash flows used by investing activities amounted to \$104.8 million in the six months ended June 30, 2010 compared to net cash provided by investing activities of \$1.3 million in the comparable period in 2009 due to the acquisition of seven properties, acquisition of two mortgage notes receivable and deposits placed on several potential acquisitions during the six months ended June 30, 2010.

Financing Activities

Net cash flows used by financing activities amounted to \$2.5 million for the six months ended June 30, 2010 compared to \$0 in the comparable period in 2009. The net decrease in financing activities during the six months ended June 30, 2010 was due primarily to the payment of dividends to common stockholders of \$2.5 million in May 2010. No dividends were paid during the six months ended June 30, 2009.

Contractual Obligations

As of June 30, 2010, we did not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities. Upon consummation of the Framework Transactions, we entered into a Transitional Shared Facilities and Services Agreement with NRDC Real Estate Advisors, LLC, pursuant to which NRDC Real Estate Advisors, LLC provides us with access to, among other things, their information technology, office space, personnel and other resources necessary to enable us to perform our business, including access to NRDC Real Estate Advisors, LLC's real estate teams, who will work with us to source, structure, execute and manage properties for a transitional period. We pay NRDC Real Estate Advisors, LLC a monthly fee of \$7,500 pursuant to the Transitional Shared Facilities and Services Agreement. The Transitional Shared Facilities and Services Agreement has an initial one-year term, which will be renewable by us for an additional one-year term.

In May 2010, the Company entered into a Shared Facilities and Service Agreement effective January 1, 2010 with an officer of the Company. Pursuant to the Shared Facilities and Service Agreement the Company is provided the use of office space and other resources for a monthly fee of \$1,938. For the three and six months ended June 30, 2010, the Company has incurred \$11,600 of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the three and six months ended June 30, 2009, the Company did not incur expenses relating to this agreement.

Off-Balance Sheet Arrangements

We have issued warrants in conjunction with our initial public offering and private placement, and have also granted incentive stock options. These options and warrants may be deemed to be equity linked derivatives and, accordingly, represent off balance sheet arrangements. See Note 4 and 5 to the accompanying consolidated financial statements. We account for these warrants as stockholders' equity and not as derivatives.

Real Estate Taxes

Our leases generally require the tenants to be responsible for a pro rata portion of the real estate taxes.

Inflation

Our leases at wholly-owned and consolidated partnership properties generally provide for either indexed escalators, based on the Consumer Price Index or other measures or, to a lesser extent, fixed increases in base rents. The leases also contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes. The revenues collected from leases are generally structured as described above, with year over year increases. We believe that inflationary increases in expenses will be offset, in part, by the contractual rent increases and tenant expense reimbursements described above.

Leverage Policies

As of June 30, 2010, we had not incurred any financing in connection with our operations or the acquisition of our properties. We purchased our properties for cash. In the future, we intend, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of our target assets and the diversification of our portfolio. We intend to use traditional forms of financing, including mortgage financing and credit facilities. In addition, in connection with the acquisition of properties, we may assume all or a portion of the existing debt on such properties. In addition, we may acquire retail property indirectly through joint ventures with institutional investors as a means of increasing the funds available for the acquisition of properties.

We 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 protects our other assets.

We plan to evaluate each investment opportunity and determine the appropriate leverage on a case-by-case basis and also on a Company-wide basis. We 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. In the future, we may also seek to raise further equity capital or issue debt securities in order to fund our future investments.

Dividends

We intend to make regular quarterly distributions to holders of our 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. We intend to pay regular quarterly dividends to our stockholders in an amount not less than our net taxable income, if and to the extent authorized by our board of directors. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we 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

As of June 30, 2010, we had no debt outstanding. Currently, the Company uses one forward starting interest rate swap to manage its interest rate risk. See the discussion under Note 8 of the accompanying consolidated financial statements for certain quantitative details related to the interest rate swap.

The Company entered into the forward starting interest rate swap in order to economically hedge against the risk of rising interest rates that would affect the Company's interest expense related to its future anticipated debt issuance. 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 market value of our interest rate derivative as of June 30, 2010.

Less 100 basis points	Less 50 basis points	June 30, 2010 Value	Increase 50 basis points	Increase 100 basis points
(3,375,931)	(2,093,311)	(944,932)	139,395	1,163,264

See Note 6 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 amount of the expected future cash flows 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 our derivative values, we incorporate the nonperformance risk for both the Company and our counterparties to these contracts based upon either credit default swap spreads (if available) or Moody's KMV ratings in order to derive a curve that considers the term structure of credit.

As a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with its taxable year ending December 31, 2010, our 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. We 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. Our 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, we expect 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, we use derivative financial instruments to manage interest rate risk. We 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 one interest rate swap to manage its interest rate risk. See Note 8 of the accompanying consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Company'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 Company's disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

During the three months ended June 30, 2010, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company'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, 2009. There have been no significant changes to our risk factors during the three months ended June 30, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not sell any equity securities during the three months ended June 30, 2010 that were not registered under the Securities Act.

On October 23, 2007, we consummated a private placement of 8,000,000 warrants with NRDC Capital Management, LLC, an entity owned and controlled by certain of our executive officers and directors, and our initial public offering of 41,400,000 units, each consisting of one share of common stock and one warrant exercisable for an additional share of common stock, including 5,400,000 units pursuant to the underwriters' over-allotment option. We received net proceeds of approximately \$384.0 million and also received \$8.0 million of proceeds from the private placement sale of 8,000,000 insider warrants to NRDC Capital Management, LLC. Banc of America Securities, LLC served as the sole bookrunning manager for our initial public offering. The securities sold in the initial public offering were registered under the Securities Act on a registration statement on Form S-1 (No. 333-144871). The SEC declared the registration statement effective on October 17, 2007.

Upon the closing of the initial public offering and private placement, \$406.5 million including \$14.5 million of the underwriters' discounts and commissions was held in the Trust Account and invested in U.S. "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "1940 Act"), having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the 1940 Act until the earlier of (i) the consummation of our initial "business combination" and (ii) our liquidation. On October 20, 2009, we consummated the Framework Transactions, which constituted our initial business combination. Stockholders representing an aggregate of 5,325 shares of common stock that we issued in our initial public offering elected to exercise conversion rights, while holders representing an aggregate of 41,394,675 shares we issued in our initial public offering did not exercise conversion rights, resulting in such shares remaining outstanding upon completion of the Framework Transactions. As a result, we had approximately \$405 million released to us (after payment of deferred underwriting fees) from the Trust Account established in connection with our initial public offering to invest in our target assets and to pay expenses arising out of the Framework Transactions.

As of June 30, 2010, we have applied approximately \$5.6 million of the net proceeds of the initial public offering and the private placement toward consummating a "business combination," including the Framework Transactions and paid approximately \$119.4 million to acquire real estate properties and mortgage notes receivables. For more information see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q.

No portion of the proceeds of the initial public offering was paid to directors, officers or holders of 10% or more of any class of our equity securities or their affiliates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- 3.1 Second Amended & Restated Certificate of Incorporation.⁽¹⁾
- 3.2 Second Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation.⁽²⁾
- 3.3 Third Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation.⁽²⁾
- 3.4 Fourth Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation.⁽²⁾
- 3.5 Amended and Restated Bylaws.⁽²⁾
- 4.1 Specimen Unit Certificate.⁽²⁾
- 4.2 Specimen Common Stock Certificate.⁽²⁾
- 4.3 Specimen Warrant Certificate.⁽²⁾
- 4.4 Form of Warrant Agreement.⁽³⁾
- 4.5 Supplement and Amendment to Warrant Agreement dated as of October 20, 2009.⁽²⁾
- 10.1 Purchase and Sale Agreement, dated May 11, 2010, by and between J-T Properties Ltd. and the Company.
- 10.2 Purchase and Sale Agreement, dated June 15, 2010, by and between 162nd & Fourth Plain, LLC and the Company.
- 10.3 Purchase and Sale Agreement, dated June 15, 2010, by and between Gramor Acme LLC and the Company.
- 10.4 Purchase and Sale Agreement, dated June 15, 2010, by and between Cascade Summit Retail LLC and the Company.
- 10.5 Purchase and Sale Agreement, dated June 15, 2010, by and between OC Point, LLC and the Company.
- 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.

(1) Incorporated by reference to the Company's registration statement on Form S-1/A filed on September 27, 2007 (File No. 333-144871).

(2) Incorporated by reference to the Company's current report on Form 8-K filed on October 26, 2009.

(3) Incorporated by reference to the Company's registration statement on Form S-1/A filed on September 7, 2007 (File No. 333-144871).

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.
Registrant

Date: August 5, 2010

/s/ Stuart A. Tanz
Stuart A. Tanz
President and Chief Executive Officer

Date: August 5, 2010

/s/ John B. Roche
John B. Roche
Chief Financial Officer

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") dated May 11, 2010, for reference, is by and between J-T PROPERTIES LTD., a Washington limited partnership ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in the land and approximately 116,066 square foot retail building, commonly known as the Vancouver Market Center located at 5000 NE 4th Plain Blvd., Vancouver, Washington 98661, the legal description of which is attached as **Exhibit A** (the "Property").

B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes the personal property used in the operation of the Property, which shall be conveyed to Buyer at closing without additional consideration pursuant to a bill of sale in the form attached as **Exhibit B**. The list of personal property to be conveyed shall be provided by Seller to Buyer within ten (10) days after the Effective Date (as defined in Section 60;3). The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties related to the improvements on the Property.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be ELEVEN MILLION ONE HUNDRED NINETY THOUSAND AND 00/100 DOLLARS (\$11,190,000.00). At closing, Buyer will assume Seller's obligations on an existing loan from State Farm Life Insurance Company secured by the Property with a total balance at Closing of approximately NINE MILLION TWO HUNDRED THOUSAND and 00/100 DOLLARS (\$9,200,000.00) (the "Assumed Loan"). The total balance of the Assumed Loan shall be applied to the Purchase Price and Buyer will pay the remainder of the Purchase Price in cash at closing.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with Old Republic Title and Escrow (the "Title Company"), 2201 Sixth Street, Suite 1110, Seattle, Washington 98121, Attention: Ms. Marty Young, and shall be deposited into an interest-bearing escrow account with the Title Company in

accordance with the terms of this Agreement. Upon Buyer's waiver of its conditions set forth in Sections 6.1 through 6.3 below, Title Company shall immediately release \$15,000 of the Earnest Money to Seller, which amount shall be non-refundable to Buyer under all circumstances except for the failure of this transaction to close as a result of a default by Seller, and Buyer shall deposit an additional TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) in escrow as additional Earnest Money. All Earnest Money shall be applied to the payment of the Purchase Price at closing. Any interest earned on the Earnest Money shall be part of the Earnest Money. Except as provided above, all Earnest Money shall be returned to Buyer in the event any condition to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation, or default by Seller.

4. **Survey and Environmental Assessments.** During the Contingency Period (as defined in Section 6), Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments. Buyer shall deliver a copy of any written report of such site assessment to Seller, and shall not, without Seller's prior written consent, furnish a copy thereof to any person or entity other than Buyer's employees or advisors who need access to the report in connection with the transaction contemplated by this Agreement.

5. **Title Documents.** On or before the fifth (5th) day following the Effective Date, Seller shall deliver to Buyer a preliminary commitment for title insurance issued by Title Company (the "Preliminary Commitment"), along with all documents, whether recorded or unrecorded, referred to in the Preliminary Commitment ("Title Documents"). Buyer shall have until five (5) days following Buyer's receipt of the Preliminary Commitment and the Title Documents to give Seller written notice of Buyer's disapproval of any condition or exception to title affecting the Property ("Buyer's Title Notice"). If Buyer fails to give Seller a Buyer's Title Notice within such five (5) day period, then the title to the Property as set forth in the Preliminary Commitments shall be deemed approved by Buyer for all purposes under this Agreement. If Buyer gives Seller a Buyer's Title Notice, then, within five (5) days after Seller's receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved title conditions and exceptions stated in Buyer's Title Notice, if any, that Seller elects to eliminate from the title policy and as exceptions to title, or otherwise to correct. Seller's failure to deliver Seller's Title Notice within such five (5)-day period shall be deemed Seller's election not to eliminate from the title policy the title conditions and exceptions noted in Buyer's Title Notice. If Buyer does not approve of Seller's Title Notice Buyer shall so notify Seller in writing within three (3) days of receipt of Seller's Title Notice, and if Buyer fails to give Seller such written notice within such three (3) day period, then Seller's Title Notice shall be deemed approved by Buyer for all purposes under this Agreement. If Buyer approves of Seller's Title Notice, Seller shall eliminate from the title policy, by the Closing Date, those disapproved title conditions and exceptions that Seller has elected to eliminate in Seller's Title Notice, and any failure to eliminate such exceptions or cure such objections shall constitute a default by Seller giving rise to the rights established pursuant to Section 16 below. If Buyer does not approve of Seller's Title Notice, this Agreement shall terminate as provided in Section 7. All title

exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be "Permitted Exceptions."

6. **Buyer's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Buyer and may be waived only by Buyer and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Buyer. Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.1 through 6.3 not later than twenty-one (21) days after the mutual execution of this Agreement and Buyer's receipt of all Seller's Documents (defined below) (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.4 to 6.9 on or before the Closing Date.

6.1 **Review and Approval of Documents and Materials.** On or before the expiration of the Contingency Period, Buyer shall have approved all documents and materials delivered by Seller to Buyer pursuant to this Section. Within five (5) days after the Effective Date of this Agreement, Seller shall deliver to Buyer, for Buyer's review and approval, complete and accurate copies of the documents and materials respecting the Property, which are in Seller's possession, custody, or control listed in **Exhibit H** attached hereto (collectively, the "Seller's Documents" ;).

6.2 **Inspections.** During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer's sole discretion. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geo technical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this Agreement and the Property with third parties, including lenders, contractors and government officials and representatives. As a condition of such right of entry, Buyer hereby agrees to defend, indemnify and hold harmless Seller with respect to any lien filed by any agent or contractor of Buyer against the Property or any damage to person, p roperty or the Property arising out of or related to work performed by such agent or contractor on Buyer's behalf.

6.3 **Financing.** On or before the expiration of the Contingency Period, Buyer's satisfaction with Buyer's financing, including, without limitation, the terms and conditions of the Assumed Loan.

6.4 **Audit Inquiry and SEC Compliance.** On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 6.4. Seller acknowledges that Buyer may be required to make certain filings with the Securities and Exchange

Commission (the "SEC Filings") that relate to the most recent preacquisition fiscal year and the current fiscal year through the date of acquisition for the Property. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto. In that regard, Seller acknowledges that as a REIT, Buyer will be required after closing to comply with certain requirements of the Securities and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in **Exhibit G** attached hereto and made a part hereof in order to facilitate such compliance by Buyer; provided that, notwithstanding anything contained in this Agreement or in **Exhibit G** to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof. The foregoing covenant of Seller shall survive closing for a period of one (1) year.

6.5 No Material Changes. On and as of the Closing Date, there shall have been no material adverse changes in the physical condition of the Property or the status of leases for the Property, other than such changes as may be contemplated by this Agreement.

6.6 Representations, Warranties and Covenants of Seller. On and as of the Closing Date, Seller shall have duly and timely performed each and every material agreement to be performed by Seller hereunder and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.7 Assumed Loan. On and as of the Closing Date, Buyer shall have assumed Seller's obligation under the Assumed Loan, and all required approvals from Seller's lender shall have been obtained. Immediately after the Effective Date of this Agreement, Seller shall notify its lender of Buyer's desire to assume the Assumed Loan. Buyer shall make application to assume the Assumed Loan within seven (7) days following Buyer's receipt of an assumption application and shall diligently pursue obtaining approval for such assumption. Buyer shall have up to forty-five (45) days following its submission of the loan assumption application (the "Loan Approval Period") to obtain Seller's lender's consent to Buyer's assumption of the Assumed Loan. Seller shall reasonably cooperate and assist with obtaining the consent of its lender to Buyer's assumption of the Assumed Loan.

6.8 Estoppel Certificates. On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in a form satisfactory to Buyer from tenants occupying an aggregate total of ninety percent (90%) of the total net rentable square footage of the Property covered by leases in effect as of the Closing Date (the "Estoppel Threshold"). In the event a tenant's lease specifies a form of estoppel certificate, Seller shall only be obligated to obtain such document as described in any such tenant's lease. Seller's sole obligation shall be to utilize commercially reasonable efforts to obtain estoppel certificates from each of the tenants. If on or before a date that is ten (10) days before the Closing Date, such Estoppel Threshold has not been satisfied (or waived by Buyer within two (2) days from notice from Seller to Buyer that such Estoppel Threshold has not been satisfied), then the purchase and sale agreement shall be terminated and the Earnest Money (except for the \$15,000 nonrefundable portion) shall be returned to Buyer unless Seller furnishes Seller Tenant Certificates (defined below) in a form satisfactory to Buyer with respect to enough tenants to meet the Estoppel Threshold. In the event Seller is unable to obtain an estoppel certificate from any particular tenant under any lease, Seller shall deliver to Buyer a certificate (the "Seller Tenant Certificate") prepared for such tenant in a

form satisfactory to Buyer, to "Seller's Knowledge" which is correct in all material respects. Such Seller Tenant Certificate shall qualify as a tenant estoppel certificate for the purposes of determining whether the Estoppel Threshold has been satisfied. Seller shall be released from any liability with respect to any Seller Tenant Certificate upon the delivery to Buyer of a tenant estoppel certificate from the tenant for which Seller delivered such Seller Tenant Certificate (but only to the extent such tenant estoppel certificate is consistent with such Seller Tenant Certificate).

6.9 **Title Insurance.** On and as of the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy set forth in Section 11 to Buyer.

7. **Termination.** If any condition set forth in Section 6 is not timely satisfied or waived by Buyer in writing for any reason, this Agreement shall automatically terminate. Upon any such termination, all Earnest Money shall be immediately refunded to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein.

8. **Representations and Warranties.**

8.1 **Seller's Representations and Warranties.** Seller represents and warrants (which representations and warranties are true and correct on and as of the date of this Agreement and shall be true and correct in all material respects on and as of the Closing Date) to Buyer that:

8.1.1 **Fee Title.** Seller is the sole current legal and beneficial fee simple title holder of the Property and has the authority and power to enter and execute this Agreement and convey the Property to Buyer free and clear of the claims of any third party or parties (including, without limitation, any elective share, dower, curtesy or community property rights of any spouse), except for the exceptions, if any, shown on the Preliminary Commitment, without further authorization or signature of any other person;

8.1.2 **Leasing Commissions.** There are as of the date hereof, and there shall be on the Closing Date, no leasing commissions due or owing, or to become due and owing, in connection with any leases, licenses or other occupancy agreements in connection with the Property, except as set forth in Section 18.10.

8.1.3 **Leases.** There are as the date hereof, and there shall be on the Closing Date, no leases, licenses or other occupancy agreements in connection with the Property except for the Leases included in the Seller's Documents and any New Leases (as defined in Section 9.2).

8.1.4 **Condemnation.** Seller has no knowledge of and has received no written notice of any pending or contemplated condemnation proceedings affecting all or any part of the Property.

8.1.5 **Structural.** To Seller's knowledge, there are no material structural defects in the building or improvements on the Property, nor are there any major repairs required to operate the building and/or improvements in a lawful, safe, and efficient manner.

8.1.6 **Zoning/Violations.** There is not now pending nor, to Seller's knowledge, are there any proposed or threatened proceedings for the rezoning of the Property or any portion thereof. During the period of Seller's ownership of the Property, Seller has no knowledge of and has received no written notice that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, the improvements located thereon and any parking areas.

8.1.7 **Permitted Exceptions.** Seller has performed all obligations under and is not in default in complying with the terms and provisions of any of the covenants, conditions, restrictions, rights-of-way or easements constituting one or more of the Permitted Exceptions existing as of the date hereof.

8.1.8 **Permits.** To Seller's knowledge, all permits, licenses, authorizations and certificates of occupancy required by governmental authorities for Seller's management, occupancy, and operation of the Property are in full force and effect.

8.1.9 **Litigation.** No proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of, any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.* ("Bankruptcy Code"), or under any other federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

8.1.10 **FIRPTA.** Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.11 **Development.** Except as may be contained in the Permitted Exceptions, Seller has not entered into any written agreement currently in effect with a third party, including, without limitation, any governmental authority, relating to any development of the Property, and Seller has received no notice and otherwise has no knowledge of any restrictions on the ability of the Seller to develop or expand any portion of the Property in the future, other than as may be set forth in zoning and other applicable laws, ordinances, rules and regulations.

8.1.12 **Agreements.** Seller is not a party to, and has no knowledge of, any agreements relating to the Property currently in effect other than the contracts provided to Buyer contained in the Seller's Documents and the Permitted Exceptions.

8.2 **Buyer's Representations and Warranties.** As of the Effective Date of this Agreement, Buyer represents and warrants to Seller that Buyer (i) is duly organized and existing under the laws of the State of Delaware; (ii) is authorized to enter into the transaction contemplated in this Agreement; (iii) has the power and authority to enter into this Agreement; (iv) has or reasonably expects to have all funds necessary to pay the Purchase Price at Closing; and (v) has not filed voluntarily or involuntarily, for bankruptcy relief within the six (6)-month period preceding the date hereof.

9. Maintenance of Property/Insurance/Leasing.

9.1 **Operation and Maintenance.** From and after the Effective Date through Closing or the earlier termination of this Agreement, Seller shall: (a) manage, maintain, operate, and service the Property, including the negotiation and execution of new leases and modifications, extensions and renewals of existing Leases (each a "New Lease" and collectively, the "New Leases"), consistent with its current operations; (b) keep the Property and every portion thereof in working order and repair consistent with its condition on the Effective Date; (c) maintain Seller's current property damage insurance on the Property; and (d) not make any material alterations to the Property or remove any personal property owned by Seller therefrom used in the operation of the Property unless the personal property is lost, stolen, irreparably damaged, or replaced with property of similar quality and quantity.

9.2 **New Leases.** From and after the Effective Date through the closing or earlier termination of this Agreement, Seller shall provide Buyer with copies of any letters of intent for New Leases signed by the prospective tenant (or if no letter of intent is available, a written description of the material terms of the New Lease including the name of the tenant; the square footage and location of the leased premises; the term; any free rent or other lease incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligations) prior to executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld.

9.3 **Assignment of Lease.** At closing, Seller shall assign and Buyer shall assume Seller's obligations under all Leases and New Leases, pursuant to an assignment of leases in the form attached as **Exhibit C** (the "Assignment of Leases").

9.4 **Service Contracts.** Seller shall not extend, renew, modify, or replace any service contracts for the Property without the prior written consent of Buyer, which consent shall not be unreasonably withheld.

9.5 **Assignment of Service Contracts.** At closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties").

10. Closing.

10.1 **Closing Date.** The purchase and sale of the Property will be closed on or before a date which is not more than seven (7) days after the expiration of the Contingency Period or the Loan Approval Period, whichever is later (the "Closing Date"), or at such other time as the parties may mutually agree; provided that if Seller's lender is not in a position to close as of the scheduled Closing Date, Buyer and/or Seller may extend the Closing Date for such additional time not to exceed sixty (60) days as is required to facilitate Buyer's assumption of the Assumed Loan.

10.2 **Manner and Place of Closing.** This transaction will be closed in escrow at the offices of Title Company at the address set forth above, or at such other place as the parties may mutually agree. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

10.3 **Prorations, Adjustments.** All the then current year's ad valorem real property taxes and current utility expenses, and all income under any agreement concerning the Property that Buyer has approved to survive closing, and all rent and other expenses payable by tenants under the Leases for the month in which closing occurs shall be prorated and adjusted between the parties as of the Closing Date. Rent and other expenses payable by tenants under the Leases which are delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. Buyer and Seller shall each pay one-half (1/2) of any loan assumption fees or charges assessed by Seller's lender, its servicing agent or other affiliate in connection with the assignment and assumption of the Assumed Loan. If at the time of closing all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any such special assessment or tax and related charge, fine, penalty or other amount to the extent the same relates to any time period prior to and including the Closing Date, and Buyer shall pay and be solely responsible for the same to the extent it relates to any time period after closing. All municipal, county, state, and federal excise, transfer and documentary stamp taxes, including but not limited to Washington Real Estate Excise Tax, payable with respect to the transaction contemplated by this Agreement shall be paid one half (1/2) by Buyer and one half (1/2) by Seller at closing. The amount of any unapplied security deposits under the Leases held by Seller in cash at the time of closing shall be credited against the Purchase Price and Seller shall retain the actual cash deposits. For purposes of calculating prorations, Buyer shall be deemed to be in title to the Property, and, therefore entitled to the income therefrom and responsible for the expenses thereof for the entire day upon which closing occurs.

At closing, Seller shall provide Buyer with then-current reconciliation of CAM and other pass-through expenses with respect to the Property, and copies of all documentation supporting such expenses. Promptly after Buyer's completion of its year-end CAM reconciliation for the year in which closing occurs, Buyer shall invoice tenants for any amounts due. Any such "true up" payments received from tenants attributable to Buyer's year-end CAM reconciliation of actual and budgeted pass-through payments shall be allocated among Seller and Buyer pro rata in accordance with their respective period of ownership. Seller and Buyer agree to cooperate and use reasonable efforts to make such adjustments no later than sixty (60) days after Buyer completes its reconciliation for the year in which closing occurs (or as soon thereafter as may be

practicable, with respect to common area maintenance and other additional rent charges (including pass-throughs for real estate and personal property taxes and special assessments) payable by tenants under the Leases). Under no circumstances, however, shall Buyer have any obligation to pay Seller any amount based on such year-end reconciliation that is not actually paid to Buyer by the applicable tenants.

10.4 Closing Events. Provided the Title Company has received the sums and is in a position to cause title to the Property to be conveyed to Buyer and the Title Policy to be issued as described herein, this transaction will be closed on the Closing Date as follows:

10.4.1 The Title Company will perform the prorations described in Section 10.3, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash, less the then current balance due on the Assumed Loan, and less deposits held by Seller under the Leases, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of all Earnest Money previously paid and all interest accrued thereon.

10.4.3 Buyer and Seller shall execute and deliver the Assignment of Leases and Assignment of Contracts and Warranties.

10.4.4 Seller shall execute and deliver a statutory warranty deed (the "Deed") conveying and warranting to Buyer fee simple title in the Property free and clear of all liens and encumbrances except the Permitted Exceptions. The conveyance shall be free from community property, dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to Buyer good and marketable title to all the Property free and clear of all liens, encumbrances and defects except the Permitted Exceptions.

10.4.5 The Title Company will deliver its commitment letter committing to issue the policy described in Section 11 upon recordation of the closing documents. Seller shall pay the title insurance premium for an ALTA standard coverage owner's policy in the amount of the Purchase Price and the charges for obtaining and recording instruments required to clear title. Buyer shall pay any additional premium for additional coverages and endorsements requested by Buyer.

10.4.6 The Title Company will record the Deed and Buyer shall be responsible for the standard recording fees of the recorder therefor.

10.4.7 The escrow fee and other incidental costs of closing included in the closing statement shall be divided equally between the parties.

10.4.8 Seller shall deliver to the Title Company and Buyer at closing an affidavit certifying that there are no unrecorded leases or agreements upon the Property, that Seller is not aware of any mechanics' or statutory liens against the Property (or any claims to such liens) and that Seller is not a "foreign person" under FIRPTA and any similar state law in form satisfactory to Buyer.

10.4.9 Seller shall have complied with all requirements of the state of Washington for the recording of the Deed.

10.5 **Seller's Assistance with Transition.** Promptly after closing, Seller shall instruct its property manager to promptly deliver letters to each tenant notifying them of the change in ownership of the Property and the address for future rent payments to be sent, which address will be provided by Buyer. Buyer shall approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership transition issues, at no additional cost or liability to Seller, for a period of up to 60 days after closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Title Company shall furnish Buyer with an ALTA standard coverage owner's policy of title insurance (2006 form) in the amount of the Purchase Price, together with such additional coverages and endorsements, as Buyer may require, including extended coverage, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions (the "Title Policy"); provided, however that, consistent with Section 10.4.5 above, Seller shall be required to pay only the cost of the ALTA standard owner's policy in the amount of the Purchase Price, and Buyer shall pay additional charges for such coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date, subject to tenants' rights under the leases assigned pursuant to the Assignment of Leases. The respective rights and obligations of the parties not satisfied at or before closing shall survive the delivery of the Deed and shall be binding upon and inure to the benefit of the parties and their respective heirs, assigns, successors, administrators and executors. Each of Seller's representations, warranties and covenants shall be deemed reaffirmed as of the Closing Date and each of the representations, warranties and covenants shall survive closing and delivery of the Deed for one (1) year.

13. Environmental Matters.

13.1 **Representations and Warranties.** Seller represents and warrants to Buyer (which representations and warranties are true and correct as of the date hereof and shall be true and correct in all material respects on and as of the Closing Date) that:

(a) To Seller's knowledge, during Seller's ownership of the Property there have been no: (A) claims, complaints, notices, or requests for information received by Seller with respect to any alleged violation of any Environmental Law (as defined below) with respect to the Property, or (B) claims, complaints, notices, or requests for information to Seller regarding potential or alleged liability under any environmental law with respect to the Property.

(b) To Seller's knowledge, no conditions exist at, on, or under the Property that would constitute a Hazardous Condition (as defined below).

(c) To Seller's knowledge, Seller is in compliance with all orders, directives, requirements, permits, certificates, approvals, licenses, and other authorizations relating to Environmental Laws with respect to the Property.

13.2 Definitions.

(a) Environmental Law shall mean (i) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

(b) Hazardous Condition shall mean any condition caused by a release of Hazardous Material to soil, surface water or groundwater on, in, under or about the Property that occurred during Seller's ownership of the Property such that the presence on, in, under or about the Property (including groundwater and surface water) of the Hazardous Material obligated or obligates the Seller to perform removal or remedial action under any applicable Environmental Law in effect prior to or as of Closing.

(c) Hazardous Materials shall mean any chemical, substance, waste, material, equipment or fixture defined as or deemed hazardous, toxic, a pollutant, a contaminant, or otherwise regulated under any Environmental Law, including, but not limited to, petroleum and petroleum products, waste oil, halogenated and non-halogenated solvents, PCBs, and asbestos containing material.

14. **Condition of Property.** Except for Seller's representations and warranties set forth in this Agreement, Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property.

15. **Condemnation or Casualty.** If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) in the case of a condemnation the purchase price for the Property shall be reduced by the total of any awards or other proceeds received by Seller at or before closing with respect to any taking, and at closing Seller shall assign to Purchaser all right of Seller in and to any awards or other proceeds payable after closing by reason of any taking; and in the case of a casualty Buyer shall purchase the Property in the condition existing on the date of closing, and Seller shall assign and deliver to Buyer the proceeds of any policies of property insurance paid as a result of such casualty. Seller

will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. Legal and Equitable Remedies.

16.1 Default by Seller. In the event that the transaction fails to close by reason of any default by Seller not cured within ten (10) days after written notice from Buyer, or, if the default is of such a nature that it cannot reasonably be cured within ten (10) days, if Seller fails to commence the cure with such ten (10) day period and thereafter diligently prosecute the same to completion, all Earnest Money shall be returned to Buyer and Buyer shall be entitled to pursue any other remedy available to it at law or in equity, including (without limitation) the remedy of specific performance; provided that Buyer hereby waives and releases Seller from any claim for consequential damages arising from such default by Seller.

16.2 Default by Buyer. In the event that this transaction fails to close by reason of any default by Buyer not cured within ten (10) days after written notice from Seller, or, if the default is of such a nature that it cannot reasonably be cured within ten (10) days, if Buyer fails to commence the cure with such ten (10) day period and thereafter diligently prosecute the same to completion, all Earnest Money shall be forfeited by Buyer and released from escrow to Seller.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BY REASON OF A DEFAULT BY BUYER HEREUNDER AFTER SELLER HAS GIVEN BUYER NOTICE AS SET FORTH IN SECTION 16.2 ABOVE, THEN BUYER SHALL HAVE NO FURTHER RIGHT TO PURCHASE ALL OR ANY PORTION OF THE PROPERTY FROM SELLER, AND SELLER SHALL BE ENTITLED TO RECEIVE FROM BUYER THE EARNEST MONEY AS SELLER'S LIQUIDATED DAMAGES. THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT. IN ADDITION, BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT, AND SELLER DESIRES TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER WERE REQUIRED TO FILE A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. THEREFORE, THE PARTIES AGREE THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH FAILURE, AND SHALL BE SELLER'S SOLE REMEDY, EXCEPT FOR BUYER'S OBLIGATIONS TO INDEMNIFY SELLER AS PROVIDED IN THIS AGREEMENT, WHICH SHALL REMAIN REMEDIES OF SELLER IN ADDITION TO LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED TO BE AND SHALL NOT CONSTITUTE A FORFEITURE OR PENALTY, BUT IS INTENDED TO

CONSTITUTE AND REPRESENT LIQUIDATED DAMAGES TO SELLER. BY PLACING THEIR INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE IN THIS SECTION AND THE FACT THAT SUCH PARTY WAS REPRESENTED BY COUNSEL OF ITS OWN CHOOSING WHO, AT THE TIME THIS AGREEMENT WAS MADE, EXPLAINED THE CONSEQUENCES OF THIS SECTION TO IT. THIS SECTION DOES NOT LIMIT BUYER'S OBLIGATIONS WHICH, AS OTHERWISE PROVIDED HEREIN, SURVIVE THE TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS: /s/ ST

SELLER'S INITIALS: /s/ GOT

17. Intentionally Deleted

18. Miscellaneous.

18.1 **Partial Invalidity.** In the event and to the extent any provision of this Agreement, or any instrument to be delivered by Buyer at closing pursuant to this Agreement, is declared invalid or is unenforceable for any reason, such provision shall be deemed deleted and shall not invalidate any other provision contained in any such document.

18.2 **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

18.3 **Survival of Representations.** Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for one (1) year, except as otherwise set forth herein.

18.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

18.5 **Exchange.** Buyer will cooperate with Seller to allow Seller to accomplish an IRC Section 1031 exchange; provided Buyer will not be required to delay the closing, incur expenses other than nominal additional legal costs or incur any risk or liability in connection with such exchange.

18.6 **Notices.** All notices under this Agreement shall be in writing and hand either delivered, which shall be effective upon such delivery, or sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit with postage prepaid in the United States Mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy or similar means, if a copy of the notice is also sent by United States first-class mail in which case the notice shall be deemed delivered upon

transmission if sent before 5 p.m. Pacific Time or the next business day, if sent after 5 p.m. Pacific Time, as follows:

If to Buyer: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Telephone: 914/272-8080
Facsimile: 914/272-8088
Attention: Richard Schoebel

With a copy to: Dunn Carney Allen Higgins & Tongue LLP
851 SW Sixth Avenue, Suite 1500
Portland, OR 97204-1357
Telephone: 503/224-6440
Facsimile: 503/224-7324
Attention: Kenneth S. Antell

If to Seller: J-T Properties, Ltd.
c/o Tamstepp Properties LLC
8043 W. Mercer Way
Mercer Island, Washington 98040
Telephone: 206/200-4119
Facsimile: (____)_____

Attention: George Tamblyn
With a copy to: Dieter G. Struzyna, Esq.
Dieter g. Struzyna, PLLC
3000 Northup Way, Suite 101
Bellevue, WA 98004
Telephone: 425/827-4794
Facsimile: 425/827-9785

The addresses above may be changed by written notice to the other party.

18.7 **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

18.8 **Modification.** This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18.9 **Entire Agreement.** This Agreement (including any exhibits attached hereto) contains the entire agreement between the parties and supersedes and replaces all written and oral agreements previously made or existing between the parties with respect to the subject matter of this Agreement.

18.10 **Brokers.** Neither Buyer nor Seller are parties to any brokerage or commission agreement with respect to the transaction contemplated by this Agreement. Any

commission payable with respect to this transaction shall be paid by Seller. Each party will defend, indemnify and hold the other party harmless from any claim, loss or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of the indemnifying party's conduct.

18.11 **Drafting of Agreement.** The parties acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

18.12 **Counterparts/Facsimile.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Signatures by facsimile shall be binding as originals.

18.13 **Arbitration.** All claims, disputes and other matters in question between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof, shall be decided by mandatory and binding arbitration under the auspices and pursuant to the rules of JAMS in Seattle, Washington or other mutually-agreeable commercial arbitration service. The award rendered by the arbitrator or arbitrators shall be final and binding, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Each party shall pay one-half the arbitration fees, except that the arbitrator(s) shall award attorney fees to the prevailing party under Section 18.17.

18.14 **Governing Law.** This Agreement shall be construed, applied and enforced in accordance with the laws of the state in which the Property is located.

18.15 **Authority of Signatories.** The respective persons who have executed this Agreement on behalf of a party represent and warrant that they have been duly authorized to do so by such party and no other or further signature or approval is required to bind the party to this Agreement. All documents delivered at closing will be executed by a duly authorized person on behalf of such party.

18.16 **Assignment.** Buyer may assign this Agreement and Buyer's rights under this Agreement to an assignee owned or controlled by Buyer without Seller's consent. Except as provided above, neither party shall have the right to assign this Agreement or any of its rights or obligations hereunder to any person or other entity without the written consent of the other party, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer consents to an assignment by Seller to a third party exchange accommodator as part of an IRC Section 1031 exchange.

18.17 **Attorney Fees and Costs.** In the event either party breaches any obligation under this Agreement, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event any suit, action, or arbitration is instituted to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such

suit or action, and also any fees incurred in any bankruptcy matter, in addition to all other sums provided by law.

18.18 **Confirmation of Contingency Periods.** Promptly after the Effective Date of this Agreement, the parties shall execute a Confirmation of Contingency Periods in the form attached **Exhibit E**, setting forth the applicable deadlines for the contingencies set forth herein.

18.19 **Appurtenant to Property.** The benefits and burdens hereunder shall be appurtenant to and shall run with the Property. Upon execution hereof, the parties shall also execute a Memorandum of Purchase and Sale Agreement in the form attached as **Exhibit F**, which shall be thereafter promptly recorded in real property records of the County in which the Property is located.

18.20 **Calculation of Time Periods.** Whenever a time period is set forth in days in this Agreement, the first day from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday or legal holiday, including Sunday, in which event, the period runs until the end of the next day which is not a Saturday or legal holiday.

18.21 **Cautionary Notice About Liens.** UNDER CERTAIN CIRCUMSTANCES, A PERSON WHO PERFORMS CONSTRUCTION-RELATED ACTIVITIES MAY CLAIM A LIEN UPON REAL PROPERTY AFTER A SALE TO THE PURCHASER FOR A TRANSACTION OR ACTIVITY THAT OCCURRED BEFORE THE SALE. A VALID CLAIM MAY BE ASSERTED AGAINST THE PROPERTY THAT YOU ARE PURCHASING EVEN IF THE CIRCUMSTANCES THAT GIVE RISE TO THAT CLAIM HAPPENED BEFORE YOUR PURCHASE OF THE PROPERTY. THIS INCLUDES, BUT IS NOT LIMITED TO, CIRCUMSTANCES WHERE THE OWNER OF THE PROPERTY CONTRACTED WITH A PERSON OR BUSINESS TO PROVIDE LABOR, MATERIAL, EQUIPMENT OR SERVICES TO THE PROPERTY AND HAS NOT PAID THE PERSONS OR BUSINESS IN FULL.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate as of the day and year first above written.

**RETAIL OPPORTUNITY
INVESTMENTS CORP.,**
a Delaware corporation

J-T PROPERTIES LTD.
, a Washington limited
partnership

By: /s/ Stuart Tanz
Name: Stuart Tanz
Title: CEO
Date of Signature: 5/11/10

By: Tamstepp Properties LLC, a
Washington limited liability
company

By: /s/ George O. Tamblyn
Name: George O. Tamblyn
Title: Gen Mgr – Tamstepp Prop. –
G.P. of J.T. Properties LTD.
Date of Signature: 5/11/10

Exhibits:

Exhibit A	Property Description (Section A)
Exhibit B	Bill of Sale form (Section 1)
Exhibit C	Assignment of Leases (Section 9.3)
Exhibit D	Assignment of Contracts and Warranties (Section 9.5)
Exhibit E	Confirmation of Contingency Period (Section 18.19)
Exhibit F	Memorandum of Purchase and Sale Agreement (Section 18.20)
Exhibit G	8-K and Audit Requirements (Section 6.4)
Exhibit H	Seller's Documents

EXHIBIT A
Property Description

A parcel of property in the J. Durgan Donation Land Claim in the West half of Section 19, Township 2 North, Range 2 East and the East half of Section 24, Township 2 North, Range 1 East of the Willamette Meridian, Clark County, Washington, described as follows:

COMMENCING at the Northeast corner of said Durgan Donation Land Claim; thence South 00°02'11" West along the East line of said Durgan Donation Land Claim, 395.22 feet to the Easterly extension of the South line of that tract conveyed by deed to Vancouver School District No. 37 recorded under Auditor's File No. F 98213 of Clark County records; thence North 89°51'38" West along said Easterly projection and said South line 37.53 feet to the Westerly right of way line of Stapleton Road and the True Point of Beginning; thence South 00°09'05" East along said West right of way line, 104.22 feet to the North line of that tract conveyed to John Piancantini by deed recorded under Auditor's File No. 8104240070 of Clark County records; thence South 70°04'22" West along said North line 135.00 feet to the Northwest corner of said Piancantini tract; thence South 00°09'05" East along the West line of said Paincantini tract 135.00 feet to the North right of way line of Fourth Plain Road; thence South 70°04'22" West along said North right of way line 853.71 feet to the East line of that tract conveyed to Arthur Falk by deed recorded under Auditor's File No. D 18787 of Clark County records; thence South 24°03'06" East along said East line 10.03 feet to an angle point in said North right of way line; thence South 70°04'22" West along said North right of way line 155.01 feet to the West line of that tract conveyed to Savon Development Corporation by deed recorded under Auditor's File No. 8401060079 of Clark County records; thence North 24°03'06" West along said West line of the Savon tract 270.46 feet to the South line of Fulkerson Avenue; thence North 69°49'27" East along said line 127.90 feet; thence North 34°02'06" West 387.37 feet; thence North 70°04'22" East 500.74 feet to the Southwest corner of that tract conveyed to Kenneth Barnes by deed recorded under Auditor's File No. G 762238 of Clark County records; thence North 72°45'38" East along the South line of said Barnes tract 214.76 feet to the West line of Parcel I of those tracts conveyed to Kenneth Barnes by deed recorded under Auditor's File No. 7809150006 of Clark County records; thence South 19°43'38" East along said West line of Parcel I a distance of 100.63 feet to the South line of said Parcel I; thence North 70°16'22" East along said South line 121.50 feet to the West line of said Vancouver School District No. 37 tract, recorded under Auditor's File No. F 98213; thence South 21°18'08" East along said West line 200.13 feet to the South line of said Vancouver School District No. 37 tract; thence South 89°51'38" East along said South line 321.66 feet to the True Point of Beginning.

EXCEPT that portion of General Anderson Avenue conveyed to the City of Vancouver by deed recorded under Auditor's File No. 9508010225.

INCLUDING those portions of Spaulding Avenue and Fulkerson Avenue lying within the above described boundary lines which were vacated by Ordinance No. 3189 and recorded under Auditor's File No. 9507050177.

EXHIBIT B
Bill of Sale Form

BILL OF SALE

J-T Properties Ltd., a Washington limited partnership ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, transfer, convey and deliver to Retail Opportunity Investments Corp., a Delaware corporation ("Buyer"), its successors and/or assigns:

All the personal property owned by Seller (collectively, "Personal Property") located on or used in the operation of the real property commonly known as the Vancouver Market Center, including all personal property listed in the attached Schedule B-1.

Buyer shall be responsible for payment of any and all sales, use or like tax arising from the sale of the Personal Property by Seller to Buyer.

THE PERSONAL PROPERTY IS SOLD AS IS, WHERE IS AND WITH ALL FAULTS. EXCEPT AS EXPLICITLY SET FORTH BELOW, SELLER MAKES NO WARRANTIES OF ANY KIND WHATEVER, EXPRESS OR IMPLIED, AND ALL IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED AND EXCLUDED.

Seller hereby covenants with Buyer that the Personal Property is free and clear of and from all encumbrances, security interests, liens, mortgages and claims whatsoever and that Seller is the owner of and has the right to sell same. Seller warrants and agrees to defend the title in and to the Personal Property unto Buyer, its successors or assigns against the lawful claims and demands of all persons claiming by or through Seller.

SELLER:

J-T Properties, Ltd.,
a Washington limited partnership

By: Tamstepp Properties, LLC,

BUYER:

Retail Opportunity Investments Corp.,
a Delaware corporation

By: _____

Exhibit B

a Washington limited liability company

Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit B

EXHIBIT C
Assignment of Leases

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between J-T Properties Ltd., a Washington limited partnership ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

1. A. Assignor, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property located at 5000 N. E. 4th Plain Blvd., Vancouver, Washington (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest as landlord under the Leases to Assignee and Assignee has agreed to assume the landlord's obligations under the Leases, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

2. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest as landlord under the Leases.

3. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the landlord's interest under the Leases and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by the landlord under the Leases.

4. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit C

5. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee) indemnify, and hold harmless Assignee, its partners, and their officers, directors, employees, agents, representatives, successors, and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or based upon Assignor's failure to keep, perform, fulfill and observe any of the terms, covenants, obligations, agreements, and conditions required to be kept, performed, fulfilled, and observed by the lessor under the Leases prior to the Effective Date.

6. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or based upon Assignee's failure to keep, perform, fulfill and observe any of the terms, covenants, obligations, agreements, and conditions required to be kept, performed, fulfilled, and observed by the lessor under the Leases on or after the Effective Date.

7. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

8. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

9. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

10. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

Exhibit C

11. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

**RETAIL OPPORTUNITY INVESTMENTS
CORP.**, a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

J-T PROPERTIES LTD.
, a Washington limited
partnership

By: Tamstepp Properties LLC, a
Washington limited liability
company

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

EXHIBIT D
Assignment of Contracts and Warranties

ASSIGNMENT OF CONTRACTS AND WARRANTIES

THIS ASSIGNMENT OF CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between J-T Properties Ltd., a Washington limited partnership ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

A. Assignor is a party to the contracts and warranties listed on the attached Schedule D-1 (the "Contracts and Warranties") with respect to the real property located at 5000 N. E. 4th Plain Blvd., Vancouver, Washington (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest under the Contracts and Warranties to Assignee and Assignee has agreed to assume Assignor's obligations under the Contracts and Warranties, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties.

2. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the Contracts and Warranties and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by Assignor under the Contracts and Warranties.

3. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit D

4. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee), indemnify, and hold harmless Assignee, its partners and their respective officers, directors, employees, agents, representatives, successors, and assigns and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or based upon Assignor's failure to keep, perform, fulfill and observe any of the terms, covenants, obligations, agreements, and conditions required to be kept, performed, fulfilled, and observed by Assignor under the Contracts and Warranties prior to the Effective Date.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or based upon Assignee's failure to keep, perform, fulfill and observe any of the terms, covenants, obligations, agreements, and conditions required to be kept, performed, fulfilled, and observed by Assignee under the Contracts and Warranties on or after the Effective Date.

6. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

8. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

9. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

Exhibit D

10. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

**RETAIL OPPORTUNITY INVESTMENTS
CORP.**, a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

J-T PROPERTIES LTD.
, a Washington limited
partnership

By: Tamstepp Properties LLC, a
Washington limited liability
company

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D

EXHIBIT E

Confirmation Of Contingency Periods

The parties acknowledge that the deadlines for the contingency periods in the Purchase and Sale Agreement dated _____, 20____ between J-T Properties Ltd. ("Seller") and Retail Opportunity Investments Corp. ("Buyer") are as follows:

EVENT	EXPIRATION DATE
Contingency Period	_____
Extension Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation

J-T PROPERTIES LTD., a Washington limited partnership

By: _____
Name: _____
Title: _____
Date of Signature: _____

By: Tamstepp Properties LLC, a Washington limited liability company

By: _____
Name: _____
Title: _____
Date of Signature: _____

EXHIBIT F

Memorandum of Purchase and Sale Agreement

Recorded at the Request of
and after Recording Return to:

Kenneth S. Antell
Dunn Carney Allen Higgins & Tongue LLP
851 SW Sixth Avenue, Suite 1500
Portland, Oregon 97204

**MEMORANDUM OF PURCHASE AND SALE AGREEMENT
(Real Property)**

This Memorandum of Purchase and Sale Agreement ("Memorandum") is made as of this ____ day of _____, 20____, by and between J-T Properties Ltd., a Washington limited partnership ("**Seller**") and Retail Opportunity Investments Corp., a Delaware corporation ("**Buyer**"), who agree as follows:

1. Purchase Agreement; Property. Seller has entered into a Purchase and Sale Agreement with Buyer dated as of _____ (the "Purchase Agreement"), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase the property legally described on Schedule A hereto (the "Property"), subject to the terms and conditions set forth in the Purchase Agreement. The provisions of the Purchase Agreement are incorporated herein.

2. Term of Agreement. Buyer's obligations under the Purchase Agreement are subject to satisfaction of certain conditions set forth in the Purchase Agreement within twenty-one (21) days after receipt of documents from Seller. Notwithstanding any provisions to the contrary, if Buyer has not purchased the property on or before September 30, 2010, this Memorandum shall terminate and be of no further force and effect.

3. Provisions Run with Land and Binding on Parties. All of each party's covenants under the Purchase Agreement, both affirmative and negative, are intended to and shall run with the Property and shall bind each party and its successors, and shall inure to the benefit of the other party and its successors.

4. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation to give notice of the Purchase Agreement. It shall not constitute an amendment or modification of the Purchase Agreement.

EXECUTED as of the date first above written.

SELLER:

J-T PROPERTIES LTD,
a Washington limited partnership

By: Tamstepp Properties LLC, a Washington
limited liability company

By: _____
Its: _____

BUYER:

RETAIL OPPORTUNITY INVESTMENTS
CORP., a Delaware corporation

By: _____
Its: _____

STATE OF _____)
) ss
County of _____)

This instrument was acknowledged before me on this day of _____, 20____, by _____ as _____ of _____, who being duly sworn acknowledged said instrument to be said corporation's voluntary act and deed.

Notary Public For _____

STATE OF _____)
County of _____) ss

This instrument was acknowledged before me on this day of _____, 20____, by _____ as _____ of Retail Opportunity Investments Corp., a Delaware corporation, who being duly sworn acknowledged said instrument to be said corporation's voluntary act and deed.

Notary Public For _____

SCHEDULE A
TO
MEMORANDUM OF PURCHASE AND SALE AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

A parcel of property in the J. Durgan Donation Land Claim in the West half of Section 19, Township 2 North, Range 2 East and the East half of Section 24, Township 2 North, Range 1 East of the Willamette Meridian, Clark County, Washington, described as follows:

COMMENCING at the Northeast corner of said Durgan Donation Land Claim; thence South 00°02'11" West along the East line of said Durgan Donation Land Claim, 395.22 feet to the Easterly extension of the South line of that tract conveyed by deed to Vancouver School District No. 37 recorded under Auditor's File No. F 98213 of Clark County records; thence North 89°51'38" West along said Easterly projection and said South line 37.53 feet to the Westerly right of way line of Stapleton Road and the True Point of Beginning; thence South 00°09'05" East along said West right of way line, 104.22 feet to the North line of that tract conveyed to John Piancantini by deed recorded under Auditor's File No. 8104240070 of Clark County records; thence South 70°04'22" West along said North line 135.00 feet to the Northwest corner of said Piancantini tract; thence South 00°09'05" East along the West line of said Piancantini tract 135.00 feet to the North right of way line of Fourth Plain Road; thence South 70°04'22" West along said North right of way line 853.71 feet to the East line of that tract conveyed to Arthur Falk by deed recorded under Auditor's File No. D 18787 of Clark County records; thence South 24°03'06" East along said East line 10.03 feet to an angle point in said North right of way line; thence South 70°04'22" West along said North right of way line 155.01 feet to the West line of that tract conveyed to Savon Development Corporation by deed recorded under Auditor's File No. 8401060079 of Clark County records; thence North 24°03'06" West along said West line of the Savon tract 270.46 feet to the South line of Fulkerson Avenue; thence North 69°49'27" East along said line 127.90 feet; thence North 34°02'06" West 387.37 feet; thence North 70°04'22" East 500.74 feet to the Southwest corner of that tract conveyed to Kenneth Barnes by deed recorded under Auditor's File No. G 762238 of Clark County records; thence North 72°45'38" East along the South line of said Barnes tract 214.76 feet to the West line of Parcel I of those tracts conveyed to Kenneth Barnes by deed recorded under Auditor's File No. 7809150006 of Clark County records; thence South 19°43'38" East along said West line of Parcel I a distance of 100.63 feet to the South line of said Parcel I; thence North 70°16'22" East along said South line 121.50 feet to the West line of said Vancouver School District No. 37 tract, recorded under Auditor's File No. F 98213; thence South 21°18'08" East along said West line 200.13 feet to the South line of said Vancouver School District No. 37 tract; thence South 89°51'38" East along said South line 321.66 feet to the True Point of Beginning.

EXCEPT that portion of General Anderson Avenue conveyed to the City of Vancouver by deed recorded under Auditor's File No. 9508010225.

INCLUDING those portions of Spaulding Avenue and Fulkerson Avenue lying within the above described boundary lines which were vacated by Ordinance No. 3189 and recorded under Auditor's File No. 9507050177.

EXHIBIT G

8-K and Audit Requirements

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer or its outside third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; provided, however, that in any such event(s), Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Buyer and the Accountants may require in order to comply with (a), (b) and (c) above. Seller shall provide the following information and documentation on a per-building basis, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;
2. Seller's written analysis of both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash receipt journal(s) and bank statements for the Property;
7. Seller's general ledger, including balance sheet and profit and loss statements, with respect to the Property for the last twelve (12) month period, excluding Seller's proprietary accounts (in both hard copy and Excel format, if available);
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;

9. Schedule of those items of repairs and maintenance performed by or at the direction of the Seller during the Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year;
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions;
13. Insurance bills for the last twelve (12) month period; and
14. Copies of service contracts, such as cleaning, maintenance, snow removal, rubbish removal, security, construction and property management.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon at least twenty (20) days prior written notice and not more than once during the one (1) year period, upon Buyer's request, for a period of one (1) year after Closing, Seller shall on a one (1)-time basis only, make Seller's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Seller to be privileged, available to Buyer for inspection, copying and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing.

Exhibit G

EXHIBIT H

List of Seller's Documents

- A. Complete copy of all leases, including addenda and amendments.
- B. 2008 and 2009 year end operating statements and 2010 year to date operating statement.
- C. 2008 and 2009 CAM reconciliation statements and 2010 CAM estimates by tenant
- D. 2010 budget.
- E. Current rent roll.
- F. Copies of all CC&R's affecting the Property.
- G. Aged delinquency status by tenant.
- H. Real estate tax statement for current tax year.
- I. Copies of all service contracts.
- J. The most current certified property survey.
- K. A copy of all reports and studies relating to the environmental, soils, geotechnical, and ground water conditions or the presence or use of any toxic or hazardous substance.
- L. Inspection reports, such as roof, mechanical, electrical, plumbing, fire/life/safety systems, and structural.
- M. Copy of casualty, liability and other insurance certificates carried by Seller and tenants relating to the Property.
- N. Tenant sales for the last three years.
- O. Building drawings.
- P. Certificates of occupancy.
- Q. Copies of all pertinent loan documentation including, among other things, promissory note, deed of trust, and reserve account information, if applicable.
- R. Most recent title report, if available.

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 15th day of June, 2010 by and between 162nd & Fourth Plain, LLC, a Washington limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in the land and all improvements thereon, including an approximately 107,471 square foot shopping center, commonly known as Heritage Market Center located at 6700 NE 162nd Avenue, Vancouver, Washington, the legal description of which is attached as **Exhibit A** (the "Property"). If no legal description is attached, then the legal description of the Property shall be as contained in the Preliminary Commitment (defined in Section 5), subject to Buyer's and Seller's reasonable approval.

B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes the personal property used in the operation of the Property, which shall be conveyed to Buyer at closing pursuant to a bill of sale in the form attached as **Exhibit B**. The list of personal property to be conveyed shall be provided by Seller to Buyer within ten (10) days after the Effective Date (as defined in Section 3). The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties related to the improvements on the Property.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be TWENTY MILLION FORTY-SEVEN THOUSAND THREE HUNDRED NINETY-NINE and 00/100 DOLLARS (\$20,047,399.00). At closing, Buyer will assume Seller's obligations on an existing loan from Berkadia Commercial Mortgage LLC, as Master Servicer for Bank of America, N.A. as successor by merger to LaSalle Bank, N.A. Trustee for Morgan Stanley Dean Witter Capital, Inc. Comm. Mtg. Pass-Thru Certs Series 2002-IQ3, secured by the Property with a total current balance of approximately ELEVEN MILLION SIX HUNDRED NINETY-FOUR THOUSAND and 00/100 DOLLARS (\$11,694,000.00) (the "Assumed Loan") and obtain the release of Seller from all recourse obligations under the Assumed Loan arising after closing. The total balance of the Assumed Loan shall be applied to the Purchase Price and Buyer will pay the remainder of the Purchase Price in cash at closing.

2.1 **Buyer's Costs.** At closing, Seller shall pay from Seller's funds in escrow Buyer's costs and expenses incurred in connection with this transaction, including, but not limited to, Buyer's costs for due diligence, survey, environmental, title, transfer taxes, and legal fees, in an amount not to exceed \$46,569.00. Buyer shall be responsible for its transaction costs in excess of such amount.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay FOUR HUNDRED FORTY THOUSAND and 00/100 DOLLARS (\$440,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon (the "Title Company"), 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attention: Rachael Bushnell, and shall be deposited into an interest-bearing escrow account with the Title Company in accordance with the terms of this Agreement. Upon Buyer's waiver of its conditions set forth in Sections 6.1 through 6.3, Buyer shall deposit an additional FOUR HUNDRED FORTY THOUSAND and 00/100 DOLLARS (\$440,000.00) in escrow as additional Earnest Money. All Earnest Money shall be applied to the payment of the Purchase Price at closing. Any interest earned on the Earnest Money shall be part of the Earnest Money. All Earnest Money shall be returned to Buyer in the event any due diligence condition set forth in Sections 6.1, 6.2, 6.3 or 6.4 or any closing condition set forth in Sections 6.5, 6.6, 6.7, 6.8, 6.9 or 6.10 to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation, or default by Seller.

4. **Survey and Environmental Assessments.** During the Contingency Period (as defined in Section 6), Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. The scope and manner of the Phase II environmental site assessment shall be subject to the prior written approval of Seller in its sole discretion. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments. Seller shall provide Buyer with all as-built plans and specifications for the Property in Seller's possession or control, and Seller shall facilitate access to the Property by Buyer's surveyor, consultants and representatives. Seller shall provide Buyer and its environmental consultant with copies of any environmental reports, assessments or other information in Seller's possession or control concerning the Property.

5. **Title Documents.** On or before the fifth (5th) day following the Effective Date, Seller shall deliver to Buyer a preliminary commitment for title insurance issued by Title Company (the "Preliminary Commitment"), along with all documents, whether recorded or unrecorded, referred to in the Preliminary Commitment ("Title Documents"). Buyer shall have until five (5) days following Buyer's receipt of the Preliminary Commitment and the Title Documents to give Seller written notice of Buyer's disapproval of any condition or exception to title affecting the Property ("Buyer's Title Notice"). If Buyer disapproves of any such matter of title, then, within five (5) days after Seller's receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved title conditions and exceptions, if any, that Seller elects to eliminate from the title policy and as exceptions to title, or

otherwise to correct. Seller's failure to deliver Seller's Title Notice within such five (5)-day period shall be deemed Seller's election not to eliminate from the title policy the title conditions and exceptions noted in Buyer's Title Notice. If Buyer approves of Seller's Title Notice, Seller shall eliminate from the title policy, by the Closing Date, those disapproved title conditions and exceptions that Seller has elected to eliminate in Seller's Title Notice, and any failure to eliminate such exceptions or cure such objections shall constitute a default by Seller giving rise to the rights established pursuant to Section 16 below. If Buyer does not approve of Seller's Title Notice, this Agreement shall terminate as provided in Section 7. All title exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be "Permitted Exceptions."

6. **Buyer's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Buyer and may be waived only by Buyer and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Buyer. Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.1 through 6.4 not later than twenty-one (21) days after the mutual execution of this Agreement (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.5 to 6.10 on or before the Closing Date.

6.1 **Review and Approval of Documents and Materials.** On or before the expiration of the Contingency Period, Buyer shall have approved any documents and materials delivered by Seller to Buyer pursuant to this Section. Unless otherwise noted below with respect to any specific item, within five (5) days after the Effective Date of this Agreement, Seller shall deliver to Buyer, for Buyer's review and approval, the following documents and materials respecting the Property, which are in Seller's possession, custody or control (collectively, the "Seller's Documents"):

6.1.1 A current accounts receivable report for the Property.

6.1.2 A current rent roll for the Property.

6.1.3 Real and personal property tax statements for the most recent tax year.

6.1.4 All environmental reports, studies and assessments concerning the Property.

6.1.5 All soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property.

6.1.6 Any CC&Rs, management agreements, commission agreements or other agreements relating to all or any portion of the Property.

6.1.7 All tenant leases and other occupancy or use agreements and any amendments thereto concerning the Property (the "Leases") and a current rent roll and aged receivables report for the Property.

6.1.8 Operating statements, sales history reports and CAM reconciliations for the Property for the current year to date, and the previous three (3) calendar years.

6.1.9 All certificates of occupancy for the Property.

6.1.10 All service contracts and all construction and equipment warranties that are still in effect.

6.1.11 All documents related to the Assumed Loan.

In addition to hard copies of the above documents, Seller shall also make available to Buyer within five (5) days after the Effective Date, electronic copies of the following documents related to the Property: all current leases (with amendments, modifications, extensions, and assignments and subleases); the last two (2) years' CAM reconciliations; a current rent roll, and the current year's operating budget for the Property.

Also, Seller shall make available to Buyer at Seller's office all tenant lease files containing tenant financials, tenant correspondence and such other records and documents as Buyer deems necessary for its due diligence review of the Property.

6.2 Inspections. During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer's sole discretion. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geo technical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this Agreement and the Property with third parties, including lenders, contractors and government officials and representatives.

6.3 Financing. On or before the expiration of the Contingency Period, Buyer's satisfaction with Buyer's financing, including, without limitation, the terms and conditions of the Assumed Loan.

6.4 Intentionally Deleted.

6.5 Audit Inquiry and SEC Compliance. On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 6.4. Seller acknowledges that Buyer may be required to make certain filings with the Securities and Exchange Commission (the "SEC Filings") that relate to the most recent preacquisition fiscal year and the

current fiscal year through the date of acquisition for the Property. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto. In that regard, Seller acknowledges that as a REIT, Buyer will be required after the Closing to comply with certain requirements of the Securities and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in **Exhibit G** attached hereto and made a part hereof in order to facilitate such compliance by Buyer; provided that, notwithstanding anything contained in this Agreement or in **Exhibit G** to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof or required to incur any costs in connection therewith. The foregoing covenant of Seller (but not the condition to Buyer's obligation to close) shall survive the Closing for a period of one (1) year.

6.6 No Material Changes. On and as of the Closing Date, there shall have been no material adverse changes in the physical or economic condition of the Property, other than such changes as may be contemplated by this Agreement.

6.7 Representations, Warranties and Covenants of Seller. On and as of the Closing Date, Seller shall have duly and timely performed each and every material agreement to be performed by Seller hereunder and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.8 Assumed Loan. As of the Closing Date, Buyer shall have assumed Seller's obligation under the Assumed Loan, and all required approvals from Seller's lender shall have been obtained. Seller shall reasonably cooperate and assist with obtaining the consent of its lender to Buyer's assumption of the Assumed Loan.

6.9 Estoppel Certificates. On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in commercially reasonable form for all tenants of the Property occupying 4,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder except as stated in such estoppel certificates, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 75% of all other specialty store tenants of the Property. Seller shall send such estoppel certificates to such tenants within two (2) days after the expiration of the Contingency Period. If Seller is unable to provide an estoppel certificate from any of the above tenants, Seller will provide Buyer with a landlord's form of estoppel certificate certifying the same information on or before the Closing Date.

6.10 Title Insurance. On and as of the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy set forth in Section 11 to Buyer.

7. Termination. If any condition set forth in Section 6.1 is not timely satisfied or waived by Buyer in writing for any reason, this Agreement shall automatically terminate. If the condition set forth in Section 18.21 below is not timely satisfied or waived by Seller in writing for any reason, this Agreement shall automatically terminate. Upon any such termination, all Earnest Money shall be immediately refunded to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein.

8. Representations and Warranties.

8.1 **Seller's Representations and Warranties.** Seller represents and warrants (which representations and warranties are true and correct on and as of the date of this Agreement and shall be true and correct in all material respects on and as of the Closing Date) to Buyer that:

8.1.1 **Fee Title.** Seller is the sole current legal and beneficial fee simple title holder of the Property and has the authority and power to enter and execute this Agreement and convey the Property to Buyer free and clear of the claims of any third party or parties (including, without limitation, any elective share, dower, curtesy or community property rights of any spouse) created or suffered by Seller, except for the Permitted Exceptions without further authorization or signature of any other person;

8.1.2 **Leasing Commissions.** There are as of the date hereof, and there shall be on the Closing Date, no leasing commissions due or owing, or to become due and owing, in connection with any leases, licenses or other occupancy agreements in connection with the Property except in connection with a New Lease consented to by Buyer.

8.1.3 **Leases.** There shall be on the Closing Date, no leases, licenses or other occupancy agreements in connection with the Property except for the Leases included in the Seller's Documents and any New Leases (as defined in Section 9.2).

8.1.4 **Condemnation.** Seller has no knowledge of and has received no written notice of any pending or contemplated condemnation proceedings affecting all or any part of the Property.

8.1.5 **Structural.** Seller has no actual knowledge of any material structural defects in the building or improvements on the Property or any major repairs required to operate the building and/or improvements in a lawful and safe manner.

8.1.6 **Zoning/Violations.** There is not now pending nor, to Seller's knowledge, are there any proposed or threatened proceedings for the rezoning of the Property or any portion thereof. During the period of Seller's ownership of the Property, Seller has no knowledge of and has received no written notice that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, the improvements located thereon and any parking areas.

8.1.7 **Permitted Exceptions.** Seller has performed all obligations under and is not in default in complying with the terms and provisions of any of the covenants, conditions, restrictions, rights-of-way or easements constituting one or more of the Permitted Exceptions existing as of the date hereof.

8.1.8 **Permits.** To Seller's knowledge, all permits, licenses, authorizations and certificates of occupancy required by governmental authorities for

Seller's management, occupancy, and operation of the Property are in full force and effect.

8.1.9 **Litigation.** No proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of, any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. ("Bankruptcy Code"), or under any other federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

8.1.10 **FIRPTA.** Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.11 **Development.** Except as may be contained in the Permitted Exceptions, Seller has not entered into any written agreement currently in effect with a third party, including, without limitation, any governmental authority, relating to any development of the Property, and Seller has received no notice and otherwise has no knowledge of any restrictions on the ability of the Seller to develop or expand any portion of the Property in the future, other than as may be set forth in zoning and other applicable laws, ordinances, rules and regulations or any land use decisions or approvals relating to the Property.

8.1.12 **Agreements.** Seller is not a party to, and has no knowledge of, any agreements relating to the Property currently in effect other than the contracts provided to Buyer contained in the Seller's Documents and the Permitted Exceptions.

8.2 **Buyer's Representations and Warranties.** As of the Effective Date of this Agreement, Buyer represents and warrants to Seller that Buyer (i) is duly organized and existing under the laws of the State of Delaware; (ii) is authorized to enter into the transaction contemplated in this Agreement; (iii) has the power and authority to enter into this Agreement; and (iv) has not filed voluntarily or involuntarily, for bankruptcy relief within the six (6)-month period preceding the date hereof.

9. Maintenance of Property/Insurance/Leasing.

9.1 **Operation and Maintenance.** From and after the Effective Date through closing or the earlier termination of this Agreement, Seller shall: (a) manage, maintain, operate, and service the Property, including the negotiation and execution of new leases and modifications, extensions and renewals of existing Leases (each a "New Lease" and collectively, the "New Leases"), consistent with its current operations; (b) keep the Property and every

portion thereof in reasonably good working order and repair; (c) maintain Seller's current property damage insurance on the Property; and (d) not make any material alterations to the Property (except for tenant improvements currently in progress or tenant improvements required under any New Lease consented to by Buyer) or remove any personal property owned by Seller therefrom used in the operation of the Property unless the personal property is lost, stolen, irreparably damaged, or replaced with property of similar quality and quantity.

9.2 New Leases. From and after the Effective Date through the closing or earlier termination of this Agreement, Seller shall provide Buyer with copies of any letters of intent for New Leases signed by the prospective tenant (or if no letter of intent is available, a written description of the material terms of the New Lease including the name of the tenant; the square footage and location of the leased premises; the term; any free rent or other lease incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligations) prior to executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld. Buyer shall be responsible for the tenant improvement and lease commission costs under any New Lease consented to by Buyer.

9.3 Assignment of Lease. At Closing, Seller shall assign and Buyer shall assume Seller's obligations under all Leases and New Leases, pursuant to an assignment of leases in the form attached as **Exhibit C** (the "Assignment of Leases").

9.4 Service Contracts. Seller shall not extend, renew, modify, or replace any service contracts for the Property without the prior written consent of Buyer.

9.5 Assignment of Service Contracts. At Closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property to the extent assignable, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties").

10. Closing.

10.1 Closing Date. The purchase and sale of the Property will be closed on or before a date which is not more than seven (7) days after Buyer receives loan assumption approval and all necessary loan assumption documents from Seller's lender with respect to the Assumed Loan but in no event later than sixty (60) days after the expiration of the Contingency Period (the "Closing Date"), or at such other time as the parties may mutually agree.

10.2 Manner and Place of Closing. This transaction will be closed in escrow at the offices of Title Company at the address set forth above, or at such other place as the parties may mutually agree. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

10.3 Prorations, Adjustments. All the then current year's ad valorem real property taxes and current utility expenses, and all income under any agreement concerning the Property that Buyer has approved to survive closing, and all rent and other expenses paid by

tenants under the Leases for the month in which closing occurs shall be prorated and adjusted between the parties as of the Closing Date. Rent and other expenses payable by tenants under the Leases which is delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. Buyer and Seller shall each pay fifty percent (50%) of a one percent (1%) loan assumption fee. Seller shall pay fifty percent (50%) of any other charges assessed by Seller's lender, its servicing agent or other affiliate in connection with the assignment and assumption of the Assumed Loan not to exceed \$5,000. Buyer and Seller shall each pay one hundred percent (100%) of their own costs associated with assuming the Assumed Loan. At closing, if all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any deferred tax, roll-back tax, special assessment and related charge, fine, penalty or other amount regardless of the period to which the same relates. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. Also, at closing, Buyer shall receive a credit for any tenant security deposits and Seller shall receive a credit for any lender tax escrow accounts, capital replacement reserve accounts, lease cancellation reserve accounts and leasing reserve accounts related to the Assumed Loan. The final year-to-date tenant operating expense reconciliation adjustment figures shall be finalized and adjusted between the Buyer and Seller post closing.

10.4 Closing Events. Provided the Title Company has received the sums and is in a position to cause title to the Property to be conveyed to Buyer and the Title Policy to be issued as described herein, this transaction will be closed on the Closing Date as follows:

10.4.1 The Title Company will perform the prorations described in Section 10.3, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash, less the then current balance due on the Assumed Loan, and less deposits held by Seller under the Leases, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of all Earnest Money previously paid and all interest accrued thereon.

10.4.3 Buyer and Seller shall execute and deliver the Assignment of Leases and Assignment of Contracts and Warranties.

10.4.4 Seller shall execute and deliver a statutory special warranty deed (the "Deed") conveying and warranting to Buyer fee simple title in the Property free and clear of all liens and encumbrances created or suffered by Seller except the Permitted Exceptions. The conveyance shall be free from community property, dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to Buyer good and marketable title to all the Property free and clear of all liens, encumbrances and defects except the Permitted Exceptions.

10.4.5 The Title Company will deliver its commitment letter committing to issue the policy described in Section 11 upon recordation of the closing documents. Seller shall pay the title insurance premium for an ALTA standard coverage owner's policy in the amount of the Purchase Price and the charges for obtaining and recording

instruments required to clear title. Buyer shall pay any additional premium for additional coverages and endorsements requested by Buyer.

10.4.6 The Title Company will record the Deed and Buyer shall be responsible for the standard recording fees of the recorder therefor.

10.4.7 The escrow fee shall be divided equally between the parties.

10.4.8 Seller shall deliver to the Title Company and Buyer at closing an affidavit certifying that there are no unrecorded leases or agreements upon the Property, that there are no mechanics' or statutory liens against the Property (or any claims to such liens) and that Seller is not a "foreign person" under FIRPTA and any similar state law in form satisfactory to Buyer.

10.4.9 Seller shall have complied with all requirements of the state of Washington for the recording of the Deed.

10.5 **Seller's Assistance with Transition.** Promptly after Closing, Seller shall instruct its property manager to promptly deliver letters to each tenant notifying them of the change in ownership of the Property and the address for future rent payments to be sent, which address will be provided by Buyer. Buyer shall approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership transition issues, at no additional cost or liability to Seller, other than nominal additional administrative and legal costs, for a period of up to 60 days after Closing; provided, that if the management agreement between Buyer and Seller described in Section 10.6 below becomes effective, then Seller's obligations in this sentence above shall be replaced by the terms and conditions of the management agreement.

10.6 **Seller's Post-Closing Development Facilitation and Management Duties.** Unless Gramor Development, Inc. ("Gramor") elects by written notice to Buyer given before the expiration of the Contingency Period not to perform such limited development facilitation and management services with respect to the Property, Gramor shall perform certain limited development facilitation and management services with respect to the Property (including tenant coordination, managing the maintenance, repair and operation of the Property, but excluding accounting and leasing services) during the one-year period following the Closing Date for payment in the amount of \$2,155 per month. Unless Gramor timely gives such election notice, then Buyer and Gramor shall execute a development facilitation and management agreement in the form attached as **Exhibit F** at closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Seller shall furnish Buyer with an ALTA standard coverage owner's policy of title insurance (2006 form) in the amount of the Purchase Price, together with such additional coverages and endorsements, as Buyer may require, including extended coverage, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions (the "Title Policy"); provided, however that, consistent with Section 10.4.5 above, Seller shall be required to pay only the cost of the ALTA standard owner's policy in the amount of the Purchase Price, and Buyer shall pay additional charges for such coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date subject to tenancies under the Leases and New Leases. The respective rights and obligations of the parties not satisfied at or before Closing shall survive the delivery of the Deed and shall be binding upon and inure to the benefit of the parties and their respective heirs, assigns, successors, administrators and executors. Each of Seller's representations, warranties and covenants shall be deemed reaffirmed as of the Closing Date and each of the representations, warranties and covenants shall survive closing and delivery of the Deed for one (1) year.

13. Environmental Matters.

13.1 **Representations and Warranties.** Seller represents and warrants to Buyer (which representations and warranties are true and correct as of the date hereof and shall be true and correct in all material respects on and as of the Closing Date) that:

(a) To Seller's knowledge, during Seller's ownership of the Property there have been no: (A) claims, complaints, notices, or requests for information received by Seller with respect to any alleged violation of any Environmental Law (as defined below) with respect to the Property, or (B) claims, complaints, notices, or requests for information to Seller regarding potential or alleged liability under any environmental law with respect to the Property.

(b) To Seller's knowledge, no conditions exist at, on, or under the Property that would constitute a Hazardous Condition (as defined below).

(c) To Seller's knowledge, Seller is in compliance with all orders, directives, requirements, permits, certificates, approvals, licenses, and other authorizations relating to Environmental Laws with respect to the Property.

13.2 Definitions.

(a) Environmental Law shall mean (i) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

(b) Hazardous Condition shall mean any condition caused by a legally reportable release of Hazardous Material to soil, surface water or groundwater on, in, under or about the Property that occurred during Seller's ownership of the Property such that the presence

on, in, under or about the Property (including groundwater and surface water) of the Hazardous Material obligated or obligates the Seller to perform removal or remedial action under any applicable Environmental Law in effect prior to or as of Closing.

(c) Hazardous Materials shall mean any chemical, substance, waste, material, equipment or fixture defined as or deemed hazardous, toxic, a pollutant, a contaminant, or otherwise regulated under any Environmental Law, including, but not limited to, petroleum and petroleum products, waste oil, halogenated and non-halogenated solvents, PCBs, and asbestos containing material.

14. Condition of Property. Except for Seller's representations and warranties set forth in this Agreement, Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property. Buyer hereby releases and waives any claim whenever arising against Seller or its agents, brokers, heirs, successors, assigns, employees, affiliates, contractors, representatives, officers, directors, members and managers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the Property at any time before this sale is final, and their insurers and reinsurers (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time, except for Seller's breach of its representations and warranties set forth herein and Seller's fraud. This waiver is absolute and unconditional, and this release and waiver applies whether or not Buyer has knowledge of any actual or potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent misrepresentation, defective construction, breach of contract or express or implied warranty, unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. This waiver includes, without limitation, claims relating to construction defects, design defects, inspection defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the Property; products or conditions in the Property, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Buyer acknowledges that Seller would have required a significantly higher purchase price for the Property if Buyer refused to accept the Property on such basis, required any further warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Buyer, and its agents, employees, contractors, representatives, officers, directors, shareholders, property managers, brokers, heirs, successors, assigns, affiliates, tenants and invitees. This waiver shall act as a complete bar and defense against any released or waived claim. Buyer agrees to require this release and waiver be included as a term in any future sale or lease of the Property, and that Buyer shall indemnify, defend, reimburse and hold the Seller Parties harmless from any claim, suit, demand, damage, liability or expense resulting from the failure to do so. **Buyer acknowledges that Buyer has read and understands this waiver, that it has had an opportunity to seek and consult counsel regarding this waiver.**

15. Condemnation or Casualty. If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by

written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) the Purchase Price shall be reduced by the portion of the taking award or casualty insurance proceeds attributable to the portion of the Property taken or destroyed, as the case may be. Seller will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. Legal and Equitable Remedies.

16.1 Default by Seller. In the event that the transaction fails to close by reason of any default by Seller, all Earnest Money shall be returned to Buyer and Buyer shall be entitled to pursue any other remedy available to it at law or in equity, including (without limitation) the remedy of specific performance.

16.2 Default by Buyer. In the event that this transaction fails to close by reason of any default by Buyer, all Earnest Money shall be forfeited by Buyer and released from escrow to Seller. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BY REASON OF A DEFAULT BY BUYER HEREUNDER, THEN BUYER SHALL HAVE NO FURTHER RIGHT TO PURCHASE ALL OR ANY PORTION OF THE PROPERTY FROM SELLER, AND SELLER SHALL BE ENTITLED TO RECEIVE FROM BUYER THE EARNEST MONEY AS SELLER'S LIQUIDATED DAMAGES. THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT. IN ADDITION, BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT, AND SELLER DESIRES TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER WERE REQUIRED TO FILE A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. THEREFORE, THE PARTIES AGREE THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH FAILURE, AND SHALL BE SELLER'S SOLE REMEDY, EXCEPT FOR BUYER'S OBLIGATIONS TO INDEMNIFY SELLER AS PROVIDED IN THIS AGREEMENT, WHICH SHALL REMAIN REMEDIES OF SELLER IN ADDITION TO LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED TO BE AND SHALL NOT CONSTITUTE A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE AND REPRESENT LIQUIDATED DAMAGES TO SELLER. BY PLACING THEIR INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE IN THIS SECTION AND THE FACT THAT SUCH PARTY WAS REPRESENTED BY COUNSEL OF ITS OWN CHOOSING WHO, AT THE TIME THIS AGREEMENT WAS MADE, EXPLAINED THE CONSEQUENCES OF THIS SECTION TO IT. THIS SECTION DOES NOT LIMIT BUYER'S OBLIGATIONS WHICH,

AS OTHERWISE PROVIDED HEREIN, SURVIVE THE TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS: /s/ ST

SELLER'S INITIALS: /s/ BC

17. Indemnification.

17.1 Seller hereby agrees to indemnify and hold Buyer harmless from and against: (i) any loss, cost, liability or damage suffered or incurred because any representation or warranty by Seller shall be materially false or misleading; (ii) any loss, cost, liability or damage suffered or incurred because of the nonfulfillment of any agreement on the part of Seller under this Agreement; and (iii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Buyer in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

17.2 Buyer hereby agrees to indemnify and hold Seller harmless from and against any loss, cost, liability or damage to person or the improvements at the Property suffered or incurred by Seller as a result of Buyer's or its agents' entry onto the Property prior to closing (provided, however, in no event shall Buyer be responsible for any damage, loss or liability to the extent resulting from a condition existing at the Property prior to Buyer's entry thereon), and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Seller in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

18. Miscellaneous.

18.1 **Partial Invalidity.** In the event and to the extent any provision of this Agreement, or any instrument to be delivered by Buyer at closing pursuant to this Agreement, is declared invalid or is unenforceable for any reason, such provision shall be deemed deleted and shall not invalidate any other provision contained in any such document.

18.2 **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

18.3 **Survival of Representations.** Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for one (1) year, except as otherwise set forth herein.

18.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

18.5 **Exchange.** Buyer will cooperate with Seller to allow Seller to accomplish an IRC Section 1031 exchange; provided Buyer will not be required to delay the closing or incur expenses other than nominal additional legal costs.

18.6 **Notices.** All notices under this Agreement shall be in writing and hand either delivered, which shall be effective upon such delivery, or sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit with postage prepaid in the United States Mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy or similar means, if a copy of the notice is also sent by United States first-class mail in which case the notice shall be deemed delivered upon transmission if sent before 5 p.m. Pacific Time or the next business day, if sent after 5 p.m. Pacific Time, as follows:

If to Buyer:	Retail Opportunity Investments Corp. 3 Manhattanville Road, 2 nd Floor Purchase, New York 10577 Telephone: 914/272-8080 Facsimile: 914/272-8088 Attention: Richard Schoebel
With a copy to:	Dunn Carney Allen Higgins & Tongue LLP 851 SW Sixth Avenue, Suite 1500 Portland, OR 97204-1357 Telephone: 503/224-6440 Facsimile: 503/224-7324 Attention: Kenneth S. Antell
If to Seller:	Barry A. Cain 162 nd & Fourth Plain LLC c/o Gramor Development 19767 SW 72 nd Avenue, Suite 100 Tualatin, OR 97062 Phone: (503) 245-1976 Fax: (503) 654-9188
With a copy to:	Stoel Rives LLP 900 S.W. Fifth Avenue Suite 2600 Portland, OR 97204 Telephone: (503) 294-9216 Facsimile: (503) 220-2840 Attention: Thomas R. Page

The addresses above may be changed by written notice to the other party.

18.7 **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

18.8 **Modification.** This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18.9 **Entire Agreement.** This Agreement (including any exhibits attached hereto) contains the entire agreement between the parties and supersedes and replaces all written and oral agreements previously made or existing between the parties with respect to the subject matter of this Agreement.

18.10 **Brokers.** Seller is represented by Real Estate Investment Group in this transaction. Seller shall pay the commission owing to Real Estate Investment Group pursuant to a separate agreement. Buyer is not represented by a broker in this transaction. Each party will defend, indemnify and hold the other party harmless from any claim, loss or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of the indemnifying party's conduct.

18.11 **Drafting of Agreement.** The parties acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

18.12 **Counterparts/Facsimile.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Signatures by facsimile shall be binding as originals.

18.13 **Intentionally Deleted.**

18.14 **Governing Law.** This Agreement shall be construed, applied and enforced in accordance with the laws of the state in which the Property is located.

18.15 **Authority of Signatories.** The respective persons who have executed this Agreement on behalf of a party represent and warrant that they have been duly authorized to do so by such party and no other or further signature or approval is required to bind the party to this Agreement. All documents delivered at closing will be executed by a duly authorized person on behalf of such party.

18.16 **Assignment.** Buyer may assign this Agreement and Buyer's rights under this Agreement to an assignee owned or controlled by Buyer without Seller's consent. Except as provided above, neither party shall have the right to assign this Agreement or any of its rights or obligations hereunder to any person or other entity without the written consent of the other party, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer consents to an assignment by Seller to a third party exchange accommodator as part of an IRC Section 1031 exchange.

18.17 **Attorney Fees and Costs.** In the event either party breaches any obligation under this Agreement, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event any suit, action, or arbitration is instituted to enforce any term of this Agreement, the

prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such suit or action, and also any fees incurred in any bankruptcy matter, in addition to all other sums provided by law.

18.18 **Confirmation of Contingency Periods.** Promptly after the Effective Date of this Agreement, the parties shall execute a Confirmation of Contingency Periods in the form attached **Exhibit E**, setting forth the applicable deadlines for the contingencies set forth herein.

18.19 **Intentionally Deleted.**

18.20 **Calculation of Time Periods.** Whenever a time period is set forth in days in this Agreement, the first day from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday or legal holiday, including Sunday, in which event, the period runs until the end of the next day which is not a Saturday or legal holiday.

18.21 **Seller's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Seller and may be waived only by Seller and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Seller. Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date:

(a) Closing under that certain Purchase and Sale Agreement dated June 15, 2010 between Gramor Acme LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Happy Valley Town Center located at 15650–16126 Happy Valley Town Center Drive, Happy Valley, Oregon; and

(b) Closing under that certain Purchase and Sale Agreement dated June 15, 2010 between OC Point LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Oregon City Point located at 19502–19574 Molalla Avenue, Oregon City, Oregon.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate as of the day and year first above written.

**RETAIL OPPORTUNITY
INVESTMENTS CORP.,**
a Delaware corporation

By: /s/ Stuart A. Tanz
Name: Stuart A. Tanz
Title: CEO

Date of Signature: 6/11/10

162ND & FOURTH PLAIN, LLC,
a Washington limited liability company

By: Gramor Fourth Plain, LLC,
a Washington limited liability company,
Manager

By: Gramor Investments, Inc.,
an Oregon corporation
Manager

By: /s/ Barry A. Cain
Barry A. Cain, President

Date of Signature: 6/15/10

Exhibits:

Exhibit A	Property Description (Section A)
Exhibit B	Bill of Sale form (Section 1)
Exhibit C	Assignment of Leases (Section 9.3)
Exhibit D	Assignment of Contracts and Warranties (Section 9.5)
Exhibit E	Confirmation of Contingency Period (Section 18.19)
Exhibit F	Development Facilitation and Management Agreement (Section 10.6)
Exhibit G	8-K and Audit Requirements (Section 6.4)

EXHIBIT A
Property Description

Exhibit A

EXHIBIT B
Bill of Sale Form

BILL OF SALE

_____, a(n) _____ ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, transfer, convey and deliver to Retail Opportunity Investments Corp., a Delaware corporation ("Buyer"), its successors and/or assigns:

All the personal property owned by Seller (collectively, "Personal Property") located on or used in the operation of the real property commonly known as Heritage Market Center, including all personal property listed in the attached Schedule B-1.

Seller hereby covenants with Buyer that the Personal Property is free and clear of and from all encumbrances, security interests, liens, mortgages and claims whatsoever and that Seller is the owner of and has the right to sell same. Seller warrants and agrees to defend the title in and to the Personal Property unto Buyer, its successors or assigns against the lawful claims and demands of all persons claiming by or through Seller.

SELLER:

By: _____
Name: _____
Title: _____
Date: _____

BUYER:

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C
Assignment of Leases

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

1. A. Assignor, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property located at _____ (the "Property").
B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest as landlord under the Leases to Assignee and Assignee has agreed to assume the landlord's obligations under the Leases, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

2. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest as landlord under the Leases.

3. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the landlord's interest under the Leases and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by the landlord under the Leases.

4. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit C

5. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee) indemnify, and hold harmless Assignee, its partners, and their officers, directors, employees, agents, representatives, successors, and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed prior to the Effective Date.

6. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed on or after the Effective Date.

7. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

8. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

9. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

10. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

11. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit C

12. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

EXHIBIT D
Assignment of Contracts and Warranties

ASSIGNMENT OF CONTRACTS AND WARRANTIES

THIS ASSIGNMENT OF CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of this _____ day of _____, 20____, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

A. Assignor is a party to the contracts and warranties listed on the attached Schedule D-1 (the "Contracts and Warranties") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20____, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest under the Contracts and Warranties to Assignee and Assignee has agreed to assume Assignor's obligations under the Contracts and Warranties, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties.

2. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the Contracts and Warranties and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by Assignor under the Contracts and Warranties.

3. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20____ (the "Effective Date").

Exhibit D

4. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee), indemnify, and hold harmless Assignee, its partners and their respective officers, directors, employees, agents, representatives, successors, and assigns and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed prior to the Effective Date.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed on or after the Effective Date.

6. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

8. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

9. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

10. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit D

11. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D

EXHIBIT E

Confirmation Of Contingency Periods

The parties acknowledge that the deadlines for the contingency periods in the Purchase and Sale Agreement dated _____, 2010 between _____ (“Seller”) and Retail Opportunity Investments Corp. (“Buyer”) are as follows:

EVENT	EXPIRATION DATE
Contingency Period	_____
Extension Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation a(n) _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

EXHIBIT F

Development Facilitation and Management Agreement

THIS DEVELOPMENT FACILITATION AND MANAGEMENT AGREEMENT is entered into as of _____, 2010, by and between _____ (the "Company") and Gramor Development, Inc. ("Gramor").

The Company owns a shopping center on the Lands.

Gramor is experienced in the business of developing and managing shopping centers.

The Company desires to appoint Gramor to perform certain limited development facilitation and management services;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

Section 1. DEFINITIONS

1.1 **Definitions:** As used herein, the following terms shall have the following meanings:

1.1.1 "Agreement" shall mean this Operations Management Agreement;

1.1.2 "Budget" shall mean the budget for the operation and maintenance of the Project prepared by the Manager for approval by the Company all as more particularly set forth in Section 4.5 hereof;

1.1.3 "Building" shall mean the building or buildings constructed and located on the Lands;

1.1.4 "Commencement Date" shall mean the date in which the Company acquires ownership of the Shopping Center.

1.1.5 "Improvements" shall mean the Building, and all other fixtures, amenities and improvements constructed on the Lands in connection therewith;

1.1.6 "Lands" shall mean the parcels of land in _____ County, State of _____ described in attached Exhibit A;

1.1.7 "Line Item" shall mean each cost or expense set forth as a separate type or category of expense in the Budget, as set forth in Section 4.5 hereof;

1.1.8 "Manager" shall mean Gramor;

1.1.9 "Project" shall mean the Lands and Improvements;

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1.1.10 “Project Operating Expenses” shall mean all costs and expenses relating to the maintenance and operation of the Project, as set forth in a Budget pursuant to Section 4.5 hereof.

Section 2. APPOINTMENT

The Company hereby appoints Gramor as Operations Manager of the Project and Gramor agrees with the Company to accept such appointment and to superintend, inspect, manage and maintain the Project and do all acts and things with respect thereto.

Section 3. TERM

3.1 **Commencement Date**: The term of this Agreement shall commence upon the Commencement Date.

3.2 **Term**:

The term of this Agreement shall be for one (1) year from the Commencement Date unless terminated in accordance with the provisions of Sections 3.3 or 3.4. The term of this Agreement shall automatically terminate unless extended in writing by the Company and Gramor.

3.3 **Termination by Company**: The Company may elect, at its option, to terminate this Agreement and the appointment of Manager hereunder upon the occurrence of any of the following events, and in the manner set forth below:

3.3.1 In the event of: fraud, deceit, breach of trust, misappropriation of any funds of the Project or of the Company, commingling of any such funds with Manager’s own funds or funds held for others, or breach of fiduciary duties by Manager under this Agreement, the Company may terminate this Agreement by written notice to Manager specifying the effective date of termination with no opportunity to cure the default (the “Notice of Termination”).

3.3.2 In the event of any other failure of Manager to comply with the terms and provisions of this Agreement or the decisions or directives of the Company, then such failure shall be an event of default. The Company shall give Manager a written notice (“**Notice of Default**”) stating with reasonable particularity the failure(s) of performance or default(s) by Manager, and Manager shall have thirty (30) days after the effective date of the notice within which to cure same, or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If Manager does not cure the failure(s) of performance or

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default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, the Company may give Manager a Notice of Termination.

3.3.3 If Manager enters Bankruptcy (as that term is hereinafter defined), the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. Bankruptcy shall mean the filing of a voluntary petition in bankruptcy or the filing of an involuntary petition of bankruptcy and the failure to secure a dismissal of such petition within 30 days after filing.

3.3.4 In the event of a Transfer of all or substantially all of the Project to an unrelated third party, the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. For purpose of this Section 3.3, a "Transfer" is any sale, conveyance, exchange, or other conveyance or transfer of all or substantially all of the Project, and includes but is not limited to a voluntary transfer, a transfer in a foreclosure proceeding, a transfer or deed in lieu of foreclosure, or a taking in eminent domain proceedings, or a conveyance under threat of condemnation. A "Transfer" also includes the destruction of all or any material part of the net rentable area of the Project by fire or other casualty, whether or not such destruction is covered by insurance.

3.4 **Termination by Manager:** Manager may elect, at its option, to terminate this Agreement upon the occurrence of any of the following events, and in the manner set forth below:

3.4.1 In the event the Company enters Bankruptcy (as that term is defined in Section 3.3.3), Manager may terminate this Agreement by giving the Company a Notice of Termination as described in Section 3.3.1.

3.4.2 In the event of any failure of the Company to comply with the terms and provisions of this Agreement, then such failure shall be an event of default. Manager shall give the Company a Notice of Default, as described in Section 3.3.2, stating with reasonable particularity the failure(s) of performance or default(s) by the Company, and the Company shall have thirty (30) days after the effective date of the notice within which to cure such failure(s) or default(s), or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If the Company does not cure the failure(s) of performance or

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default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, Manager may give the Company a Notice of Termination.

3.4.3. The Manager may terminate this Agreement at any time by giving Company a Notice of Termination; provided, however, that the effective date of termination specified in such Notice of Termination shall be not less than sixty (60) days after the effective date of the notice.

Section 4. DUTIES AND RESPONSIBILITIES OF THE MANAGER

4.1 **General:** The Manager shall have full responsibility for the operation and maintenance of the Project during the term of this Agreement, and the Manager shall perform its duties and exercise the powers and authorities herein granted in an efficient and economical manner, for the account and at the expense of the Company (except where expressly provided to the contrary) subject to the direction of the Company and the terms and provisions of this Agreement.

4.2 **Maintenance and Repair:** The Manager shall, subject to the terms of this Agreement, keep the Project in first class operating condition and repair, and shall arrange for and supervise the making or installation of such maintenance, repairs, improvements (not including any tenant improvements except as provided in Section 4.3A below) and alterations as may be required.

4.3 Preparation of Budgets:

4.3.1 The Manager shall prepare and submit to the Company for approval a Budget for the operation and maintenance of the Project, which Budget is to be prepared and submitted at the times and covering the periods hereinafter described:

4.3.1.1 upon the Commencement Date, covering the balance of the calendar year after the Commencement Date;

4.3.1.2 at least forty-five (45) days prior to the end of the calendar year during the term of this Agreement, covering the remaining term of the Agreement.

4.3.2 Each Budget shall include, at a minimum, the following information:

4.3.2.1 a operating expense budget detailing on a month-by-month basis the projected operating costs and non-recoverable costs.

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4.3.2.2 a description of proposed maintenance, repairs or alterations.

4.3.2.3 a schedule of all Project Operating Expenses for the Project for the period covered by the Budget. Project Operating Expenses shall include, but not be limited to, the following:

4.3.2.3.1 all expenses relating to the providing of services for tenants of the Project;

4.3.2.3.2 any amounts payable to the Company;

4.3.2.3.3 fees for contract and professional services to be performed on behalf of the Project, the costs of which are to be borne by the Company;

4.3.3 Upon approval of such proposed Budget by the Company with such changes therein as the Company may indicate, the Manager shall not, during the period covered by such Budget, incur or pay any expense in the operating and maintenance of the Project which is not specifically or by category covered in the Budget, or which would result in the amount of authorized expenditures in any individual "Line Item" (except utilities and emergency expenditures) set forth in the Budget being exceeded by more than Three Thousand Dollars (\$3,000.00) provided that the Manager may make expenditures required in situations or circumstances deemed in the good faith judgment of the Manager to be an emergency, up to a maximum of Ten Thousand Dollars (\$10,000.00) per emergency situation. The Manager agrees in all such emergency situations to use its best efforts to contact the Company for its approval prior to such expenditure, or if not possible before such expenditure, then as soon thereafter as reasonably possible.

4.3A **Change of Manager's Duties.** The Company anticipates that over time the Company's need for the duties outlined above may change and that the Company may have a need for tenant coordination services from the Manager to assist the Company with the completion of the Company's construction obligations outlined in leases with new tenants. The Manager agrees that the Manager will provide such tenant coordination services in lieu, in whole or in part, of the duties enumerated above with the understanding that the value of said tenant coordination services, together with all other services that the Manager continues to provide hereunder, shall not exceed the compensation outlined above.

4.4 **Supplies and Equipment:** The Manager shall, if required, for the account and at the expense of the Company, purchase, provide and pay for all janitorial and maintenance supplies,

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tools and equipment, restroom and toilet supplies necessary to the efficient and economical operation and maintenance of the Project. All such supplies, tools and equipment shall be delivered to and stored on the Project and shall be used only in connection with the operation and maintenance of the Project. The Manager shall attempt to purchase all goods, supplies and services at the lowest cost available from reputable sources.

4.5 **Right to Contract on Behalf of Company:** Subject to the following provisions, the Manager shall have the right, subject to the terms of this Agreement, to contract on behalf of the Company for cleaning, maintenance, repair, security or any other services for the Project or any part or tenant thereof; provided that, all expenditures represented by such contracts are shown in the Budget, all such contracts are with “arms-length” third parties at market rates. Notwithstanding the foregoing Manager may contract with its own maintenance employees to provide some of the day-to-day maintenance and operation services provided the cost of such is comparable to other Portland-area third party services providers. The Manager shall include a provision in all such contracts requiring that the contractor carry Workmen’s Compensation Insurance in accordance with the laws of the jurisdiction in which the Project is located and employer’s liability insurance applicable to and covering all persons engaged in the performance of work hereunder, and the Manager shall require that said contractor furnish the Manager with certificates showing such insurance to be in force.

4.6 **Payment of Project Contractors and Suppliers:** The Manager shall, for the account and at the expense of the Company contract with supplies and contractors and shall promptly submit invoices for all operating expenses of the Project to Company. Company shall be responsible for paying all such invoices at its sole cost and expense. Provided Company promptly pays all submitted invoices, Manager will not suffer or permit any liens to be filed against the Project by reason of any work or materials claimed to have been furnished.

4.7 **Decision Making:** The Manager will promptly advise the Company of all matters requiring decision by the Company concerning the operations of the Project. The Manager will comply with all decisions of the Company with respect to all operational matters pertaining to the Project and conform its activities to such decisions.

4.8 **Standard of Performance:** The Manager agrees to perform the activities and duties required under this Agreement in conformance with the professional standards of operations managers on comparable projects. In the performance of its duties under this Agreement, the

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Manager shall act in accordance with the standards and duties of a fiduciary. The Manager shall make available to the Company its knowledge, skills, ideas, experience and abilities with respect to all matters pertaining to the operations of the Project and shall be available to consult with, advise and inform the Company and its consultants at all reasonable times during the term of this Agreement.

4.9 **Relations with Tenants:** Service requests by tenants shall be received and shall be considered and handled promptly and courteously. Systematic records shall be maintained showing the action taken with respect to each request. Complaints of a serious nature shall, after appropriate investigation, be reported to the Company with appropriate recommendations.

4.10 **Review of Bills:** The Manager shall review all bills received for goods, services and work incurred in connection with the operation and maintenance of the Project and, unless otherwise directed by the Company, shall approve only those determined to be good and proper. Upon review and approval, Manager shall submit said invoices to Owner for payment.

4.11 **Compliance and Governmental Requirements:** Unless otherwise directed by the Company, the Manager will comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, any national or local board of fire underwriters, or any other body exercising the functions similar to those of any of the foregoing, which may be applicable to the Project and the operation thereof, and promptly give notice to the Company of any operations related condition at the Project which violates any such law, ordinance, order, rule, regulation or requirement.

4.12 **Qualification to do Business:** At all times during the term of this Agreement, the Manager will maintain its qualification to do business in the State of Oregon and possess all permits, licenses and other qualifications required by all governmental authorities for the Manager to exercise all the functions set forth herein.

4.13 **Transactions with Affiliated Entities:** The Manager shall not enter into any contract, agreement or other arrangement in connection with the Project with any party with respect to which the Manager, or any person or entity related to or affiliated with the Manager, has any direct or indirect ownership or control, unless such contract, agreement or arrangement has been fully disclosed to and approved by the Company in writing with the Manager. Manager hereby discloses to Company, that it intends to use Manager's maintenance technicians to

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provide the repair and maintenance services at the Project, and the cost of such shall be comparable to costs charged by an outside contractor.

4.14 **Manager's Personnel:** The Manager shall, at its sole cost and expense, cause to be hired, paid and supervised all persons necessary to be employed in order to enable the Manager properly to perform its duties under this Agreement (who shall be the Manager's employees, and not the Company's employees), and carry workers' compensation insurance covering such employees and employer's liability insurance applicable to and covering such employees. The Manager shall furnish the Company with certificates showing such insurance to be in force.

4.15 **Indemnification of the Manager:** Subject to the provisions hereinafter set out, the Company indemnifies, defends and holds harmless the Manager and each officer or director thereof, against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by him, it, them or any of them by reason of any act, omission or alleged act or omission by him, it, them, or any of them arising out of his, its or their activities on behalf of the Company or in furtherance of the interest of the Company, including but not limited to any judgment, award, settlement, reasonable attorney's fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Company as incurred; PROVIDED HOWEVER, that the acts, omissions or alleged acts or omissions upon which such actual or threatened actions, proceedings or claims are based were performed or omitted in good faith and were not fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence, or willful misconduct of the party to be indemnified, defended and held harmless under this Section and further provided that the loss, expense, damage, expenses do not relate to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project. Nothing contained in this Agreement shall in any manner limit or be deemed to waive the warranties and obligations of the Manager as a contractor, if the Manager undertakes any construction or supervision duties in connection with the construction of any such improvements to or within the Project.

4.16 **Indemnification of the Company:** The Manager indemnifies, defends and holds harmless the Company and its officers, directors, members, managers, related entities, agents and employees (collectively, "Company Parties"), against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by Company Parties or any of them by

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reason of any act, omission or alleged act or omission by the Manager or its agents, employees or contractors performed or omitted in bad faith or fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence or willful misconduct of the Manager or its agents, employees or contractors or relating to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project, including but not limited to any judgment, award, settlement, reasonable attorneys' fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Manager as incurred.

Section 5. RECORD KEEPING

5.1 **Receipts and Records**: The Manager shall at all times during the term of this Agreement secure and maintain all applicable invoices and/or bills for all Project Operating Expenses. The Manager shall maintain, at its accounting office in Tualatin, Oregon all such invoices and/or bills, service-provider correspondence, contracts and warranties with respect to the Project and its operation.

5.2 **Quarterly Reports**: The Manager shall render to the Company, within thirty (30) days after the end of each quarter, unaudited variance report statements which shall include a statement of expenses which shall indicate monthly costs compared to the budget for the month and year to date, respectively;

5.3 **Property of the Company**: The records, reports, books of account and other documents and materials relating to the management, operation and maintenance of the Project shall be the property of the Company and, upon the termination of this Agreement by expiration or otherwise, the Manager shall, after making copies of such portions thereof as the Manager shall deem pertinent, turn the same over to the Company.

Section 6. COMPENSATION OF MANAGER

6.1 **Management Fee**. In consideration of the Manager's services hereunder, the Manager shall be entitled to receive a management fee equal to \$2,155.00 per calendar month (the "**Management Fee**").

6.2 **Payment of Management Fee**. The Management Fee for each month will be due and payable by the Company within 10 days following the first day of the month.

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Section 7. PROPERTY INSURANCE – N/A

Section 8. AUTHORITY

8.1 **Authority as Agent:** The Manager is hereby authorized to act as agent for the Company for the purpose of carrying out the authority and responsibilities set forth in this Agreement.

8.2 **Limitation of Authority:** Unless specifically authorized in this Agreement, the Manager shall NOT have the authority to do any of the following:

8.2.1 Obtain loans for the Company, whether secured or unsecured, or give or grant options, rights of first refusal, deeds of trust, mortgages, pledges, security interests, or otherwise encumber the Project or any portion therein; obtain replacements of any mortgage or mortgages; prepay in whole or in part, refinance, increase, modify, consolidate or extend any obligation affecting the Project or any portion thereof; or rent, lease, license, sell, exchange or convey the Project or any portion thereof.

8.2.2 Cause the Company to extend credit or to make any loans or become a surety, guarantor, endorser or accommodation endorser for any person, firm or corporation or to enter into any contracts which are significant with respect to the operation or management of the Project, including, but not limited to, supervisory management agreements, real estate and insurance brokerage agreements or loan brokerage agreements.

8.2.3 Release, compromise, assign or transfer any claim, right or benefit of the Company, except in the ordinary course of managing and operating the Project as provided herein.

8.2.4 Confess a judgment against the Company.

8.2.5 Modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the Project.

8.2.6 Grant easements or other property rights in the Project.

8.2.7 Purchase, sell or lease any space in the Project or any real property, the Land, the Project or any part thereof on behalf of the Company.

8.2.8 Do any act which would be inconsistent with or which would constitute a change or modification of the Budget then in effect.

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8.2.9 Cancel or terminate any leases with tenants of the Project;

8.2.10 Unless otherwise permitted herein, enter into any contract on behalf of the Company with an affiliate of the Manager or a person as to which the Manager would have a conflict of interest, and, with respect to any such contract, make any amendment, modification or rescission thereof, declare a default thereunder, institute, waive any rights of the Company, or consent to the assignment of any rights or the delegation of any duties by the other party thereto.

8.2.11 Make any other decision or take any action which by any provision of this Agreement is required to be approved by the Company or which materially affects the Project or its operation.

Section 9. GENERAL PROVISIONS

9.1 **Notices:** Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail, telexed, telecopied or telegraphed to or delivered at the address of the other party hereinafter set forth:

To: Gramor:
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
FAX: (503) 654-9188

And copy to:

Thomas R. Page
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
FAX: (503) 220-2480

To: Company:

To: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
FAX: (914) 272-8088

And a copy to:

Kenneth S. Antell
Dunn Carney Allen Higgins & Tongue, LLP
851 SW 6th Avenue, Suite 1500
Portland, Oregon 97204
FAX: (503) 224-7324

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or at such other address as any of the aforesaid parties from time to time direct in writing, and any such notice shall be deemed to have been received:

- (a) if deposited in the U.S. Mail within Oregon or Washington, seventy-two (72) hours after the time of mailing;
- (b) if telegraphed, forty-eight (48) hours after the time of telegraphing;
- (c) if telexed or telecopied, twenty-four (24) hours after the time of telexing or telecopying; and
- (d) if delivered, on the date of delivery.

If normal mail service, telex service, telecopy service or telegraph service is interrupted by strike, slow down, force majeure or other cause, any notice sent by the impaired means of communication shall not be deemed to be received until actually received, and the party sending the notice shall utilize any other such services which have not been so interrupted or shall deliver such notice in order to ensure prompt receipt thereof.

9.2 **Validity of Provisions:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement; but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

9.3 **Waiver and Modification:** No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default hereunder. Failure on the part of any party to complain of any act, or failure to act, of any other party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

9.4 **Successors:** The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto, provided, however, this Agreement shall at all times remain personal to the

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Manager and may not be assigned by the Manager without the prior consent of the Company. The Company may assign all or any portion of its rights and delegate all or any portion of its duties under this Agreement without the consent of the Manager and without any other restrictions whatsoever in connection with a Transfer of the Project or in connection with any financing that is secured by a mortgage or trust deed on the Project.

9.5 **Attorney's Fees:** In the event of any litigation between the parties hereto to enforce any provision of this Agreement or any right of any party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees and costs incurred therein.

9.6 **Remedies:** All parties shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and injunction to enforce their rights hereunder.

9.7 **Headings:** The headings of the articles, sections and paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

9.8 **Gender:** Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

9.9 **Assistance:** Each party hereby expressly agrees that if any controversy, litigation or court proceedings is prosecuted or defended by any other party in connection with this Agreement or the operation of the Project, it will render all reasonable assistance to the other party.

9.10 **Construction:** In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party.

9.11 **Entire Agreement:** This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to any of the same hereafter entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which any party may have had relating to the subject matter hereof.

9.12 **Counterpart:** This Agreement may be executed in counterpart, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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9.13 **Governing Law; Forum:** This Agreement shall be governed by and construed in accordance with the laws of the State in which the Project is located. The parties consent to the personal jurisdiction of the state and federal courts located in the state in which the Project is located in any action brought under this Agreement.

9.14 **Status Reports:** Recognizing that each party hereto may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each party agrees, upon the written request of any other, made from time to time, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement or the Project to the best of the knowledge and belief of the party making such statement.

9.15 **Time of Essence:** Time is of the essence in the performance of this Agreement and of each provision hereof.

[Remainder of page intentionally blank]

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto, as of the day and year first above written.

Company:

Manager:

GRAMOR DEVELOPMENT, INC.

By _____
Barry A. Cain, President

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EXHIBIT G

8-K and Audit Requirements

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer or its outside third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; provided, however, that in any such event(s), Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Buyer and the Accountants may require in order to comply with (a), (b) and (c) above. Seller shall provide the following information and documentation, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;
2. Rent rolls showing both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash receipt journal(s) and bank statements for the Property (provided, that such access shall only be provided to the Accountants in order to prepare any financial statements or Commission filings mentioned above or to satisfy any rule or request of the Commission).
7. Seller's general ledger with respect to the Property, excluding Seller's proprietary accounts;
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;

Exhibit G
Property ID# _____

9. Schedule of those items of repairs and maintenance performed by or at the direction of the Seller during the Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year; and
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon at least twenty (20) days prior written notice and not more than once during the one (1) year period, upon Buyer's request, for a period of one (1) year after Closing, Seller shall on a one (1)-time basis only, make Seller's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Seller to be privileged, available to Buyer for inspection, copying and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing.

Exhibit G
Property ID# _____

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 15th day of June, 2010 by and between GRAMOR ACME LLC, an Oregon limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in the land and all improvements thereon, including an approximately 135,422 square foot shopping center, commonly known as the Happy Valley Town Center located 15640-16126 Happy Valley Town Center Drive, Happy Valley, Oregon, the legal description of which is attached as **Exhibit A** (the "Property"). If no legal description is attached, then the legal description of the Property shall be as contained in the Preliminary Commitment (defined in Section 5), subject to Buyer's and Seller's reasonable approval.

B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes the personal property used in the operation of the Property, which shall be conveyed to Buyer at closing pursuant to a bill of sale in the form attached as **Exhibit B**. The list of personal property to be conveyed shall be provided by Seller to Buyer within ten (10) days after the Effective Date (as defined in Section 3). The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties related to the improvements on the Property. The Property includes the area described as Section "B" on the attached Exhibit A-1. Seller has applied for a land division establishing section "B" as a separate legal lot. Buyer shall cooperate in such application and it is agreed that Buyer will not be exposed to any liability on account thereof or be required to incur any costs in connection therewith. Upon approval of such application, Buyer shall reconvey Section "B" to Seller without consideration by deed in the form required by Section 10.4.4. Seller shall reserve in its deed of the Property at closing a roadway easement as depicted on attached Exhibit A-1 and such reserved roadway easement shall be a Permitted Exception.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be FORTY MILLION FOUR HUNDRED NINETY-SIX THOUSAND FIVE HUNDRED SIXTY-NINE and 00/100 DOLLARS (\$40,496,569.00). Buyer will pay the Purchase Price in cash at closing.

2.1 **Closing Credits.** At closing, Buyer shall receive the following credits against the Purchase Price: (a) \$742,000 with respect to a two-year rent guarantee on the vacant spaces; and (b) \$315,000 with respect to the cost of bringing the vacant spaces to vanilla box condition. If Seller leases a portion of such vacant spaces prior to closing, the credit under subsection (A) above shall be reduced by the minimum rent required to be paid under such lease during the first two (2) years of the term thereof plus \$5.45 per square foot of space under such lease per annum for two (2) years.

2.2 **Escrow Holdback Agreement.** At closing, Buyer, Seller and the Title Company shall execute an escrow holdback agreement whereby \$532,000 of the Purchase Price shall remain in escrow for Buyer's benefit as security for performance by Premier Fitness LLC, an Oregon limited liability company, of its lease obligations. Such funds shall be disbursed monthly to pay the minimum rent due under such tenant's lease when due. Mutual execution at or before closing of such an escrow holdback agreement on terms and conditions satisfactory to Buyer in its sole discretion shall be a condition to Buyer's obligation to close this transaction.

2.3 **Buyer's Costs.** At closing, Seller shall pay from Seller's funds in escrow Buyer's costs and expenses incurred in connection with this transaction, including, but not limited to, Buyer's costs for due diligence, survey, environmental, title, transfer taxes, and legal fees, in an amount not to exceed \$46,569.00. Buyer shall be responsible for its transaction costs in excess of such amount.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay NINE HUNDRED THOUSAND and 00/100 DOLLARS (\$900,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon (the "Title Company"), 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attention: Rachael Bushnell, and shall be deposited into an interest-bearing escrow account with the Title Company in accordance with the terms of this Agreement. Upon Buyer's waiver of its conditions set forth in Sections 6.1 and 6.2, Buyer shall deposit an additional NINE HUNDRED THOUSAND and 00/100 DOLLARS (\$900,000.00) in escrow as additional Earnest Money. All Earnest Money shall be applied to the payment of the Purchase Price at closing. Any interest earned on the Earnest Money shall be part of the Earnest Money. All Earnest Money shall be returned to Buyer in the event any due diligence condition set forth in Sections 6.1, 6.2 or 6.3 or any closing condition set forth in Sections 6.4, 6.5, 6.6, 6.8 or 6.9 to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation, or default by Seller.

4. **Survey and Environmental Assessments.** During the Contingency Period (as defined in Section 6), Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. The scope and manner of the Phase II environmental site assessment shall be subject to the prior written approval of Seller in its sole discretion. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments. Seller

shall provide Buyer with all as-built plans and specifications for the Property in Seller's possession or control, and Seller shall facilitate access to the Property by Buyer's surveyor, consultants and representatives. Seller shall provide Buyer and its environmental consultant with copies of any environmental reports, assessments or other information in Seller's possession or control concerning the Property.

5. **Title Documents.** On or before the fifth (5th) day following the Effective Date, Seller shall deliver to Buyer a preliminary commitment for title insurance issued by Title Company (the "Preliminary Commitment"), along with all documents, whether recorded or unrecorded, referred to in the Preliminary Commitment ("Title Documents"). Buyer shall have until five (5) days following Buyer's receipt of the Preliminary Commitment and the Title Documents to give Seller written notice of Buyer's disapproval of any condition or exception to title affecting the Property ("Buyer's Title Notice"). If Buyer disapproves of any such matter of title, then, within five (5) days after Seller's receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved title conditions and exceptions, if any, that Seller elects to eliminate from the title policy and as exceptions to title, or otherwise to correct. Seller's failure to deliver Seller's Title Notice within such five (5)-day period shall be deemed Seller's election not to eliminate from the title policy the title conditions and exceptions noted in Buyer's Title Notice. If Buyer approves of Seller's Title Notice, Seller shall eliminate from the title policy, by the Closing Date, those disapproved title conditions and exceptions that Seller has elected to eliminate in Seller's Title Notice, and any failure to eliminate such exceptions or cure such objections shall constitute a default by Seller giving rise to the rights established pursuant to Section 16 below. If Buyer does not approve of Seller's Title Notice, this Agreement shall terminate as provided in Section 7. All title exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be "Permitted Exceptions."

6. **Buyer's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Buyer and may be waived only by Buyer and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Buyer. Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.1 through 6.3 not later than twenty-one (21) days after the mutual execution of this Agreement (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.4 to 6.9 on or before the Closing Date.

6.1 **Review and Approval of Documents and Materials.** On or before the expiration of the Contingency Period, Buyer shall have approved any documents and materials delivered by Seller to Buyer pursuant to this Section. Unless otherwise noted below with respect to any specific item, within five (5) days after the Effective Date of this Agreement, Seller shall deliver to Buyer, for Buyer's review and approval, the following documents and materials respecting the Property, which are in Seller's possession, custody or control (collectively, the "Seller's Documents"):

6.1.1 A current accounts receivable report for the Property.

6.1.2 A current rent roll for the Property.

6.1.3 Real and personal property tax statements for the most recent tax year.

6.1.4 All environmental reports, studies and assessments concerning the Property.

6.1.5 All soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property.

6.1.6 Any CC&Rs, management agreements, commission agreements or other agreements relating to all or any portion of the Property.

6.1.7 All tenant leases and other occupancy or use agreements and any amendments thereto concerning the Property (the "Leases") along with any tenant financial statements, and a current rent roll and aged receivables report for the Property.

6.1.8 Operating statements, sales history reports and CAM reconciliations for the Property for the current year to date, and the previous three (3) calendar years.

6.1.9 All certificates of occupancy for the Property.

6.1.10 All service contracts and all construction and equipment warranties that are still in effect.

In addition to hard copies of the above documents, Seller shall also make available to Buyer within five (5) days after the Effective Date, electronic copies of the following documents related to the Property: all current leases (with amendments, modifications, extensions, and assignments and subleases); the last two (2) years' CAM reconciliations; a current rent roll, and the current year's operating budget for the Property.

Also, Seller shall make available to Buyer at Seller's office all tenant lease files containing tenant financials, tenant correspondence and such other records and documents as Buyer deems necessary for its due diligence review of the Property.

6.2 **Inspections.** During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer's sole discretion. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geotechnical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this

Agreement and the Property with third parties, including lenders, contractors and government officials and representatives.

6.3 Intentionally Deleted.

6.4 **Audit Inquiry and SEC Compliance.** On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 6.4. Seller acknowledges that Buyer may be required to make certain filings with the Securities and Exchange Commission (the "SEC Filings") that relate to the most recent preacquisition fiscal year and the current fiscal year through the date of acquisition for the Property. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto. In that regard, Seller acknowledges that as a REIT, Buyer will be required after the Closing to comply with certain requirements of the Securities and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in **Exhibit G** attached hereto and made a part hereof in order to facilitate such compliance by Buyer; provided that, notwithstanding anything contained in this Agreement or in **Exhibit G** to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof or required to incur any costs in connection therewith. The foregoing covenant of Seller (but not the condition to Buyer's obligation to close) shall survive the Closing for a period of one (1) year.

6.5 **No Material Changes.** On and as of the Closing Date, there shall have been no material adverse changes in the physical or economic condition of the Property, other than such changes as may be contemplated by this Agreement.

6.6 **Representations, Warranties and Covenants of Seller.** On and as of the Closing Date, Seller shall have duly and timely performed each and every material agreement to be performed by Seller hereunder and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.7 Assumed Loan. [Intentionally Deleted].

6.8 **Estoppel Certificates.** On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in commercially reasonable form for all tenants of the Property occupying 4,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder except as stated in such estoppel certificates, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 75% of all other specialty store tenants of the Property. Seller shall send such estoppel certificates to such tenants within ten (10) days after mutual execution of this Agreement. If Seller is unable to provide an estoppel certificate from any of the above tenants, Seller will provide Buyer with a landlord's form of estoppel certificate certifying the same information on or before the Closing Date.

6.9 **Title Insurance.** On and as of the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy set forth in Section 11 to Buyer.

7. **Termination.** If any condition set forth in Section 6 or Section 2.2 above is not timely satisfied or waived by Buyer in writing for any reason, this Agreement shall automatically

terminate. If the condition set forth in Section 18.22 below is not timely satisfied or waived by Seller in writing for any reason, this Agreement shall automatically terminate. Upon any such termination, all Earnest Money shall be immediately refunded to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein.

8. Representations and Warranties.

8.1 **Seller's Representations and Warranties.** Seller represents and warrants (which representations and warranties are true and correct on and as of the date of this Agreement and shall be true and correct in all material respects on and as of the Closing Date) to Buyer that:

8.1.1 **Fee Title.** Seller is the sole current legal and beneficial fee simple title holder of the Property and has the authority and power to enter and execute this Agreement and convey the Property to Buyer free and clear of the claims of any third party or parties (including, without limitation, any elective share, dower, curtesy or community property rights of any spouse created or suffered by Seller), except for the Permitted Exceptions without further authorization or signature of any other person;

8.1.2 **Leasing Commissions.** There are as of the date hereof, and there shall be on the Closing Date, no leasing commissions due or owing, or to become due and owing, in connection with any leases, licenses or other occupancy agreements in connection with the Property except in connection with a New Lease consented to by Buyer.

8.1.3 **Leases.** There shall be on the Closing Date, no leases, licenses or other occupancy agreements in connection with the Property except for the Leases included in the Seller's Documents and any New Leases (as defined in Section 9.2).

8.1.4 **Condemnation.** Seller has no knowledge of and has received no written notice of any pending or contemplated condemnation proceedings affecting all or any part of the Property.

8.1.5 **Structural.** Seller has no actual knowledge of any material structural defects in the building or improvements on the Property or any major repairs required to operate the building and/or improvements in a lawful and safe manner.

8.1.6 **Zoning/Violations.** There is not now pending nor, to Seller's knowledge, are there any proposed or threatened proceedings for the rezoning of the Property or any portion thereof. During the period of Seller's ownership of the Property, Seller has no knowledge of and has received no written notice that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, the improvements located thereon and any parking areas.

8.1.7 **Permitted Exceptions.** Seller has performed all obligations under and is not in default in complying with the terms and provisions of any of the covenants,

conditions, restrictions, rights-of-way or easements constituting one or more of the Permitted Exceptions existing as of the date hereof.

8.1.8 **Permits.** To Seller's knowledge, all permits, licenses, authorizations and certificates of occupancy required by governmental authorities for Seller's management, occupancy, and operation of the Property are in full force and effect.

8.1.9 **Litigation.** No proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of, any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. ("Bankruptcy Code"), or under any other federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

8.1.10 **FIRPTA.** Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.11 **Development.** Except as may be contained in the Permitted Exceptions, Seller has not entered into any written agreement currently in effect with a third party, including, without limitation, any governmental authority, relating to any development of the Property, and Seller has received no notice and otherwise has no knowledge of any restrictions on the ability of the Seller to develop or expand any portion of the Property in the future, other than as may be set forth in zoning and other applicable laws, ordinances, rules and regulations or any land use decisions or approvals relating to the Property.

8.1.12 **Agreements.** Seller is not a party to, and has no knowledge of, any agreements relating to the Property currently in effect other than the contracts provided to Buyer contained in the Seller's Documents and the Permitted Exceptions.

8.2 **Buyer's Representations and Warranties.** As of the Effective Date of this Agreement, Buyer represents and warrants to Seller that Buyer (i) is duly organized and existing under the laws of the State of Delaware; (ii) is authorized to enter into the transaction contemplated in this Agreement; (iii) has the power and authority to enter into this Agreement; and (iv) has not filed voluntarily or involuntarily, for bankruptcy relief within the six (6)-month period preceding the date hereof.

9. Maintenance of Property/Insurance/Leasing.

9.1 **Operation and Maintenance.** From and after the Effective Date through closing or the earlier termination of this Agreement, Seller shall: (a) manage, maintain, operate, and service the Property, including the negotiation and execution of new leases and modifications, extensions and renewals of existing Leases (each a "New Lease" and collectively, the "New Leases"), consistent with its current operations; (b) keep the Property and every portion thereof in reasonably good working order and repair; (c) maintain Seller's current property damage insurance on the Property; and (d) not make any material alterations to the Property (except for tenant improvements currently in progress or tenant improvements required under any New Lease consented to by Buyer) or remove any personal property owned by Seller therefrom used in the operation of the Property unless the personal property is lost, stolen, irreparably damaged, or replaced with property of similar quality and quantity.

9.2 **New Leases.** From and after the Effective Date through the closing or earlier termination of this Agreement, Seller shall provide Buyer with copies of any letters of intent for New Leases signed by the prospective tenant (or if no letter of intent is available, a written description of the material terms of the New Lease including the name of the tenant; the square footage and location of the leased premises; the term; any free rent or other lease incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligations) prior to executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld. Buyer shall be responsible for the tenant improvements and lease commission costs under any New Lease consented to by Buyer.

9.3 **Assignment of Lease.** At Closing, Seller shall assign and Buyer shall assume Seller's obligations under all Leases and New Leases, pursuant to an assignment of leases in the form attached as **Exhibit C** (the "Assignment of Leases").

9.4 **Service Contracts.** Seller shall not extend, renew, modify, or replace any service contracts for the Property without the prior written consent of Buyer.

9.5 **Assignment of Service Contracts.** At Closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property to the extent assignable, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties").

10. Closing.

10.1 **Closing Date.** The purchase and sale of the Property will be closed on or before a date which is not more than seven (7) days after the expiration of the Contingency Period (the "Closing Date"), or at such other time as the parties may mutually agree.

10.2 **Manner and Place of Closing.** This transaction will be closed in escrow at the offices of Title Company at the address set forth above, or at such other place as the parties

may mutually agree. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

10.3 **Prorations, Adjustments.** All the then current year's ad valorem real property taxes and current utility expenses, and all income under any agreement concerning the Property that Buyer has approved to survive closing, and all rent and other expenses paid by tenants under the Leases for the month in which closing occurs shall be prorated and adjusted between the parties as of the Closing Date. Rent and other expenses payable by tenants under the Leases which is delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. At closing, if all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any deferred tax, roll-back tax, special assessment and related charge, fine, penalty or other amount regardless of the period to which the same relates. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. The final year-to-date tenant operating expense reconciliation adjustment figures shall be finalized and adjusted between the Buyer and Seller post closing.

10.4 **Closing Events.** Provided the Title Company has received the sums and is in a position to cause title to the Property to be conveyed to Buyer and the Title Policy to be issued as described herein, this transaction will be closed on the Closing Date as follows:

10.4.1 The Title Company will perform the prorations described in Section 10.3, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash, less the credits described in Section 2.1 above, and less deposits held by Seller under the Leases, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of all Earnest Money previously paid and all interest accrued thereon.

10.4.3 Buyer and Seller shall execute and deliver the Assignment of Leases and Assignment of Contracts and Warranties.

10.4.4 Seller shall execute and deliver a statutory special warranty deed (the "Deed") conveying and warranting to Buyer fee simple title in the Property free and clear of all liens and encumbrances created or suffered by Seller except the Permitted Exceptions. The conveyance shall be free from community property, dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to Buyer good and marketable title to all the Property free and clear of all liens, encumbrances and defects except the Permitted Exceptions.

10.4.5 The Title Company will deliver its commitment letter committing to issue the policy described in Section 11 upon recordation of the closing documents. Seller shall pay the title insurance premium for an ALTA standard coverage owner's policy in the amount of the Purchase Price and the charges for obtaining and recording instruments required to clear title. Buyer shall pay any additional premium for additional coverages and endorsements requested by Buyer.

10.4.6 The Title Company will record the Deed and Buyer shall be responsible for the standard recording fees of the recorder therefor.

10.4.7 The escrow fee shall be divided equally between the parties.

10.4.8 Seller shall deliver to the Title Company and Buyer at closing an affidavit certifying that there are no unrecorded leases or agreements upon the Property, that there are no mechanics' or statutory liens against the Property (or any claims to such liens) and that Seller is not a "foreign person" under FIRPTA and any similar state law in form satisfactory to Buyer.

10.4.9 Seller shall have complied with all requirements of the state of Oregon for the recording of the Deed.

10.5 **Seller's Assistance with Transition.** Promptly after Closing, Seller shall instruct its property manager to promptly deliver letters to each tenant notifying them of the change in ownership of the Property and the address for future rent payments to be sent, which address will be provided by Buyer. Buyer shall approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership transition issues, at no additional cost or liability to Seller, other than nominal additional administrative and legal costs, for a period of up to 60 days after Closing; provided, that if the management agreement between Buyer and Seller described in Section 10.6 below becomes effective, then Seller's obligations in this sentence above shall be replaced by the terms and conditions of the management agreement.

10.6 **Seller's Post-Closing Development and Management Duties.** Unless Gramor Development Inc., ("Gramor") elects by written notice to Buyer given before the expiration of the Contingency Period not to perform limited development and management services with respect to the Property. Gramor shall perform certain limited development and management services with respect to the Property (including tenant coordination, managing the maintenance, repair and operation of the Property, but excluding accounting and leasing services) during the one-year period following the Closing Date for payment in the amount of \$6,674.85 per month. Unless Gramor timely gives such election notice, then Buyer and Gramor shall execute a development and management agreement in the form attached as **Exhibit F** at closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Seller shall furnish Buyer with an ALTA standard coverage owner's policy of title insurance (2006 form) in the amount of the Purchase Price, together with such additional coverages and endorsements, as Buyer may require, including extended coverage, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions (the "Title Policy"); provided, however that, consistent with Section 10.4.5 above, Seller shall be required to pay only the cost of the ALTA standard owner's policy in the amount of the Purchase Price, and Buyer shall pay additional charges for such coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date subject to tenancies under the Leases and New Leases. The respective rights and obligations of the parties not satisfied at or before Closing shall survive the delivery of the Deed

and shall be binding upon and inure to the benefit of the parties and their respective heirs, assigns, successors, administrators and executors. Each of Seller's representations, warranties and covenants shall be deemed reaffirmed as of the Closing Date and each of the representations, warranties and covenants shall survive closing and delivery of the Deed for one (1) year.

13. Environmental Matters.

13.1 **Representations and Warranties.** Seller represents and warrants to Buyer (which representations and warranties are true and correct as of the date hereof and shall be true and correct in all material respects on and as of the Closing Date) that:

(a) To Seller's knowledge, during Seller's ownership of the Property there have been no: (A) claims, complaints, notices, or requests for information received by Seller with respect to any alleged violation of any Environmental Law (as defined below) with respect to the Property, or (B) claims, complaints, notices, or requests for information to Seller regarding potential or alleged liability under any environmental law with respect to the Property.

(b) To Seller's knowledge, no conditions exist at, on, or under the Property that would constitute a Hazardous Condition (as defined below).

(c) To Seller's knowledge, Seller is in compliance with all orders, directives, requirements, permits, certificates, approvals, licenses, and other authorizations relating to Environmental Laws with respect to the Property.

13.2 Definitions.

(a) Environmental Law shall mean (i) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

(b) Hazardous Condition shall mean any condition caused by a legally reportable release of Hazardous Material to soil, surface water or groundwater on, in, under or about the Property that occurred during Seller's ownership of the Property such that the presence on, in, under or about the Property (including groundwater and surface water) of the Hazardous Material obligated or obligates the Seller to perform removal or remedial action under any applicable Environmental Law in effect prior to or as of Closing.

(c) Hazardous Materials shall mean any chemical, substance, waste, material, equipment or fixture defined as or deemed hazardous, toxic, a pollutant, a contaminant, or otherwise regulated under any Environmental Law, including, but not limited to, petroleum and petroleum products, waste oil, halogenated and non-halogenated solvents, PCBs, and asbestos containing material.

14. **Condition of Property.** Except for Seller's representations and warranties set forth in this Agreement, Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property. Buyer hereby releases and waives any claim whenever arising against Seller or its agents, brokers, heirs, successors, assigns, employees, affiliates, contractors, representatives, officers, directors, members and managers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the Property at any time before this sale is final, and their insurers and reinsurers (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time, except for Seller's breach of its representations and warranties set forth herein and Seller's fraud. This waiver is absolute and unconditional, and this release and waiver applies whether or not Buyer has knowledge of any actual or potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent misrepresentation, defective construction, breach of contract or express or implied warranty, unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. & #160;This waiver includes, without limitation, claims relating to construction defects, design defects, inspection defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the Property; products or conditions in the Property, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Buyer acknowledges that Seller would have required a significantly higher purchase price for the Property if Buyer refused to accept the Property on such basis, required any further warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Buyer, and its agents, employees, contractors, representatives, officers, directors, shareholders, property managers, brokers, heirs, successors, assigns, affiliates, tenants and invitees. This waiver shall act as a complete bar and defense against any released or waived claim. Buyer agrees to require this release and waiver be included as a term in any future sale or lease of the Property, and that Buyer shall indemnify, defend, reimburse and hold the Seller Parties harmless from any claim, suit, demand, damage, liability or expense resulting from the failure to do so. **Buyer acknowledges that Buyer has read and understands this waiver, that it has had an opportunity to seek and consult counsel regarding this waiver.**

15. **Condemnation or Casualty.** If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) the Purchase Price shall be reduced by the portion of the taking award or casualty insurance proceeds attributable to the portion of the Property taken or destroyed, as the case may be. Seller

will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. Legal and Equitable Remedies.

16.1 Default by Seller. In the event that the transaction fails to close by reason of any default by Seller, all Earnest Money shall be returned to Buyer and Buyer shall be entitled to pursue any other remedy available to it at law or in equity, including (without limitation) the remedy of specific performance.

16.2 Default by Buyer. In the event that this transaction fails to close by reason of any default by Buyer, all Earnest Money shall be forfeited by Buyer and released from escrow to Seller. **SUCH AMOUNT HAS BEEN AGREED BY THE PARTIES TO BE REASONABLE COMPENSATION AND THE EXCLUSIVE REMEDY FOR BUYER'S DEFAULT, SINCE THE PRECISE AMOUNT OF SUCH COMPENSATION WOULD BE DIFFICULT TO DETERMINE. THE PARTIES ACKNOWLEDGE AND AGREE TO THIS PROVISION BY PLACING THEIR INITIALS BELOW.**

 /s/ BC
Seller Initials

 /s/ ST
Buyer Initials

17. Indemnification.

17.1 Seller hereby agrees to indemnify and hold Buyer harmless from and against: (i) any loss, cost, liability or damage suffered or incurred because any representation or warranty by Seller shall be materially false or misleading; (ii) any loss, cost, liability or damage suffered or incurred because of the nonfulfillment of any agreement on the part of Seller under this Agreement; and (iii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Buyer in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

17.2 Buyer hereby agrees to indemnify and hold Seller harmless from and against any loss, cost, liability or damage to person or the improvements at the Property suffered or incurred by Seller as a result of Buyer's or its agents' entry onto the Property prior to closing (provided, however, in no event shall Buyer be responsible for any damage, loss or liability to the extent resulting from a condition existing at the Property prior to Buyer's entry thereon), and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Seller in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

18. Miscellaneous.

18.1 Partial Invalidity. In the event and to the extent any provision of this Agreement, or any instrument to be delivered by Buyer at closing pursuant to this Agreement, is declared invalid or is unenforceable for any reason, such provision shall be deemed deleted and shall not invalidate any other provision contained in any such document.

18.2 **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

18.3 **Survival of Representations.** Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for one (1) year, except as otherwise set forth herein.

18.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

18.5 **Exchange.** Buyer will cooperate with Seller to allow Seller to accomplish an IRC Section 1031 exchange; provided Buyer will not be required to delay the closing or incur expenses other than nominal additional legal costs.

18.6 **Notices.** All notices under this Agreement shall be in writing and hand either delivered, which shall be effective upon such delivery, or sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit with postage prepaid in the United States Mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy or similar means, if a copy of the notice is also sent by United States first-class mail in which case the notice shall be deemed delivered upon transmission if sent before 5 p.m. Pacific Time or the next business day, if sent after 5 p.m. Pacific Time, as follows:

If to Buyer: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Telephone: 914/272-8080
Facsimile: 914/272-8088
Attention: Richard Schoebel

With a copy to: Dunn Carney Allen Higgins & Tongue LLP
851 SW Sixth Avenue, Suite 1500
Portland, OR 97204-1357
Telephone: 503/224-6440
Facsimile: 503/224-7324
Attention: Kenneth S. Antell

If to Seller: Barry A. Cain
Gramor Acme LLC
c/o Gramor Development
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062

Phone: (503) 245-1976
Fax: (503) 654-9188

With a copy to:

Stoel Rives LLP
900 S.W. Fifth Avenue
Suite 2600
Portland, OR 97204

Telephone: (503) 294-9216
Facsimile: (503) 220-2840
Attention: Thomas R. Page

The addresses above may be changed by written notice to the other party.

18.7 **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

18.8 **Modification.** This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18.9 **Entire Agreement.** This Agreement (including any exhibits attached hereto) contains the entire agreement between the parties and supersedes and replaces all written and oral agreements previously made or existing between the parties with respect to the subject matter of this Agreement.

18.10 **Brokers.** Neither Seller nor Buyer is represented by a broker in this transaction. Each party will defend, indemnify and hold the other party harmless from any claim, loss or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of the indemnifying party's conduct.

18.11 **Drafting of Agreement.** The parties acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

18.12 **Counterparts/Facsimile.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Signatures by facsimile shall be binding as originals.

18.13 **Intentionally Deleted.**

18.14 **Governing Law.** This Agreement shall be construed, applied and enforced in accordance with the laws of the state in which the Property is located.

18.15 **Authority of Signatories.** The respective persons who have executed this Agreement on behalf of a party represent and warrant that they have been duly authorized to do so by such party and no other or further signature or approval is required to bind the party to this

Agreement. All documents delivered at closing will be executed by a duly authorized person on behalf of such party.

18.16 **Assignment.** Buyer may assign this Agreement and Buyer's rights under this Agreement to an assignee owned or controlled by Buyer without Seller's consent. Except as provided above, neither party shall have the right to assign this Agreement or any of its rights or obligations hereunder to any person or other entity without the written consent of the other party, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer consents to an assignment by Seller to a third party exchange accommodator as part of an IRC Section 1031 exchange.

18.17 **Required Statutory Notice.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195. 305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

18.18 **Attorney Fees and Costs.** In the event either party breaches any obligation under this Agreement, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event any suit, action, or arbitration is instituted to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such suit or action, and also any fees incurred in any bankruptcy matter, in addition to all other sums provided by law.

18.19 **Confirmation of Contingency Periods.** Promptly after the Effective Date of this Agreement, the parties shall execute a Confirmation of Contingency Periods in the form attached **Exhibit E**, setting forth the applicable deadlines for the contingencies set forth herein.

18.20 **Intentionally Deleted.**

18.21 **Calculation of Time Periods.** Whenever a time period is set forth in days in this Agreement, the first day from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday or legal holiday, including Sunday, in which event, the period runs until the end of the next day which is not a Saturday or legal holiday.

18.22 **Seller's Closing Conditions.** The conditions set forth in this section are solely for the benefit of Seller and may be waived only by Seller, and except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Seller. Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions concurrently with closing hereunder:

(a) Closing under that certain Purchase and Sale Agreement dated June 15, 2010 between OC Point, LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Oregon City Point located at 19502-19574 Mollala Avenue, Oregon City, Oregon.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation By: <u>/s/ Stuart A. Tanz</u> Name: <u>Stuart A. Tanz</u> Title: <u>CEO</u> Date of Signature: <u>6/11/10</u>	GRAMOR ACME LLC, an Oregon limited liability company By: Gramor Happy Valley Towncenter LLC an Oregon corporation Manager By: Gramor Investments, Inc., an Oregon corporation, Manager By: <u>/s/ Barry A. Cain</u> Barry A. Cain, President Date of Signature: <u>6/15/10</u>
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Exhibits:

- Exhibit A Property Description (Section A)
- Exhibit B Bill of Sale form (Section 1)
- Exhibit C Assignment of Leases (Section 9.3)
- Exhibit D Assignment of Contracts and Warranties (Section 9.5)
- Exhibit E Confirmation of Contingency Period (Section 18.19)
- Exhibit F Development and Management Agreement (Section 10.6)
- Exhibit G 8-K and Audit Requirements (Section 6.4)

EXHIBIT A
Property Description

Exhibit A

EXHIBIT B
Bill of Sale Form

BILL OF SALE

_____, a(n) _____ ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, transfer, convey and deliver to Retail Opportunity Investments Corp., a Delaware corporation ("Buyer"), its successors and/or assigns:

All the personal property owned by Seller (collectively, "Personal Property") located on or used in the operation of the real property commonly known as Happy Valley Town Center, including all personal property listed in the attached Schedule B-1.

Seller hereby covenants with Buyer that the Personal Property is free and clear of and from all encumbrances, security interests, liens, mortgages and claims whatsoever and that Seller is the owner of and has the right to sell same. Seller warrants and agrees to defend the title in and to the Personal Property unto Buyer, its successors or assigns against the lawful claims and demands of all persons claiming by or through Seller.

SELLER:

By: _____
Name: _____
Title: _____
Date: _____

BUYER:

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

Exhibit B

EXHIBIT C
Assignment of Leases

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

1. A. Assignor, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest as landlord under the Leases to Assignee and Assignee has agreed to assume the landlord's obligations under the Leases, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

2. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest as landlord under the Leases.

3. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the landlord's interest under the Leases and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by the landlord under the Leases.

4. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

5. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee) indemnify, and hold harmless Assignee, its partners, and their officers, directors, employees, agents, representatives, successors, and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed prior to the Effective Date.

6. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed on or after the Effective Date.

7. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

8. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

9. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

10. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

11. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit C

12. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

EXHIBIT D
Assignment of Contracts and Warranties

ASSIGNMENT OF CONTRACTS AND WARRANTIES

THIS ASSIGNMENT OF CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

A. Assignor is a party to the contracts and warranties listed on the attached Schedule D-1 (the "Contracts and Warranties") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest under the Contracts and Warranties to Assignee and Assignee has agreed to assume Assignor's obligations under the Contracts and Warranties, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties.

2. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the Contracts and Warranties and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by Assignor under the Contracts and Warranties.

3. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit D

4. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee), indemnify, and hold harmless Assignee, its partners and their respective officers, directors, employees, agents, representatives, successors, and assigns and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed prior to the Effective Date.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed on or after the Effective Date.

6. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

8. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

9. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

10. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit D

11. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D

EXHIBIT E

Confirmation Of Contingency Periods

The parties acknowledge that the deadlines for the contingency periods in the Purchase and Sale Agreement dated _____, 2010 between _____ (“Seller”) and Retail Opportunity Investments Corp. (“Buyer”) are as follows:

EVENT	EXPIRATION DATE
Contingency Period	_____
Extension Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

RETAIL OPPORTUNITY INVESTMENTS CORP.,
a Delaware corporation

_____ a(n) _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

EXHIBIT F

Development and Management Agreement

THIS DEVELOPMENT AND MANAGEMENT AGREEMENT is entered into as of _____, 2010, by and between _____ (the "**Company**") and Gramor Development, Inc. ("**Gramor**").

The Company owns a shopping center on the Lands.

Gramor is experienced in the business of developing and managing shopping centers.

The Company desires to appoint Gramor to perform certain limited development and management services;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

Section 1. DEFINITIONS

1.1 **Definitions:** As used herein, the following terms shall have the following meanings:

1.1.1 "Agreement" shall mean this Operations Management Agreement;

1.1.2 "Budget" shall mean the budget for the operation and maintenance of the Project prepared by the Manager for approval by the Company all as more particularly set forth in Section 4.5 hereof;

1.1.3 "Building" shall mean the building or buildings constructed and located on the Lands;

1.1.4 "Commencement Date" shall mean the date in which the Company acquires ownership of the Shopping Center.

1.1.5 "Improvements" shall mean the Building, and all other fixtures, amenities and improvements constructed on the Lands in connection therewith;

1.1.6 "Lands" shall mean the parcels of land in _____ County, State of _____ described in attached Exhibit A;

1.1.7 "Line Item" shall mean each cost or expense set forth as a separate type or category of expense in the Budget, as set forth in Section 4.5 hereof;

1.1.8 "Manager" shall mean Gramor;

1.1.9 "Project" shall mean the Lands and Improvements;

Exhibit F

1.1.10 “Project Operating Expenses” shall mean all costs and expenses relating to the maintenance and operation of the Project, as set forth in a Budget pursuant to Section 4.5 hereof.

Section 2. APPOINTMENT

The Company hereby appoints Gramor as Operations Manager of the Project and Gramor agrees with the Company to accept such appointment and to superintend, inspect, manage and maintain the Project and do all acts and things with respect thereto.

Section 3. TERM

3.1 **Commencement Date**: The term of this Agreement shall commence upon the Commencement Date.

3.2 **Term**:

The term of this Agreement shall be for one (1) year from the Commencement Date unless terminated in accordance with the provisions of Sections 3.3 or 3.4. The term of this Agreement shall automatically terminate unless extended in writing by the Company and Gramor.

3.3 **Termination by Company**: The Company may elect, at its option, to terminate this Agreement and the appointment of Manager hereunder upon the occurrence of any of the following events, and in the manner set forth below:

3.3.1 In the event of: fraud, deceit, breach of trust, misappropriation of any funds of the Project or of the Company, commingling of any such funds with Manager’s own funds or funds held for others, or breach of fiduciary duties by Manager under this Agreement, the Company may terminate this Agreement by written notice to Manager specifying the effective date of termination with no opportunity to cure the default (the “Notice of Termination”).

3.3.2 In the event of any other failure of Manager to comply with the terms and provisions of this Agreement or the decisions or directives of the Company, then such failure shall be an event of default. The Company shall give Manager a written notice (“**Notice of Default**”) stating with reasonable particularity the failure(s) of performance or default(s) by Manager, and Manager shall have thirty (30) days after the effective date of the notice within which to cure same, or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If Manager does not cure the failure(s) of performance or

Exhibit F

default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, the Company may give Manager a Notice of Termination.

3.3.3 If Manager enters Bankruptcy (as that term is hereinafter defined), the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. Bankruptcy shall mean the filing of a voluntary petition in bankruptcy or the filing of an involuntary petition of bankruptcy and the failure to secure a dismissal of such petition within 30 days after filing.

3.3.4 In the event of a Transfer of all or substantially all of the Project to an unrelated third party, the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. For purpose of this Section 3.3, a "Transfer" is any sale, conveyance, exchange, or other conveyance or transfer of all or substantially all of the Project, and includes but is not limited to a voluntary transfer, a transfer in a foreclosure proceeding, a transfer or deed in lieu of foreclosure, or a taking in eminent domain proceedings, or a conveyance under threat of condemnation. A "Transfer" also includes the destruction of all or any material part of the net rentable area of the Project by fire or other casualty, whether or not such destruction is covered by insurance.

3.4 **Termination by Manager:** Manager may elect, at its option, to terminate this Agreement upon the occurrence of any of the following events, and in the manner set forth below:

3.4.1 In the event the Company enters Bankruptcy (as that term is defined in Section 3.3.3), Manager may terminate this Agreement by giving the Company a Notice of Termination as described in Section 3.3.1.

3.4.2 In the event of any failure of the Company to comply with the terms and provisions of this Agreement, then such failure shall be an event of default. Manager shall give the Company a Notice of Default, as described in Section 3.3.2, stating with reasonable particularity the failure(s) of performance or default(s) by the Company, and the Company shall have thirty (30) days after the effective date of the notice within which to cure such failure(s) or default(s), or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If the Company does not cure the failure(s) of performance or

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default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, Manager may give the Company a Notice of Termination.

3.4.3. The Manager may terminate this Agreement at any time by giving Company a Notice of Termination; provided, however, that the effective date of termination specified in such Notice of Termination shall be not less than sixty (60) days after the effective date of the notice.

Section 4. DUTIES AND RESPONSIBILITIES OF THE MANAGER

4.1 **General:** The Manager shall have full responsibility for the operation and maintenance of the Project during the term of this Agreement, and the Manager shall perform its duties and exercise the powers and authorities herein granted in an efficient and economical manner, for the account and at the expense of the Company (except where expressly provided to the contrary) subject to the direction of the Company and the terms and provisions of this Agreement.

4.2 **Maintenance and Repair:** The Manager shall, subject to the terms of this Agreement, keep the Project in first class operating condition and repair, and shall arrange for and supervise the making or installation of such maintenance, repairs, improvements (not including any tenant improvements except as provided in Section 4.3A below) and alterations as may be required.

4.3 Preparation of Budgets:

4.3.1 The Manager shall prepare and submit to the Company for approval a Budget for the operation and maintenance of the Project, which Budget is to be prepared and submitted at the times and covering the periods hereinafter described:

4.3.1.1 upon the Commencement Date, covering the balance of the calendar year after the Commencement Date;

4.3.1.2 at least forty-five (45) days prior to the end of the calendar year during the term of this Agreement, covering the remaining term of the Agreement.

4.3.2 Each Budget shall include, at a minimum, the following information:

4.3.2.1 a operating expense budget detailing on a month-by-month basis the projected operating costs and non-recoverable costs.

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4.3.2.2 a description of proposed maintenance, repairs or alterations.

4.3.2.3 a schedule of all Project Operating Expenses for the Project for the period covered by the Budget. Project Operating Expenses shall include, but not be limited to, the following:

4.3.2.3.1 all expenses relating to the providing of services for tenants of the Project;

4.3.2.3.2 any amounts payable to the Company;

4.3.2.3.3 fees for contract and professional services to be performed on behalf of the Project, the costs of which are to be borne by the Company;

4.3.3 Upon approval of such proposed Budget by the Company with such changes therein as the Company may indicate, the Manager shall not, during the period covered by such Budget, incur or pay any expense in the operating and maintenance of the Project which is not specifically or by category covered in the Budget, or which would result in the amount of authorized expenditures in any individual "Line Item" (except utilities and emergency expenditures) set forth in the Budget being exceeded by more than Three Thousand Dollars (\$3,000.00) provided that the Manager may make expenditures required in situations or circumstances deemed in the good faith judgment of the Manager to be an emergency, up to a maximum of Ten Thousand Dollars (\$10,000.00) per emergency situation. The Manager agrees in all such emergency situations to use its best efforts to contact the Company for its approval prior to such expenditure, or if not possible before such expenditure, then as soon thereafter as reasonably possible.

4.3A **Change of Manager's Duties.** The Company anticipates that over time the Company's need for the duties outlined above may change and that the Company may have a need for tenant coordination services from the Manager to assist the Company with the completion of the Company's construction obligations outlined in leases with new tenants. The Manager agrees that the Manager will provide such tenant coordination services in lieu, in whole or in part, of the duties enumerated above with the understanding that the value of said tenant coordination services, together with all other services that the Manager continues to provide hereunder, shall not exceed the compensation outlined above .

4.4 **Supplies and Equipment:** The Manager shall, if required, for the account and at the expense of the Company, purchase, provide and pay for all janitorial and maintenance supplies,

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tools and equipment, restroom and toilet supplies necessary to the efficient and economical operation and maintenance of the Project. All such supplies, tools and equipment shall be delivered to and stored on the Project and shall be used only in connection with the operation and maintenance of the Project. The Manager shall attempt to purchase all goods, supplies and services at the lowest cost available from reputable sources.

4.5 **Right to Contract on Behalf of Company:** Subject to the following provisions, the Manager shall have the right, subject to the terms of this Agreement, to contract on behalf of the Company for cleaning, maintenance, repair, security or any other services for the Project or any part or tenant thereof; provided that, all expenditures represented by such contracts are shown in the Budget, all such contracts are with "arms-length" third parties at market rates. Notwithstanding the foregoing Manager may contract with its own maintenance employees to provide some of the day-to-day maintenance and operation services provided the cost of such is comparable to other Portland-area third party services pro viders. The Manager shall include a provision in all such contracts requiring that the contractor carry Workmen's Compensation Insurance in accordance with the laws of the jurisdiction in which the Project is located and employer's liability insurance applicable to and covering all persons engaged in the performance of work hereunder, and the Manager shall require that said contractor furnish the Manager with certificates showing such insurance to be in force.

4.6 **Payment of Project Contractors and Suppliers:** The Manager shall, for the account and at the expense of the Company contract with supplies and contractors and shall promptly submit invoices for all operating expenses of the Project to Company. Company shall be responsible for paying all such invoices at its sole cost and expense. Provided Company promptly pays all submitted invoices, Manager will not suffer or permit any liens to be filed against the Project by reason of any work or materials claimed to have been furnished.

4.7 **Decision Making:** The Manager will promptly advise the Company of all matters requiring decision by the Company concerning the operations of the Project. The Manager will comply with all decisions of the Company with respect to all operational matters pertaining to the Project and conform its activities to such decisions.

4.8 **Standard of Performance:** The Manager agrees to perform the activities and duties required under this Agreement in conformance with the professional standards of operations managers on comparable projects. In the performance of its duties under this Agreement, the

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Manager shall act in accordance with the standards and duties of a fiduciary. The Manager shall make available to the Company its knowledge, skills, ideas, experience and abilities with respect to all matters pertaining to the operations of the Project and shall be available to consult with, advise and inform the Company and its consultants at all reasonable times during the term of this Agreement.

4.9 **Relations with Tenants:** Service requests by tenants shall be received and shall be considered and handled promptly and courteously. Systematic records shall be maintained showing the action taken with respect to each request. Complaints of a serious nature shall, after appropriate investigation, be reported to the Company with appropriate recommendations.

4.10 **Review of Bills:** The Manager shall review all bills received for goods, services and work incurred in connection with the operation and maintenance of the Project and, unless otherwise directed by the Company, shall approve only those determined to be good and proper. Upon review and approval, Manager shall submit said invoices to Owner for payment.

4.11 **Compliance and Governmental Requirements:** Unless otherwise directed by the Company, the Manager will comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, any national or local board of fire underwriters, or any other body exercising the functions similar to those of any of the foregoing, which may be applicable to the Project and the operation thereof, and promptly give notice to the Company of any operations related condition at the Project which violates any such law, ordinance, order, rule, regulation or requirement.

4.12 **Qualification to do Business:** At all times during the term of this Agreement, the Manager will maintain its qualification to do business in the State of Oregon and possess all permits, licenses and other qualifications required by all governmental authorities for the Manager to exercise all the functions set forth herein.

4.13 **Transactions with Affiliated Entities:** The Manager shall not enter into any contract, agreement or other arrangement in connection with the Project with any party with respect to which the Manager, or any person or entity related to or affiliated with the Manager, has any direct or indirect ownership or control, unless such contract, agreement or arrangement has been fully disclosed to and approved by the Company in writing with the Manager. Manager hereby discloses to Company, that it intends to use Manager's maintenance technicians to

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provide the repair and maintenance services at the Project, and the cost of such shall be comparable to costs charged by an outside contractor.

4.14 **Manager's Personnel:** The Manager shall, at its sole cost and expense, cause to be hired, paid and supervised all persons necessary to be employed in order to enable the Manager properly to perform its duties under this Agreement (who shall be the Manager's employees, and not the Company's employees), and carry workers' compensation insurance covering such employees and employer's liability insurance applicable to and covering such employees. The Manager shall furnish the Company with certificates showing such insurance to be in force.

4.15 **Indemnification of the Manager:** Subject to the provisions hereinafter set out, the Company indemnifies, defends and holds harmless the Manager and each officer or director thereof, against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by him, it, them or any of them by reason of any act, omission or alleged act or omission by him, it, them, or any of them arising out of his, its or their activities on behalf of the Company or in furtherance of the interest of the Company, including but not limited to any judgment, award, settlement, reasonable attorney's fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Company as incurred; PROVIDED HOWEVER, that the acts, omissions or alleged acts or omissions upon which such actual or threatened actions, proceedings or claims are based were performed or omitted in good faith and were not fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence, or willful misconduct of the party to be indemnified, defended and held harmless under this Section and further provided that the loss, expense, damage, expenses do not relate to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project. Nothing contained in this Agreement shall in any manner limit or be deemed to waive the warranties and obligations of the Manager as a contractor, if the Manager undertakes any construction or supervision duties in connection with the construction of any such improvements to or within the Project.

4.16 **Indemnification of the Company:** The Manager indemnifies, defends and holds harmless the Company and its officers, directors, members, managers, related entities, agents and employees (collectively, "Company Parties"), against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by Company Parties or any of them by

Exhibit F

reason of any act, omission or alleged act or omission by the Manager or its agents, employees or contractors performed or omitted in bad faith or fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence or willful misconduct of the Manager or its agents, employees or contractors or relating to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project, including but not limited to any judgment, award, settlement, reasonable attorneys' fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Manager as incurred.

Section 5. RECORD KEEPING

5.1 **Receipts and Records**: The Manager shall at all times during the term of this Agreement secure and maintain all applicable invoices and/or bills for all Project Operating Expenses. The Manager shall maintain, at its accounting office in Tualatin, Oregon all such invoices and/or bills, service-provider correspondence, contracts and warranties with respect to the Project and its operation.

5.2 **Quarterly Reports**: The Manager shall render to the Company, within thirty (30) days after the end of each quarter, unaudited variance report statements which shall include a statement of expenses which shall indicate monthly costs compared to the budget for the month and year to date, respectively;

5.3 **Property of the Company**: The records, reports, books of account and other documents and materials relating to the management, operation and maintenance of the Project shall be the property of the Company and, upon the termination of this Agreement by expiration or otherwise, the Manager shall, after making copies of such portions thereof as the Manager shall deem pertinent, turn the same over to the Company.

Section 6. COMPENSATION OF MANAGER

6.1 **Management Fee**. In consideration of the Manager's services hereunder, the Manager shall be entitled to receive a management fee equal to \$6,674.85 per calendar month (the "**Management Fee**").

6.2 **Payment of Management Fee**. The Management Fee for each month will be due and payable by the Company within 10 days following the first day of the month.

Exhibit F

Section 7. PROPERTY INSURANCE – N/A

Section 8. AUTHORITY

8.1 **Authority as Agent:** The Manager is hereby authorized to act as agent for the Company for the purpose of carrying out the authority and responsibilities set forth in this Agreement.

8.2 **Limitation of Authority:** Unless specifically authorized in this Agreement, the Manager shall NOT have the authority to do any of the following:

8.2.1 Obtain loans for the Company, whether secured or unsecured, or give or grant options, rights of first refusal, deeds of trust, mortgages, pledges, security interests, or otherwise encumber the Project or any portion therein; obtain replacements of any mortgage or mortgages; prepay in whole or in part, refinance, increase, modify, consolidate or extend any obligation affecting the Project or any portion thereof; or rent, lease, license, sell, exchange or convey the Project or any portion thereof.

8.2.2 Cause the Company to extend credit or to make any loans or become a surety, guarantor, endorser or accommodation endorser for any person, firm or corporation or to enter into any contracts which are significant with respect to the operation or management of the Project, including, but not limited to, supervisory management agreements, real estate and insurance brokerage agreements or loan brokerage agreements.

8.2.3 Release, compromise, assign or transfer any claim, right or benefit of the Company, except in the ordinary course of managing and operating the Project as provided herein.

8.2.4 Confess a judgment against the Company.

8.2.5 Modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the Project.

8.2.6 Grant easements or other property rights in the Project.

8.2.7 Purchase, sell or lease any space in the Project or any real property, the Land, the Project or any part thereof on behalf of the Company.

8.2.8 Do any act which would be inconsistent with or which would constitute a change or modification of the Budget then in effect.

Exhibit F

8.2.9 Cancel or terminate any leases with tenants of the Project;

8.2.10 Unless otherwise permitted herein, enter into any contract on behalf of the Company with an affiliate of the Manager or a person as to which the Manager would have a conflict of interest, and, with respect to any such contract, make any amendment, modification or rescission thereof, declare a default thereunder, institute, waive any rights of the Company, or consent to the assignment of any rights or the delegation of any duties by the other party thereto.

8.2.11 Make any other decision or take any action which by any provision of this Agreement is required to be approved by the Company or which materially affects the Project or its operation.

Section 9. GENERAL PROVISIONS

9.1 **Notices:** Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail, telexed, telecopied or telegraphed to or delivered at the address of the other party hereinafter set forth:

To: Gramor:
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
FAX: (503) 654-9188

And copy to:

Thomas R. Page
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
FAX: (503) 220-2480

To: Company:

To: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
FAX: (914) 272-8088

And copy to:

Kenneth S. Antell
Dunn Carney Allen Higgins & Tongue, LLP
851 SW 6th Avenue, Suite 1500
Portland, Oregon 97204
FAX: (503) 224-7324

or at such other address as any of the aforesaid parties from time to time direct in writing, and any such notice shall be deemed to have been received:

- (a) if deposited in the U.S. Mail within Oregon or Washington, seventy-two (72) hours after the time of mailing;
- (b) if telegraphed, forty-eight (48) hours after the time of telegraphing;
- (c) if telexed or telecopied, twenty-four (24) hours after the time of telexing or telecopying; and
- (d) if delivered, on the date of delivery.

If normal mail service, telex service, telecopy service or telegraph service is interrupted by strike, slow down, force majeure or other cause, any notice sent by the impaired means of communication shall not be deemed to be received until actually received, and the party sending the notice shall utilize any other such services which have not been so interrupted or shall deliver such notice in order to ensure prompt receipt thereof.

9.2 **Validity of Provisions:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement; but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

9.3 **Waiver and Modification:** No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default hereunder. Failure on the part of any party to complain of any act, or failure to act, of any other party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

9.4 **Successors:** The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto, provided, however, this Agreement shall at all times remain personal to the

Exhibit F

Manager and may not be assigned by the Manager without the prior consent of the Company. The Company may assign all or any portion of its rights and delegate all or any portion of its duties under this Agreement without the consent of the Manager and without any other restrictions whatsoever in connection with a Transfer of the Project or in connection with any financing that is secured by a mortgage or trust deed on the Project.

9.5 **Attorney's Fees:** In the event of any litigation between the parties hereto to enforce any provision of this Agreement or any right of any party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees and costs incurred therein.

9.6 **Remedies:** All parties shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and injunction to enforce their rights hereunder.

9.7 **Headings:** The headings of the articles, sections and paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

9.8 **Gender:** Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

9.9 **Assistance:** Each party hereby expressly agrees that if any controversy, litigation or court proceedings is prosecuted or defended by any other party in connection with this Agreement or the operation of the Project, it will render all reasonable assistance to the other party.

9.10 **Construction:** In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party.

9.11 **Entire Agreement:** This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to any of the same hereafter entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which any party may have had relating to the subject matter hereof.

9.12 **Counterpart:** This Agreement may be executed in counterpart, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Exhibit F

9.13 **Governing Law; Forum:** This Agreement shall be governed by and construed in accordance with the laws of the State in which the Project is located. The parties consent to the personal jurisdiction of the state and federal courts located in the state in which the Project is located in any action brought under this Agreement.

9.14 **Status Reports:** Recognizing that each party hereto may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each party agrees, upon the written request of any other, made from time to time, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement or the Project to the best of the knowledge and belief of the party making such statement.

9.15 **Time of Essence:** Time is of the essence in the performance of this Agreement and of each provision hereof.

[Remainder of page intentionally blank]

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto, as of the day and year first above written.

Company:

Manager: GRAMOR DEVELOPMENT, INC.

By _____
Bary A. Cain, President

Exhibit F

EXHIBIT G

8-K and Audit Requirements

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer or its outside third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; provided, however, that in any such event(s), Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Buyer and the Accountants may require in order to comply with (a), (b) and (c) above. Seller shall provide the following information and documentation, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;
2. Rent rolls showing both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash journal(s) and bank statements for the Property (provided, that such access shall only be provided to the Accountants in order to prepare any financial statements or Commission filings mentioned above or to satisfy any rule or request of the Commission).
7. Seller's general ledger with respect to the Property, excluding Seller's proprietary accounts;
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;

9. Schedule of those items of repairs and maintenance performed by or at the direction of the Seller during the Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year; and
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon at least twenty (20) days prior written notice and not more than once during the one (1) year period, upon Buyer's request, for a period of one (1) year after Closing, Seller shall on a one (1)-time basis only, make Seller's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Seller to be privileged, available to Buyer for inspection, copying and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing.

Exhibit G

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 15th day of June, 2010 by and between CASCADE SUMMIT RETAIL LLC, an Oregon limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in the land and all improvements thereon, including an approximately 94,924 square foot shopping center, commonly known as the Cascade Summit Shopping Center located at 21000-22790 Salamo Road, West Linn, Oregon, the legal description of which is attached as **Exhibit A** (the "Property"). If no legal description is attached, then the legal description of the Property shall be as contained in the Preliminary Commitment (defined in Section 5), subject to Buyer's and Seller's reasonable approval.

B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes the personal property used in the operation of the Property, which shall be conveyed to Buyer at closing pursuant to a bill of sale in the form attached as **Exhibit B**. The list of personal property to be conveyed shall be provided by Seller to Buyer within ten (10) days after the Effective Date (as defined in Section 3). The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties related to the improvements on the Property.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be SEVENTEEN MILLION ONE HUNDRED THIRTEEN THOUSAND FIVE HUNDRED SIXTY-NINE and 00/100 DOLLARS (\$17,113,569.00). At closing, Buyer will assume Seller's obligations on an existing loan from Allianz Life Insurance company of North America secured by the Property with a total current balance of approximately SEVEN MILLION TWO HUNDRED SIXTY-EIGHT THOUSAND and 00/100 DOLLARS (\$7,268,000.00) (the "Assumed Loan") and obtain the release of Seller from all recourse obligations under the Assumed Loan arising after Closing. The total balance of the Assumed Loan shall be applied to the Purchase Price and Buyer will pay the remainder of the Purchase Price in cash at closing.

2.1 **Buyer's Costs.** At closing, Seller shall pay from Seller's funds in escrow Buyer's costs and expenses incurred in connection with this transaction, including, but not limited to, Buyer's costs for due diligence, survey, environmental, title, transfer taxes, and legal fees, in an

amount not to exceed \$46,569.00. Buyer shall be responsible for its transaction costs in excess of such amount.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay THREE HUNDRED EIGHTY THOUSAND and 00/100 DOLLARS (\$380,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon (the "Title Company"), 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attention: Rachael Bushnell, and shall be deposited into an interest-bearing escrow account with the Title Company in accordance with the terms of this Agreement. Upon Buyer's waiver of its conditions set forth in Sections 6.1 through 6.3, Buyer shall deposit an additional THREE HUNDRED EIGHTY THOUSAND and 00/100 DOLLARS (\$380,000.00) in escrow as additional Earnest Money. All Earnest Money shall be applied to the payment of the Purchase Price at closing. Any interest earned on the Earnest Money shall be part of the Earnest Money. All Earnest Money shall be returned to Buyer in the event any due diligence condition set forth in Sections 6.1, 6.2, 6.3 or 6.4 or any closing condition set forth in Sections 6.5, 6.6, 6.7, 6.8, 6.9 or 6.10 to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation, or default by Seller.

4. **Survey and Environmental Assessments.** During the Contingency Period (as defined in Section 6), Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. The scope and manner of the Phase II environmental site assessment shall be subject to the prior written approval of Seller in its sole discretion. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments. Seller shall provide Buyer with all as-built plans and specifications for the Property in Seller's possession or control, and Seller shall facilitate access to the Property by Buyer's surveyor, consultants and representatives. Seller shall provide Buyer and its environmental consultant with copies of any environmental reports, assessments or other information in Seller's possession or control concerning the Property.

5. **Title Documents.** On or before the fifth (5th) day following the Effective Date, Seller shall deliver to Buyer a preliminary commitment for title insurance issued by Title Company (the "Preliminary Commitment"), along with all documents, whether recorded or unrecorded, referred to in the Preliminary Commitment ("Title Documents"). Buyer shall have until five (5) days following Buyer's receipt of the Preliminary Commitment and the Title Documents to give Seller written notice of Buyer's disapproval of any condition or exception to title affecting the Property ("Buyer's Title Notice"). If Buyer disapproves of any such matter of title, then, within five (5) days after Seller's receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved title conditions and exceptions, if any, that Seller elects to eliminate from the title policy and as exceptions to title, or otherwise to correct. Seller's failure to deliver Seller's Title Notice within such five (5)-day period shall be deemed Seller's election not to eliminate from the title policy the title conditions and exceptions noted in Buyer's Title Notice. If Buyer approves of Seller's Title Notice, Seller shall eliminate from the title

policy, by the Closing Date, those disapproved title conditions and exceptions that Seller has elected to eliminate in Seller's Title Notice, and any failure to eliminate such exceptions or cure such objections shall constitute a default by Seller giving rise to the rights established pursuant to Section 16 below. If Buyer does not approve of Seller's Title Notice, this Agreement shall terminate as provided in Section 7. All title exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be "Permitted Exceptions."

6. **Buyer's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Buyer and may be waived only by Buyer and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Buyer. Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.1 through 6.4 not later than twenty-one (21) days after the mutual execution of this Agreement (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.5 to 6.1010 on or before the Closing Date.

6.1 **Review and Approval of Documents and Materials.** On or before the expiration of the Contingency Period, Buyer shall have approved any documents and materials delivered by Seller to Buyer pursuant to this Section. Unless otherwise noted below with respect to any specific item, within five (5) days after the Effective Date of this Agreement, Seller shall deliver to Buyer, for Buyer's review and approval, the following documents and materials respecting the Property, which are in Seller's possession, custody or control (collectively, the "Seller's Documents"):

6.1.1 A current accounts receivable report for the Property.

6.1.2 A current rent roll for the Property.

6.1.3 Real and personal property tax statements for the most recent tax year.

6.1.4 All environmental reports, studies and assessments concerning the Property.

6.1.5 All soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property.

6.1.6 Any CC&Rs, management agreements, commission agreements or other agreements relating to all or any portion of the Property.

6.1.7 All tenant leases and other occupancy or use agreements and any amendments thereto concerning the Property (the "Leases") and a current rent roll and aged receivables report for the Property.

6.1.8 Operating statements, sales history reports and CAM reconciliations for the Property for the current year to date, and the previous three (3) calendar years.

6.1.9 All certificates of occupancy for the Property.

6.1.10 All service contracts and all construction and equipment warranties that are still in effect.

6.1.11 All documents related to the Assumed Loan.

In addition to hard copies of the above documents, Seller shall also make available to Buyer within five (5) days after the Effective Date, electronic copies of the following documents related to the Property: all current leases (with amendments, modifications, extensions, and assignments and subleases); the last two (2) years' CAM reconciliations; a current rent roll, and the current year's operating budget for the Property.

Also, Seller shall make available to Buyer at Seller's office all tenant lease files containing tenant financials, tenant correspondence and such other records and documents as Buyer deems necessary for its due diligence review of the Property.

6.2 Inspections. During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer's sole discretion. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geo technical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this Agreement and the Property with third parties, including lenders, contractors and government officials and representatives.

6.3 Financing. On or before the expiration of the Contingency Period, Buyer's satisfaction with Buyer's financing, including, without limitation, the terms and conditions of the Assumed Loan.

6.4 Intentionally Deleted.

6.5 Audit Inquiry and SEC Compliance. On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 6.4. Seller acknowledges that Buyer may be required to make certain filings with the Securities and Exchange Commission (the "SEC Filings") that relate to the most recent preacquisition fiscal year and the current fiscal year through the date of acquisition for the Property. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto. In that regard, Seller acknowledges that as a REIT, Buyer will be required after the Closing to comply with certain requirements of the Securities

and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in **Exhibit G** attached hereto and made a part hereof in order to facilitate such compliance by Buyer; provided that, notwithstanding anything contained in this Agreement or in **Exhibit G** to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof or required to incur any costs in connection therewith. The foregoing covenant of Seller (but not the condition to Buyer's obligation to close) shall survive the Closing for a period of one (1) year.

6.6 No Material Changes. On and as of the Closing Date, there shall have been no material adverse changes in the physical or economic condition of the Property, other than such changes as may be contemplated by this Agreement.

6.7 Representations, Warranties and Covenants of Seller. On and as of the Closing Date, Seller shall have duly and timely performed each and every material agreement to be performed by Seller hereunder and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.8 Assumed Loan. As of the Closing Date, Buyer shall have assumed Seller's obligation under the Assumed Loan, and all required approvals from Seller's lender shall have been obtained. Seller shall reasonably cooperate and assist with obtaining the consent of its lender to Buyer's assumption of the Assumed Loan.

6.9 Estoppel Certificates. On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in commercially reasonable form for all tenants of the Property occupying 4,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder except as stated in such estoppel certificates, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 75% of all other specialty store tenants of the Property. Seller shall send such estoppel certificates to such tenants within two (2) days after the expiration of the Contingency Period. If Seller is unable to provide an estoppel certificate from any of the above tenants, Seller will provide Buyer with a landlord's form of estoppel certificate certifying the same information on or before the Closing Date.

6.10 Title Insurance. On and as of the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy set forth in Section 11 to Buyer.

7. Termination. If any condition set forth in Section 6.1 is not timely satisfied or waived by Buyer in writing for any reason, this Agreement shall automatically terminate. If the condition set forth in Section 18.22 below is not timely satisfied or waived by Seller in writing for any reason, this Agreement shall automatically terminate. Upon any such termination, all Earnest Money shall be immediately refunded to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein.

8. Representations and Warranties.

8.1 Seller's Representations and Warranties. Seller represents and warrants (which representations and warranties are true and correct on and as of the date of this

Agreement and shall be true and correct in all material respects on and as of the Closing Date) to Buyer that:

8.1.1 **Fee Title.** Seller is the sole current legal and beneficial fee simple title holder of the Property and has the authority and power to enter and execute this Agreement and convey the Property to Buyer free and clear of the claims of any third party or parties (including, without limitation, any elective share, dower, curtesy or community property rights of any spouse) related or suffered by Seller, except for the Permitted Exceptions without further authorization or signature of any other person;

8.1.2 **Leasing Commissions.** There shall be on the Closing Date, no leasing commissions due or owing, or to become due and owing, in connection with any leases, licenses or other occupancy agreements in connection with the Property except in connection with a New Lease consented to by Buyer.

8.1.3 **Leases.** There are as the date hereof, and there shall be on the Closing Date, no leases, licenses or other occupancy agreements in connection with the Property except for the Leases included in the Seller's Documents and any New Leases (as defined in Section 9.2).

8.1.4 **Condemnation.** Seller has no knowledge of and has received no written notice of any pending or contemplated condemnation proceedings affecting all or any part of the Property.

8.1.5 **Structural.** Seller has no actual knowledge of any material structural defects in the building or improvements on the Property or any major repairs required to operate the building and/or improvements in a lawful and safe manner.

8.1.6 **Zoning/Violations.** There is not now pending nor, to Seller's knowledge, are there any proposed or threatened proceedings for the rezoning of the Property or any portion thereof. During the period of Seller's ownership of the Property, Seller has no knowledge of and has received no written notice that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, the improvements located thereon and any parking areas.

8.1.7 **Permitted Exceptions.** Seller has performed all obligations under and is not in default in complying with the terms and provisions of any of the covenants, conditions, restrictions, rights-of-way or easements constituting one or more of the Permitted Exceptions existing as of the date hereof.

8.1.8 **Permits.** To Seller's knowledge, all permits, licenses, authorizations and certificates of occupancy required by governmental authorities for Seller's management, occupancy, and operation of the Property are in full force and effect.

8.1.9 **Litigation.** No proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of, any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. ("Bankruptcy Code"), or under any other federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

8.1.10 **FIRPTA.** Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.11 **Development.** Except as may be contained in the Permitted Exceptions, Seller has not entered into any written agreement currently in effect with a third party, including, without limitation, any governmental authority, relating to any development of the Property, and Seller has received no notice and otherwise has no knowledge of any restrictions on the ability of the Seller to develop or expand any portion of the Property in the future, other than as may be set forth in zoning and other applicable laws, ordinances, rules and regulations or any land use decisions or approvals relating to the Property.

8.1.12 **Agreements.** Seller is not a party to, and has no knowledge of, any agreements relating to the Property currently in effect other than the contracts provided to Buyer contained in the Seller's Documents and the Permitted Exceptions.

8.2 **Buyer's Representations and Warranties.** As of the Effective Date of this Agreement, Buyer represents and warrants to Seller that Buyer (i) is duly organized and existing under the laws of the State of Delaware; (ii) is authorized to enter into the transaction contemplated in this Agreement; (iii) has the power and authority to enter into this Agreement; and (iv) has not filed voluntarily or involuntarily, for bankruptcy relief within the six (6)-month period preceding the date hereof.

9. Maintenance of Property/Insurance/Leasing.

9.1 **Operation and Maintenance.** From and after the Effective Date through closing or the earlier termination of this Agreement, Seller shall: (a) manage, maintain, operate, and service the Property, including the negotiation and execution of new leases and modifications, extensions and renewals of existing Leases (each a "New Lease" and collectively, the "New Leases"), consistent with its current operations; (b) keep the Property and every portion thereof in reasonably good working order and repair; (c) maintain Seller's current property damage insurance on the Property; and (d) not make any material alterations to the Property (except for tenant improvements currently in progress or tenant improvements required

under any New Lease consented to by Buyer) or remove any personal property owned by Seller therefrom used in the operation of the Property unless the personal property is lost, stolen, irreparably damaged, or replaced with property of similar quality and quantity.

9.2 **New Leases.** From and after the Effective Date through the closing or earlier termination of this Agreement, Seller shall provide Buyer with copies of any letters of intent for New Leases signed by the prospective tenant (or if no letter of intent is available, a written description of the material terms of the New Lease including the name of the tenant; the square footage and location of the leased premises; the term; any free rent or other lease incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligations) prior to executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld. Buyer shall be responsible for the tenant improvements and lease commission costs under any New Lease consented to by Buyer.

9.3 **Assignment of Lease.** At Closing, Seller shall assign and Buyer shall assume Seller's obligations under all Leases and New Leases, pursuant to an assignment of leases in the form attached as **Exhibit C** (the "Assignment of Leases").

9.4 **Service Contracts.** Seller shall not extend, renew, modify, or replace any service contracts for the Property without the prior written consent of Buyer.

9.5 **Assignment of Service Contracts.** At Closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property to the extent assignable, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties").

10. Closing.

10.1 **Closing Date.** The purchase and sale of the Property will be closed on or before a date which is not more than seven (7) days after Buyer receives loan assumption approval and all necessary loan assumption documents from Seller's lender with respect to the Assumed Loan but, in no event later than sixty (60) days after the expiration of the Contingency Period (the "Closing Date"), or at such other time as the parties may mutually agree.

10.2 **Manner and Place of Closing.** This transaction will be closed in escrow at the offices of Title Company at the address set forth above, or at such other place as the parties may mutually agree. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

10.3 **Prorations, Adjustments.** All the then current year's ad valorem real property taxes and current utility expenses, and all income under any agreement concerning the Property that Buyer has approved to survive closing, and all rent and other expenses paid by tenants under the Leases for the month in which closing occurs shall be prorated and adjusted between the parties as of the Closing Date. Rent and other expenses payable by tenants under the Leases which is delinquent as of the Closing Date shall remain the property of Seller and

Seller shall retain the right to collect such amounts. Buyer and Seller shall each pay fifty percent (50%) of a one percent (1%) loan assumption fee. Seller shall pay fifty percent (50%) of any other charges assessed by Seller's lender, its servicing agent or other affiliate in connection with the assignment and assumption of the Assumed Loan but not to exceed \$5,000, and Buyer and Seller shall each pay one hundred percent (100%) of their own costs associated with assuming the Assumed Loan. At closing, if all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any deferred tax, roll-back tax, special assessment and related charge, fine, penalty or other amount regardless of the period to which the same relates. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. Also, at closing, Buyer shall receive a credit for any tenant security deposits, and Seller shall receive a credit for any lender tax escrow accounts, capital replacement reserve accounts, lease cancellation reserve accounts and leasing reserve accounts related to the Assumed Loan. The final year-to-date tenant operating expense reconciliation adjustment figures shall be finalized and adjusted between the Buyer and Seller post closing.

10.4 Closing Events. Provided the Title Company has received the sums and is in a position to cause title to the Property to be conveyed to Buyer and the Title Policy to be issued as described herein, this transaction will be closed on the Closing Date as follows:

10.4.1 The Title Company will perform the prorations described in Section 10.3, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash, less the then current balance due on the Assumed Loan, and less deposits held by Seller under the Leases, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of all Earnest Money previously paid and all interest accrued thereon.

10.4.3 Buyer and Seller shall execute and deliver the Assignment of Leases and Assignment of Contracts and Warranties.

10.4.4 Seller shall execute and deliver a statutory special warranty deed (the "Deed") conveying and warranting to Buyer fee simple title in the Property free and clear of all liens and encumbrances created or suffered by Seller except the Permitted Exceptions. The conveyance shall be free from community property, dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to Buyer good and marketable title to all the Property free and clear of all liens, encumbrances and defects except the Permitted Exceptions.

10.4.5 The Title Company will deliver its commitment letter committing to issue the policy described in Section 11 upon recordation of the closing documents. Seller shall pay the title insurance premium for an ALTA standard coverage owner's policy in the amount of the Purchase Price and the charges for obtaining and recording instruments required to clear title. Buyer shall pay any additional premium for additional coverages and endorsements requested by Buyer.

10.4.6 The Title Company will record the Deed and Buyer shall be responsible for the standard recording fees of the recorder therefor.

10.4.7 The escrow fee shall be divided equally between the parties.

10.4.8 Seller shall deliver to the Title Company and Buyer at closing an affidavit certifying that there are no unrecorded leases or agreements upon the Property, that there are no mechanics' or statutory liens against the Property (or any claims to such liens) and that Seller is not a "foreign person" under FIRPTA and any similar state law in form satisfactory to Buyer.

10.4.9 Seller shall have complied with all requirements of the state of Oregon for the recording of the Deed.

10.5 **Seller's Assistance with Transition.** Promptly after Closing, Seller shall instruct its property manager to promptly deliver letters to each tenant notifying them of the change in ownership of the Property and the address for future rent payments to be sent, which address will be provided by Buyer. Buyer shall approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership transition issues, at no additional cost or liability to Seller, other than nominal additional administrative and legal costs, for a period of up to 60 days after Closing; provided, that if the management agreement between Buyer and Seller described in Section 10.6 below becomes effective, then Seller's obligations in this sentence above shall be replaced by the terms and conditions of the management agreement.

10.6 **Seller's Post-Closing Development and Management Duties.** Unless Gramor Development, Inc. ("Gramor") elects by written notice to Buyer given before the expiration of the Contingency Period not to perform limited development and management services with respect to the Property, Gramor shall perform certain limited development and management services with respect to the Property (including tenant coordination, managing the maintenance, repair and operation of the Property, but excluding accounting and leasing services) during the one-year period following the Closing Date for payment in the amount of \$3,716 per month. Unless Gramor timely gives such election notice, the n Buyer and Gramor shall execute a development and management agreement in the form attached as **Exhibit F** at closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Seller shall furnish Buyer with an ALTA standard coverage owner's policy of title insurance (2006 form) in the amount of the Purchase Price, together with such additional coverages and endorsements, as Buyer may require, including extended coverage, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions (the "Title Policy"); provided, however that, consistent with Section 10.4.5 above, Seller shall be required to pay only the cost of the ALTA standard owner's policy in the amount of the Purchase Price, and Buyer shall pay additional charges for such coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date subject to tenancies under the Leases and New Leases. The respective rights and obligations of the parties not satisfied at or before Closing shall survive the delivery of the Deed

and shall be binding upon and inure to the benefit of the parties and their respective heirs, assigns, successors, administrators and executors. Each of Seller's representations, warranties and covenants shall be deemed reaffirmed as of the Closing Date and each of the representations, warranties and covenants shall survive closing and delivery of the Deed for one (1) year.

13. Environmental Matters.

13.1 **Representations and Warranties.** Seller represents and warrants to Buyer (which representations and warranties are true and correct as of the date hereof and shall be true and correct in all material respects on and as of the Closing Date) that:

(a) To Seller's knowledge, during Seller's ownership of the Property there have been no: (A) claims, complaints, notices, or requests for information received by Seller with respect to any alleged violation of any Environmental Law (as defined below) with respect to the Property, or (B) claims, complaints, notices, or requests for information to Seller regarding potential or alleged liability under any environmental law with respect to the Property.

(b) To Seller's knowledge, no conditions exist at, on, or under the Property that would constitute a Hazardous Condition (as defined below).

(c) To Seller's knowledge, Seller is in compliance with all orders, directives, requirements, permits, certificates, approvals, licenses, and other authorizations relating to Environmental Laws with respect to the Property.

13.2 Definitions.

(a) Environmental Law shall mean (i) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

(b) Hazardous Condition shall mean any condition caused by a legally reportable release of Hazardous Material to soil, surface water or groundwater on, in, under or about the Property that occurred during Seller's ownership of the Property such that the presence on, in, under or about the Property (including groundwater and surface water) of the Hazardous Material obligated or obligates the Seller to perform removal or remedial action under any applicable Environmental Law in effect prior to or as of Closing.

(c) Hazardous Materials shall mean any chemical, substance, waste, material, equipment or fixture defined as or deemed hazardous, toxic, a pollutant, a contaminant, or otherwise regulated under any Environmental Law, including, but not limited to, petroleum and petroleum products, waste oil, halogenated and non-halogenated solvents, PCBs, and asbestos containing material.

14. **Condition of Property.** Except for Seller's representations and warranties set forth in this Agreement, Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property. Buyer hereby releases and waives any claim whenever arising against Seller or its agents, brokers, heirs, successors, assigns, employees, affiliates, contractors, representatives, officers, directors, members and managers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the Property at any time before this sale is final, and their insurers and reinsurers (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time, except for Seller's breach of its representations and warranties set forth herein and Seller's fraud. This waiver is absolute and unconditional, and this release and waiver applies whether or not Buyer has knowledge of any actual or potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent misrepresentation, defective construction, breach of contract or express or implied warranty, unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. & #160;This waiver includes, without limitation, claims relating to construction defects, design defects, inspection defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the Property; products or conditions in the Property, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Buyer acknowledges that Seller would have required a significantly higher purchase price for the Property if Buyer refused to accept the Property on such basis, required any further warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Buyer, and its agents, employees, contractors, representatives, officers, directors, shareholders, property managers, brokers, heirs, successors, assigns, affiliates, tenants and invitees. This waiver shall act as a complete bar and defense against any released or waived claim. Buyer agrees to require this release and waiver be included as a term in any future sale or lease of the Property, and that Buyer shall indemnify, defend, reimburse and hold the Seller Parties harmless from any claim, suit, demand, damage, liability or expense resulting from the failure to do so. **Buyer acknowledges that Buyer has read and understands this waiver, that it has had an opportunity to seek and consult counsel regarding this waiver.**

15. **Condemnation or Casualty.** If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) the Purchase Price shall be reduced by the portion of the taking award or casualty insurance proceeds attributable to the portion of the Property taken or destroyed, as the case may be. Seller

will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. Legal and Equitable Remedies.

16.1 **Default by Seller.** In the event that the transaction fails to close by reason of any default by Seller, all Earnest Money shall be returned to Buyer and Buyer shall be entitled to pursue any other remedy available to it at law or in equity, including (without limitation) the remedy of specific performance.

16.2 **Default by Buyer.** In the event that this transaction fails to close by reason of any default by Buyer, all Earnest Money shall be forfeited by Buyer and released from escrow to Seller. **SUCH AMOUNT HAS BEEN AGREED BY THE PARTIES TO BE REASONABLE COMPENSATION AND THE EXCLUSIVE REMEDY FOR BUYER'S DEFAULT, SINCE THE PRECISE AMOUNT OF SUCH COMPENSATION WOULD BE DIFFICULT TO DETERMINE. THE PARTIES ACKNOWLEDGE AND AGREE TO THIS PROVISION BY PLACING THEIR INITIALS BELOW.**

/s/ BC
Seller Initials

/s/ ST
Buyer Initials

17. Indemnification.

17.1 Seller hereby agrees to indemnify and hold Buyer harmless from and against: (i) any loss, cost, liability or damage suffered or incurred because any representation or warranty by Seller shall be materially false or misleading; (ii) any loss, cost, liability or damage suffered or incurred because of the nonfulfillment of any agreement on the part of Seller under this Agreement; and (iii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Buyer in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

17.2 Buyer hereby agrees to indemnify and hold Seller harmless from and against any loss, cost, liability or damage to person or the improvements at the Property suffered or incurred by Seller as a result of Buyer's or its agents' entry onto the Property prior to closing (provided, however, in no event shall Buyer be responsible for any damage, loss or liability to the extent resulting from a condition existing at the Property prior to Buyer's entry thereon), and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Seller in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

18. Miscellaneous.

18.1 **Partial Invalidity.** In the event and to the extent any provision of this Agreement, or any instrument to be delivered by Buyer at closing pursuant to this Agreement, is

declared invalid or is unenforceable for any reason, such provision shall be deemed deleted and shall not invalidate any other provision contained in any such document.

18.2 **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

18.3 **Survival of Representations.** Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for one (1) year, except as otherwise set forth herein.

18.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

18.5 **Exchange.** Buyer will cooperate with Seller to allow Seller to accomplish an IRC Section 1031 exchange; provided Buyer will not be required to delay the closing or incur expenses other than nominal additional legal costs.

18.6 **Notices.** All notices under this Agreement shall be in writing and hand either delivered, which shall be effective upon such delivery, or sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit with postage prepaid in the United States Mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy or similar means, if a copy of the notice is also sent by United States first-class mail in which case the notice shall be deemed delivered upon transmission if sent before 5 p.m. Pacific Time or the next business day, if sent after 5 p.m. Pacific Time, as follows:

If to Buyer:	Retail Opportunity Investments Corp. 3 Manhattanville Road, 2 nd Floor Purchase, New York 10577 Telephone: 914/272-8080 Facsimile: 914/272-8088 Attention: Richard Schoebel
With a copy to:	Dunn Carney Allen Higgins & Tongue LLP 851 SW Sixth Avenue, Suite 1500 Portland, OR 97204-1357 Telephone: 503/224-6440 Facsimile: 503/224-7324 Attention: Kenneth S. Antell
If to Seller:	Barry A. Cain Cascade Summit Retail LLC

c/o Gramor Development
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
Phone: (503) 245-1976
Fax: (503) 654-9188

With a copy to:

Stoel Rives
900 S.W. Fifth Avenue
Suite 2600
Portland, OR 97204
Telephone: (503) 294-9216
Facsimile: (503) 220-2840
Attention: Thomas R. Page

The addresses above may be changed by written notice to the other party.

18.7 **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

18.8 **Modification.** This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18.9 **Entire Agreement.** This Agreement (including any exhibits attached hereto) contains the entire agreement between the parties and supersedes and replaces all written and oral agreements previously made or existing between the parties with respect to the subject matter of this Agreement.

18.10 **Brokers.** Neither Seller nor Buyer is represented by a broker in this transaction. Each party will defend, indemnify and hold the other party harmless from any claim, loss or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of the indemnifying party's conduct.

18.11 **Drafting of Agreement.** The parties acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

18.12 **Counterparts/Facsimile.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Signatures by facsimile shall be binding as originals.

18.13 **Intentionally Deleted.**

18.14 **Governing Law.** This Agreement shall be construed, applied and enforced in accordance with the laws of the state in which the Property is located.

18.15 **Authority of Signatories.** The respective persons who have executed this Agreement on behalf of a party represent and warrant that they have been duly authorized to do so by such party and no other or further signature or approval is required to bind the party to this Agreement. All documents delivered at closing will be executed by a duly authorized person on behalf of such party.

18.16 **Assignment.** Buyer may assign this Agreement and Buyer's rights under this Agreement to an assignee owned or controlled by Buyer without Seller's consent. Except as provided above, neither party shall have the right to assign this Agreement or any of its rights or obligations hereunder to any person or other entity without the written consent of the other party, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer consents to an assignment by Seller to a third party exchange accommodator as part of an IRC Section 1031 exchange.

18.17 **Required Statutory Notice.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195. 305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

18.18 **Attorney Fees and Costs.** In the event either party breaches any obligation under this Agreement, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event any suit, action, or arbitration is instituted to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such suit or action, and also any fees incurred in any bankruptcy matter, in addition to all other sums provided by law.

18.19 **Confirmation of Contingency Periods.** Promptly after the Effective Date of this Agreement, the parties shall execute a Confirmation of Contingency Periods in the

form attached **Exhibit E**, setting forth the applicable deadlines for the contingencies set forth herein.

18.20 Intentionally Deleted.

18.21 Calculation of Time Periods. Whenever a time period is set forth in days in this Agreement, the first day from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday or legal holiday, including Sunday, in which event, the period runs until the end of the next day which is not a Saturday or legal holiday.

18.22 Seller's Closing Conditions. The conditions set forth in this Section are solely for the benefit of Seller and may be waived only by Seller and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Seller. Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date:

(a) Closing under that certain Purchase and Sale Agreement dated June 15, 2010 between Gramor Acme LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Happy Valley Town Center located at 15650–16126 Happy Valley Town Center Drive, Happy Valley, Oregon; and

(b) Closing under that certain Purchase and Sale Agreement dated June 15, 2010 between OC Point LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Oregon City Point located at 19502–19574 Molalla Avenue, Oregon City, Oregon.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation By: <u>/s/ Stuart A. Tanz</u> Name: <u>Stuart A. Tanz</u> Title: <u>CEO</u> Date of Signature: <u>6/11/10</u>	CASCADE SUMMIT RETAIL LLC an Oregon limited liability company By: Gramor Investments, Inc., an Oregon corporation Manager By: <u>/s/ Barry A. Cain</u> Barry A. Cain, President Date of Signature: <u>6/15/10</u>
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Exhibits:

Exhibit A	Property Description (Section A)
Exhibit B	Bill of Sale form (Section 1)
Exhibit C	Assignment of Leases (Section 9.3)
Exhibit D	Assignment of Contracts and Warranties (Section 9.5)
Exhibit E	Confirmation of Contingency Period (Section 18.19)
Exhibit F	Development and Management Agreement (Section 10.6)
Exhibit G	8-K and Audit Requirements (Section 6.4)

EXHIBIT A
Property Description

Exhibit A

**EXHIBIT B
Bill of Sale Form**

BILL OF SALE

_____, a(n) _____ ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, transfer, convey and deliver to Retail Opportunity Investments Corp., a Delaware corporation ("Buyer"), its successors and/or assigns:

All the personal property owned by Seller (collectively, "Personal Property") located on or used in the operation of the real property commonly known as Cascade Summit Shopping Center, including all personal property listed in the attached Schedule B-1.

Seller hereby covenants with Buyer that the Personal Property is free and clear of and from all encumbrances, security interests, liens, mortgages and claims whatsoever and that Seller is the owner of and has the right to sell same. Seller warrants and agrees to defend the title in and to the Personal Property unto Buyer, its successors or assigns against the lawful claims and demands of all persons claiming by or through Seller.

SELLER:

BUYER:

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C
Assignment of Leases

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

1. A. Assignor, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest as landlord under the Leases to Assignee and Assignee has agreed to assume the landlord's obligations under the Leases, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

2. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest as landlord under the Leases.

3. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the landlord's interest under the Leases and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by the landlord under the Leases.

4. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit C

5. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee) indemnify, and hold harmless Assignee, its partners, and their officers, directors, employees, agents, representatives, successors, and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed prior to the Effective Date.

6. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed on or after the Effective Date.

7. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

8. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

9. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

10. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

11. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit C

12. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

EXHIBIT D
Assignment of Contracts and Warranties

ASSIGNMENT OF CONTRACTS AND WARRANTIES

THIS ASSIGNMENT OF CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of this _____ day of _____, 20____, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

A. Assignor is a party to the contracts and warranties listed on the attached Schedule D-1 (the "Contracts and Warranties") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20____, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest under the Contracts and Warranties to Assignee and Assignee has agreed to assume Assignor's obligations under the Contracts and Warranties, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties.

2. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the Contracts and Warranties and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by Assignor under the Contracts and Warranties.

3. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20____ (the "Effective Date").

Exhibit D

4. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee), indemnify, and hold harmless Assignee, its partners and their respective officers, directors, employees, agents, representatives, successors, and assigns and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed prior to the Effective Date.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed on or after the Effective Date.

6. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

8. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

9. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

10. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit D

11. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D

EXHIBIT E

Confirmation Of Contingency Periods

The parties acknowledge that the deadlines for the contingency periods in the Purchase and Sale Agreement dated _____, 2010 between _____ (“Seller”) and Retail Opportunity Investments Corp. (“Buyer”) are as follows:

EVENT	EXPIRATION DATE
Contingency Period	_____
Extension Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

RETAIL OPPORTUNITY INVESTMENTS CORP.,
a Delaware corporation

_____ a(n) _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

EXHIBIT F

Development and Management Agreement

THIS DEVELOPMENT AND MANAGEMENT AGREEMENT is entered into as of _____, 2010, by and between _____ (the “**Company**”) and Gramor Development, Inc. (“**Gramor**”).

The Company owns a shopping center on the Lands.

Gramor is experienced in the business of developing and managing shopping centers.

The Company desires to appoint Gramor to perform certain limited development and management services;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

Section 1. DEFINITIONS

1.1 **Definitions**: As used herein, the following terms shall have the following meanings:

1.1.1 “Agreement” shall mean this Operations Management Agreement;

1.1.2 “Budget” shall mean the budget for the operation and maintenance of the Project prepared by the Manager for approval by the Company all as more particularly set forth in Section 4.5 hereof;

1.1.3 “Building” shall mean the building or buildings constructed and located on the Lands;

1.1.4 “Commencement Date” shall mean the date in which the Company acquires ownership of the Shopping Center.

1.1.5 “Improvements” shall mean the Building, and all other fixtures, amenities and improvements constructed on the Lands in connection therewith;

1.1.6 “Lands” shall mean the parcels of land in _____ County, State of _____ described in attached Exhibit A;

1.1.7 “Line Item” shall mean each cost or expense set forth as a separate type or category of expense in the Budget, as set forth in Section 4.5 hereof;

1.1.8 “Manager” shall mean Gramor;

1.1.9 “Project” shall mean the Lands and Improvements;

Exhibit F

1.1.10 “Project Operating Expenses” shall mean all costs and expenses relating to the maintenance and operation of the Project, as set forth in a Budget pursuant to Section 4.5 hereof.

Section 2. APPOINTMENT

The Company hereby appoints Gramor as Operations Manager of the Project and Gramor agrees with the Company to accept such appointment and to superintend, inspect, manage and maintain the Project and do all acts and things with respect thereto.

Section 3. TERM

3.1 **Commencement Date**: The term of this Agreement shall commence upon the Commencement Date.

3.2 **Term**:

The term of this Agreement shall be for one (1) year from the Commencement Date unless terminated in accordance with the provisions of Sections 3.3 or 3.4. The term of this Agreement shall automatically terminate unless extended in writing by the Company and Gramor.

3.3 **Termination by Company**: The Company may elect, at its option, to terminate this Agreement and the appointment of Manager hereunder upon the occurrence of any of the following events, and in the manner set forth below:

3.3.1 In the event of: fraud, deceit, breach of trust, misappropriation of any funds of the Project or of the Company, commingling of any such funds with Manager’s own funds or funds held for others, or breach of fiduciary duties by Manager under this Agreement, the Company may terminate this Agreement by written notice to Manager specifying the effective date of termination with no opportunity to cure the default (the “Notice of Termination”).

3.3.2 In the event of any other failure of Manager to comply with the terms and provisions of this Agreement or the decisions or directives of the Company, then such failure shall be an event of default. The Company shall give Manager a written notice (“**Notice of Default**”) stating with reasonable particularity the failure(s) of performance or default(s) by Manager, and Manager shall have thirty (30) days after the effective date of the notice within which to cure same, or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If Manager does not cure the failure(s) of performance or

Exhibit F

default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, the Company may give Manager a Notice of Termination.

3.3.3 If Manager enters Bankruptcy (as that term is hereinafter defined), the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. Bankruptcy shall mean the filing of a voluntary petition in bankruptcy or the filing of an involuntary petition of bankruptcy and the failure to secure a dismissal of such petition within 30 days after filing.

3.3.4 In the event of a Transfer of all or substantially all of the Project to an unrelated third party, the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. For purpose of this Section 3.3, a "Transfer" is any sale, conveyance, exchange, or other conveyance or transfer of all or substantially all of the Project, and includes but is not limited to a voluntary transfer, a transfer in a foreclosure proceeding, a transfer or deed in lieu of foreclosure, or a taking in eminent domain proceedings, or a conveyance under threat of condemnation. A "Transfer" also includes the destruction of all or any material part of the net rentable area of the Project by fire or other casualty, whether or not such destruction is covered by insurance.

3.4 **Termination by Manager:** Manager may elect, at its option, to terminate this Agreement upon the occurrence of any of the following events, and in the manner set forth below:

3.4.1 In the event the Company enters Bankruptcy (as that term is defined in Section 3.3.3), Manager may terminate this Agreement by giving the Company a Notice of Termination as described in Section 3.3.1.

3.4.2 In the event of any failure of the Company to comply with the terms and provisions of this Agreement, then such failure shall be an event of default. Manager shall give the Company a Notice of Default, as described in Section 3.3.2, stating with reasonable particularity the failure(s) of performance or default(s) by the Company, and the Company shall have thirty (30) days after the effective date of the notice within which to cure such failure(s) or default(s), or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If the Company does not cure the failure(s) of performance or

Exhibit F

default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, Manager may give the Company a Notice of Termination.

3.4.3. The Manager may terminate this Agreement at any time by giving Company a Notice of Termination; provided, however, that the effective date of termination specified in such Notice of Termination shall be not less than sixty (60) days after the effective date of the notice.

Section 4. DUTIES AND RESPONSIBILITIES OF THE MANAGER

4.1 **General:** The Manager shall have full responsibility for the operation and maintenance of the Project during the term of this Agreement, and the Manager shall perform its duties and exercise the powers and authorities herein granted in an efficient and economical manner, for the account and at the expense of the Company (except where expressly provided to the contrary) subject to the direction of the Company and the terms and provisions of this Agreement.

4.2 **Maintenance and Repair:** The Manager shall, subject to the terms of this Agreement, keep the Project in first class operating condition and repair, and shall arrange for and supervise the making or installation of such maintenance, repairs, improvements (not including any tenant improvements except as provided in Section 4.3A below) and alterations as may be required.

4.3 Preparation of Budgets:

4.3.1 The Manager shall prepare and submit to the Company for approval a Budget for the operation and maintenance of the Project, which Budget is to be prepared and submitted at the times and covering the periods hereinafter described:

4.3.1.1 upon the Commencement Date, covering the balance of the calendar year after the Commencement Date;

4.3.1.2 at least forty-five (45) days prior to the end of the calendar year during the term of this Agreement, covering the remaining term of the Agreement.

4.3.2 Each Budget shall include, at a minimum, the following information:

4.3.2.1 a operating expense budget detailing on a month-by-month basis the projected operating costs and non-recoverable costs.

Exhibit F

4.3.2.2 a description of proposed maintenance, repairs or alterations.

4.3.2.3 a schedule of all Project Operating Expenses for the Project for the period covered by the Budget. Project Operating Expenses shall include, but not be limited to, the following:

4.3.2.3.1 all expenses relating to the providing of services for tenants of the Project;

4.3.2.3.2 any amounts payable to the Company;

4.3.2.3.3 fees for contract and professional services to be performed on behalf of the Project, the costs of which are to be borne by the Company;

4.3.3 Upon approval of such proposed Budget by the Company with such changes therein as the Company may indicate, the Manager shall not, during the period covered by such Budget, incur or pay any expense in the operating and maintenance of the Project which is not specifically or by category covered in the Budget, or which would result in the amount of authorized expenditures in any individual "Line Item" (except utilities and emergency expenditures) set forth in the Budget being exceeded by more than Three Thousand Dollars (\$3,000.00) provided that the Manager may make expenditures required in situations or circumstances deemed in the good faith judgment of the Manager to be an emergency, up to a maximum of Ten Thousand Dollars (\$10,000.00) per emergency situation. The Manager agrees in all such emergency situations to use its best efforts to contact the Company for its approval prior to such expenditure, or if not possible before such expenditure, then as soon thereafter as reasonably possible.

4.3A **Change of Manager's Duties.** The Company anticipates that over time the Company's need for the duties outlined above may change and that the Company may have a need for tenant coordination services from the Manager to assist the Company with the completion of the Company's construction obligations outlined in leases with new tenants. The Manager agrees that the Manager will provide such tenant coordination services in lieu, in whole or in part, of the duties enumerated above with the understanding that the value of said tenant coordination services, together with all other services that the Manager continues to provide hereunder, shall not exceed the compensation outlined above.

4.4 **Supplies and Equipment:** The Manager shall, if required, for the account and at the expense of the Company, purchase, provide and pay for all janitorial and maintenance supplies,

Exhibit F

tools and equipment, restroom and toilet supplies necessary to the efficient and economical operation and maintenance of the Project. All such supplies, tools and equipment shall be delivered to and stored on the Project and shall be used only in connection with the operation and maintenance of the Project. The Manager shall attempt to purchase all goods, supplies and services at the lowest cost available from reputable sources.

4.5 **Right to Contract on Behalf of Company:** Subject to the following provisions, the Manager shall have the right, subject to the terms of this Agreement, to contract on behalf of the Company for cleaning, maintenance, repair, security or any other services for the Project or any part or tenant thereof; provided that, all expenditures represented by such contracts are shown in the Budget, all such contracts are with “arms-length” third parties at market rates. Notwithstanding the foregoing Manager may contract with its own maintenance employees to provide some of the day-to-day maintenance and operation services provided the cost of such is comparable to other Portland-area third party services providers. □ 60;The Manager shall include a provision in all such contracts requiring that the contractor carry Workmen’s Compensation Insurance in accordance with the laws of the jurisdiction in which the Project is located and employer’s liability insurance applicable to and covering all persons engaged in the performance of work hereunder, and the Manager shall require that said contractor furnish the Manager with certificates showing such insurance to be in force.

4.6 **Payment of Project Contractors and Suppliers:** The Manager shall, for the account and at the expense of the Company contract with supplies and contractors and shall promptly submit invoices for all operating expenses of the Project to Company. Company shall be responsible for paying all such invoices at its sole cost and expense. Provided Company promptly pays all submitted invoices, Manager will not suffer or permit any liens to be filed against the Project by reason of any work or materials claimed to have been furnished.

4.7 **Decision Making:** The Manager will promptly advise the Company of all matters requiring decision by the Company concerning the operations of the Project. The Manager will comply with all decisions of the Company with respect to all operational matters pertaining to the Project and conform its activities to such decisions.

4.8 **Standard of Performance:** The Manager agrees to perform the activities and duties required under this Agreement in conformance with the professional standards of operations managers on comparable projects. In the performance of its duties under this Agreement, the

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Manager shall act in accordance with the standards and duties of a fiduciary. The Manager shall make available to the Company its knowledge, skills, ideas, experience and abilities with respect to all matters pertaining to the operations of the Project and shall be available to consult with, advise and inform the Company and its consultants at all reasonable times during the term of this Agreement.

4.9 **Relations with Tenants:** Service requests by tenants shall be received and shall be considered and handled promptly and courteously. Systematic records shall be maintained showing the action taken with respect to each request. Complaints of a serious nature shall, after appropriate investigation, be reported to the Company with appropriate recommendations.

4.10 **Review of Bills:** The Manager shall review all bills received for goods, services and work incurred in connection with the operation and maintenance of the Project and, unless otherwise directed by the Company, shall approve only those determined to be good and proper. Upon review and approval, Manager shall submit said invoices to Owner for payment.

4.11 **Compliance and Governmental Requirements:** Unless otherwise directed by the Company, the Manager will comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, any national or local board of fire underwriters, or any other body exercising the functions similar to those of any of the foregoing, which may be applicable to the Project and the operation thereof, and promptly give notice to the Company of any operations related condition at the Project which violates any such law, ordinance, order, rule, regulation or requirement.

4.12 **Qualification to do Business:** At all times during the term of this Agreement, the Manager will maintain its qualification to do business in the State of Oregon and possess all permits, licenses and other qualifications required by all governmental authorities for the Manager to exercise all the functions set forth herein.

4.13 **Transactions with Affiliated Entities:** The Manager shall not enter into any contract, agreement or other arrangement in connection with the Project with any party with respect to which the Manager, or any person or entity related to or affiliated with the Manager, has any direct or indirect ownership or control, unless such contract, agreement or arrangement has been fully disclosed to and approved by the Company in writing with the Manager. Manager hereby discloses to Company, that it intends to use Manager's maintenance technicians to

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provide the repair and maintenance services at the Project, and the cost of such shall be comparable to costs charged by an outside contractor.

4.14 **Manager's Personnel:** The Manager shall, at its sole cost and expense, cause to be hired, paid and supervised all persons necessary to be employed in order to enable the Manager properly to perform its duties under this Agreement (who shall be the Manager's employees, and not the Company's employees), and carry workers' compensation insurance covering such employees and employer's liability insurance applicable to and covering such employees. The Manager shall furnish the Company with certificates showing such insurance to be in force.

4.15 **Indemnification of the Manager:** Subject to the provisions hereinafter set out, the Company indemnifies, defends and holds harmless the Manager and each officer or director thereof, against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by him, it, them or any of them by reason of any act, omission or alleged act or omission by him, it, them, or any of them arising out of his, its or their activities on behalf of the Company or in furtherance of the interest of the Company, including but not limited to any judgment, award, settlement, reasonable attorney's fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Company as incurred; PROVIDED HOWEVER, that the acts, omissions or alleged acts or omissions upon which such actual or threatened actions, proceedings or claims are based were performed or omitted in good faith and were not fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence, or willful misconduct of the party to be indemnified, defended and held harmless under this Section and further provided that the loss, expense, damage, expenses do not relate to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project. Nothing contained in this Agreement shall in any manner limit or be deemed to waive the warranties and obligations of the Manager as a contractor, if the Manager undertakes any construction or supervision duties in connection with the construction of any such improvements to or within the Project.

4.16 **Indemnification of the Company:** The Manager indemnifies, defends and holds harmless the Company and its officers, directors, members, managers, related entities, agents and employees (collectively, "Company Parties"), against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by Company Parties or any of them by

Exhibit F

reason of any act, omission or alleged act or omission by the Manager or its agents, employees or contractors performed or omitted in bad faith or fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence or willful misconduct of the Manager or its agents, employees or contractors or relating to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project, including but not limited to any judgment, award, settlement, reasonable attorneys' fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Manager as incurred.

Section 5. RECORD KEEPING

5.1 **Receipts and Records**: The Manager shall at all times during the term of this Agreement secure and maintain all applicable invoices and/or bills for all Project Operating Expenses. The Manager shall maintain, at its accounting office in Tualatin, Oregon all such invoices and/or bills, service-provider correspondence, contracts and warranties with respect to the Project and its operation.

5.2 **Quarterly Reports**: The Manager shall render to the Company, within thirty (30) days after the end of each quarter, unaudited variance report statements which shall include a statement of expenses which shall indicate monthly costs compared to the budget for the month and year to date, respectively;

5.3 **Property of the Company**: The records, reports, books of account and other documents and materials relating to the management, operation and maintenance of the Project shall be the property of the Company and, upon the termination of this Agreement by expiration or otherwise, the Manager shall, after making copies of such portions thereof as the Manager shall deem pertinent, turn the same over to the Company.

Section 6. COMPENSATION OF MANAGER

6.1 **Management Fee**. In consideration of the Manager's services hereunder, the Manager shall be entitled to receive a management fee equal to \$3,716.00 per calendar month (the "**Management Fee**").

6.2 **Payment of Management Fee**. The Management Fee for each month will be due and payable by the Company within 10 days following the first day of the month.

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Section 7. PROPERTY INSURANCE – N/A

Section 8. AUTHORITY

8.1 **Authority as Agent:** The Manager is hereby authorized to act as agent for the Company for the purpose of carrying out the authority and responsibilities set forth in this Agreement.

8.2 **Limitation of Authority:** Unless specifically authorized in this Agreement, the Manager shall NOT have the authority to do any of the following:

8.2.1 Obtain loans for the Company, whether secured or unsecured, or give or grant options, rights of first refusal, deeds of trust, mortgages, pledges, security interests, or otherwise encumber the Project or any portion therein; obtain replacements of any mortgage or mortgages; prepay in whole or in part, refinance, increase, modify, consolidate or extend any obligation affecting the Project or any portion thereof; or rent, lease, license, sell, exchange or convey the Project or any portion thereof.

8.2.2 Cause the Company to extend credit or to make any loans or become a surety, guarantor, endorser or accommodation endorser for any person, firm or corporation or to enter into any contracts which are significant with respect to the operation or management of the Project, including, but not limited to, supervisory management agreements, real estate and insurance brokerage agreements or loan brokerage agreements.

8.2.3 Release, compromise, assign or transfer any claim, right or benefit of the Company, except in the ordinary course of managing and operating the Project as provided herein.

8.2.4 Confess a judgment against the Company.

8.2.5 Modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the Project.

8.2.6 Grant easements or other property rights in the Project.

8.2.7 Purchase, sell or lease any space in the Project or any real property, the Land, the Project or any part thereof on behalf of the Company.

8.2.8 Do any act which would be inconsistent with or which would constitute a change or modification of the Budget then in effect.

Exhibit F

8.2.9 Cancel or terminate any leases with tenants of the Project;

8.2.10 Unless otherwise permitted herein, enter into any contract on behalf of the Company with an affiliate of the Manager or a person as to which the Manager would have a conflict of interest, and, with respect to any such contract, make any amendment, modification or rescission thereof, declare a default thereunder, institute, waive any rights of the Company, or consent to the assignment of any rights or the delegation of any duties by the other party thereto.

8.2.11 Make any other decision or take any action which by any provision of this Agreement is required to be approved by the Company or which materially affects the Project or its operation.

Section 9. GENERAL PROVISIONS

9.1 **Notices:** Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail, telexed, telecopied or telegraphed to or delivered at the address of the other party hereinafter set forth:

To: Gramor:
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
FAX: (503) 654-9188

And copy to:

Thomas R. Page
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
FAX: (503) 220-2480

To: Company:

To: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
FAX: (914) 272-8088

And a copy to:

Kenneth S. Antell
Dunn Carney Allen Higgins & Tongue, LLP
851 SW 6th Avenue, Suite 1500
Portland, Oregon 97204
FAX: (503) 224-7324

Exhibit F

or at such other address as any of the aforesaid parties from time to time direct in writing, and any such notice shall be deemed to have been received:

- (a) if deposited in the U.S. Mail within Oregon or Washington, seventy-two (72) hours after the time of mailing;
- (b) if telegraphed, forty-eight (48) hours after the time of telegraphing;
- (c) if telexed or telecopied, twenty-four (24) hours after the time of telexing or telecopying; and
- (d) if delivered, on the date of delivery.

If normal mail service, telex service, telecopy service or telegraph service is interrupted by strike, slow down, force majeure or other cause, any notice sent by the impaired means of communication shall not be deemed to be received until actually received, and the party sending the notice shall utilize any other such services which have not been so interrupted or shall deliver such notice in order to ensure prompt receipt thereof.

9.2 **Validity of Provisions:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement; but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

9.3 **Waiver and Modification:** No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default hereunder. Failure on the part of any party to complain of any act, or failure to act, of any other party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

9.4 **Successors:** The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto, provided, however, this Agreement shall at all times remain personal to the

Exhibit F

Manager and may not be assigned by the Manager without the prior consent of the Company. The Company may assign all or any portion of its rights and delegate all or any portion of its duties under this Agreement without the consent of the Manager and without any other restrictions whatsoever in connection with a Transfer of the Project or in connection with any financing that is secured by a mortgage or trust deed on the Project.

9.5 **Attorney's Fees:** In the event of any litigation between the parties hereto to enforce any provision of this Agreement or any right of any party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees and costs incurred therein.

9.6 **Remedies:** All parties shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and injunction to enforce their rights hereunder.

9.7 **Headings:** The headings of the articles, sections and paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

9.8 **Gender:** Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

9.9 **Assistance:** Each party hereby expressly agrees that if any controversy, litigation or court proceedings is prosecuted or defended by any other party in connection with this Agreement or the operation of the Project, it will render all reasonable assistance to the other party.

9.10 **Construction:** In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party.

9.11 **Entire Agreement:** This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to any of the same hereafter entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which any party may have had relating to the subject matter hereof.

9.12 **Counterpart:** This Agreement may be executed in counterpart, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Exhibit F

9.13 **Governing Law; Forum:** This Agreement shall be governed by and construed in accordance with the laws of the State in which the Project is located. The parties consent to the personal jurisdiction of the state and federal courts located in the state in which the Project is located in any action brought under this Agreement.

9.14 **Status Reports:** Recognizing that each party hereto may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each party agrees, upon the written request of any other, made from time to time, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement or the Project to the best of the knowledge and belief of the party making such statement.

9.15 **Time of Essence:** Time is of the essence in the performance of this Agreement and of each provision hereof.

[Remainder of page intentionally blank]

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto, as of the day and year first above written.

Company:

Manager: GRAMOR DEVELOPMENT, INC.

By _____
Barry A. Cain, President

Exhibit F

EXHIBIT G

8-K and Audit Requirements

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer or its outside third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; provided, however, that in any such event(s), Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Buyer and the Accountants may require in order to comply with (a), (b) and (c) above. Seller shall provide the following information and documentation, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;
2. Rent rolls showing both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash journal(s) and bank statements for the Property (provided, that such access shall only be provided to the Accountants in order to prepare any financial statements or Commission filings mentioned above or to satisfy any rule or request of the Commission).
7. Seller's general ledger with respect to the Property, excluding Seller's proprietary accounts;
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;

9. Schedule of those items of repairs and maintenance performed by or at the direction of the Seller during the Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year; and
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon at least twenty (20) days prior written notice and not more than once during the one (1) year period, upon Buyer's request, for a period of one (1) year after Closing, Seller shall on a one (1)-time basis only, make Seller's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Seller to be privileged, available to Buyer for inspection, copying and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing.

Exhibit G

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 15th day of June, 2010 by and between OC POINT, LLC, an Oregon limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in the land and all improvements thereon, including an approximately 35,305 square foot shopping center, commonly known as Oregon City Point located at 19502-19574 Molalla Avenue, Oregon City, Oregon, the legal description of which is attached as **Exhibit A** (the "Property"). If no legal description is attached, then the legal description of the Property shall be as contained in the Preliminary Commitment (defined in Section 5), subject to Buyer's and Seller's reasonable approval.

B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes the personal property used in the operation of the Property, which shall be conveyed to Buyer at closing pursuant to a bill of sale in the form attached as **Exhibit B**. The list of personal property to be conveyed shall be provided by Seller to Buyer within ten (10) days after the Effective Date (as defined in Section 3). The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties related to the improvements on the Property.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be TWELVE MILLION ONE HUNDRED THIRTY-SIX THOUSAND FIVE HUNDRED SIXTY-NINE and 00/100 DOLLARS (\$12,136,569.00). Buyer will pay the Purchase Price in cash at closing.

2.1 **Closing Credits.** At closing, Buyer shall receive the following credits against the Purchase Price: (a) \$400,000 with respect to a two-year rent guarantee on the vacant spaces; and (b) \$168,000 with respect to the cost of bringing the vacant spaces to vanilla box condition. If Seller leases a portion of such vacant space prior to closing, the credit under subsection (a) above shall be reduced by the minimum rent required to be paid under such lease during the first two (2) years of the term thereof plus \$7.80 per square foot under such lease per annum for two (2) years.

2.2 **Buyer's Costs.** At closing, Seller shall pay from Seller's funds in escrow Buyer's costs and expenses incurred in connection with this transaction, including, but not limited to, Buyer's costs for due diligence, survey, environmental, title, transfer taxes, and legal fees, in an amount not to exceed \$46,569.00. Buyer shall be responsible for its transaction costs in excess of such amount.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay TWO HUNDRED EIGHTY THOUSAND and 00/100 DOLLARS (\$280,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon (the "Title Company"), 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attention: Rachael Bushnell, and shall be deposited into an interest-bearing escrow account with the Title Company in accordance with the terms of this Agreement. Upon Buyer's waiver of its conditions set forth in Sections 6.1 and 6.2, Buyer shall deposit an additional TWO HUNDRED EIGHTY THOUSAND and 00/100 DOLLARS (\$280,000.00) in escrow as additional Earnest Money. All Earnest Money shall be applied to the payment of the Purchase Price at closing. Any interest earned on the Earnest Money shall be part of the Earnest Money. All Earnest Money shall be returned to Buyer in the event any due diligence condition set forth in Sections 6.1, 6.2 or 6.3 or any closing condition set forth in Sections 6.4, 6.5, 6.6, 6.8 or 6.9 to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation, or default by Seller.

4. **Survey and Environmental Assessments.** During the Contingency Period (as defined in Section 6), Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. The scope and manner of the Phase II environmental site assessment shall be subject to the prior written approval of Seller in its sole discretion. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments. Seller shall provide Buyer with all as-built plans and specifications for the Property in Seller's possession or control, and Seller shall facilitate access to the Property by Buyer's surveyor, consultants and representatives. Seller shall provide Buyer and its environmental consultant with copies of any environmental reports, assessments or other information in Seller's possession or control concerning the Property.

5. **Title Documents.** On or before the fifth (5th) day following the Effective Date, Seller shall deliver to Buyer a preliminary commitment for title insurance issued by Title Company (the "Preliminary Commitment"), along with all documents, whether recorded or unrecorded, referred to in the Preliminary Commitment ("Title Documents"). Buyer shall have until five (5) days following Buyer's receipt of the Preliminary Commitment and the Title Documents to give Seller written notice of Buyer's disapproval of any condition or exception to title affecting the Property ("Buyer's Title Notice"). If Buyer disapproves of any such matter of title, then, within five (5) days after Seller's receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved title conditions and exceptions, if any, that Seller elects to eliminate from the title policy and as exceptions to title, or otherwise to correct. Seller's failure to deliver Seller's Title Notice within such five (5)-day period shall be deemed Seller's

election not to eliminate from the title policy the title conditions and exceptions noted in Buyer's Title Notice. If Buyer approves of Seller's Title Notice, Seller shall eliminate from the title policy, by the Closing Date, those disapproved title conditions and exceptions that Seller has elected to eliminate in Seller's Title Notice, and any failure to eliminate such exceptions or cure such objections shall constitute a default by Seller giving rise to the rights established pursuant to Section 16 below. If Buyer does not approve of Seller's Title Notice, this Agreement shall terminate as provided in Section 7. All title exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be "Permitted Exceptions."

6. **Buyer's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Buyer and may be waived only by Buyer and, except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Buyer. Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.1 through 6.3 not later than twenty-one (21) days after the mutual execution of this Agreement (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the conditions set forth in Sections 6.4 to 6.9 on or before the Closing Date.

6.1 **Review and Approval of Documents and Materials.** On or before the expiration of the Contingency Period, Buyer shall have approved any documents and materials delivered by Seller to Buyer pursuant to this Section. Unless otherwise noted below with respect to any specific item, within five (5) days after the Effective Date of this Agreement, Seller shall deliver to Buyer, for Buyer's review and approval, the following documents and materials respecting the Property, which are in Seller's possession, custody, or control (collectively, the "Seller's Documents"):

6.1.1 A current accounts receivable report for the Property.

6.1.2 A current rent roll for the Property.

6.1.3 Real and personal property tax statements for the most recent tax year.

6.1.4 All environmental reports, studies and assessments concerning the Property.

6.1.5 All soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property.

6.1.6 Any CC&Rs, management agreements, commission agreements or other agreements relating to all or any portion of the Property.

6.1.7 All tenant leases and other occupancy or use agreements and any amendments thereto concerning the Property (the "Leases") along with any tenant financial statements, and a current rent roll and aged receivables report for the Property.

6.1.8 Operating statements, sales history reports and CAM reconciliations for the Property for the current year to date, and the previous three (3) calendar years.

6.1.9 All certificates of occupancy for the Property.

6.1.10 All service contracts and all construction and equipment warranties that are still in effect.

In addition to hard copies of the above documents, Seller shall also make available to Buyer within five (5) days after the Effective Date, electronic copies of the following documents related to the Property: all current leases (with amendments, modifications, extensions, and assignments and subleases); the last two (2) years' CAM reconciliations; a current rent roll, and the current year's operating budget for the Property.

Also, Seller shall make available to Buyer at Seller's office all tenant lease files containing tenant financials, tenant correspondence and such other records and documents as Buyer deems necessary for its due diligence review of the Property.

6.2 Inspections. During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer's sole discretion. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geo technical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this Agreement and the Property with third parties, including lenders, contractors and government officials and representatives.

6.3 Intentionally Deleted.

6.4 Audit Inquiry and SEC Compliance. On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 6.4. Seller acknowledges that Buyer may be required to make certain filings with the Securities and Exchange Commission (the "SEC Filings") that relate to the most recent preacquisition fiscal year and the current fiscal year through the date of acquisition for the Property. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto. In that regard, Seller acknowledges that as a REIT, Buyer will be required after the Closing to comply with certain requirements of the Securities and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in **Exhibit G** attached hereto and made a part hereof in order to facilitate

such compliance by Buyer; provided that, notwithstanding anything contained in this Agreement or in **Exhibit G** to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof or required to incur any costs in connection therewith. The foregoing covenant of Seller (but not the condition to Buyer's obligation to close) shall survive the Closing for a period of one (1) year.

6.5 **No Material Changes.** On and as of the Closing Date, there shall have been no material adverse changes in the physical or economic condition of the Property, other than such changes as may be contemplated by this Agreement.

6.6 **Representations, Warranties and Covenants of Seller.** On and as of the Closing Date, Seller shall have duly and timely performed each and every material agreement to be performed by Seller hereunder and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.7 **[Intentionally Deleted].**

6.8 **Estoppel Certificates.** On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in commercially reasonable form for all tenants of the Property occupying 4,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder except as stated in such estoppel certificates, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 75% of all other specialty store tenants of the Property. Seller shall send such estoppel certificates to such tenants with in ten (10) days after mutual execution of this Agreement. If Seller is unable to provide an estoppel certificate from any of the above tenants, Seller will provide Buyer with a landlord's form of estoppel certificate certifying the same information on or before the Closing Date.

6.9 **Title Insurance.** On and as of the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy set forth in Section 11 to Buyer.

7. **Termination.** If any condition set forth in Section 6.1 is not timely satisfied or waived by Buyer in writing for any reason, this Agreement shall automatically terminate. If the conditions set forth in Section 18.22 below are not timely satisfied or waived by Seller in writing for any reason, this Agreement shall automatically terminate. Upon any such termination, all Earnest Money shall be immediately refunded to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein.

8. **Representations and Warranties.**

8.1 **Seller's Representations and Warranties.** Seller represents and warrants (which representations and warranties are true and correct on and as of the date of this Agreement and shall be true and correct in all material respects on and as of the Closing Date) to Buyer that:

8.1.1 **Fee Title.** Seller is the sole current legal and beneficial fee simple title holder of the Property and has the authority and power to enter and execute this Agreement and convey the Property to Buyer free and clear of the claims of any third

party or parties (including, without limitation, any elective share, dower, curtesy or community property rights of any spouse) created or suffered by Seller, except for the Permitted Exceptions without further authorization or signature of any other person;

8.1.2 **Leasing Commissions.** There shall be on the Closing Date, no leasing commissions due or owing, or to become due and owing, in connection with any leases, licenses or other occupancy agreements in connection with the Property except in connection with a New Lease consented to by Buyer.

8.1.3 **Leases.** There are as the date hereof, and there shall be on the Closing Date, no leases, licenses or other occupancy agreements in connection with the Property except for the Leases included in the Seller's Documents and any New Leases (as defined in Section 9.2).

8.1.4 **Condemnation.** Seller has no knowledge of and has received no written notice of any pending or contemplated condemnation proceedings affecting all or any part of the Property.

8.1.5 **Structural.** Seller has no actual knowledge of any material structural defects in the building or improvements on the Property or any major repairs required to operate the building and/or improvements in a lawful and safe manner.

8.1.6 **Zoning/Violations.** There is not now pending nor, to Seller's knowledge, are there any proposed or threatened proceedings for the rezoning of the Property or any portion thereof. During the period of Seller's ownership of the Property, Seller has no knowledge of and has received no written notice that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, the improvements located thereon and any parking areas.

8.1.7 **Permitted Exceptions.** Seller has performed all obligations under and is not in default in complying with the terms and provisions of any of the covenants, conditions, restrictions, rights-of-way or easements constituting one or more of the Permitted Exceptions existing as of the date hereof.

8.1.8 **Permits.** To Seller's knowledge, all permits, licenses, authorizations and certificates of occupancy required by governmental authorities for Seller's management, occupancy, and operation of the Property are in full force and effect.

8.1.9 **Litigation.** No proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of, any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. ("Bankruptcy Code"), or under any other

federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

8.1.10 **FIRPTA.** Seller is not a “foreign person” within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.11 **Development.** Except as may be contained in the Permitted Exceptions, Seller has not entered into any written agreement currently in effect with a third party, including, without limitation, any governmental authority, relating to any development of the Property, and Seller has received no notice and otherwise has no knowledge of any restrictions on the ability of the Seller to develop or expand any portion of the Property in the future, other than as may be set forth in zoning and other applicable laws, ordinances, rules and regulations or any land use decision or approval relating to the Property.

8.1.12 **Agreements.** Seller is not a party to, and has no knowledge of, any agreements relating to the Property currently in effect other than the contracts provided to Buyer contained in the Seller’s Documents and the Permitted Exceptions.

8.2 **Buyer’s Representations and Warranties.** As of the Effective Date of this Agreement, Buyer represents and warrants to Seller that Buyer (i) is duly organized and existing under the laws of the State of Delaware; (ii) is authorized to enter into the transaction contemplated in this Agreement; (iii) has the power and authority to enter into this Agreement; and (iv) has not filed voluntarily or involuntarily, for bankruptcy relief within the six (6)-month period preceding the date hereof.

9. Maintenance of Property/Insurance/Leasing.

9.1 **Operation and Maintenance.** From and after the Effective Date through closing or the earlier termination of this Agreement, Seller shall: (a) manage, maintain, operate, and service the Property, including the negotiation and execution of new leases and modifications, extensions and renewals of existing Leases (each a “New Lease” and collectively, the “New Leases”), consistent with its current operations; (b) keep the Property and every portion thereof in reasonably good working order and repair; (c) maintain Seller’s current property damage insurance on the Property; and (d) not make any material alterations to the Property (except for tenant improvements currently in progress or tenant improvements required under any New Lease consented to by Buyer) or remove any personal property owned by Seller therefrom used in the operation of the Property unless the personal property is lost, stolen, irreparably damaged, or replaced with property of similar quality and quantity.

9.2 **New Leases.** From and after the Effective Date through the closing or earlier termination of this Agreement, Seller shall provide Buyer with copies of any letters of intent for New Leases signed by the prospective tenant (or if no letter of intent is available, a

written description of the material terms of the New Lease including the name of the tenant; the square footage and location of the leased premises; the term; any free rent or other lease incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligations) prior to executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld. Buyer shall be responsible for the tenant improvements and lease commission costs under any New Lease consented to by Buyer.

9.3 Assignment of Lease. At Closing, Seller shall assign and Buyer shall assume Seller's obligations under all Leases and New Leases, pursuant to an assignment of leases in the form attached as **Exhibit C** (the "Assignment of Leases").

9.4 Service Contracts. Seller shall not extend, renew, modify, or replace any service contracts for the Property without the prior written consent of Buyer.

9.5 Assignment of Service Contracts. At Closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property to the extent assignable, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties").

10. Closing.

10.1 Closing Date. The purchase and sale of the Property will be closed on or before a date which is not more than seven (7) days after the expiration of the Contingency Period (the "Closing Date"), or at such other time as the parties may mutually agree.

10.2 Manner and Place of Closing. This transaction will be closed in escrow at the offices of Title Company at the address set forth above, or at such other place as the parties may mutually agree. Closing shall take place in the manner and in accordance with the provisions set forth in this Agreement.

10.3 Prorations, Adjustments. All the then current year's ad valorem real property taxes and current utility expenses, and all income under any agreement concerning the Property that Buyer has approved to survive closing, and all rent and other expenses paid by tenants under the Leases for the month in which closing occurs shall be prorated and adjusted between the parties as of the Closing Date. Rent and other expenses payable by tenants under the Leases which is delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. At closing, if all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any deferred tax, roll-back tax, special assessment and related charge, fine, penalty or other amount regardless of the period to which the same relates. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. The final year-to-date tenant operating expense reconciliation adjustment figures shall be finalized and adjusted between the Buyer and Seller post closing.

10.4 **Closing Events.** Provided the Title Company has received the sums and is in a position to cause title to the Property to be conveyed to Buyer and the Title Policy to be issued as described herein, this transaction will be closed on the Closing Date as follows:

10.4.1 The Title Company will perform the prorations described in Section 10.3, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash, less deposits held by Seller under the Leases, less the credits described in Section 2.1 above, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of all Earnest Money previously paid and all interest accrued thereon.

10.4.3 Buyer and Seller shall execute and deliver the Assignment of Leases and Assignment of Contracts and Warranties.

10.4.4 Seller shall execute and deliver a statutory special warranty deed (the "Deed") conveying and warranting to Buyer fee simple title in the Property free and clear of all liens and encumbrances created or suffered by Seller except the Permitted Exceptions. The conveyance shall be free from community property, dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to Buyer good and marketable title to all the Property free and clear of all liens, encumbrances and defects except the Permitted Exceptions.

10.4.5 The Title Company will deliver its commitment letter committing to issue the policy described in Section 11 upon recordation of the closing documents. Seller shall pay the title insurance premium for an ALTA standard coverage owner's policy in the amount of the Purchase Price and the charges for obtaining and recording instruments required to clear title. Buyer shall pay any additional premium for additional coverages and endorsements requested by Buyer.

10.4.6 The Title Company will record the Deed and Buyer shall be responsible for the standard recording fees of the recorder therefor.

10.4.7 The escrow fee shall be divided equally between the parties.

10.4.8 Seller shall deliver to the Title Company and Buyer at closing an affidavit certifying that there are no unrecorded leases or agreements upon the Property, that there are no mechanics' or statutory liens against the Property (or any claims to such liens) and that Seller is not a "foreign person" under FIRPTA and any similar state law in form satisfactory to Buyer.

10.4.9 Seller shall have complied with all requirements of the state of Oregon for the recording of the Deed.

10.5 **Seller's Assistance with Transition.** Promptly after Closing, Seller shall instruct its property manager to promptly deliver letters to each tenant notifying them of the change in ownership of the Property and the address for future rent payments to be sent, which

address will be provided by Buyer. Buyer shall approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership transition issues, at no additional cost or liability to Seller, other than nominal additional administrative and legal costs, for a period of up to 60 days after Closing; provided, that if the management agreement between Buyer and Seller described in Section 10.6 below becomes effective, then Seller's obligations in this sentence above shall be replaced by the terms and conditions of the management agreement.

10.6

Seller's Post-Closing Development and Management Duties. Unless Gramor Development Inc. ("Gramor") elects by written notice to Buyer given before the expiration of the Contingency Period not to perform limited development and management services with respect to the Property, Gramor shall perform certain limited development and management services with respect to the Property (including tenant coordination, managing the maintenance, repair and operation of the Property, but excluding accounting and leasing services) during the one-year period following the Closing Date for payment in the amount of \$2,368 per month. Unless Gramor timely gives such election notice, then Buyer and Gramor shall execute a development and management agreement in the form attached as **Exhibit F** at closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Seller shall furnish Buyer with an ALTA standard coverage owner's policy of title insurance (2006 form) in the amount of the Purchase Price, together with such additional coverages and endorsements, as Buyer may require, including extended coverage, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions (the "Title Policy"); provided, however that, consistent with Section 10.4.5 above, Seller shall be required to pay only the cost of the ALTA standard owner's policy in the amount of the Purchase Price, and Buyer shall pay additional charges for such coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date subject to tenancies under the Leases and New Leases. The respective rights and obligations of the parties not satisfied at or before Closing shall survive the delivery of the Deed and shall be binding upon and inure to the benefit of the parties and their respective heirs, assigns, successors, administrators and executors. Each of Seller's representations, warranties and covenants shall be deemed reaffirmed as of the Closing Date and each of the representations, warranties and covenants shall survive closing and delivery of the Deed for one (1) year.

13. Environmental Matters.

13.1 **Representations and Warranties.** Seller represents and warrants to Buyer (which representations and warranties are true and correct as of the date hereof and shall be true and correct in all material respects on and as of the Closing Date) that:

(a) To Seller's knowledge, during Seller's ownership of the Property there have been no: (A) claims, complaints, notices, or requests for information received by Seller with respect to any alleged violation of any Environmental Law (as defined below) with respect to the Property, or (B) claims, complaints, notices, or requests for information to Seller regarding potential or alleged liability under any environmental law with respect to the Property.

(b) To Seller's knowledge, no conditions exist at, on, or under the Property that would constitute a Hazardous Condition (as defined below).

(c) To Seller's knowledge, Seller is in compliance with all orders, directives, requirements, permits, certificates, approvals, licenses, and other authorizations relating to Environmental Laws with respect to the Property.

13.2 Definitions.

(a) Environmental Law shall mean (i) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

(b) Hazardous Condition shall mean any condition caused by a legally reportable release of Hazardous Material to soil, surface water or groundwater on, in, under or about the Property that occurred during Seller's ownership of the Property such that the presence on, in, under or about the Property (including groundwater and surface water) of the Hazardous Material obligated or obligates the Seller to perform removal or remedial action under any applicable Environmental Law in effect prior to or as of Closing.

(c) Hazardous Materials shall mean any chemical, substance, waste, material, equipment or fixture defined as or deemed hazardous, toxic, a pollutant, a contaminant, or otherwise regulated under any Environmental Law, including, but not limited to, petroleum and petroleum products, waste oil, halogenated and non-halogenated solvents, PCBs, and asbestos containing material.

14. **Condition of Property.** Except for Seller's representations and warranties set forth in this Agreement, Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property. Buyer hereby releases and waives any claim whenever arising against Seller or its agents, brokers, heirs, successors, assigns, employees, affiliates, contractors, representatives, officers, directors, members and managers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the Property at any time before this sale is final, and their insurers and reinsurers (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time, except for

Seller's breach of its representations and warranties set forth herein and Seller's fraud. This waiver is absolute and unconditional, and this release and waiver applies whether or not Buyer has knowledge of any actual or potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent misrepresentation, defective construction, breach of contract or express or implied warranty, unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. This waiver includes, without limitation, claims relating to construction defects, design defects, inspection defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the Property; products or conditions in the Property, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Buyer acknowledges that Seller would have required a significantly higher purchase price for the Property if Buyer refused to accept the Property on such basis, required any further warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Buyer, and its agents, employees, contractors, representatives, officers, directors, shareholders, property managers, brokers, heirs, successors, assigns, affiliates, tenants and invitees. This waiver shall act as a complete bar and defense against any released or waived claim. Buyer agrees to require this release and waiver be included as a term in any future sale or lease of the Property, and that Buyer shall indemnify, defend, reimburse and hold the Seller Parties harmless from any claim, suit, demand, damage, liability or expense resulting from the failure to do so. **Buyer acknowledges that Buyer has read and understands this waiver, that it has had an opportunity to seek and consult counsel regarding this waiver.**

15. **Condemnation or Casualty.** If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) the Purchase Price shall be reduced by the portion of the taking award or casualty insurance proceeds attributable to the portion of the Property taken or destroyed, as the case may be. Seller will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. **Legal and Equitable Remedies.**

16.1 **Default by Seller.** In the event that the transaction fails to close by reason of any default by Seller, all Earnest Money shall be returned to Buyer and Buyer shall be entitled to pursue any other remedy available to it at law or in equity, including (without limitation) the remedy of specific performance.

16.2 **Default by Buyer.** In the event that this transaction fails to close by reason of any default by Buyer, all Earnest Money shall be forfeited by Buyer and released from escrow to Seller. **SUCH AMOUNT HAS BEEN AGREED BY THE PARTIES TO BE REASONABLE COMPENSATION AND THE EXCLUSIVE REMEDY FOR BUYER'S**

DEFAULT, SINCE THE PRECISE AMOUNT OF SUCH COMPENSATION WOULD BE DIFFICULT TO DETERMINE. THE PARTIES ACKNOWLEDGE AND AGREE TO THIS PROVISION BY PLACING THEIR INITIALS BELOW.

/s/ BC
Seller Initials

/s/ ST
Buyer Initials

17. Indemnification.

17.1 Seller hereby agrees to indemnify and hold Buyer harmless from and against: (i) any loss, cost, liability or damage suffered or incurred because any representation or warranty by Seller shall be materially false or misleading; (ii) any loss, cost, liability or damage suffered or incurred because of the nonfulfillment of any agreement on the part of Seller under this Agreement; and (iii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Buyer in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

17.2 Buyer hereby agrees to indemnify and hold Seller harmless from and against any loss, cost, liability or damage to person or the improvements at the Property suffered or incurred by Seller as a result of Buyer's or its agents' entry onto the Property prior to closing (provided, however, in no event shall Buyer be responsible for any damage, loss or liability to the extent resulting from a condition existing at the Property prior to Buyer's entry thereon), and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Seller in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section.

18. Miscellaneous.

18.1 **Partial Invalidity.** In the event and to the extent any provision of this Agreement, or any instrument to be delivered by Buyer at closing pursuant to this Agreement, is declared invalid or is unenforceable for any reason, such provision shall be deemed deleted and shall not invalidate any other provision contained in any such document.

18.2 **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

18.3 **Survival of Representations.** Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for one (1) year, except as otherwise set forth herein.

18.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

18.5 **Exchange.** Buyer will cooperate with Seller to allow Seller to accomplish an IRC Section 1031 exchange; provided Buyer will not be required to delay the closing or incur expenses other than nominal additional legal costs.

18.6 **Notices.** All notices under this Agreement shall be in writing and hand either delivered, which shall be effective upon such delivery, or sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit with postage prepaid in the United States Mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy or similar means, if a copy of the notice is also sent by United States first-class mail in which case the notice shall be deemed delivered upon transmission if sent before 5 p.m. Pacific Time or the next business day, if sent after 5 p.m. Pacific Time, as follows:

If to Buyer: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Telephone: 914/272-8080
Facsimile: 914/272-8088
Attention: Richard Schoebel

With a copy to: Dunn Carney Allen Higgins & Tongue LLP
851 SW Sixth Avenue, Suite 1500
Portland, OR 97204-1357
Telephone: 503/224-6440
Facsimile: 503/224-7324
Attention: Kenneth S. Antell

If to Seller: Barry A. Cain
OC Point LLC
c/o Gramor Development
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
Phone: (503) 245-1976
Fax: (503) 654-9188

With a copy to: Stoel Rives LLP
900 S.W. Fifth Avenue
Suite 2600
Portland, OR 97204
Telephone: (503) 294-9216
Facsimile: (503) 220-2840
Attention: Thomas R. Page

The addresses above may be changed by written notice to the other party.

18.7 **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

18.8 **Modification.** This Agreement and any of its terms may only be changed, waived, discharged or terminated by a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18.9 **Entire Agreement.** This Agreement (including any exhibits attached hereto) contains the entire agreement between the parties and supersedes and replaces all written and oral agreements previously made or existing between the parties with respect to the subject matter of this Agreement.

18.10 **Brokers.** Neither Seller nor Buyer is represented by a broker in this transaction. Each party will defend, indemnify and hold the other party harmless from any claim, loss or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of the indemnifying party's conduct.

18.11 **Drafting of Agreement.** The parties acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

18.12 **Counterparts/Facsimile.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Signatures by facsimile shall be binding as originals.

18.13 **Intentionally Deleted.**

18.14 **Governing Law.** This Agreement shall be construed, applied and enforced in accordance with the laws of the state in which the Property is located.

18.15 **Authority of Signatories.** The respective persons who have executed this Agreement on behalf of a party represent and warrant that they have been duly authorized to do so by such party and no other or further signature or approval is required to bind the party to this Agreement. All documents delivered at closing will be executed by a duly authorized person on behalf of such party.

18.16 **Assignment.** Buyer may assign this Agreement and Buyer's rights under this Agreement to an assignee owned or controlled by Buyer without Seller's consent. Except as provided above, neither party shall have the right to assign this Agreement or any of its rights or obligations hereunder to any person or other entity without the written consent of the other party, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer consents to an assignment by Seller to a third party exchange accommodator as part of an IRC Section 1031 exchange.

18.17 **Required Statutory Notice.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND

REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

18.18 **Attorney Fees and Costs.** In the event either party breaches any obligation under this Agreement, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event any suit, action, or arbitration is instituted to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such suit or action, and also any fees incurred in any bankruptcy matter, in addition to all other sums provided by law.

18.19 **Confirmation of Contingency Periods.** Promptly after the Effective Date of this Agreement, the parties shall execute a Confirmation of Contingency Periods in the form attached **Exhibit E**, setting forth the applicable deadlines for the contingencies set forth herein.

18.20 **Intentionally Deleted.**

18.21 **Calculation of Time Periods.** Whenever a time period is set forth in days in this Agreement, the first day from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday or legal holiday, including Sunday, in which event, the period runs until the end of the next day which is not a Saturday or legal holiday.

18.22 **Seller's Closing Conditions.** The conditions set forth in this Section are solely for the benefit of Seller and may be waived only by Seller, and except as otherwise specifically set forth herein, only if such waiver is set forth in a writing signed by Seller.

18.22.1 Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following condition concurrently with closing hereunder: Closing under that certain Purchase and Sale Agreement

dated June 15, 2010 between Gramor Acme LLC, an Oregon limited liability company, as seller, and Buyer, as buyer, relating to Happy Valley Town Center located at 15640-16126 Happy Valley Town Center Drive, Happy Valley, Oregon.

18.22.2 Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following condition before the expiration of the Contingency Period: Buyer and Seller shall have entered into mutually agreeable forms of Development Agreement and Joint Venture Agreement with respect to the development of that certain approximately 50,613 s.f. parcel known as the Wilsonville Old Town Square.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation By: <u>/s/ Stuart A. Tanz</u> Name: <u>Stuart A. Tanz</u> Title: <u>CEO</u> Date of Signature: <u>6/11/10</u>	OC POINT, LLC an Oregon limited liability company By: Gramor Investments, Inc., an Oregon corporation Manager By: <u>/s/ Barry A. Cain</u> Barry A. Cain, President Date of Signature: <u>6/15/10</u>
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Exhibits:

Exhibit A	Property Description (Section A)
Exhibit B	Bill of Sale form (Section 1)
Exhibit C	Assignment of Leases (Section 9.3)
Exhibit D	Assignment of Contracts and Warranties (Section 9.5)
Exhibit E	Confirmation of Contingency Period (Section 18.19)
Exhibit F	Development and Management Agreement (Section 10.6)
Exhibit G	8-K and Audit Requirements (Section 6.4)

EXHIBIT A
Property Description

Exhibit A

**EXHIBIT B
Bill of Sale Form**

BILL OF SALE

_____, a(n) _____ ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, transfer, convey and deliver to Retail Opportunity Investments Corp., a Delaware corporation ("Buyer"), its successors and/or assigns:

All the personal property owned by Seller (collectively, "Personal Property") located on or used in the operation of the real property commonly known as Oregon City Point, including all personal property listed in the attached Schedule B-1.

Seller hereby covenants with Buyer that the Personal Property is free and clear of and from all encumbrances, security interests, liens, mortgages and claims whatsoever and that Seller is the owner of and has the right to sell same. Seller warrants and agrees to defend the title in and to the Personal Property unto Buyer, its successors or assigns against the lawful claims and demands of all persons claiming by or through Seller.

SELLER:

BUYER:

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B

EXHIBIT C
Assignment of Leases

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (this "Assignment") is made and entered into as of this ____ day of _____, 20__, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

1. A. Assignor, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20__, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest as landlord under the Leases to Assignee and Assignee has agreed to assume the landlord's obligations under the Leases, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

2. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest as landlord under the Leases.

3. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the landlord's interest under the Leases and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by the landlord under the Leases.

4. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20__ (the "Effective Date").

Exhibit C

5. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee) indemnify, and hold harmless Assignee, its partners, and their officers, directors, employees, agents, representatives, successors, and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed prior to the Effective Date.

6. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Leases committed or alleged to have been committed on or after the Effective Date.

7. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

8. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

9. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

10. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

11. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit C

12. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

EXHIBIT D
Assignment of Contracts and Warranties

ASSIGNMENT OF CONTRACTS AND WARRANTIES

THIS ASSIGNMENT OF CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of this _____ day of _____, 20____, by and between _____, a(n) _____ ("Assignor"), and Retail Opportunity Investments Corp., a Delaware corporation ("Assignee").

RECITALS

This Assignment is entered into on the basis of and with respect to the following facts, agreements and understandings:

A. Assignor is a party to the contracts and warranties listed on the attached Schedule D-1 (the "Contracts and Warranties") with respect to the real property located at _____ (the "Property").

B. By deed recorded _____, 20____, Assignor sold and conveyed its entire right, title and interest in and to the Property to Assignee and, in conjunction therewith, Assignor agreed to assign its interest under the Contracts and Warranties to Assignee and Assignee has agreed to assume Assignor's obligations under the Contracts and Warranties, all as more particularly set forth in this Assignment.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements set forth herein, Assignor and Assignee agree as follows:

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties.

2. Acceptance of Assignment and Assumption of Obligations.

Assignee hereby accepts the assignment of the Contracts and Warranties and, for the benefit of Assignor, assumes and agrees faithfully to perform all of the obligations which are required to be performed by Assignor under the Contracts and Warranties.

3. Effective Date.

The effective date of this Assignment and each and every provision hereof is and shall be _____, 20____ (the "Effective Date").

Exhibit D

4. Assignor's Indemnity of Assignee.

Assignor hereby agrees to defend (with counsel reasonably satisfactory to Assignee), indemnify, and hold harmless Assignee, its partners and their respective officers, directors, employees, agents, representatives, successors, and assigns and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed prior to the Effective Date.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its partners, and their respective directors, officers, employees, agents, representatives, successors and assigns, and each of them, from and against any and all claims, suits, demands, causes of action, actions, liabilities, losses, damages, costs and expenses (including attorneys' fees) arising out of or related to the Contracts and Warranties committed or alleged to have been committed on or after the Effective Date.

6. Successors and Assigns.

This Assignment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Governing Law.

This Assignment shall be construed and interpreted and the rights and obligations of the parties hereto determined in accordance with the laws of the State wherein the Property is located.

8. Headings and Captions.

The headings and captions of the paragraphs of this Assignment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Assignment or any of the provisions hereof.

9. Gender and Number.

As used in this Assignment, the neuter shall include the feminine and masculine, the singular shall include the plural and the plural shall include the singular, as the context may require.

10. Multiple Counterparts.

This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit D

11. Attorneys' Fees.

In the event that either party hereto brings an action at law or in equity to enforce or interpret or seek redress for breach of this Assignment, the prevailing party in such action shall be entitled to recover from the other its litigation expenses and reasonable attorneys' fees in addition to all other appropriate relief.

Retail Opportunity Investments
Corp., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D

EXHIBIT E

Confirmation Of Contingency Periods

The parties acknowledge that the deadlines for the contingency periods in the Purchase and Sale Agreement dated _____, 2010 between _____ (“Seller”) and Retail Opportunity Investments Corp. (“Buyer”) are as follows:

EVENT	EXPIRATION DATE
Contingency Period	_____
Extension Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

RETAIL OPPORTUNITY INVESTMENTS CORP.,
a Delaware corporation

_____ a(n) _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

By: _____
Name: _____
Title: _____
Date of Signature: _____

EXHIBIT F

Development and Management Agreement

THIS DEVELOPMENT AND MANAGEMENT AGREEMENT is entered into as of _____, 2010, by and between _____ (the “**Company**”) and Gramor Development, Inc. (“**Gramor**”).

The Company owns a shopping center on the Lands.

Gramor is experienced in the business of developing and managing shopping centers.

The Company desires to appoint Gramor to perform certain limited development and management services;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

Section 1. DEFINITIONS

1.1 **Definitions:** As used herein, the following terms shall have the following meanings:

1.1.1 “**Agreement**” shall mean this Operations Management Agreement;

1.1.2 “**Budget**” shall mean the budget for the operation and maintenance of the Project prepared by the Manager for approval by the Company all as more particularly set forth in Section 4.5 hereof;

1.1.3 “**Building**” shall mean the building or buildings constructed and located on the Lands;

1.1.4 “**Commencement Date**” shall mean the date in which the Company acquires ownership of the Shopping Center.

1.1.5 “**Improvements**” shall mean the Building, and all other fixtures, amenities and improvements constructed on the Lands in connection therewith;

1.1.6 “**Lands**” shall mean the parcels of land in _____ County, State of _____ described in attached Exhibit A;

1.1.7 “**Line Item**” shall mean each cost or expense set forth as a separate type or category of expense in the Budget, as set forth in Section 4.5 hereof;

1.1.8 “**Manager**” shall mean Gramor;

1.1.9 “**Project**” shall mean the Lands and Improvements;

Exhibit F

1.1.10 “Project Operating Expenses” shall mean all costs and expenses relating to the maintenance and operation of the Project, as set forth in a Budget pursuant to Section 4.5 hereof.

Section 2. APPOINTMENT

The Company hereby appoints Gramor as Operations Manager of the Project and Gramor agrees with the Company to accept such appointment and to superintend, inspect, manage and maintain the Project and do all acts and things with respect thereto.

Section 3. TERM

3.1 **Commencement Date**: The term of this Agreement shall commence upon the Commencement Date.

3.2 **Term**:

The term of this Agreement shall be for one (1) year from the Commencement Date unless terminated in accordance with the provisions of Sections 3.3 or 3.4. The term of this Agreement shall automatically terminate unless extended in writing by the Company and Gramor.

3.3 **Termination by Company**: The Company may elect, at its option, to terminate this Agreement and the appointment of Manager hereunder upon the occurrence of any of the following events, and in the manner set forth below:

3.3.1 In the event of: fraud, deceit, breach of trust, misappropriation of any funds of the Project or of the Company, commingling of any such funds with Manager’s own funds or funds held for others, or breach of fiduciary duties by Manager under this Agreement, the Company may terminate this Agreement by written notice to Manager specifying the effective date of termination with no opportunity to cure the default (the “Notice of Termination”).

3.3.2 In the event of any other failure of Manager to comply with the terms and provisions of this Agreement or the decisions or directives of the Company, then such failure shall be an event of default. The Company shall give Manager a written notice (“**Notice of Default**”) stating with reasonable particularity the failure(s) of performance or default(s) by Manager, and Manager shall have thirty (30) days after the effective date of the notice within which to cure same, or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If Manager does not cure the failure(s) of performance or

Exhibit F

default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, the Company may give Manager a Notice of Termination.

3.3.3 If Manager enters Bankruptcy (as that term is hereinafter defined), the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. Bankruptcy shall mean the filing of a voluntary petition in bankruptcy or the filing of an involuntary petition of bankruptcy and the failure to secure a dismissal of such petition within 30 days after filing.

3.3.4 In the event of a Transfer of all or substantially all of the Project to an unrelated third party, the Company may terminate this Agreement by giving Manager a Notice of Termination as described in Section 3.3.1. For purpose of this Section 3.3, a "Transfer" is any sale, conveyance, exchange, or other conveyance or transfer of all or substantially all of the Project, and includes but is not limited to a voluntary transfer, a transfer in a foreclosure proceeding, a transfer or deed in lieu of foreclosure, or a taking in eminent domain proceedings, or a conveyance under threat of condemnation. A "Transfer" also includes the destruction of all or any material part of the net rentable area of the Project by fire or other casualty, whether or not such destruction is covered by insurance.

3.4 **Termination by Manager:** Manager may elect, at its option, to terminate this Agreement upon the occurrence of any of the following events, and in the manner set forth below:

3.4.1 In the event the Company enters Bankruptcy (as that term is defined in Section 3.3.3), Manager may terminate this Agreement by giving the Company a Notice of Termination as described in Section 3.3.1.

3.4.2 In the event of any failure of the Company to comply with the terms and provisions of this Agreement, then such failure shall be an event of default. Manager shall give the Company a Notice of Default, as described in Section 3.3.2, stating with reasonable particularity the failure(s) of performance or default(s) by the Company, and the Company shall have thirty (30) days after the effective date of the notice within which to cure such failure(s) or default(s), or if such failure(s) or default(s) cannot be fully cured in such 30-day period, to commence the cure within such 30-day period and thereafter diligently and promptly proceed to cure as soon as possible. If the Company does not cure the failure(s) of performance or

Exhibit F

default(s) within such 30-day period or commence the cure within such period and thereafter complete the cure as soon as is possible, Manager may give the Company a Notice of Termination.

3.4.3. The Manager may terminate this Agreement at any time by giving Company a Notice of Termination; provided, however, that the effective date of termination specified in such Notice of Termination shall be not less than sixty (60) days after the effective date of the notice.

Section 4. DUTIES AND RESPONSIBILITIES OF THE MANAGER

4.1 **General:** The Manager shall have full responsibility for the operation and maintenance of the Project during the term of this Agreement, and the Manager shall perform its duties and exercise the powers and authorities herein granted in an efficient and economical manner, for the account and at the expense of the Company (except where expressly provided to the contrary) subject to the direction of the Company and the terms and provisions of this Agreement.

4.2 **Maintenance and Repair:** The Manager shall, subject to the terms of this Agreement, keep the Project in first class operating condition and repair, and shall arrange for and supervise the making or installation of such maintenance, repairs, improvements (not including any tenant improvements except as provided in Section 4.3A below) and alterations as may be required.

4.3 Preparation of Budgets:

4.3.1 The Manager shall prepare and submit to the Company for approval a Budget for the operation and maintenance of the Project, which Budget is to be prepared and submitted at the times and covering the periods hereinafter described:

4.3.1.1 upon the Commencement Date, covering the balance of the calendar year after the Commencement Date;

4.3.1.2 at least forty-five (45) days prior to the end of the calendar year during the term of this Agreement, covering the remaining term of the Agreement.

4.3.2 Each Budget shall include, at a minimum, the following information:

4.3.2.1 a operating expense budget detailing on a month-by-month basis the projected operating costs and non-recoverable costs.

Exhibit F

4.3.2.2 a description of proposed maintenance, repairs or alterations.

4.3.2.3 a schedule of all Project Operating Expenses for the Project for the period covered by the Budget. Project Operating Expenses shall include, but not be limited to, the following:

4.3.2.3.1 all expenses relating to the providing of services for tenants of the Project;

4.3.2.3.2 any amounts payable to the Company;

4.3.2.3.3 fees for contract and professional services to be performed on behalf of the Project, the costs of which are to be borne by the Company;

4.3.3 Upon approval of such proposed Budget by the Company with such changes therein as the Company may indicate, the Manager shall not, during the period covered by such Budget, incur or pay any expense in the operating and maintenance of the Project which is not specifically or by category covered in the Budget, or which would result in the amount of authorized expenditures in any individual "Line Item" (except utilities and emergency expenditures) set forth in the Budget being exceeded by more than Three Thousand Dollars (\$3,000.00) provided that the Manager may make expenditures required in situations or circumstances deemed in the good faith judgment of the Manager to be an emergency, up to a maximum of Ten Thousand Dollars (\$10,000.00) per emergency situation. The Manager agrees in all such emergency situations to use its best efforts to contact the Company for its approval prior to such expenditure, or if not possible before such expenditure, then as soon thereafter as reasonably possible.

4.3A **Change of Manager's Duties.** The Company anticipates that over time the Company's need for the duties outlined above may change and that the Company may have a need for tenant coordination services from the Manager to assist the Company with the completion of the Company's construction obligations outlined in leases with new tenants. The Manager agrees that the Manager will provide such tenant coordination services in lieu, in whole or in part, of the duties enumerated above with the understanding that the value of said tenant coordination services, together with all other services that the Manager continues to provide hereunder, shall not exceed the compensation outlined above.

4.4 **Supplies and Equipment:** The Manager shall, if required, for the account and at the expense of the Company, purchase, provide and pay for all janitorial and maintenance supplies,

Exhibit F

tools and equipment, restroom and toilet supplies necessary to the efficient and economical operation and maintenance of the Project. All such supplies, tools and equipment shall be delivered to and stored on the Project and shall be used only in connection with the operation and maintenance of the Project. The Manager shall attempt to purchase all goods, supplies and services at the lowest cost available from reputable sources.

4.5 **Right to Contract on Behalf of Company:** Subject to the following provisions, the Manager shall have the right, subject to the terms of this Agreement, to contract on behalf of the Company for cleaning, maintenance, repair, security or any other services for the Project or any part or tenant thereof; provided that, all expenditures represented by such contracts are shown in the Budget, all such contracts are with “arms-length” third parties at market rates. Notwithstanding the foregoing Manager may contract with its own maintenance employees to provide some of the day-to-day maintenance and operation services provided the cost of such is comparable to other Portland-area third party services providers. □ 60;The Manager shall include a provision in all such contracts requiring that the contractor carry Workmen’s Compensation Insurance in accordance with the laws of the jurisdiction in which the Project is located and employer’s liability insurance applicable to and covering all persons engaged in the performance of work hereunder, and the Manager shall require that said contractor furnish the Manager with certificates showing such insurance to be in force.

4.6 **Payment of Project Contractors and Suppliers:** The Manager shall, for the account and at the expense of the Company contract with supplies and contractors and shall promptly submit invoices for all operating expenses of the Project to Company. Company shall be responsible for paying all such invoices at its sole cost and expense. Provided Company promptly pays all submitted invoices, Manager will not suffer or permit any liens to be filed against the Project by reason of any work or materials claimed to have been furnished.

4.7 **Decision Making:** The Manager will promptly advise the Company of all matters requiring decision by the Company concerning the operations of the Project. The Manager will comply with all decisions of the Company with respect to all operational matters pertaining to the Project and conform its activities to such decisions.

4.8 **Standard of Performance:** The Manager agrees to perform the activities and duties required under this Agreement in conformance with the professional standards of operations managers on comparable projects. In the performance of its duties under this Agreement, the

Exhibit F

Manager shall act in accordance with the standards and duties of a fiduciary. The Manager shall make available to the Company its knowledge, skills, ideas, experience and abilities with respect to all matters pertaining to the operations of the Project and shall be available to consult with, advise and inform the Company and its consultants at all reasonable times during the term of this Agreement.

4.9 **Relations with Tenants:** Service requests by tenants shall be received and shall be considered and handled promptly and courteously. Systematic records shall be maintained showing the action taken with respect to each request. Complaints of a serious nature shall, after appropriate investigation, be reported to the Company with appropriate recommendations.

4.10 **Review of Bills:** The Manager shall review all bills received for goods, services and work incurred in connection with the operation and maintenance of the Project and, unless otherwise directed by the Company, shall approve only those determined to be good and proper. Upon review and approval, Manager shall submit said invoices to Owner for payment.

4.11 **Compliance and Governmental Requirements:** Unless otherwise directed by the Company, the Manager will comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, any national or local board of fire underwriters, or any other body exercising the functions similar to those of any of the foregoing, which may be applicable to the Project and the operation thereof, and promptly give notice to the Company of any operations related condition at the Project which violates any such law, ordinance, order, rule, regulation or requirement.

4.12 **Qualification to do Business:** At all times during the term of this Agreement, the Manager will maintain its qualification to do business in the State of Oregon and possess all permits, licenses and other qualifications required by all governmental authorities for the Manager to exercise all the functions set forth herein.

4.13 **Transactions with Affiliated Entities:** The Manager shall not enter into any contract, agreement or other arrangement in connection with the Project with any party with respect to which the Manager, or any person or entity related to or affiliated with the Manager, has any direct or indirect ownership or control, unless such contract, agreement or arrangement has been fully disclosed to and approved by the Company in writing with the Manager. Manager hereby discloses to Company, that it intends to use Manager's maintenance technicians to

Exhibit F

provide the repair and maintenance services at the Project, and the cost of such shall be comparable to costs charged by an outside contractor.

4.14 **Manager's Personnel:** The Manager shall, at its sole cost and expense, cause to be hired, paid and supervised all persons necessary to be employed in order to enable the Manager properly to perform its duties under this Agreement (who shall be the Manager's employees, and not the Company's employees), and carry workers' compensation insurance covering such employees and employer's liability insurance applicable to and covering such employees. The Manager shall furnish the Company with certificates showing such insurance to be in force.

4.15 **Indemnification of the Manager:** Subject to the provisions hereinafter set out, the Company indemnifies, defends and holds harmless the Manager and each officer or director thereof, against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by him, it, them or any of them by reason of any act, omission or alleged act or omission by him, it, them, or any of them arising out of his, its or their activities on behalf of the Company or in furtherance of the interest of the Company, including but not limited to any judgment, award, settlement, reasonable attorney's fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Company as incurred; PROVIDED HOWEVER, that the acts, omissions or alleged acts or omissions upon which such actual or threatened actions, proceedings or claims are based were performed or omitted in good faith and were not fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence, or willful misconduct of the party to be indemnified, defended and held harmless under this Section and further provided that the loss, expense, damage, expenses do not relate to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project. Nothing contained in this Agreement shall in any manner limit or be deemed to waive the warranties and obligations of the Manager as a contractor, if the Manager undertakes any construction or supervision duties in connection with the construction of any such improvements to or within the Project.

4.16 **Indemnification of the Company:** The Manager indemnifies, defends and holds harmless the Company and its officers, directors, members, managers, related entities, agents and employees (collectively, "Company Parties"), against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by Company Parties or any of them by

Exhibit F

reason of any act, omission or alleged act or omission by the Manager or its agents, employees or contractors performed or omitted in bad faith or fraudulent as to the Company, in breach of this Agreement, or a result of negligence, gross negligence or willful misconduct of the Manager or its agents, employees or contractors or relating to the Manager's actions or omissions in its capacity as a contractor or supervisor in constructing any improvements, tenant or otherwise, in the Project, including but not limited to any judgment, award, settlement, reasonable attorneys' fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Manager as incurred.

Section 5. RECORD KEEPING

5.1 **Receipts and Records**: The Manager shall at all times during the term of this Agreement secure and maintain all applicable invoices and/or bills for all Project Operating Expenses. The Manager shall maintain, at its accounting office in Tualatin, Oregon all such invoices and/or bills, service-provider correspondence, contracts and warranties with respect to the Project and its operation.

5.2 **Quarterly Reports**: The Manager shall render to the Company, within thirty (30) days after the end of each quarter, unaudited variance report statements which shall include a statement of expenses which shall indicate monthly costs compared to the budget for the month and year to date, respectively;

5.3 **Property of the Company**: The records, reports, books of account and other documents and materials relating to the management, operation and maintenance of the Project shall be the property of the Company and, upon the termination of this Agreement by expiration or otherwise, the Manager shall, after making copies of such portions thereof as the Manager shall deem pertinent, turn the same over to the Company.

Section 6. COMPENSATION OF MANAGER

6.1 **Management Fee**. In consideration of the Manager's services hereunder, the Manager shall be entitled to receive a management fee equal to \$2,368.00 per calendar month (the "**Management Fee**").

6.2 **Payment of Management Fee**. The Management Fee for each month will be due and payable by the Company within 10 days following the first day of the month.

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Section 7. PROPERTY INSURANCE – N/A

Section 8. AUTHORITY

8.1 **Authority as Agent:** The Manager is hereby authorized to act as agent for the Company for the purpose of carrying out the authority and responsibilities set forth in this Agreement.

8.2 **Limitation of Authority:** Unless specifically authorized in this Agreement, the Manager shall NOT have the authority to do any of the following:

8.2.1 Obtain loans for the Company, whether secured or unsecured, or give or grant options, rights of first refusal, deeds of trust, mortgages, pledges, security interests, or otherwise encumber the Project or any portion therein; obtain replacements of any mortgage or mortgages; prepay in whole or in part, refinance, increase, modify, consolidate or extend any obligation affecting the Project or any portion thereof; or rent, lease, license, sell, exchange or convey the Project or any portion thereof.

8.2.2 Cause the Company to extend credit or to make any loans or become a surety, guarantor, endorser or accommodation endorser for any person, firm or corporation or to enter into any contracts which are significant with respect to the operation or management of the Project, including, but not limited to, supervisory management agreements, real estate and insurance brokerage agreements or loan brokerage agreements.

8.2.3 Release, compromise, assign or transfer any claim, right or benefit of the Company, except in the ordinary course of managing and operating the Project as provided herein.

8.2.4 Confess a judgment against the Company.

8.2.5 Modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the Project.

8.2.6 Grant easements or other property rights in the Project.

8.2.7 Purchase, sell or lease any space in the Project or any real property, the Land, the Project or any part thereof on behalf of the Company.

8.2.8 Do any act which would be inconsistent with or which would constitute a change or modification of the Budget then in effect.

Exhibit F

8.2.9 Cancel or terminate any leases with tenants of the Project;

8.2.10 Unless otherwise permitted herein, enter into any contract on behalf of the Company with an affiliate of the Manager or a person as to which the Manager would have a conflict of interest, and, with respect to any such contract, make any amendment, modification or rescission thereof, declare a default thereunder, institute, waive any rights of the Company, or consent to the assignment of any rights or the delegation of any duties by the other party thereto.

8.2.11 Make any other decision or take any action which by any provision of this Agreement is required to be approved by the Company or which materially affects the Project or its operation.

Section 9. GENERAL PROVISIONS

9.1 **Notices:** Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail, telexed, telecopied or telegraphed to or delivered at the address of the other party hereinafter set forth:

To: Gramor:
19767 SW 72nd Avenue, Suite 100
Tualatin, OR 97062
FAX: (503) 654-9188

And copy to:

Thomas R. Page
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
FAX: (503) 220-2480

To: Company:

To: Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
FAX: (914) 272-8088

And a copy to:

Kenneth S. Antell
Dunn Carney Allen Higgins & Tongue, LLP
851 SW 6th Avenue, Suite 1500
Portland, Oregon 97204
FAX: (503) 224-7324

Exhibit F

or at such other address as any of the aforesaid parties from time to time direct in writing, and any such notice shall be deemed to have been received:

- (a) if deposited in the U.S. Mail within Oregon or Washington, seventy-two (72) hours after the time of mailing;
- (b) if telegraphed, forty-eight (48) hours after the time of telegraphing;
- (c) if telexed or telecopied, twenty-four (24) hours after the time of telexing or telecopying; and
- (d) if delivered, on the date of delivery.

If normal mail service, telex service, telecopy service or telegraph service is interrupted by strike, slow down, force majeure or other cause, any notice sent by the impaired means of communication shall not be deemed to be received until actually received, and the party sending the notice shall utilize any other such services which have not been so interrupted or shall deliver such notice in order to ensure prompt receipt thereof.

9.2 **Validity of Provisions:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement; but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

9.3 **Waiver and Modification:** No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default hereunder. Failure on the part of any party to complain of any act, or failure to act, of any other party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

9.4 **Successors:** The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto, provided, however, this Agreement shall at all times remain personal to the

Exhibit F

Manager and may not be assigned by the Manager without the prior consent of the Company. The Company may assign all or any portion of its rights and delegate all or any portion of its duties under this Agreement without the consent of the Manager and without any other restrictions whatsoever in connection with a Transfer of the Project or in connection with any financing that is secured by a mortgage or trust deed on the Project.

9.5 **Attorney's Fees:** In the event of any litigation between the parties hereto to enforce any provision of this Agreement or any right of any party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees and costs incurred therein.

9.6 **Remedies:** All parties shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and injunction to enforce their rights hereunder.

9.7 **Headings:** The headings of the articles, sections and paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

9.8 **Gender:** Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

9.9 **Assistance:** Each party hereby expressly agrees that if any controversy, litigation or court proceedings is prosecuted or defended by any other party in connection with this Agreement or the operation of the Project, it will render all reasonable assistance to the other party.

9.10 **Construction:** In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party.

9.11 **Entire Agreement:** This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to any of the same hereafter entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which any party may have had relating to the subject matter hereof.

9.12 **Counterpart:** This Agreement may be executed in counterpart, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Exhibit F

9.13 **Governing Law; Forum:** This Agreement shall be governed by and construed in accordance with the laws of the State in which the Project is located. The parties consent to the personal jurisdiction of the state and federal courts located in the state in which the Project is located in any action brought under this Agreement.

9.14 **Status Reports:** Recognizing that each party hereto may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each party agrees, upon the written request of any other, made from time to time, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement or the Project to the best of the knowledge and belief of the party making such statement.

9.15 **Time of Essence:** Time is of the essence in the performance of this Agreement and of each provision hereof.

[Remainder of page intentionally blank]

Exhibit F

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto, as of the day and year first above written.

Company:

Manager: GRAMOR DEVELOPMENT, INC.

By _____
Barry A. Cain, President

Exhibit F

EXHIBIT G

8-K and Audit Requirements

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer or its outside third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; provided, however, that in any such event(s), Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Buyer and the Accountants may require in order to comply with (a), (b) and (c) above. Seller shall provide the following information and documentation, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;
2. Rent rolls showing both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash journal(s) and bank statements for the Property (provided, that such access shall only be provided to the Accountants in order to prepare any financial statements or Commission filings mentioned above or to satisfy any rule or request of the Commission).
7. Seller's general ledger with respect to the Property, excluding Seller's proprietary accounts;
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;

9. Schedule of those items of repairs and maintenance performed by or at the direction of the Seller during the Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year; and
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon at least twenty (20) days prior written notice and not more than once during the one (1) year period, upon Buyer's request, for a period of one (1) year after Closing, Seller shall on a one (1)-time basis only, make Seller's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Seller to be privileged, available to Buyer for inspection, copying and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing.

Exhibit G

CERTIFICATIONS

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: August 5, 2010

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

CERTIFICATIONS

I, John B. Roche, 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: August 5, 2010

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

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, 2010 (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: August 5, 2010

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, 2010 (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: August 5, 2010

By: /s/ John B. Roche
Name: John B. Roche
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.

