

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended **March 31, 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 May 4, 2010.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RETAIL OPPORTUNITY INVESTMENTS CORP.  
CONSOLIDATED BALANCE SHEETS

	March 31, 2010 (unaudited)	December 31, 2009
<b>ASSETS</b>		
Real Estate Investments:		
Land	\$ 20,744,600	\$ 6,346,871
Building and improvements	41,921,037	10,218,422
	<u>62,665,637</u>	<u>16,565,293</u>
Less: accumulated depreciation	221,085	20,388
Real Estate Investments, net	62,444,552	16,544,905
Cash and cash equivalents	330,017,232	383,240,827
Tenant Receivables	168,515	—
Notes Receivables	982,262	—
Deposits	973,000	—
Acquired lease intangible asset, net of accumulated amortization	4,134,453	1,820,151
Income taxes receivable	1,236,375	1,236,375
Prepaid expenses	364,900	147,634
Deferred charges, net of accumulated amortization	1,654,937	870,769
Other	77,624	12,852
<b>Total assets</b>	<u>\$402,053,850</u>	<u>\$ 403,873,513</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Acquired lease intangibles liability, net of accumulated amortization	\$ 2,314,189	\$ 1,121,187
Accrued expenses	2,433,323	4,434,586
Due to related party	5,556	5,556
Tenants' security deposits	271,759	22,946
Other liabilities	243,688	94,463
<b>Total liabilities</b>	<u>5,268,515</u>	<u>5,678,738</u>
<b>Equity:</b>		
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	403,413,458	403,184,312
Accumulated deficit	(6,634,668)	(4,993,693)
Total Retail Opportunity Investments Corp. shareholders' equity	<u>396,782,946</u>	<u>398,194,775</u>
Noncontrolling interests	2,389	—
<b>Total equity</b>	<u>396,785,335</u>	<u>398,194,775</u>
<b>Total liabilities and equity</b>	<u>\$402,053,850</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)

	<b>For the Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
<b>Revenues</b>		
Base rents	\$ 1,108,683	\$ —
Recoveries from tenants	260,649	—
<b>Total revenues</b>	<b>1,369,332</b>	<b>—</b>
Property operating	206,965	—
Property taxes	133,957	—
Depreciation and amortization	443,550	—
General & Administrative Expenses	2,152,926	406,398
Property acquisition costs	486,470	—
<b>Total operating expenses</b>	<b>3,423,868</b>	<b>406,398</b>
<b>Operating loss</b>	<b>(2,054,536)</b>	<b>(406,398)</b>
Non-operating income (expenses)		
Interest Income	413,561	73,506
Benefit for Income Taxes	—	(113,163)
<b>Net Loss Attributable to Retail Opportunity Investments Corp.</b>	<b>\$ (1,640,975)</b>	<b>\$ (219,729)</b>
<b>Weighted average shares outstanding Basic and diluted:</b>	<b>41,569,675</b>	<b>51,750,000</b>
<b>Loss per share Basic and diluted:</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>

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>		<u>Additional paid-in capital</u>	<u>Retained earnings (accumulated deficit)</u>	<u>Noncontrolling Interests</u>	<u>Equity</u>
	<u>Shares</u>	<u>Amount</u>				
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	—	—	40,113	—	—	40,113
Compensation expense related to restricted stock grants	—	—	189,033	—	—	189,033
Contributions	—	—	—	—	2,389	2,389
Net Loss Attributable to Retail Opportunity Investments Corp.	—	—	—	(1,640,975)	—	(1,640,975)
Balance at March 31, 2010	<u>41,569,675</u>	<u>\$ 4,156</u>	<u>\$403,413,458</u>	<u>\$ (6,634,668)</u>	<u>\$ 2,389</u>	<u>\$396,785,335</u>

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

**RETAIL OPPORTUNITY INVESTMENTS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
(unaudited)

	<b>For the Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,640,975)	\$ (219,729)
Adjustments to reconcile loss to cash used in operating activities:		
Depreciation and amortization	443,550	—
Straight-line rent adjustment	(69,123)	—
Amortization of above and below market rent	(53,075)	—
Amortization relating to stock based compensation	229,146	—
Provisions for tenant credit losses	53,351	—
Change in operating assets and liabilities		
Tenant receivables	(152,743)	—
Prepaid expenses	(217,266)	39,746
Interest on investments held in trust	—	(56,522)
Income taxes receivable	—	83,154
Deferred tax asset	—	(62,738)
Due to related party	—	1,000
Deferred interest payable	—	(16,984)
Accrued expenses	(2,144,526)	(85,682)
Other asset and liabilities, net	332,360	—
<b>Net cash used in operating activities</b>	<b>(3,219,301)</b>	<b>(317,755)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawal of funds from investments placed in trust	—	317,550
Investments in real estate	(47,945,559)	—
Improvements to properties and deferred charges	(105,862)	—
Deposits on real estate acquisitions	(973,000)	—
Disbursements relating to notes receivable	(982,262)	—
<b>Net cash (used in) provided by investment activities</b>	<b>(50,006,683)</b>	<b>317,550</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Noncontrolling interests:		
Contributions from consolidated joint venture minority interests, net	2,389	—
<b>Net cash provided by financing activities</b>	<b>2,389</b>	<b>—</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(53,223,595)</b>	<b>(205)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>383,240,827</b>	<b>4,222</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 330,017,232</b>	<b>\$ 4,017</b>

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

**RETAIL OPPORTUNITY INVESTMENTS CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 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 March 31, 2010, the Company owned five properties containing a total of approximately 447,000 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 operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the "operating partnership"), and its subsidiaries.

**Principles of Consolidation and Use of Estimates**

The accompanying unaudited financial statements include the consolidated accounts of the Company and its investments in a partnership and limited liability companies in which the Company is presumed to have control in accordance with Financial Accounting Standards Board's ("FASB") guidance. The Company consolidates all variable interest entities ("VIEs") for which it is the primary beneficiary. Generally, a VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) as a group, the holders of the equity investment at risk (i) lack the ability to make decisions about an entity's activities through voting or similar rights, (ii) have no obligation to absorb the expected losses of the entity, or (iii) have the right to receive the expected residual returns of the entity, or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The guidance requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE, i.e., the entity that will receive a majority of the VIE's expected losses, expected residual returns, or both. In determining whether the Company is the primary beneficiary of a VIE, it considers qualitative and quantitative factors including, but not limited to: (i) the amount and characteristics of the Company's investment, (ii) the obligation or likelihood for the Company or other investors to and the other investors' ability to control or significantly influence key

provide financial support, (iii) the Company's decisions for the VIE, and (iv) the similarity with, and significance to, the business activities of the Company and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions. The Company has determined that its operating partnership should be consolidated into the consolidated financial statements of the Company.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring accruals) have been included. The 2010 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. The consolidated financial statements in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition, fair value estimates, the collectability of tenant receivables and the valuation of options and warrants. Actual results could differ from these estimates. The balance sheet at December 31, 2009 has been derived from audited financial statements at that date.

### **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 March 31, 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.

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 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 adjustments are made to the purchase price allocation on a retrospective basis.

Regarding the Company's 2010 real estate 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 property that was purchased in a joint venture (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 months ended March 31, 2010 and 2009 the net amortization of acquired lease intangible assets and acquired lease intangible liabilities was \$53,100 and \$0, respectively, which amounts are included in base rents in the accompanying consolidated statements of operations.

#### **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 March 31, 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 provision for doubtful accounts was \$53,400 and \$0 for the three months ended March 31, 2010 and 2009, respectively.

### **Depreciation and Amortization**

The Company uses the straight-line method for depreciation and amortization. Buildings are depreciated over the estimated useful lives which the Company estimates to be 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 \$241,900 and \$0 as of March 31, 2010 and 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 March 31, 2010 and March 31, 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.

### **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 guidance requires a parent company to recognize a gain or loss in consolidated statement of operations when a subsidiary is deconsolidated and requires the parent company to attribute to noncontrolling interests their share of losses, if appropriate, even if such attribution results in a deficit balance applicable to the noncontrolling interests within the parent company's equity accounts. 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.

## **2. REAL ESTATE INVESTMENTS**

The following real estate acquisitions have occurred during the three months ended March 31, 2010.

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, is 100% occupied and anchored by Haggen Food & Pharmacy. The acquisition of the property 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. 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 or 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").

## 5. STOCK COMPENSATION AND OTHER BENEFIT PLANS

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

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 three months ended March 31, 2010, the Company did not award any shares of restricted stock. As of March 31, 2010 there remained a total of \$2.1 million of unrecognized restricted stock compensation related to outstanding nonvested restricted stock grants awarded under the plan. Restricted stock compensation is expected to be expensed over a remaining weighted average period of 2.75 years. For the three months ended March 31, 2010 and 2009, amounts charged to compensation expense totaled \$189,000 and \$0, respectively.

A summary of the status of the Company's nonvested restricted stock awards as of March 31, 2010, and changes during the three months ended March 31, 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 March 31, 2010	235,000	\$ 10.27

## Stock Options

A summary of options activity as of March 31, 2010, and changes during the three months ended March 31, 2010 is presented below:

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

For the three months ended March 31, 2010 and March 31, 2009 amounts charged to compensation expense totaled \$40,113 and \$0, respectively. The total unearned compensation at March 31, 2010 was \$442,100. The shares vest over an average period of 3.25 years.

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, income tax receivable, prepaid expenses, other assets, accrued expenses, other liabilities are reasonable estimates of their fair values because of the short-term nature of these instruments.

## 7. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Framework Transaction costs	\$ —	\$ 2,440,060
Professional fees	958,287	896,928
Payroll and related costs	511,855	521,598
Costs related to the acquisition of properties	262,806	328,485
Real estate taxes	163,949	—
Building improvements	137,367	—
Other	399,059	247,515
	<u>\$ 2,433,323</u>	<u>\$ 4,434,586</u>

## 8. 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.

## 9. 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 March 31, 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 months March 31, 2010 and 2009, the Company has

incurred \$22,500 of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations.

The related party payable at March 31, 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.

## 10. SUBSEQUENT EVENTS

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

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 a shopping center of 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 a shopping center of approximately 71,000 square feet, is anchored by Office Depot and Basset Furniture, and shadow anchored by Best Buy. The acquisition of the property was funded from available cash.

In December 2009, the Company entered into a purchase and sale agreement with PBS Associates, LLC to acquire the property known as the Aurora Shopping Center, located in Seattle, Washington. On March 23, 2010, the agreement was terminated. On April 9, 2010, in accordance with the terms of the agreement, the earnest money deposit of \$500,000 and costs related to the acquisition of approximately \$20,000 were returned to the Company.

On March 21, 2010, the Company entered into a purchase and sale agreement with Watt Elkhorn Associates, L.P. (the "Seller") to acquire a property known as the Watt Towne Center, located in North Highlands (Sacramento), California. In accordance with the terms of this agreement, \$121,000 was deposited into an interest-bearing escrow account with the Title Company on March 24, 2010. The Company has incurred costs of approximately \$30,100 for the three months ended March 31, 2010 and \$1,500 subsequent to the period ended. On April 7, 2010, the original agreement was amended to extend the contingency period for the purchase to April 14, 2010. On April 14, 2010, the agreement expired; however, the Company remains interested in pursuing the purchase of the property. In accordance with the terms of the agreement, the earnest money deposit shall be returned to the Company if the purchase does not occur.

On May 4, 2010, the Company's Board of Directors declared a cash dividend on its common stock of \$.06 per share, payable on June 15, 2010 to holders of record on May 26, 2010.

On May 4, 2010, the Company's Board of Directors authorized the repurchase of up to an aggregate of \$40 million of its outstanding warrants. The Company may make periodic purchases on the open market or in privately negotiated transactions. The warrant repurchase program has no time limit.

## 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 control 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 March 31, 2010, our portfolio consisted of five shopping centers in California and Washington. At March 31, 2010, our portfolio contained approximately 447,000 net rentable square feet and the properties in our portfolio were approximately 92 % leased.

### **Subsequent Events**

On April 5, 2010, we acquired a shopping center located in Sacramento, California (the "Norwood Property"), for an aggregate purchase price of \$13.5 million. The Norwood Property is a shopping center of 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, we 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 a shopping center of approximately 71,000 square feet, is anchored by Office Depot and Bassett Furniture, and shadow anchored by Best Buy. The acquisition of the property was funded from available cash.

On March 21, 2010, we entered into a purchase and sale agreement with Watt Elkhorn Associates, L.P. (the "Seller") to acquire a property known as the Watt Towne Center, located in North Highlands (Sacramento), California. In accordance with the terms of this agreement, \$121,000 was deposited into an interest-bearing escrow account with the Title Company on March 24, 2010. We have incurred costs of approximately \$30,100 for the three months ended March 31, 2010 and \$1,500 subsequent to the period ended. On April 7, 2010, the original agreement was amended to extend the contingency period for the purchase to April 14, 2010. On April 14, 2010, the agreement expired; however, we remain interested in pursuing the purchase of the property. In accordance with the terms of the agreement, the earnest money deposit will be returned to us if the purchase does not occur.

In December 2009, we entered into a purchase and sale agreement and receipt for earnest money (the "Aurora Agreement") with PBS Associates, LLC (the "Aurora Seller") to acquire a shopping center located in Seattle, Washington (the "Aurora Property"). The Aurora Agreement provided that upon a failure by the Aurora Seller to give written notice to us of its intent to close the transaction and designating a date for closing, the transaction would automatically terminate. The Aurora Seller failed to provide such notice and, accordingly, the Aurora Agreement automatically terminated in accordance with its terms on March 23, 2010. In connection with such termination, the Aurora Seller has refunded to us in full the earnest money deposit of \$500,000 and reimbursed us for all of our out-of-pocket due diligence costs paid to third parties.

On May 4, 2010, our Board of Directors declared a cash dividend on its common stock of \$.06 per share, payable on June 15, 2010 to holders of record on May 26, 2010.

On May 4, 2010, our Board of Directors authorized the repurchase of up to an aggregate of \$40 million of our outstanding warrants. At March 31, 2010, we had 49.4 million warrants outstanding, with a strike price of \$12.00 per warrant and an expiration date of October 23, 2014. We may make periodic purchases on the open market, or in privately negotiated transactions. The warrant repurchase program has no time limit.

### **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 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 months ended March 31, 2010, we expensed \$486,470 relating to property 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 months ended March 31, 2010. FFO for the three months ended March 31, 2009 is not provided, since no real estate assets were owned by us during this period.

	<b>For the Three Months Ended March 31, 2010</b>
Net Loss for period	\$ (1,640,975)
Plus: Real property depreciation	174,779
Amortization of tenant improvements and allowances	26,819
Amortization of deferred leasing costs	241,952
Funds from operations	<u>\$ (1,197,425)</u>
Net Cash Provided by (Used in):	
Operating Activities	\$ (3,219,301)
Investing Activities	<u>\$ (50,006,683)</u>
Financing Activities	<u>\$ 2,389</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 five properties in our portfolio at March 31, 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 three months ended March 31, 2010 compared to the three months ended March 31, 2009***

During the three months ended March 31, 2010, we incurred a net loss of \$1.64 million compared to a net loss of \$219,700 incurred during the three months ended March 31, 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 March 31, 2010 we generated net operating income of \$583,352 from the five properties acquired at March 31, 2010. General and administrative expenses increased to \$2.2 million for the three months ended March 31, 2010 from \$406,400 during the three months ended March 31, 2009 mostly due higher payroll costs incurred since key personnel were hired following the consummation of the Framework Transactions. We incurred property acquisition costs during the three months ended March 31, 2010 of \$486,470 associated with our pursuit and acquisition of real estate properties. During the three months ended March 31, 2009 we deferred a portion of interest income earned on investments resulting in higher income recognized during the three months ended March 31, 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 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 receivables and the related cost recovery income based upon our best estimate of the final amounts to be billed and collected.

### ***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.

### **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 March 31, 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 this offering. We will receive the 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 will be 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, all actions described herein are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and registration statement. Additionally, the opinion of Clifford Chance US LLP is conditioned upon factual representations and covenants made by our management 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 assumes 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 will be 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 common 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 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 depend 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 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, capital improvements through a combination of issuing and/or assuming mortgage debt and the sale of equity securities. As of March 31, 2010, we had \$330.0 million available cash and cash equivalents, 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 \$3.2 million in the three months ended March 31, 2010, compared to \$317,800 in the comparable period of fiscal 2009. The net decrease in operating cash flows during the three months ended March 31, 2010 compared with the corresponding prior period was due primarily to (a) the payment of accrued expenses in 2010 of approximately \$2.0 million (b) an increase in net loss during the three months ended March 31, 2010 of \$1.4 million due to higher costs incurred following the approval of the Framework Transactions.

### *Investing Activities*

Net cash flows used by investing activities amounted to \$50 million in the three months ended March 31, 2010 compared to net cash provided by investing activities of \$317,500 in the comparable period in 2009 due to the acquisition of five properties and deposits placed on several potential acquisitions during the three months ended March 31, 2010.

### *Financing Activities*

Net cash flows provided by financing activities were immaterial during the three months ended March 31, 2010 and 2009.

## **Contractual Obligations**

As of March 31, 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.

## **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 March 31, 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. 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 March 31, 2010, we had no debt outstanding and we have not engaged in any hedging activities since our inception on July 10, 2007. Prior to the consummation of the Framework Transactions, our efforts had been limited to organizational activities and activities relating to our initial public offering and the identification of a target business; we had neither engaged in any operations nor generated any revenues. As the proceeds from our initial public offering held in trust had been invested in short term investments, our only market risk exposure related to fluctuations in interest rates.

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. With regard to variable rate financing, we will assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. While we do not seek to avoid risk completely, we believe that risk can be quantified from historical experience and seeks to actively manage that risk, to earn sufficient compensation to justify taking those risks and to maintain capital levels consistent with the risks we undertake, while, at the same time, seeking to provide an opportunity to stockholders to realize attractive risk-adjusted returns through ownership of our capital stock. We may use some derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings. 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.

#### **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 March 31, 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 March 31, 2010.

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

We did not sell any equity securities during the three months ended March 31, 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, including 5,400,000 units pursuant to the underwriters' over-allotment option. We received net proceeds of approximately \$384 million and also received \$8 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 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 March 31, 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 \$93.3 million to acquire real estate properties. 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<sup>(1)</sup>
- 3.2 Second Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation<sup>(2)</sup>
- 3.2 Third Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation<sup>(2)</sup>
- 3.4 Fourth Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation<sup>(2)</sup>
- 3.5 Amended and Restated Bylaws<sup>(2)</sup>
- 4.1 Specimen Unit Certificate<sup>(2)</sup>
- 4.2 Specimen Common Stock Certificate<sup>(2)</sup>
- 4.3 Specimen Warrant Certificate<sup>(2)</sup>
- 4.4 Form of Warrant Agreement between Continental Stock Transfer & Trust Company and NRDC Acquisition Corp.<sup>(3)</sup>
- 4.5 Supplement and Amendment to Warrant Agreement by and between NRDC Acquisition Corp. and Continental Stock Transfer & Trust Company, dated as of October 20, 2009<sup>(2)</sup>
- 10.1 Purchase and Sale Agreement, dated February 2, 2010, among ROIC Phillips Ranch, LLC, CMP Phillips Associates, LLC, MCC Realty III, LLC and First American Title Insurance Company.<sup>(4)</sup>
- 10.2 Purchase and Sale Agreement, dated February 14, 2010, by and between Corniche Development, Inc. and the Company.
- 10.3 Purchase and Sale Agreement, dated as of March 21, 2010, by and between Norwood Properties, LLC and the Company.
- 10.4 Purchase and Sale Agreement, dated as of March 21, 2010, by and between Watt Elkhorn Associates, L.P. and the Company.
- 10.5 Agreement for Sale and Purchase of Property, dated March 25, 2010, between SPI P Hill Associates, L.P., by and through Todd Robinette in his capacity as court appointed receiver in case number CIV MSC 09-01627, in the Superior Court of California, County of Contra Costa, 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).

(4) Incorporated by reference to the Company's Current Report on Form 8-K filed on February 9, 2010 (File No. 001-33749).

## 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: May 6, 2010

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

Date: May 6, 2010

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

## PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the    day of February, 2010, by and between CORNICHE DEVELOPMENT, INC., a Washington corporation ("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 74,130 square foot shopping center, commonly known as The Market at Lake Stevens, located at 208 91<sup>st</sup> Avenue NE, Lake Stevens, Snohomish County, Washington, the legal description of which is attached as **Exhibit A** (the "Property"). If no legal description is attached, then the Property is shown generally on the site plan attached as Exhibit A-1, and 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 Sixteen Million One Hundred Fifty Thousand and No/100 Dollars (\$16,150,000.00). The Purchase Price will be paid in cash at closing. The entire Purchase Price shall be allocated to real property and the improvements thereon.

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 No/100 Dollars (\$250,000.00) 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 6.4, Buyer shall deposit an additional Two Hundred Fifty Thousand and

No/100 Dollars (\$250,000.00) in escrow as additional Earnest Money, and the entire Earnest Money deposit shall be nonrefundable to Buyer, except as otherwise provided herein. 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 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, as further provided below.

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. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessment. Buyer shall not conduct or authorize a Phase II environmental site assessment, or any other form of intrusive or invasive inspection or testing of the Property, without Seller's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

5. **Title Documents.** On or before the fifth (5<sup>th</sup>) 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 three (3) 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 by written notice to Seller given within five (5) days after 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 and 6.6 (other than the Haggen Foods estoppel) on or before March 1, 2010 (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, 6.6 (with regard to the Haggen Foods estoppel) and 6.7 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. Seller may deliver documents and materials to Buyer by courier or by electronic delivery. 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 Real and personal property tax statements for the most recent tax year.

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

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

6.1.4 Any CC&Rs, management agreements or other agreements relating to all or any portion of the Property excluding Seller's mortgage loan documents.

6.1.5 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.

6.1.6 Operating statements, copies of sales reports and CAM reports and reconciliations for the Property for the current year to date, and the previous four (4) calendar years.

6.1.7 All certificates of occupancy for the Property.

6.1.8 All service contracts and construction and equipment warranties.

**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 nonintrusive and noninvasive 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) nonintrusive and noninvasive engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey 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 (other than tenants under Leases), including lenders, contractors and government officials and representatives, provided that Buyer shall reasonably cooperate to allow Seller or its appointed representative to participate in any meetings or communications with governmental officials and

representatives if time allows. Buyer shall not submit any permit applications to any governmental authority which could result in any additional obligation being placed with Seller or the Property prior to Closing, if any.

6.2.1 Seller or Seller's designee may accompany Buyer and/or its agents or contractors when exercising Buyer's right of entry under this Section 6.2 if time allows. Buyer shall reasonably cooperate in attempting to provide oral or written notice to Seller prior to entering onto the Property with Seller in advance of such entry. All access, inspections, tests and studies shall be permitted and conducted on the following terms and conditions:

(i) Buyer shall pay for all inspections, tests and studies ordered by Buyer.

(ii) In connection with any entry by Buyer or its agents, employees or contractors onto the Property, Buyer shall conduct such entry and any inspections in connection therewith so as to minimize interference with Seller's business on, and Seller's tenants' occupancy of, the Property, and in compliance with all applicable laws and agreements.

(iii) Buyer shall indemnify and hold Seller harmless from and against all costs, expenses, damages, liabilities, liens or claims, including, without limitation, attorneys' fees and court costs, directly related to any entry on the Property by Buyer, its agents, employees or contractors in the course of performing inspections, tests and/or inquiries provided for under this Agreement, or resulting from any conditions on the Property created by Buyer's entry and testing (but not including any claims resulting from the discovery or disclosure of pre-existing physical or environmental conditions or the non-negligent aggravation of pre-existing physical or environmental conditions on, in, under or about the Property). The foregoing indemnity shall survive the Closing Date or earlier termination of this Agreement. Buyer shall also promptly repair any damage done to any portion of the Property in connection with the exercise of its rights under this Section 6.2, and restore the Property to its prior condition.

6.2.2 As additional consideration for the transaction contemplated in this Agreement, Buyer must provide to Seller, immediately following the receipt of same by Buyer, copies of any and all reports, tests or studies involving contamination of or other environmental concerns relating to the Property and copies of all other third Property studies, reports, and tests promptly after this Agreement terminates without Closing; provided, however, Buyer shall have no obligation to cause any such reports, tests or studies to be performed on the Property. Seller acknowledges that Buyer has not made and does not make any warranty or representation regarding the truth or accuracy of any such studies, reports or tests.

6.3 **Financing.** On or before the expiration of the Contingency Period, Buyer's satisfaction with Buyer's financing, if any.

6.4 **Audit Inquiry and SEC Compliance.** On or before the expiration of the Contingency Period, 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 (the "Audited Year") and the current fiscal year through the date of acquisition (the "Stub Period") 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.

6.5 **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.

6.6 **Estoppel Certificates.** Seller shall use commercially reasonable efforts to obtain an estoppel statement from each tenant, substantially in the form of Exhibit F ("Tenant Estoppels"). If, by February 27, 2010, Seller has not received Tenant Estoppels from all tenants, Buyer shall accept a certificate of Seller ("Seller's Lease Certificate") certifying, to Seller's knowledge, those matters included in the attached form of Tenant Estoppel regarding the lease(s) with such tenant(s). Buyer may terminate this Agreement and obtain a refund of the Earnest Money on or before the end of the Contingency Period if Buyer is not satisfied, in its sole discretion, with the contents of the Tenant Estoppels and any Seller's Lease Certificates. Notwithstanding the foregoing, Seller shall continue up until the Closing Date to attempt to obtain a Tenant Estoppel for each tenant that was not provided one as provided herein. Further, it shall remain a condition to closing that Buyer shall receive a completed estoppel certificate from Tenant Haggen Foods on or before the Closing Date.

6.7 **Title Insurance.** On and as of the Closing Date, the Title Company shall be irrevocably committed to issue to Buyer an ALTA Standard Owners form Title Policy (ALTA 2006 form) in the amount of the Purchase Price.

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 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 as set forth in Section 18.10. Except as set forth in Section 18.10, Seller shall be solely responsible for paying all leasing commissions for any Leases and New Leases (as defined in Section 9.2) entered into prior to closing.

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 latent defects in the condition of the improvements on the Property that require repair for the safe operation of the Property.

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, to Seller's knowledge no zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance, or regulation has been 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.** To Seller's knowledge, 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.

For the purposes of this Agreement, whenever the phrase “to Seller’s knowledge” or similar phrase is used, then it shall be deemed to refer to the actual knowledge of Norma Horner, without such person undertaking any investigation. To the extent the Seller’s Documents furnished or made available to or otherwise obtained by Buyer prior to the expiration of the Contingency Period contains express provisions or information that are inconsistent with the foregoing representations and warranties, such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such Seller’s Documents. Buyer acknowledges that Norma Horner is named solely for the purpose of defining the scope of Seller’s knowledge and not for the purpose of imposing any liability on or creating any duties running from such individuals to Buyer, unless arising from fraud or intentional misrepresentation. Buyer covenants that it will bring no action of any kind against any such individuals related to or arising out of the representations and warranties set forth in Section 8 of this Agreement, unless arising from fraud or intentional misrepresentation.

Notwithstanding anything contained in this Agreement to the contrary, in the event the Closing occurs, Buyer hereby expressly waives, relinquishes and releases any right or remedy available to it at law, in equity or under this Agreement to make a claim against Seller for damages that Buyer may incur, or to rescind this Agreement and the transactions contemplated hereby, as the result of any of Seller’s representations or warranties being untrue, inaccurate or incorrect if Buyer knew that such representation or warranty was untrue, inaccurate or incorrect at the time of the Closing and Buyer nevertheless closes title hereunder.

If prior to the Closing, Seller becomes aware that any representation or warranty set forth in this Agreement that was true and correct has become incorrect due to changes in conditions or the discovery by Seller of information of which Seller was unaware on the date of mutual execution of this Agreement, then Seller shall promptly notify Buyer thereof and the representations and warranties set forth herein which are to be remade and reaffirmed by Seller

at the Closing shall be supplemented by such new information. If such notification occurs after expiration of the Contingency Period, and if in Buyer's reasonable judgment such change in condition or new information has a material adverse impact on the Property or on the Buyer, Buyer may elect within ten (10) days after receipt of such notice (or, if such notice is received less than ten days prior to the Closing Date, Buyer may elect on or before the Closing Date) to provide written notice to Seller of Buyer's intent to terminate this Agreement; provided, however, that Seller may within five (5) days after receipt of such termination notice (or, if such termination notice is received less than five days prior to the Closing Date, on or before the Closing Date) notify Buyer of Seller's intent to cure the condition causing such misrepresentation prior to Closing, in which event Seller's cure of such condition shall be a condition precedent to Buyer's obligations hereunder. Buyer's termination of this Agreement and the return of all Earnest Monies shall be Buyer's sole remedy against Seller in the circumstances described in this paragraph.

**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, subject to the terms of Section 15 below; (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; provided that Seller shall not be required to obtain Buyer's consent to a tenant's renewal of its existing Lease on renewal terms contained in such Lease, or to renew tenant John L. Scott's lease for an additional five year term, on the same

terms and conditions as the current lease, except that rent will continue to increase by the same amounts and at the same intervals as it increases under such tenant's current lease..

**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 shall not be unreasonably withheld or delayed, and which shall not be required if such contract is in commercially reasonable form and substance and may be terminated without penalty or any additional cost or liability on thirty (30) or fewer days prior notice.

**9.5 Assignment of Service Contracts.** At Closing, Seller shall assign to Buyer all service contracts other than those that Seller terminates at Buyer's request and which may be terminated by Seller without penalty or additional cost or liability, 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 April 1, 2010, or at such other time as the parties may mutually agree (the "Closing Date"). Buyer acknowledges Seller's representation that Seller's existing loan on the Property may require at least thirty (30) days' prior notice of payment in full and that such loan may need to be paid only upon the first (1<sup>st</sup>) day of a calendar month. Buyer and Seller agree that upon Buyer's waiving the conditions set out in Sections 6.1 through 6.4 and 6.6 (except for Haggen Foods' estoppel), Buyer and Seller will cooperate in working with Seller's lender in an attempt to close the transaction by March 15, 2010, while recognizing that closing prior to April 1, 2010, may not be feasible.

**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, assessments (including LID and sewer assessments) 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. Notwithstanding the foregoing, if Closing occurs on a day other than the first day of a month, and if such Closing Date is prior to April 1 at the request of Buyer, then in prorating rental income Seller shall in addition receive that portion of the collected rental income attributable to the period beginning on the Closing Date and ending on the last day of the calendar month in

which Closing occurs that equals the amount of interest accruing on Seller's mortgage loan during the same partial month period.

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. In addition, "true up" payments received from tenants attributable to a year-end reconciliation of actual and budgeted pass-through payments for 2010 shall be allocated among Seller and Buyer pro rata in accordance with their respective period of ownership as set forth below. The amount of any unapplied and refundable security deposits under the Leases held by Seller in cash at the time of Closing shall be credited against the Purchase Price; accordingly, 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 the Closing occurs. The amount of such prorations shall be initially performed at Closing but shall be subject to adjustment in cash after the Closing as and when complete and accurate information becomes available. If such information is not available at the Closing, Seller and Buyer agree to cooperate and use reasonable efforts to make such adjustments no later than sixty (60) days after the Closing (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 Leases. 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, 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. This Section 10.3 shall survive the Closing.

Seller has presently commenced an appeal of the ad valorem property taxes levied against the Property. If such appeal is not resolved prior to the Closing Date, then at Closing Seller shall assign to Buyer all of its right, title and interest pursuant to such appeal, and Buyer shall not be required to reimburse Seller for any expenses prior to the Closing Date which Seller incurs in connection with the appeal. Buyer agrees, following the Closing Date, that in the event Buyer elects, in its sole discretion, to pursue the appeal to completion, and if the resolution of the appeal results in a reduction of any ad valorem property taxes levied against the Property prior to the Closing Date, then Seller shall be entitled to a refund of its taxes paid and attributable to the period prior to the Closing Date.

**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, and less refundable 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 Title 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, for a period of up to 60 days after Closing.

11. **Title Insurance.** As soon as reasonably practicable after the Closing Date, Seller shall cause Title Company to 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 any additional coverages.

12. **Possession.** Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date, subject to the rights of tenants under 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.** BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO (I) VALUE; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PROPERTY; (IV) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (V) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (VI) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY; (VII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (VIII) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (IX) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING; (X) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (XI) THE CONTENT, COMPLETENESS OR ACCURACY OF THE DUE DILIGENCE MATERIALS OR PRELIMINARY REPORT REGARDING TITLE ; OR (XII) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT BUYER HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION MADE AVAILABLE TO BUYER OR PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF SELLER WITH RESPECT TO THE PROPERTY, WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND EXCEPT AS SET FORTH HEREIN MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF

SUCH INFORMATION. EXCEPT FOR SELLER'S REPRESENTATIONS AND WARRANTIES AS SET FORTH HEREIN, SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS. BUYER REPRESENTS, WARRANTS AND COVENANTS TO SELLER THAT, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES AND COVENANTS SPECIFIED IN THIS AGREEMENT, BUYER IS RELYING SOLELY UPON BUYER'S OWN INVESTIGATION OF THE PROPERTY.

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SELLER'S INITIALS

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BUYER'S INITIALS

By accepting the Deed to the Property, Buyer, on behalf of itself, its officers, directors and its and their respective successors, shall forever release Seller, its officers, directors, agents and employees, and its and their respective successors, of and from any and all losses, liabilities, damages, claims, demands, causes of action, costs and expenses, whether known or unknown, arising out of or in any way connected with the Property, including, without limitation, the condition of title to the Property (except for the warranties of Seller contained in the Deed delivered by Seller at Closing) and the environmental (except as set forth below) and structural condition of the Property. Further, by acceptance of the Deed to the Property, Buyer will thereby forever release Seller of and from any environmental claims and causes of action existing now or hereafter created or enacted, whether at common law or by federal, state, county, or municipal law or ordinance except any reimbursement or contribution claims which Buyer may have against Seller under any state or federal laws regarding the release of any hazardous substances on the Property caused by Seller. Buyer agrees never to commence, aid in any way, or prosecute against Seller, its officers, directors, agents and employees and its and their respective successors, any action or other proceeding based upon any losses, liabilities, damages, claims, demands, causes of action, costs and expenses, covered in this paragraph.

The foregoing release shall not, however, affect Seller's liability for or under (a) any representations and warranties made specifically by Seller herein to the extent same survive Closing as provided therein; or (b) any other obligations of Seller identified herein which are to be performed after Closing.

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SELLER'S INITIALS

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BUYER'S INITIALS

15. **Condemnation or Casualty.** If, prior to the Closing Date, any part of the improvements are damaged or destroyed by fire or other casualty loss, Seller shall restore the improvements to their previous condition (to the extent insurance proceeds are available to Seller to do so) as soon as reasonably possible, but, in any event, prior to the Closing Date. If Seller is

unable to do so, without fault and notwithstanding Seller's diligent, good faith efforts, and if the cost of repair and restoration due to such casualty event exceeds \$200,000, then Buyer shall have the option to either (x) terminate this Agreement by delivering written notice of termination to Seller, and receive a refund of the Earnest Money, or (y) proceed with the purchase of the Property, in which event at Closing Buyer shall be credited against the Purchase Price the amount of all insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction (or such proceeds shall be assigned to Buyer if not then collected), plus any insurance deductibles applicable to such damage or destruction, less any monies actually expended by Seller to repair any damage. If the cost of repair and restoration of the Improvements due to such casualty is \$200,000 or less, then Seller shall assign to Buyer at Closing all of its right, title and interest in any insurance proceeds payable as a result of such casualty, and Seller shall credit against the Purchase Price any insurance proceeds received by Seller prior to Closing with respect to such casualty event.

If any part of the Property is condemned prior to Closing Date, Seller shall promptly give Buyer written notice of such condemnation and Buyer and Seller shall apply any proceeds received prior to Closing on a pro rata basis of any condemnation award to reduce the Purchase Price provided herein; provided that if such condemnation has a material adverse effect on the operation of the Property, then Buyer may declare this Agreement terminated by delivering written notice of termination to Seller, and receive a refund of the Earnest Money.

#### **16. Legal and Equitable Remedies.**

**16.1 Default by Seller.** If Closing fails to occur as a result of a default by Seller in the performance of its obligations under this Agreement, and if all other conditions to Seller's obligations to consummate the sale of the Property to be satisfied as of the date of such default or failure of condition have been satisfied at the time of such default or failure, then, upon notice by Buyer to Seller and Escrow Holder to that effect, Buyer's sole remedy shall be to elect to either (i) seek specific performance of Seller's obligations hereunder, or (ii) terminate this Agreement and receive the Earnest Money, together with an additional sum from Seller equal to Buyer's actual out-of-pocket third party costs and expenses in connection with this transaction in no event to exceed Fifty Thousand Dollars (\$50,000), in which event this Agreement shall automatically terminate and be of no further force or effect and neither party shall have any further rights or obligations hereunder, other than pursuant to any provision hereof which expressly survives the termination of this Agreement.

**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, which shall be Seller's sole and exclusive remedy on account of Buyer's default. Buyer shall only be in default or breach under this Agreement, if Buyer has failed to cure a default hereunder within three (3) business days from Buyer's receipt of Seller's written notice to cure such breach; provided that the cure period shall not apply to Buyer's obligation to pay any Earnest Money, or to Buyer's obligation to close the transaction on the Closing Date.

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.

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 party'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 simultaneous or deferred 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<sup>nd</sup> 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:                   *If before March 25, 2010*  
Corniche Development, Inc.  
919 Estates Drive  
Breckenridge, CO 80424  
P.O. Box 9872  
Breckenridge, CO 80424  
Telephone: 970-409-8892 (cell)  
Facsimile: (\_\_\_\_\_)\_\_\_\_\_  
Attention: Norma Horner, President

If to Seller: *If March 25, 2010 or after*  
Corniche Development, Inc.  
95220 Spring Tide Lane  
Amelia Island FL 32034  
Attention: Norma Horner, President

With a copy to: Alston Courtnage & Bassetti LLP  
1000 Second Avenue, Suite 3900  
Seattle, WA 98104-1045  
Telephone: 206.623.7600  
Facsimile: 206.623.1752  
Attention: Thomas W. Read.

The addresses above may be changed by written notice to the other party. If Seller does not show a facsimile number above, notices to Seller by email at [normah123@me.com](mailto:normah123@me.com) shall be sufficient as a facsimile if notice is provided contemporaneously to Thomas W. Read as provided herein.

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 in this transaction by the following brokers and shall be solely responsible for any commission payable to such broker: Billy Sleeth and Paul Sleeth of Colliers International. Buyer is not represented by a broker in this transaction; provided, however, Buyer may pay a separate commission to the above-referenced broker pursuant to the terms of a separate agreement between broker and Buyer. Except as provided above, 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. Subject to Sections 9.1 and 9.2 above, Buyer shall be responsible for any reasonable leasing commission due after Closing (not to exceed six percent of the gross rental to be derived from any applicable lease) that is payable to any broker retained by Seller or by John L. Scott, Inc. ("JLS") in connection with JLS's renewal of its lease at the Property to the extent the renewal term applies to a period after Closing.

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 drafts person.

18.12 **Counterparts/Facsimile/Electronic Mail.** 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 or electronic mail 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 in accordance with the rules of the JAMS, currently in effect unless the parties mutually agree otherwise. The arbitration shall be held in Seattle, Washington. 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 18.18.

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 but with prior written notice to Seller. 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 **Confidentiality.** Except as otherwise provided herein, including Section 6.2, Buyer expressly acknowledges and agrees that the transactions contemplated by this Agreement, Seller's Documents or any information obtained during the Contingency Period concerning the Property that are not otherwise known by or available to the public and the terms, conditions and negotiations concerning the same shall be held in the strictest confidence by Buyer and shall not be disclosed by Buyer unless and until the Closing occurs, except to its legal counsel, surveyor, title company, broker, accountants, consultants, officers, partners, directors and shareholders and any prospective lenders, financial partners and their agents, consultants and representatives (the "Authorized Representatives"), and except and only to the extent that such disclosure may be necessary for its performance hereunder. If the transaction contemplated by this Agreement does not occur for any reason whatsoever, Buyer shall promptly return to Seller, and shall instruct its Authorized Representatives to return to Seller, all copies and originals of all documents and information provided to Buyer by Seller, as well as copies of all third-party

reports obtained by Buyer related to the Property and destroy all copies and delete all electronic copies. Nothing contained in this Section 18.17 shall preclude or limit either party from disclosing or accessing any information otherwise deemed confidential under this Section 18.17 in connection with the party's enforcement of its rights following a disagreement hereunder or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with Authorities required by reason of the transactions provided for herein. The provisions of this Section 18.17 shall survive any termination of this Agreement.

**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 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, Sunday or legal holiday.

**18.21 SEC Audit Requirements.** From and after the Effective Date, Seller shall cooperate with Buyer's 8-K and audit requirements as set out in **Exhibit G**.

*[Signatures on Following Pages]*

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

**Corniche Development, Inc.,**  
a Washington corporation

By: /s/ John B. Roche  
Name: John B. Roche  
Title: CEO  
Date of Signature: 2/14/10

By: /s/ Norma Horner  
Name: Norma Horner  
Title: President  
Date of Signature: 2/13/10

STATE OF Colorado )  
 ) ss  
County of \_\_\_\_\_)

This instrument was acknowledged before me on this day of February 13th, 2010, by Norma Horner as president of Corniche Development, Inc., who being duly sworn acknowledged said instrument to be said corporation's voluntary act and deed.

/s/ Janet Blackman  
Notary Public For State of Colorado

STATE OF New York )  
 ) ss  
County of Westchester )

This instrument was acknowledged before me on this day of February 16, 2010, by John Roche as CFO of Retail Opportunity Investments Corp., a Delaware corporation, who being duly sworn acknowledged said instrument to be said corporation's voluntary act and deed.

/s/ Christine De Guisto  
Notary Public For State of New York

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 Estoppel Certificate Form
- Exhibit G 8-K and Audit Requirements (Section 18.21)

**EXHIBIT A**  
**Property Description**



**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 \_\_\_\_\_, 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 Corniche Development, Inc., a Washington corporation ("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, 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 208 91<sup>st</sup> Avenue NE, Lake Stevens, Snohomish County, 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:

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 as landlord under the Leases.

2. 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.

3. Effective Date.

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

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 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.

5. Assignee's Indemnity of Assignor.

Assignee hereby agrees to defend (with counsel reasonably satisfactory to Assignor), indemnify, and hold harmless Assignor, its shareholders, 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.

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.

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

Corniche Development, Inc.,  
a Washington corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**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 Corniche Development, Inc., a Washington corporation ("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 208 91<sup>st</sup> Avenue NE, Lake Stevens, Snohomish County, 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").

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 shareholders, 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.

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

Corniche Development, Inc.,  
a Washington corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**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 Corniche Development, Inc. ("Seller") and Retail Opportunity Investments Corp. ("Buyer") are as follows:

<b>EVENT</b>	<b>EXPIRATION DATE</b>
Contingency Period	_____
Title Report Due	_____
Documents Provided by Seller	_____
Document Review by Buyer	_____
Closing	_____

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

**CORNICHE DEVELOPMENT, INC.**  
a Washington corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

**EXHIBIT F**

**Form of Estoppel Certificate**

The undersigned, is the tenant ("Tenant") under that certain lease dated \_\_\_\_\_, (the "Lease") with Corniche Development, Inc., a Washington corporation, for certain premises ("Premises") located in the shopping center commonly known as the Market at Lake Stevens ("Shopping Center") in the City of Lake Stevens, State of Washington. The undersigned understands that Retail Opportunity Investment Corp. has offered or committed to enter into a transaction with Landlord and has requested this certificate (this "Certificate") from the undersigned as a condition precedent to the consummation of such transaction and will therefore be relying upon the representations and warranties contained herein.

The undersigned hereby represents, warrants and certifies as follows:

A. A copy of the Lease, with all modifications, amendments, supplements or changes, is attached hereto as Exhibit A and is a true and correct copy of the Lease and constitutes the only agreement between Landlord and Tenant with respect to the leased Premises.

B. The Lease (including all exhibits) is in full force and effect, has not been terminated, and is enforceable in accordance with its terms.

C. The Lease has not been modified, amended, supplemented or changed in any way, except as evidenced by the documents attached as Exhibit A and except as follows: (if none, state none) \_\_\_\_\_.

D. The Lease constitutes the entire agreement between Landlord and Tenant for the Premises, and there are no other agreements, written or oral, between Landlord and Tenant relating to the Premises.

E. Tenant has accepted possession of the Premises demised under the Lease and all items required to be performed by Landlord under the terms of the Lease, including construction of all improvements required therein, have been completed by Landlord within the time periods set forth in the Lease, and all required contributions by Landlord to Tenant on account of Tenant's improvements to the Premises have been paid in full.

F. The term ("Term") of the Lease commenced on \_\_\_\_\_ and full rental is currently accruing thereunder. The Term shall expire on \_\_\_\_\_. There are \_\_\_\_\_ remaining options to extend the Term for periods of \_\_\_\_\_ months each.

G. Neither Tenant nor Landlord has begun any action, or given or received any notice for the purpose of termination of the Lease.

H. Tenant is currently paying monthly rent under the Lease in the amount of \_\_\_\_\_ per month ("Base Rent"). The Base Rent under the Lease is current as of \_\_\_\_\_, 2010. The next payment of Base Rent is due on \_\_\_\_\_, 2010.

I. No Base Rent or other charges have been paid more than thirty (30) days in advance of its due date.

J. Tenant pays percentage rent (if any) under the Lease at the rate of \_\_\_\_% of Gross Sales ("Percentage Rent").

K. Tenant is currently paying additional rent under the Lease for Tenant's share of common area expenses, taxes and insurance in the amount of \_\_\_\_\_ per month ("Additional Rent").

L. The amount of Tenant's security deposit held by Landlord under the Lease is \_\_\_\_\_ ("Security Deposit").

M. No default or event that, with the giving of notice or the passage of time, or both, would constitute a default on the part of the undersigned exists under the Lease, nor is the undersigned (to the best of its knowledge) aware of any default or event that with the passing of time or the giving of notice, or both, would constitute a default on the part of Landlord under the Lease.

N. The undersigned has not received notice of any assignment, hypothecation, mortgage or pledge of Landlord's interest in the Lease or of any rents or other amounts due thereunder.

O. There is no period of free rent, rental abatement or reduction, except as set forth in the Lease, and Landlord has not given or conceded to Tenant any other concessions, abatements or compromises with respect to the rental obligations under the Lease.

P. There are no offsets or credits against or defenses to payment of any monetary obligations payable under the Lease.

Q. Except as provided in the Lease and identified above, Tenant does not have any options or rights to extend the Term or expand the Premises. Tenant has no rights of first offer or refusal (or other rights) to purchase the Premises or any part thereof or all or any part of the real property of which the Premises are a part, or if it had any such right, the same has been waived and has terminated.

R. No actions, whether voluntary or otherwise, are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

S. Tenant has not assigned, sublet or otherwise transferred Tenant's interest in the Lease or the Premises to any party.

T. To the best of Tenant's knowledge, the use, maintenance and operation of the Premises currently complies with all applicable federal, state, county or local statutes, laws, rules and regulations, including those relating to environmental, health or safety matters.

U. Tenant has not received notice of any alleged violation of any law governing the use or operation of the Premises and no outstanding writs, injunctions, decrees, orders or judgments are pending, or to the best of Tenant's knowledge, threatened, concerning the use, maintenance or operations of the Premises by Tenant, nor is the Tenant aware of the basis for any such proceeding.

V. The undersigned is authorized to execute this Certificate on behalf of Tenant.

W. This Certificate and the Lease are legal, valid, binding and enforceable obligations of Tenant.

Tenant executes this Certificate with the understanding that Lessor is contemplating selling the Premises, and Landlord, Retail Opportunity Investment Corp., and any lender of either of them and their respective successors and assigns (including any mortgagee or beneficiary under a deed of trust or mortgage) will be entitled to rely on this Certificate.

Dated: \_\_\_\_\_, 2010

**TENANT:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## 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 other than those subject to attorney-client privilege, work product doctrine, or a confidentiality covenant or order, 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 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.

## FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement (this "Amendment") is effective March 1, 2010, by and between CORNICHE DEVELOPMENT, INC., a Washington corporation ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

### RECITALS

A. On or about February 14, 2010, Buyer and Seller entered into that certain Purchase and Sale Agreement (the "Purchase Agreement"), pursuant to which Seller agreed to sell and Buyer agreed to buy certain real property and improvements known as The Market at Lake Stevens, as more particularly described in the Purchase Agreement.

B. Buyer and Seller now wish to amend the Purchase Agreement on the terms and conditions contained herein:

### AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. Buyer's Waiver of Conditions. Buyer hereby waives the conditions set out in Sections 6.1, 6.2, 6.3, 6.4 and 6.6 of the Purchase Agreement.

2. Agreed-upon Permitted Exceptions. Buyer and Seller hereby agree that the Permitted Exceptions will be those set out in that certain First American Title

Insurance Company Report dated February 9, 2010 (File No. NCS-429320-OR1), as follows:

2.1 The Schedule B-Section 2 General Exceptions, unless Buyer purchases extended coverage, in which case, these will not be Permitted Exceptions; and

2.2 The Schedule B-Section 2 Special Exceptions as follows: 4, 5, 6, 7, 8, 9, 13, 14, 15, 16, 17, 18, 19 (except that this Exception would be combined with Exception 14), 20, 21, 22, 23, and 27.

2.3 In addition, any items that Title Company adds through a supplemental report based on its review of the survey prepared by Dowl HKM , File No. S110-08A, with a "checked date" of 2010-02-20, shall be a Permitted Exception.

3. Personal Property/Assignment of SDC Credit and Reimbursement Rights. There is no tangible personal property to be conveyed by Seller to Buyer at Closing, so Seller and Buyer waive the requirement in Section 1 of the Purchase Agreement that Seller provide a list of such personal property to Buyer. However, in connection with closing, Seller will convey to Buyer, at no additional consideration, all Seller's right, title, and interest in and to any right to any credit (including any system development charge credit), reimbursement right (but excluding refundable deposits), or so-called "latecomer's charge, R 21; to which Seller may be entitled under any of the documents of record or under any applicable reimbursement program, statute, or law, including but not limited to, those reimbursement and credit rights mentioned in Exception 14 of the Permitted Exceptions.

2 - FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

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4. Other Terms and Conditions Remain. In the event of any inconsistencies between the Purchase Agreement and this Amendment, the terms of this Amendment shall control. Except as expressly set forth in this Amendment, the Agreement otherwise is unmodified and remains in full force and effect.

5. Capitalized Terms. Capitalized terms used but not defined herein shall have the meaning set out in the Purchase Agreement.

6. Execution. This Amendment may be executed in counterparts. Facsimile or electronic delivery is sufficient.

**CORNICHE DEVELOPMENT, INC.**  
a Washington corporation

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

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PURCHASE AND SALE AGREEMENT**

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 21<sup>st</sup> day of March, 2010 (the "Effective Date") by and between NORWOOD PROPERTIES, LLC, a California 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 90,000 square foot shopping center, commonly known as the Norwood Center located at the northwest corner of Norwood Avenue and Jessie Avenue in Sacramento, California, the legal description of which is attached as **Exhibit A** (the "Property"), and Buyer desires to purchase the Property from Seller. If no legal description is attached or if the legal description of the Property is incomplete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed, corrected or inserted to meet the requirements of 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 owned by Seller and exclusively 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. The Property also includes any and all water, access and other rights, easements, and interests owned by Seller and appurtenant to the Property, and all construction warranties owned by Seller and related to the improvements on the Property.

**2. Purchase Price.** The purchase price ("Purchase Price") for the Property shall be THIRTEEN MILLION EIGHT HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS (\$13,860,000.00) and shall be paid in cash at closing, subject to adjustment pursuant to Section 2.1 below.

**2.1 Purchase Price Adjustment (Chatham Beauty).** Buyer shall pay Seller FOUR HUNDRED THOUSAND AND NO/DOLLARS (\$400,000.00) (the "Additional Price") in addition to the Purchase Price set forth above, if at all, only if each of the following events occur within six (6) months after the Closing Date: (i) mutual execution by Buyer and Chatham Beauty

of a written lease amendment secured by Don Gaube on terms and conditions acceptable to Buyer in its reasonable discretion, which must include a termination of the rent concession Chatham Beauty is currently receiving and immediately require Chatham Beauty to resume paying the full amount of rent due under its lease (\$9,227.99 per month on a triple net basis, with annual rent increases as outlined in the Chatham Beauty lease); and (ii) Chatham Beauty has not defaulted under the terms of its lease. If, and only if, all of the events described above occur within six (6) months after the Closing Date, Buyer shall deposit the Additional Price in escrow with the Title Company with instructions that it be immediately released to Seller. If, for any reason, all of the above events have not occurred within six (6) months after the Closing Date, Seller shall not be entitled to any portion of the Additional Price.

**3. Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement, Buyer shall pay ONE HUNDRED TWO THOUSAND AND NO/100 DOLLARS (\$102,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company (the "Title Company"), 1850 Mt. Diablo Blvd., Suite 300, Walnut Creek, California 94596, Attention: Pam Nicolini (phone 925.927.2173; fax 925.927.2190; email pnicolini@firstam.com), 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 ONE HUNDRED TWO THOUSAND AND NO/100 DOLLARS (\$102,000.00) 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 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, but subject to Section 6.2 below: (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.

**5. Title Documents.** On the Effective Date, Seller shall instruct the Title Company to deliver to Buyer a preliminary commitment for title insurance issued by the 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) business days following the later of the Effective Date or 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 agrees 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." Notwithstanding anything to the contrary herein, Seller has no obligation to remove any matter of title unless Seller has expressly agreed to do so as provided in this Agreement.

**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 Effective Date (the "Contingency Period"). Accordingly, because there are less than 21 days between the Effective Date and the Closing Date, the parties acknowledge and agree that Buyer shall have the right to terminate this transaction and receive a full refund of the Earnest Money at any time prior to closing. 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, 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 Real and personal property tax statements for the most recent tax year.

6.1.2 All material and relevant environmental reports, studies and assessments concerning the Property, including but not limited to all final environmental reports, studies and assessments.

6.1.3 All material and relevant soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property, including but not limited to all final soils, geotechnical, drainage, seismological and engineering reports, studies and assessments.

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

6.1.5 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.

6.1.6 Operating statements, copies of sales reports and CAM reports and reconciliations for the Property for the current year to date, and the previous four (4) calendar years.

6.1.7 All certificates of occupancy for the Property.

6.1.8 All service contracts and construction and equipment warranties.

Seller represents and warrants to Buyer that Seller shall provide Buyer with the documents described on the attached **Exhibit F** and that such documents constitute all of the above described Seller's Documents in Seller's possession, custody or control. If any Seller's Documents are delivered to Buyer more than five (5) days after the Effective Date, the Contingency Period shall be extended by one day for each day which such Seller's Documents were delivered late. For example, if additional Seller's Documents are not delivered to Buyer until the tenth day after the Effective Date, the Contingency Period shall be extended by five days. Except as otherwise expressly set forth in Section 8.1 hereof, Seller makes no representations or warranties of any kind regarding the accuracy, thoroughness or completeness of or conclusions drawn in the information contained in Seller's Documents except that Seller's Documents prepared by Seller or its agents or employees shall be complete and accurate in all material respects. From the Effective Date through the Closing Date unless this transaction is earlier terminated, Seller shall make available to Buyer and its agents, employees and contractors all of Seller's files, books, records and other sources of information with respect to the Property wherever located for Buyer's inspection and copying. Buyer acknowledges that any and all Seller's Documents that are not otherwise known by or available to the public are proprietary and confidential in nature and will be delivered to Buyer solely to assist Buyer in determining the feasibility of purchasing the Property. Unless and until the Closing occurs, Buyer agrees not to disclose such non-public Seller's Documents, or any of the provisions, terms or conditions thereof, to any party outside of Buyer's organization except as otherwise provided below. Buyer shall return all Seller's Documents, on or before three (3) business days after the first to occur of (a) such time as Buyer notifies Seller in writing that it shall not acquire the Property, or (b) such time as this Agreement is terminated for any reason. This Section 6.1 shall survive any termination of this Agreement without limitation.

**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 during normal business hours after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, and in accordance with the terms of such Leases to conduct inspections, investigations, tests, and studies concerning the Property and, at the election of Seller, accompanied by a representative of Seller, provided that any such representative of Seller shall comply with the schedules and timetables of Buyer and its agents, employees, contractors and consultants in inspecting the Property. Subject to the terms of this Section 6.2,

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 but Buyer will not contact any tenant or other occupant of the Property without the prior approval of Seller, which approval shall not be unreasonably withheld, conditioned or delayed and Seller may elect to arrange and/or participate in all or any portion of such contacts.

6.2.1 **Testing.** In connection with any testing of the Property by Buyer, its agents, employees, representatives and/or contractors, which would include boring or removing of samples, such testing shall require that Buyer provide advance written notice thereof to Seller, specifying the date, time and anticipated duration of the entry; the purpose and scope of testing; and the identity of each person who will enter on Buyer's behalf; be subject to Seller's prior consent (which shall not be unreasonably withheld, conditioned or delayed); occur only in the presence of Seller's designated representative(s), provided that any such representative of Seller shall comply with the schedules and timetables of Buyer and its agents, employees, contractors and consultants in inspecting the Property; be subject to the rights of the tenants under the Leases; and be conducted so as to minimize, to the greatest extent possible, interference with Seller's business and the business of Seller's tenants under the Leases. Buyer shall dispose of any samples requiring disposal after all such tests and shall dispose of such sample material at its cost in accordance with law. Seller shall notify Buyer of its approval or disapproval of the proposed testing within three (3) business days after receipt of such notice from Buyer. If Seller fails to so notify Buyer within such three (3) business day period, Seller shall be deemed to have rejected the proposed testing. Buyer acknowledges and agrees as follows: (a) Buyer's inspection shall not cause any material injury to the Property; (b) Buyer, at its sole cost and expense, shall promptly repair any damage to the Property caused by the foregoing; and (c) Buyer shall pay all costs and expenses incurred by Buyer in connection with the foregoing. Seller and/or its representative(s) may, but shall have no obligation, to be present to observe any testing or other inspection performed on the Property.

6.2.2 **Insurance.** Buyer shall require its contractors performing the above inspections and testing prior to any entry on the Property beyond a visual inspection to name Seller as an additional insured such contractor's policy of comprehensive general liability insurance with coverage of at least \$1 million per occurrence, \$1 million aggregate and a deductible of \$1,000 or less with appropriate endorsements; cause the insurance carrier to waive subrogation against Seller and its employees, agents and contractors; and shall provide Seller with certificates of insurance and copies of the endorsements evidencing the foregoing upon request. ; Buyer shall require anyone acting on Buyer's behalf to carry worker's compensation insurance to the

extent required by applicable law covering any activities of employees on the Property and to provide Seller with certificates of such insurance upon request.

6.2.3 **Test Results.** All results of all tests and inspections shall be reported to Seller and copies of all reports, studies and other documents including the results of tests and inspections shall be delivered to Seller.

6.2.4 **Indemnity.** 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 or mechanic's liens suffered or incurred by Seller to the extent caused by Buyer or its agents' entry onto the Property prior to closing, 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. This Section 6.2.4 shall survive the Closing and/or any termination of this Agreement.

6.3 **Financing.** On or before the expiration of the Contingency Period, Buyer's satisfaction with Buyer's financing.

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. The foregoing covenant of Seller 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 (subject to Seller's cure rights below) and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

6.7 **Cititrends Lease.** On and as of the Closing Date, Seller shall have: (a) obtained Buyer's prior written consent to the terms and conditions of a written lease with Cititrends; (b) Seller and Cititrends shall have both executed such lease; and (c) Buyer and Seller

shall have executed a mutually agreeable form of escrow holdback agreement describing the terms and conditions on which the anticipated construction costs (approx. \$225,000) and leasing commission (approx. \$36,000) relating to the Cititrends lease shall be withheld from the Purchase Price at closing and disbursed to Seller when the buildout of Cititrends premises has been completed, Cititrends has opened for business, and Cititrends has commenced paying full rent under its lease.

6.8 **Estoppel Certificates.** On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in the form attached hereto as **Exhibit H** (or, if applicable, the form required under each applicable lease) for all tenants of the Property occupying 5,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 80% of all other tenants of the Property. &# 160;If Seller is unable to provide an estoppel certificate from any tenant occupying less than 5,000 s.f. of the Property, Seller will provide Buyer with the form of estoppel certificate attached hereto as **Exhibit I**.

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 Effective 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 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 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 as set forth in Section 18.10. Seller shall be solely responsible for paying all leasing commissions for any Leases and New Leases (as defined in Section 9.2) entered into prior to closing.

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 knowledge of any material structural defects in the building or improvements on the Property.

8.1.6 **Zoning/Violations.** To Seller's knowledge, there is not now pending nor, 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.** To Seller's knowledge, 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 or Seller's knowledge: (a) 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 (b) Seller has received no notice 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 **Change in Representation / Waiver.** Notwithstanding anything to the contrary contained herein, Buyer acknowledges that Buyer shall not be entitled to rely on any representation made by Seller in Section 8.1 above to the extent, prior to or at Closing, the undersigned representative of Buyer shall have or obtain actual knowledge of any information that was contradictory to such representation or warranty; provided, however, if Buyer determines prior to Closing that there is a breach of any of the representations and warranties made by Seller above, then Buyer may, at its option, by sending to Seller written notice of its election either (i) terminate this Agreement or (ii) waive such breach and proceed to Closing with no adjustment in the Purchase Price and Seller shall have no further liability as to such matter thereafter. In the event Buyer terminates this Agreement for the reasons set forth above, the Earnest Money shall be immediately refunded to Buyer and neither Buyer nor Seller shall thereafter have any other rights or remedies hereunder other than under Section 16.1 hereof. In furtherance thereof, Seller shall have no liability with respect to any of the foregoing representations and warranties or any representations and warranties made in any other document executed and delivered by Seller to Buyer, to the extent that, prior to the Closing, Buyer discovers or learns of information (from whatever source, including, without limitation the property manager, the tenant estoppel certificates or the Seller's Estoppel Certificates delivered hereunder, as a result of Buyer's due diligence tests, investigations and inspections of the Property, or disclosure by Seller or Seller's agents and employees) that contradicts any such representations and warranties, or renders any such representations and warranties untrue or incorrect, and Buyer nevertheless consummates the transaction contemplated by this Agreement.

8.3 **Seller's Knowledge.** For purposes of this Agreement and any document delivered at Closing, whenever the phrases "to the best of Seller's knowledge", "to the current, actual, conscious knowledge of Seller" or the "knowledge" of Seller or words of similar import are used, they shall be deemed to refer to the current, actual, conscious knowledge only, and not any implied, imputed or constructive knowledge, without any independent investigation having been made or any implied duty to investigate, of Donald F. Gaube and/or Lisa Divini, who shall have no personal liability under this Agreement or otherwise with respect to the Property.

8.4 **Buyer's Representations and Warranties.** As of the Effective Date, 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 consistent with its current operations; subject to ordinary wear and tear; (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, conditioned or delayed.

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 which cannot be terminated on or before the Closing without the prior written consent of Buyer, which consent shall not be unreasonably withheld or conditioned or delayed.

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"); provided, that such contracts and warranties are assignable without material expense by Seller to Buyer.

## 10. Closing.

10.1 **Closing Date.** The purchase and sale of the Property will be closed on March 31, 2010 (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 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 is delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. In addition, "true up" payments received from tenants attributable to a year-end 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 as set forth below. 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; accordingly, 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 the Closing occurs. The amount of such prorations shall be initially performed at Closing but shall be subject to adjustment in cash after the Closing as and when complete and accurate information becomes available, if such information is not available at the Closing. Seller and Buyer agree to cooperate and use reasonable efforts to make such adjustments no later than sixty (60) days after the Closing (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 Leases). 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. If any taxes which have been apportioned shall subsequently be reduced by abatement, the amount of such abatement, less the cost of obtaining the same after deduction of sums payable to tenants under Leases or expired or terminated Leases, shall be equitably apportioned between the parties hereto. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. This Section 10.3 shall survive the 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, 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 grant deed (the "Deed") in a form reasonably acceptable to Buyer conveying and warranting to Buyer fee simple title in the Property.

10.4.5 The Title Company will deliver its commitment letter committing to issue the Title 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 California for the recording of the Deed.

11. **Title Insurance.** On the Closing Date, Seller shall direct the Title Company to 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 possession of the Property to Buyer on the Closing Date. 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, it being agreed that any action, suit or proceeding with respect to the truth, accuracy or completeness of such representations and warranties shall be commenced, if at all, on or before the one year following the Closing Date and, if not commenced on or before such date, thereafter such representations and warranties shall be void and of no force or effect..

### 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/AS IS.** Buyer acknowledges and agrees that, except as expressly provided in this Agreement, Seller has not made, does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, including, without limitation, the Americans with Disabilities Act and any rules and regulations promulgated thereunder or in connection therewith, (e) the habitability, merchantability or fitness for a particular purpose of the Property, or (f) any other matter with respect to the Property, and specifically that, except as provided herein, Seller has not made, does not make and specifically disclaims any representations regarding solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, or the disposal or existence, in or on the Property, of any Hazardous Substance. Buyer further acknowledges and agrees that, except as expressly provided in this Agreement, having been given the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller, except Seller's Documents. Buyer further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information. Buyer further acknowledges and agrees that, except as expressly provided in this Agreement, and as a material inducement to the execution and delivery of this Agreement by Seller, the sale of the Property as provided for herein is made on an "AS IS, WHERE IS" CONDITION AND BASIS "WITH ALL FAULTS." Buyer acknowledges, represents and warrants that Buyer is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement; that Buyer freely and fairly agreed to this acknowledgment as part of the negotiations for the transaction contemplated by this Agreement; that Buyer is represented by legal counsel in connection with this transaction and Buyer has conferred with such legal counsel concerning this waiver and that Buyer has assets in excess of \$5,000,000. The provisions of this Section 14 shall survive Closing and/or termination of this Agreement.

14.1 **Natural Hazard Disclosure Statement.** Within ten (10) days after the Effective Date, Seller shall deliver to Buyer a Natural Hazard Disclosure Statement (the "Statement") in the form provided under California law. The Statement will purport to disclose whether the Property is located in a special flood hazard area, a dam inundation failure area, a high fire severity area, a wild land fire area, an earthquake fault zone and/or a seismic hazard area (collectively, the "Natural Hazard Areas").

**14.2 Health and Safety Disclosure Statement.** Section 25359.7 of the California Health and Safety Code requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath the real property to provide written notice of such to a buyer of the real property. Seller hereby advises Buyer that the sole inquiry and investigation Seller has conducted in connection with the environmental condition of the Property is to obtain and/or review those certain environmental assessments and studies of the Property delivered to Buyer pursuant to this Agreement (collectively, "Seller's Environmental Reports"). Buyer (a) acknowledges Buyer's receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code; and (b) will be, prior to the expiration of the Contingency Period, fully aware of the matters described in the Seller's Environmental Reports. The representations, warranties and agreements set forth herein shall survive the consummation of the transactions contemplated hereby.

**14.3 Buyer's Release.** Buyer on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Seller, Seller's affiliates, Seller's investment manager, property manager, the partners, trustees, shareholders, beneficiaries, directors, officers, employees, attorneys and agents of each of them, and their respective heirs, successors, personal representatives and assigns from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical condition of the Property, (ii) the condition of title to the Property, (iii) the presence on, under or about the Property of any hazardous or regulated substance, (iv) the Property's compliance with any applicable federal, state or local law, rule or regulation, or (v) any other aspect of the Property; provided, however, this release does not apply to Seller's fraud or breach of any of the representations, warranties or covenants of Seller under this Agreement which survives the Closing. Subject to the terms of the foregoing release, Buyer has not assumed liability for any claims arising with respect to the period prior to the Closing. The terms and provisions of this Section 14.3 shall survive Closing and/or termination of this Agreement.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Initials: Purchaser: \_\_\_\_\_ Seller: \_\_\_\_\_

**15. Condemnation or Casualty.**

15.1 **Material Condemnation or Casualty.** If, prior to closing, all or any "Material" (as defined below) 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) Seller shall not be obligated to repair any damage or destruction but (x) Seller shall assign, without recourse, and turn over to Buyer all of the insurance proceeds or condemnation proceeds, as applicable, net of any costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty or condemnation including any rent abatement insurance for such casualty or condemnation and (y) the parties shall proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price except for a credit in the amount of the applicable insurance deductible. 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.

15.2 **Condemnation Not Material.** If the condemnation is not Material, then the Closing shall occur without abatement of the Purchase Price and, after deducting Seller's reasonable costs and expenses incurred in collecting any award, Seller shall assign, without recourse, all remaining awards or any rights to collect awards to Buyer on the Closing Date.

15.3 **Casualty Not Material.** If the casualty is not Material, then the Closing shall occur without abatement of the Purchase Price except for a credit in the amount of the applicable deductible and Seller shall not be obligated to repair such damage or destruction and Seller shall assign, without recourse, and turn over to Buyer all of the insurance proceeds net of any costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or such casualty including any rent abatement insurance for such casualty.

15.4 **Materiality.** For purposes of this Section 15 with respect to a taking by eminent domain, the term "Material" shall mean any taking whatsoever, regardless of the amount of the award or the amount of the Property taken, excluding, however, any taking solely of (x) subsurface rights or takings for utility easements or right of way easements, if the surface of the Property, after such taking, may be used in the same manner, as reasonably determined by Buyer, as though such rights had not been taken, or (y) one lease of less than 10% of the rentable square feet for a term of less than five years, and (ii) with respect to a casualty, the term "Material" shall mean any casualty such that (x) the cost of repairs are greater than \$5,000 or (y) a tenant occupying more than 2,000 s.f. of gross leasable area of the Property has the right under its lease to terminate such lease due to such casualty.

## 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, Buyer may elect, as the sole and exclusive remedy of Buyer, to (i) terminate this Agreement and receive the Earnest Money from the Title Company, and in such

event Seller shall not have any liability whatsoever to Buyer hereunder other than expressly surviving the Closing or (ii) enforce specific performance of Seller's obligations under this Agreement, without adjustment to, or credit against, the Purchase Price. Buyer shall be deemed to have elected to terminate this Agreement (as provided in subsection (i) above) if Buyer fails to deliver to Seller written notice of its intent to file a cause of action for specific performance against Seller on or before thirty (30) days after written notice of termination from Seller or thirty (30) days after the originally scheduled Closing Date, whichever shall occur first, or having given Seller notice, fails to file a lawsuit asserting such cause of action within sixty (60) days after the originally scheduled Closing Date. Seller shall only be in default or breach under this Agreement, if Seller has failed to cure a default hereunder within three (3) business days from Seller's receipt of Buyer's written notice to cure such breach.

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, which shall be Seller's sole and exclusive remedy on account of Buyer's default. Buyer shall only be in default or breach under this Agreement, if Buyer has failed to cure a default hereunder within three (3) business days from Buyer's receipt of Seller's written notice to cure such breach.

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 PURSUANT TO CALIFORNIA CIVIL CODE §§ 1671 AND 1677. 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: \_\_\_\_\_

SELLER'S INITIALS: \_\_\_\_\_

17. **Seller's Assistance with Transition.** After Closing, Seller shall, and 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 the tenants.

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 two (2) years, 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<sup>nd</sup> 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: Alamo Group  
3201 Danville Boulevard, Suite 175  
Alamo, CA 94507  
Telephone: 925/838-0604  
Facsimile: 925/838-0851  
Attention: Don Gaube

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

18.7 **Confidentiality.** Except as otherwise provided herein, including Section 6.2, Buyer expressly acknowledges and agrees that the transactions contemplated by this Agreement, Seller's Documents or any information obtained during the Contingency Period concerning the Property that are not otherwise known by or available to the public and the terms, conditions and negotiations concerning the same shall be held in the strictest confidence by Buyer and shall not be disclosed by Buyer unless and until the Closing occurs, except to its legal counsel, surveyor, title company, broker, accountants, consultants, officers, partners, directors and shareholders and any prospective lenders, financial partners and their agents, consultants and representatives (the "Authorized Representatives"), and except and only to the extent that such disclosure may be necessary for its performance hereunder. Buyer agrees that it shall instruct each of its Authorized Representatives to maintain the confidentiality of such information and at the request of Seller, to promptly inform Seller of the identity of each such Authorized Representative. Buyer further acknowledges and agrees that, unless and until the Closing occurs, all information and materials obtained by Buyer in connection with the Property that are not otherwise known by or readily available to the public will not be disclosed by Buyer to any third persons (other than to its Authorized Representatives) without the prior written consent of Seller. If the transaction contemplated by this Agreement does not occur for any reason whatsoever, Buyer shall promptly return to Seller, and shall instruct its Authorized Representatives to return to Seller, all copies and originals of all documents and information provided to Buyer by Seller. Nothing contained in this Section 18.7 shall preclude or limit either party from disclosing or accessing any information otherwise deemed confidential under this Section 18.7 in connection with the party's enforcement of its rights following a disagreement hereunder or in response to lawful process or subpoena or other valid or enforceable order of a court of competent

jurisdiction or any filings with Authorities required by reason of the transactions provided for herein. The provisions of this Section 18.7 shall survive any termination 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 in this transaction by the following broker and shall be solely responsible for any commission payable to such broker: NONE. Buyer is not represented by a broker in this transaction. Except as provided above, 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 in accordance with the rules of the Arbitration Service of Portland, Inc., currently in effect unless the parties mutually agree otherwise. 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 18.18.

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

18.18 **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 **Limitation of Liability.** The obligations of Seller are binding only on Seller's assets and shall not be personally binding upon, nor shall any resort be had to, any of the private properties of any of the partners, officers, directors, shareholders or beneficiaries of Seller, or of any partners, officers, directors, shareholders or beneficiaries of any partners of Seller, or of any of Seller's employees or agents. The obligations of Buyer are binding only on Buyer's assets and shall not be personally binding upon, nor shall any resort be had to, any private properties of any of the partners, officers, directors, shareholders or beneficiaries of Purchaser, or of any partners, officers, directors, shareholders or beneficiaries of any partners of Purchaser, or of any of Buyer's employees or agents. Each party acknowledges that such party's obligations with respect to any covenant, indemnity, representation or warranty under this Agreement which expressly survives the Closing shall be considered a "liability" for purposes of any distribution limitation imposed under the organizational laws applicable to such party, its members and/or their respective partners, members and shareholders.

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.

*[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

**NORWOOD PROPERTIES, LLC**  
a California limited liability company

By: /s/ Stuart Tanz  
Name: Stuart Tanz  
Title: CEO  
Date of Signature: 3/19/10

By: /s/ Donald Gaube  
Name: Donald Gaube  
Title: Managing Member  
Date of Signature: 3/11/10

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	Seller's Documents (Section 6.1)
Exhibit G	8-K and Audit Requirements (Section 6.4)
Exhibit H	Form of Tenant Estoppel Certificate (Section 6.8)
Exhibit I	Form of Landlord Estoppel Certificate (Section 6.8)

**EXHIBIT A**

**Property Description**

Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

**PARCEL ONE**

PARCELS 2 AND 3, AS SHOWN ON THE PARCEL MAP ENTITLED "NORWOOD CENTER, PORTION OF LOT 3, RIO LINDA SUBDIVISION NO. 8 (18 B.M. 2)" . FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, CALIFORNIA ON AUGUST 23, 1993, IN BOOK 136 OF PARCEL MAPS, MAP NO. 23.

**PARCEL TWO**

RECIPROCAL EASEMENT RIGHTS FOR PARKING, INGRESS AND EGRESS, UTILITIES AND PEDESTRIAN TRAFFIC AS CONTAINED IN THE DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS RECORDED AUGUST 24, 1993, BOOK 930824, PAGE 1664, OFFICIAL RECORDS.

**PARCEL THREE:**

PARCEL 1 AND A PORTION OF PARCEL 6 AS SHOWN ON THE PARCEL MAP ENTITLED "NORWOOD CENTER, PORTION OF LOT 3, RIO LINDA SUBDIVISION NO. 8 (18 B.M.2)", FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, ON AUGUST 23, 1993, IN BOOK 136 OF PARCEL MAPS, MAP NO. 23, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1, SAID CORNER BEING ON THE NORTH LINE OF JESSIE AVENUE AS SHOWN ON SAID PARCEL MAP; THENCE ALONG THE SOUTH LINE OF SAID PARCEL 6, AND ALONG SAID NORTH LINE OF JESSIE AVENUE, SOUTH 89°03'34" WEST 189.77 FEET; THENCE NORTH 00°56'22" WEST 115.01 FEET; THENCE NORTH 89°03'34" EAST 91.52 FEET; THENCE NORTH 00°56'26" WEST 60.00 FEET; THENCE NORTH 89°03'34" EAST 42.22 FEET; THENCE NORTH 00°56'26" WEST 48.98 FEET; THENCE NORTH 89°03'38" EAST 204.15 FEET TO A POINT ON THE EAST LINE OF SAID PARCEL 6, SAID POINT BEING ON THE WEST LINE OF NORWOOD AVENUE AS SHOWN ON SAID MAP; THENCE ALONG SAID EAST LINE AND SAID WEST LINE, SOUTH 01°46'30" EAST 24.00 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE ALONG THE EAST LINE OF SAID PARCEL 1, AND CONTINUING ALONG SAID WEST LINE OF NORWOOD AVENUE, THE FOLLOWING TWO COURSES: (1) SOUTH 01°46'30" EAST 174.64 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 25.00 FEET; (2) THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°50'04" AN ARC DISTANCE OF 39.63 FEET, SAID CURVE BEING SUBTENDED BY A CHORD WHICH BEARS SOUTH 43°38'32" WEST 35.61 FEET; THENCE ALONG THE

Exhibit A

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SOUTH LINE OF SAID PARCEL 1; AND ALONG THE NORTH LINE OF SAID JESSIE AVENUE, SOUTH 89°03'34" WEST 126.01 FEET TO THE POINT OF BEGINNING; AS DESCRIBED IN THE CERTIFICATE OF COMPLIANCE RECORDED MAY 20, 1999, IN BOOK 990520, PAGE 275, OF OFFICIAL RECORDS.

PARCEL FOUR:

RECIPROCAL EASEMENT RIGHTS FOR PARKING, INGRESS AND EGRESS, UTILITIES AND PEDESTRIAN TRAFFIC AS CONTAINED IN THE DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS RECORDED AUGUST 24, 1993, BOOK 930824, PAGE 1664, OFFICIAL Order Number: NCS-426337-05-CC RECORDS.

PARCEL FIVE:

A PORTION OF PARCEL 6 AS SHOWN ON THE PARCEL MAP ENTITLED "NORWOOD CENTER, PORTION OF LOT 3, RIO LINDA SUBDIVISION NO. 8 (18 B.M.2)", FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, ON AUGUST 23, 1993, IN BOOK 136 OF PARCEL MAPS, MAP NO. 23, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP, SAID CORNER BEING ON THE NORTH LINE OF JESSIE AVENUE AS SHOWN ON SAID PARCEL MAP; THENCE ALONG THE SOUTH LINE OF SAID PARCEL 6 AND ALONG SAID NORTH LINE OF JESSIE AVENUE SOUTH 89°03'34" WEST 189.77 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTH LINE AND ALONG SAID NORTH LINE SOUTH 89°03'34" WEST 278.90 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 6; THENCE ALONG THE WEST LINE OF SAID PARCEL, NORTH 01°46'22" WEST 489.73 FEET TO THE NORTHWEST CORNER OF SAID PARCEL; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL THE FOLLOWING NINE (9) COURSES AND DISTANCES: 1) NORTH 88° 13' 38" EAST 104.80 FEET, (2) SOUTH 00° 56' 22" EAST 84.20 FEET, (3) NORTH 89° 03' 38" EAST 196.00 FEET, (4) SOUTH 00° 56' 22" EAST 42.00 FEET, (5) NORTH 89° 03' 39" EAST 190.00 FEET, (6) SOUTH 00° 56' 22" EAST 125.00 FEET, (7) NORTH 89° 03' 38" EAST 107.88 FEET, (8) NORTH 01°46'30" WEST 10.00 FEET, AND (9) NORTH 89°03'38" EAST 25.00 FEET TO THE NORTHEAST CORNER OF SAID PARCEL, SAID CORNER BEING A POINT ON THE WEST LINE OF NORWOOD AVENUE AS SHOWN ON SAID PARCEL MAP; THENCE ALONG THE EAST LINE OF SAID PARCEL, AND ALONG SAID WEST LINE OF NORWOOD AVENUE, SOUTH 01°46'30" EAST 26.01 FEET; THENCE LEAVING LAST SAID LINE SOUTH 89°03'38" WEST 204.15 FEET; THENCE SOUTH 00°56'26" EAST 48.98 FEET; THENCE SOUTH 89°03'34" WEST 42.22 FEET; THENCE SOUTH 00°56'26" EAST 60.00 FEET; THENCE SOUTH 89°03'34" WEST 91.52 FEET; THENCE SOUTH 00°56'22" EAST 115.01 FEET TO THE POINT OF BEGINNING; AS DESCRIBED IN THE CERTIFICATE OF COMPLIANCE RECORDED MAY 20, 1999, IN BOOK 990520, PAGE 275, OF OFFICIAL RECORDS.

Exhibit A

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PARCEL SIX

RECIPROCAL EASEMENT RIGHTS FOR PARKING, INGRESS AND EGRESS, UTILITIES AND PEDESTRIAN TRAFFIC AS CONTAINED IN THE DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS RECORDED AUGUST 24, 1993, BOOK 930824, PAGE 1664, OFFICIAL RECORDS.

APN: 237-0100-030, 031, 040, 041

Exhibit A

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**EXHIBIT B**  
**Bill of Sale Form**

**BILL OF SALE**

Norwood Properties, LLC, a California limited liability company ("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 and used in the operation of the real property commonly known as the Norwood Center in Sacramento, California, including all personal property listed in the attached Schedule B-1.

The Personal Property is sold, conveyed and assigned "AS IS", "WHERE IS" and "WITH ALL FAULTS" and, except as provided below, without warranty or representation. 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:**

Norwood Properties, LLC,  
a California limited liability  
company

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 Norwood Properties, LLC, a California limited liability company ("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, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property known as the Norwood Center located at the northwest corner of Norwood Avenue and Jessie Avenue in Sacramento, California (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:

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 as landlord under the Leases, subject to Assignor's right to collect delinquent amounts reserved in the Purchase and Sale Agreement with respect to the Property between Assignor and Assignee.

2. 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.

3. Effective Date.

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

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 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 Assignor's failure to perform the landlord's obligations under the Leases 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 Assignee's failure to perform the landlord's obligations under the Leases 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.

Exhibit C

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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.

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

Norwood Properties, LLC,  
a California limited liability  
company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit C

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**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 Norwood Properties, LLC, a California limited liability company ("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 known as the Norwood Center located at the northwest corner of Norwood Avenue and Jessie Avenue in Sacramento, California (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

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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 Assignor's failure to perform its obligations under 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 Assignee's failure to perform its obligations under 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.

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

Norwood Properties, LLC,  
a California limited liability  
company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibit D

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**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 Norwood Properties, LLC ("Seller") and Retail Opportunity Investments Corp. ("Buyer") are as follows:

**EVENT**

Contingency Period  
Extension Period  
Title Report Due  
Documents Provided by Seller  
Document Review by Buyer  
Closing

**EXPIRATION DATE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RETAIL OPPORTUNITY  
INVESTMENTS CORP.,**

a Delaware corporation

**NORWOOD PROPERTIES, LLC**

a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

**EXHIBIT F**

**Seller's Documents**

Exhibit F

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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 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 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

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## EXHIBIT H

### TENANT'S ESTOPPEL CERTIFICATE

The undersigned, as the tenant ("**Tenant**") under that certain lease dated \_\_\_\_\_, (the "**Lease**") with 5R Partners, LLC, a California limited liability company ("**Landlord**"), for certain premises ("**Premises**") located in the shopping center commonly known as Norwood Center ("**Shopping Center**") in the City of Sacramento, State of California. The undersigned understands that Retail Opportunity Investment Corp. has offered or committed to enter into a transaction with Landlord and has requested this certificate (this "**Certificate**") from the undersigned as a condition precedent to the consummation of such transaction and will therefore be relying upon the representations and warranties contained herein.

The undersigned hereby states, declares, represents, warrants and certifies as follows:

C. A copy of the Lease, with all modifications, amendments, supplements or changes, is attached hereto as **Exhibit A** and is a true and correct copy of the Lease and constitutes the only agreement between Landlord and Tenant with respect to the leased Premises.

D. The Lease (including all exhibits) is in full force and effect, has not been terminated, and is enforceable in accordance with its terms.

E. The Lease has not been modified, amended, supplemented or changed in any way, except as evidenced by the documents attached as Exhibit A and except as follows: *(if none, state none)* \_\_\_\_\_.

F. The Lease constitutes the entire agreement between Landlord and Tenant for the Premises, and there are no other agreements, written or oral, between Landlord and Tenant relating to the Premises.

G. Tenant has accepted possession of the Premises demised under the Lease and all items required to be performed by Landlord under the terms of the Lease, including construction of all improvements required therein, have been completed by Landlord within the time periods set forth in the Lease, and all required contributions by Landlord to Tenant on account of Tenant's improvements to the Premises have been paid in full.

H. The term ("**Term**") of the Lease commenced on \_\_\_\_\_ and full rental is currently accruing thereunder. The Term shall expire on \_\_\_\_\_. There are \_\_\_\_\_ remaining options to extend the Term for periods of \_\_\_\_\_ months each.

I. Neither Tenant nor Landlord has begun any action, or given or received any notice for the purpose of termination of the Lease.

Exhibit H

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J. Tenant is currently paying monthly rent under the Lease in the amount of \_\_\_\_\_ per month ("**Base Rent**"). The Base Rent under the Lease is current as of \_\_\_\_\_, 2010. The next payment of Base Rent is due on \_\_\_\_\_, 2010.

K. No Base Rent or other charges have been paid more than thirty (30) days in advance of its due date.

L. Tenant pays percentage rent (if any) under the Lease at the rate of \_\_\_\_% of Gross Sales ("**Percentage Rent**").

M. Tenant is currently paying additional rent under the Lease for Tenant's share of common area expenses, taxes and insurance in the amount of \_\_\_\_\_ per month ("**Additional Rent**").

N. The amount of Tenant's security deposit held by Landlord under the Lease is \_\_\_\_\_ ("**Security Deposit**").

O. No default or event that, with the giving of notice or the passage of time, or both, would constitute a default on the part of the undersigned exists under the Lease, nor is the undersigned (to the best of its knowledge) aware of any default or event that with the passing of time or the giving of notice, or both, would constitute a default on the part of Landlord under the Lease.

P. The undersigned has not received notice of any assignment, hypothecation, mortgage or pledge of Landlord's interest in the Lease or of any rents or other amounts due thereunder.

Q. There is no period of free rent, rental abatement or reduction, except as set forth in the Lease, and Landlord has not given or conceded to Tenant any other concessions, abatements or compromises with respect to the rental obligations under the Lease.

R. There are no offsets or credits against or defenses to payment of any monetary obligations payable under the Lease.

S. Except as provided in the Lease and identified above, Tenant does not have any options or rights to extend the Term or expand the Premises. Tenant has no rights of first offer or refusal (or other rights) to purchase the Premises or any part thereof or all or any part of the real property of which the Premises are a part, or if it had any such right, the same has been waived and has terminated.

T. No actions, whether voluntary or otherwise, are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

U. Tenant has not assigned, sublet or otherwise transferred Tenant's interest in the Lease or the Premises to any party.

Exhibit H

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V. To the best of Tenant's knowledge, the use, maintenance and operation of the Premises currently complies with all applicable federal, state, county or local statutes, laws, rules and regulations, including those relating to environmental, health or safety matters.

W. Tenant has not received notice of any alleged violation of any law governing the use or operation of the Premises and no outstanding writs, injunctions, decrees, orders or judgments are pending, or to the best of Tenant's knowledge, threatened, concerning the use, maintenance or operations of the Premises by Tenant, nor is the Tenant aware of the basis for any such proceeding.

X. The undersigned is authorized to execute this Certificate on behalf of Tenant.

Y. This Certificate and the Lease are legal, valid, binding and enforceable obligations of Tenant.

Tenant executes this Certificate with the understanding that Lessor is contemplating selling the Premises, and Landlord, Retail Opportunity Investment Corp., and their respective successors and assigns (including any mortgagee or beneficiary under a deed of trust or mortgage) will rely on this Certificate.

Dated: \_\_\_\_\_, 2010

**TENANT:**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit H

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**EXHIBIT I**

**LANDLORD'S ESTOPPEL CERTIFICATE**

The undersigned, as the landlord ("**Landlord**") under that certain lease dated \_\_\_\_\_, (the "**Lease**") with \_\_\_\_\_ ("**Tenant**"), for certain premises ("**Premises**") located in the shopping center commonly known as Norwood Center ("**Shopping Center**") in the City of Sacramento, State of California. The undersigned understands that Retail Opportunity Investment Corp. has offered or committed to enter into a transaction with Landlord and has requested this certificate (this "**Certificate**") from the undersigned as a condition precedent to the consummation of such transaction and will therefore be relying upon the representations and warranties contained herein.

The undersigned hereby states, declares, represents, warrants and certifies as follows:

A. A copy of the Lease, with all modifications, amendments, supplements or changes, is attached hereto as **Exhibit A** and is a true and correct copy of the Lease and constitutes the only agreement between Landlord and Tenant with respect to the leased Premises.

B. The Lease (including all exhibits) is in full force and effect, has not been terminated, and is enforceable in accordance with its terms.

C. The Lease has not been modified, amended, supplemented or changed in any way, except as evidenced by the documents attached as Exhibit A and except as follows: (if none, state none) \_\_\_\_\_.

D. The Lease constitutes the entire agreement between Landlord and Tenant for the Premises, and there are no other agreements, written or oral, between Landlord and Tenant relating to the Premises.

E. Tenant has accepted possession of the Premises demised under the Lease and all items required to be performed by Landlord under the terms of the Lease, including construction of all improvements required therein, have been completed by Landlord within the time periods set forth in the Lease, and all required contributions by Landlord to Tenant on account of Tenant's improvements to the Premises have been paid in full.

F. The term ("**Term**") of the Lease commenced on \_\_\_\_\_ and full rental is currently accruing thereunder. The Term shall expire on \_\_\_\_\_. There are \_\_\_\_\_ remaining options to extend the Term for periods of \_\_\_\_\_ months each.

G. Neither Tenant nor Landlord has begun any action, or given or received any notice for the purpose of termination of the Lease.

Exhibit I

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H. Tenant is currently paying monthly rent under the Lease in the amount of \_\_\_\_\_ per month ("Base Rent"). The Base Rent under the Lease is current as of \_\_\_\_\_, 2010. The next payment of Base Rent is due on \_\_\_\_\_, 2010.

I. No Base Rent or other charges have been paid more than thirty (30) days in advance of its due date.

J. Tenant pays percentage rent (if any) under the Lease at the rate of \_\_\_\_% of Gross Sales ("Percentage Rent").

K. Tenant is currently paying additional rent under the Lease for Tenant's share of common area expenses, taxes and insurance in the amount of \_\_\_\_\_ per month ("Additional Rent").

L. The amount of Tenant's security deposit held by Landlord under the Lease is \_\_\_\_\_ ("Security Deposit").

M. No default or event that, with the giving of notice or the passage of time, or both, would constitute a default on the part of the Landlord exists under the Lease, nor is the Landlord (to the best of its knowledge) aware of any default or event that with the passing of time or the giving of notice, or both, would constitute a default on the part of Tenant under the Lease.

N. The Landlord has not received notice of any assignment, hypothecation, mortgage or pledge of Tenant's interest in the Lease or of any rents or other amounts due thereunder.

O. There is no period of free rent, rental abatement or reduction, except as set forth in the Lease, and Landlord has not given or conceded to Tenant any other concessions, abatements or compromises with respect to the rental obligations under the Lease.

P. There are no offsets or credits against or defenses to payment of any monetary obligations payable under the Lease.

Q. Except as provided in the Lease and identified above, Tenant does not have any options or rights to extend the Term or expand the Premises. Tenant has no rights of first offer or refusal (or other rights) to purchase the Premises or any part thereof or all or any part of the real property of which the Premises are a part, or if it had any such right, the same has been waived and has terminated.

R. To the best of Landlord's knowledge, No actions, whether voluntary or otherwise, are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

S. To the best of Landlord's knowledge, Tenant has not assigned, sublet or otherwise transferred Tenant's interest in the Lease or the Premises to any party.

Exhibit I

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T. To the best of Landlord's knowledge, the use, maintenance and operation of the Premises currently complies with all applicable federal, state, county or local statutes, laws, rules and regulations, including those relating to environmental, health or safety matters.

U. To the best of Landlord's knowledge, Tenant has not received notice of any alleged violation of any law governing the use or operation of the Premises and no outstanding writs, injunctions, decrees, orders or judgments are pending, or to the best of Landlord's knowledge, threatened, concerning the use, maintenance or operations of the Premises by Tenant, nor is the Tenant aware of the basis for any such proceeding.

V. The undersigned is authorized to execute this Certificate on behalf of Landlord.

W. This Certificate and the Lease are legal, valid, binding and enforceable obligations of Landlord.

Landlord executes this Certificate with the understanding that Landlord is contemplating selling the Premises, and Retail Opportunity Investment Corp., and its respective successors and assigns (including any mortgagee or beneficiary under a deed of trust or mortgage) will rely on this Certificate.

Dated: \_\_\_\_\_, 2010

**LANDLORD:**  
5R PARTNERS, LLC, a California limited  
liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit I

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## FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement (this "Amendment") is effective March \_\_\_\_, 2010, by and between NORWOOD PROPERTIES, LLC, a California limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

### RECITALS

A. On or about March 21, 2010, Buyer and Seller entered into that certain Purchase and Sale Agreement (the "Purchase Agreement"), pursuant to which Seller agreed to sell and Buyer agreed to buy an approximately 90,000 square foot shopping center, commonly known as the Norwood Center located at the northwest corner of Norwood Avenue and Jessie Avenue in Sacramento, California, the legal description of which is attached as **Exhibit A** to the Purchase Agreement (the "Property").

B. Buyer and Seller now wish to amend the Purchase Agreement on the terms and conditions contained herein:

### AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1 - FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

---

1. Closing Date. The Closing Date will be April 1, 2010, or at such other time as the parties may mutually agree.

2. Other Terms and Conditions Remain. In the event of any inconsistencies between the Purchase Agreement and this Amendment, the terms of this Amendment shall control. Except as expressly set forth in this Amendment, the Agreement is unmodified and remains in full force and effect.

3. Capitalized Terms. Capitalized terms used but not defined herein shall have the meaning set out in the Purchase Agreement.

4. Execution. This Amendment may be executed in counterparts. Facsimile or electronic delivery is sufficient.

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

**NORWOOD PROPERTIES, LLC**  
a California limited liability  
company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

## SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Second Amendment to Purchase and Sale Agreement (this "Amendment") is effective April 1, 2010, by and between NORWOOD PROPERTIES, LLC, a California limited liability company ("Seller"), and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation ("Buyer").

### RECITALS

A. On or about March 21, 2010, Buyer and Seller entered into that certain Purchase and Sale Agreement, as amended by a First Amendment to Purchase and Sale Agreement dated March 29, 2010 (collectively, the "Purchase Agreement"), pursuant to which Seller agreed to sell and Buyer agreed to buy an approximately 90,000 square foot shopping center, commonly known as the Norwood Center located at the northwest corner of Norwood Avenue and Jessie Avenue in Sacramento, California, the legal description of which is attached as **Exhibit A** to the Purchase Agreement (the "Property").

B. Buyer and Seller now wish to amend the Purchase Agreement on the terms and conditions contained herein:

### AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1 - SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

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1. Closing Date. The Closing Date will be April 5, 2010, or at such other time as the parties may mutually agree.

2. Purchase Price Reduction. Buyer and Seller hereby agree that the Purchase Price is hereby reduced by \$400,000, to the sum of \$13,460,000.

3. Possible Price Adjustment (Round Table Pizza). Buyer shall pay Seller \$150,000 (the "Round Table Additional Price") in addition to the Purchase Price set forth in the Purchase Agreement, only if each of the following events occur on or before November 1, 2010:

i. Mutual execution by Buyer and Round Table Development Company ("Round Table") of a written lease amendment secured by Don Gaube on terms and conditions reasonably acceptable to Buyer, which must include Round Table's agreeing to lease the same or more space at the Property and paying Annual Minimum Rent at a rate of at least \$60,000 on a NNN basis through the end of its current lease term at the Property; and

ii. Round Table has not defaulted under the terms of its lease during such period.

2 - SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

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If, and only if, all the events described above occur on or before November 1, 2010, and if the Rite Aid Estoppel Condition is also satisfied within such period, Buyer shall, within ten (10) days of the satisfaction of all such conditions, deposit the Round Table Additional Price in escrow with the Title Company with instructions that it be immediately released to Seller. If, for any reason, all the above events have not occurred on or before November 1, 2010, Seller shall not be entitled to any portion of the Round Table Additional Price.

4. Possible Purchase Price Adjustment (D&K Donuts). Buyer shall pay Seller \$150,000 (the "D&K Donuts Additional Price") in addition to the Purchase Price set forth in the Purchase Agreement, only if each of the following events occur on or before November 1, 2010:

i. Mutual execution by Buyer and Mang Sok and Chhoeun Kim, individually, collectively, and separately dba D&K Donuts ("D&K Donuts") of a written lease amendment secured by Don Gaube on terms and conditions reasonably acceptable to Buyer, which must include D&K Donuts' agreeing to lease the same or more space at the Property and paying Annual Minimum Rent at a rate of not less than \$27,072 on a NNN basis for a term of at least five (5) years at the Property; and

ii. D&K Donuts has not defaulted under the terms of its lease within such period.

### 3 - SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

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If, and only if, all the events described above occur on or before November 1, 2010, and if the Rite Aid Estoppel Condition is also satisfied within such period, Buyer shall, within ten (10) days after satisfaction of all such conditions, deposit the D&K Donuts Additional Price in escrow with the Title Company with instructions that it be immediately released to Seller. If, for any reason, all the above events have not occurred on or before November 1, 2010, Seller shall not be entitled to any portion of the D&K Additional Price.

5. Rite Aid Estoppel Condition. In addition to the conditions noted above, it shall be a condition precedent for the benefit of Buyer, and Buyer shall not pay Seller any portion of the Additional Price, the Round Table Additional Price, or the D&K Donuts Additional Price unless Buyer receives from Rite Aid, Inc., on or before November 1, 2010, an original current Estoppel Certificate regarding Rite Aid's lease at the Property in a form reasonably acceptable to Buyer in which Rite Aid certifies and affirms that its lease is in full force and effect, that there is no default by any party thereunder, and that there is no event of which Rite Aid is aware that with the passage of time or the provision of notice of both would constitute a default under the terms of the lease, and further that the Rite Aid Estoppel Condition contain other information certified, as reasonably required by Buyer.

6. Other Terms and Conditions Remain. In the event of any inconsistencies between the Purchase Agreement and this Amendment, the terms of this Amendment

#### 4 - SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

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shall control. Except as expressly set forth in this Amendment, the Purchase Agreement is unmodified and remains in full force and effect.

7. Capitalized Terms. Capitalized terms used but not defined herein shall have the meaning set out in the Purchase Agreement.

8. Execution. This Amendment may be executed in counterparts. Facsimile or electronic delivery is sufficient.

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

**NORWOOD PROPERTIES, LLC**  
a California limited liability  
company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PURCHASE AND SALE AGREEMENT**

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is effective the 21<sup>st</sup> day of March, 2010 (the "Effective Date") by and between WATT ELKHORN ASSOCIATES, L.P., a California 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 all improvements thereon, including an approximately 150,200 square foot shopping center, commonly known as the Watt Towne Center located at the northeast corner of Watt Avenue and Elkhorn Blvd. in Sacramento, California, the legal description of which is attached as **Exhibit A** (the "Property"), and Buyer desires to purchase the Property from Seller. If no legal description is attached, or if the legal description is incomplete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed, corrected or inserted to meet the requirements of 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 owned by Seller and exclusively 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. The Property also includes any and all water, access and other rights, easements, and interests appurtenant to the Property, and all construction warranties owned by Seller and related to the improvements on the Property.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be SEVENTEEN MILLION FOUR HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$17,420,000.00), subject to adjustment as provided in Sections 2.1 and 2.2 below. At closing, Buyer will assume Seller's obligations on an existing loan from Wells Fargo ("Lender") secured by the Property with a total current balance of approximately ELEVEN MILLION AND NO/100 DOLLARS (\$11,000,000.00) (the "Assumed Loan" with the loan documents thereunder referred to as the "Loan Documents"). 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

**Purchase Price Adjustment (Sonic).** TWO MILLION FIFTY-SEVEN THOUSAND AND NO/DOLLARS (\$2,057,000.00) of the Purchase Price (the "Pad Price") is attributable to a pad included within the Property (the "Pad") which has been leased to Sonic. As of the Effective Date, Seller has not completed construction of Sonic's building on the Pad. Seller shall not be entitled to receive payment of the Pad Price at closing. Buyer shall pay the Pad Price to Seller, if at all, as follows: (i) fifty percent (50%) of the Pad Price shall be paid to Seller upon Seller's completion of construction of Sonic's building on the Pad in accordance with Sonic's lease and applicable law; and (ii) fifty percent (50%) of the Pad Price shall be paid to Seller upon the occurrence of all of the following events: (a) Sonic's opening for business on the Pad; (b) the commencement of full rent payment by Sonic under its lease; and (c) delivery to Buyer of all unconditional lien waivers, final permits and certificates of occupancy required by Sonic's lease and applicable law for Sonic to operate its business in its building on the Pad or requested by Buyer. If and when such amount shall be payable to Seller as provided above, Buyer shall deposit the applicable fifty percent (50%) of the Pad Price in escrow with the Title Company with instructions that it be immediately released to Seller. If Sonic's lease is terminated on account of Sonic's default or Seller fails to construct Sonic's building as required by Sonic's lease, Seller shall not be entitled to any portion of the Pad Price or to any other compensation with respect to the Pad.

2.2

**Purchase Price Adjustment (Anna's Linens).** Buyer shall pay Seller SEVEN HUNDRED SIXTY-SEVEN THOUSAND AND NO/DOLLARS (\$767,000.00) (the "Additional Price") in addition to the Purchase Price set forth above, if at all, only if each of the following events occur within six (6) months after the Closing Date: (i) mutual execution by Buyer and Anna's Linens of a written lease renewal secured by Don Gaube on terms and conditions acceptable to Buyer in its reasonable discretion, which must include an increase in base rent by an amount not less than \$67,000 per year; and (ii) Anna's Linens has not defaulted under the terms of its lease. If, and only if, all of the events described above occur within six (6) months after the Closing Date, Buyer shall deposit the Additional Price in escrow with the Title Company with instructions that it be immediately released to Seller. If, for any reason, all of the above events have not occurred within six (6) months after the Closing Date, Seller shall not be entitled to any portion of the Additional Price.

3. **Earnest Money.** Within three (3) business days after mutual execution and delivery of this Agreement, Buyer shall pay ONE HUNDRED TWENTY-ONE THOUSAND AND NO/100 DOLLARS (\$121,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company (the "Title Company"), 1850 Mt. Diablo Blvd., Suite 300, Walnut Creek, California 94596, Attention: Pam Nicolini (phone 925.927.2173; fax 925.927.2190; email pnicolini@firstam.com), 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 ONE HUNDRED TWENTY-ONE THOUSAND AND NO/100 DOLLARS (\$121,000.00) 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 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, but subject to Section 6.2 below: (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.

5. **Title Documents.** On the Effective Date, Seller shall instruct the Title Company to deliver to Buyer a preliminary commitment for title insurance issued by the 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) business days following the later of the Effective Date or 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 agrees 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 B.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." Notwithstanding anything to the contrary herein, Seller has no obligation to remove any matter of title unless Seller has expressly agreed to do so as provided in this Agreement.

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 Effective Date (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. Notwithstanding the above, if Buyer requires additional time to complete its assumption of the Assumed Loan, Buyer shall have the right to extend the Contingency Period for up to thirty (30) additional days by providing written notice to Seller thereof prior to the expiration of the then current Contingency Period; provided, that Buyer has promptly complied with all reasonable requests of Lender and

Buyer's obligations under this Section below and such extension is supported by factual information confirming Lender's or Buyer's need for additional time.

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

6.1.2 All material and relevant environmental reports, studies and assessments concerning the Property, including but not limited to all final environmental reports, studies and assessments.

6.1.3 All material and relevant soils, geotechnical, drainage, seismological and engineering reports, studies and assessments concerning the Property, including but not limited to all final soils, geotechnical, drainage, seismological and engineering reports, studies and assessments.

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

6.1.5 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.

6.1.6 Operating statements, copies of sales reports and CAM reports and reconciliations for the Property for the current year to date, and the previous four (4) calendar years.

6.1.7 All certificates of occupancy for the Property.

6.1.8 All service contracts and construction and equipment warranties.

6.1.9 All documents related to the Assumed Loan.

Seller represents and warrants to Buyer that Seller shall provide Buyer with the documents described on the attached **Exhibit F** and that such documents constitute all of the above described Seller's Documents in Seller's possession, custody or control. If any Seller's Documents are delivered to Buyer more than five (5) days after the Effective Date, the Contingency Period shall be extended by one day for each day which such Seller's Documents were delivered late. For example, if additional Seller's Documents are not delivered to Buyer until the tenth day after the Effective Date, the Contingency Period shall be extended by five days. Except as otherwise expressly set forth in Section 8.1 hereof, Seller makes no rep resentations or warranties of any kind regarding the accuracy, thoroughness or completeness

of or conclusions drawn in the information contained in Seller's Documents except that Seller's Documents prepared by Seller or its agents or employees shall be complete and accurate in all material respects. From the Effective Date through the Closing Date unless this transaction is earlier terminated, Seller shall make available to Buyer and its agents, employees and contractors all of Seller's files, books, records and other sources of information with respect to the Property wherever located for Buyer's inspection and copying. Buyer acknowledges that any and all Seller's Documents that are not otherwise known by or available to the public are proprietary and confidential in nature and will be delivered to Buyer solely to assist Buyer in determining the feasibility of purchasing the Property. Unless and until the Closing occurs, Buyer agrees not to disclose such non-public Seller's Documents, or any of the provisions, terms or conditions thereof, to any party outside of Buyer's organization except as otherwise provided below. Buyer shall return all Seller's Documents, on or before three (3) business days after the first to occur of (a) such time as Buyer notifies Seller in writing that it shall not acquire the Property, or (b) such time as this Agreement is terminated for any reason. This Section 6.1 shall survive any termination of this Agreement without limitation.

**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 during normal business hours after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, and in accordance with the terms of such Leases to conduct inspections, investigations, tests, and studies concerning the Property and, at the election of Seller, accompanied by a representative of Seller, provided that any such representative of Seller shall comply with the schedules and timetables of Buyer and its agents, employees, contractors and consultants in inspecting the Property. Subject to the terms of this Section 6.2, 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, but Buyer will not contact any tenant or other occupant of the Property without the prior approval of Seller, which approval shall not be unreasonably withheld, conditioned or delayed and Seller may elect to arrange and/or participate in all or any portion of such contacts.

**6.2.1 Testing.** In connection with any testing of the Property by Buyer, its agents, employees, representatives and/or contractors, which would include boring or removing of samples, such testing shall require that Buyer provide advance written notice thereof to Seller, specifying the date, time and anticipated duration of the entry; the purpose and scope of testing; and the identity of each person who will enter on Buyer's behalf; be subject to Seller's prior consent (which shall not be unreasonably withheld, conditioned or delayed); occur only in the presence of Seller's designated

representative(s), provided that any such representative of Seller shall comply with the schedules and timetables of Buyer and its agents, employees, contractors and consultants in inspecting the Property; be subject to the rights of the tenants under the Leases; and be conducted so as to minimize, to the greatest extent possible, interference with Seller's business and the business of Seller's tenants under the Leases. Buyer shall dispose of any samples requiring disposal after all such tests and shall dispose of such sample material at its cost in accordance with law. Seller shall notify Buyer of its approval or disapproval of the proposed testing within three (3) business days after receipt of such notice from Buyer. If Seller fails to so notify Buyer within such three (3) business day period, Seller shall be deemed to have rejected the proposed testing. Buyer acknowledges and agrees as follows: &# 160;(a) Buyer's inspection shall not cause any material injury to the Property; (b) Buyer, at its sole cost and expense, shall promptly repair any damage to the Property caused by the foregoing; and (c) Buyer shall pay all costs and expenses incurred by Buyer in connection with the foregoing. Seller and/or its representative(s) may, but shall have no obligation, to be present to observe any testing or other inspection performed on the Property.

6.2.2 **Insurance.** Buyer shall require its contractors performing the above inspections and testing prior to any entry on the Property beyond a visual inspection to name Seller as an additional insured such contractor's policy of comprehensive general liability insurance with coverage of at least \$1 million per occurrence, \$1 million aggregate and a deductible of \$1,000 or less with appropriate endorsements; cause the insurance carrier to waive subrogation against Seller and its employees, agents and contractors; and shall provide Seller with certificates of insurance and copies of the endorsements evidencing the foregoing upon request. Buyer shall require anyone acting on Buyer's behalf to carry worker's compensation insurance to the extent required by applicable law covering any activities of employees on the Property and to provide Seller with certificates of such insurance upon request.

6.2.3 **Test Results.** All results of all tests and inspections shall be reported to Seller and copies of all reports, studies and other documents including the results of tests and inspections shall be delivered to Seller.

6.2.4 **Indemnity.** 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 or mechanic's liens suffered or incurred by Seller to the extent caused by Buyer or its agents' entry onto the Property prior to closing, 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. This Section 6.2.4 shall survive the Closing and/or any termination of this Agreement.

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 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. The foregoing covenant of Seller 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 (subject to Seller's cure rights below) and Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects.

**6.7 Assumed Loan.** As of the Closing Date, Buyer shall have assumed Seller's obligation under the Assumed Loan on terms and conditions acceptable to Buyer in its sole discretion, and all required approvals from Lender shall have been obtained. Seller shall reasonably cooperate and assist with obtaining the consent of Lender to Buyer's assumption of the Assumed Loan. Promptly following the Effective Date and Buyer's receipt of Lender's loan assignment and assumption application, Buyer shall submit to Lender (or its servicer, as applicable) a completed loan assignment and assumption application (the "Loan Assumption Application") for Buyer's proposed assumption of the Assumed Loan. Subsequently, Buyer and Seller shall use commercially reasonable efforts to cause the Lender (or its loan servicer, as applicable) to consent to the conveyance of the Property by Seller to Buyer and to agree to allow Buyer to assume the obligations of the maker and the trustor under the Note, the Deed of Trust and the other Loan Documents. In that regard, if Buyer waives its conditions set forth in Sections 6.1 to 6.3 above, Buyer desires to form a new limited liability company to take title to the Property at Closing, Lender requires Buyer to guaranty such new limited liability company's obligations under the Assumed Loan, Buyer elects not to provide such guaranty, and this transaction fails to close as a result of a default by Buyer, then Buyer shall reimburse Seller for any out-of-pocket costs and expenses incurred by Lender and its service provider which Seller is obligated to pay to Lender, if any. In connection with the assignment and assumption of the Assumed Loan, at Closing Seller and Buyer shall each pay one-half (1/2) of: (i) any assumption fee required by the Lender (or the loan servicer), (ii) all costs related to the proposed assumption, (iii) all out-of-pocket costs and expenses incurred by Lender and the loan servicer, which may include, without limitation, attorneys' fees and title costs, and (iv) all fees and/or costs required

by the Lender to process and complete the Loan Assumption Application and the Assumed Loan. Buyer shall also reimburse Seller for any reserves or impound accounts held by Lender for Seller's account at Closing, which Buyer shall be credited when it assumes the Assumed Loan. In addition to the foregoing, Seller's obligation to complete the sale of the Property to Buyer is expressly conditioned upon (x) Seller obtaining a full release from all obligations under the Note, the Deed of Trust and the other Loan Documents (including, without limitation, a release of any guarantor or indemnitor in connection therewith), and Seller shall not be obligated to sell the Property to Buyer unless Seller (and all guarantors and indemnitors) obtains such a release, and (y) Seller agreeing to and approving (in Seller's sole discretion) the terms and conditions of any documents required by the Lender (and/or its servicer) to be executed by the Seller and/or the Seller's guarantors and/or indemnitors in connection with the sale of the Property and/or the assignment and assumption of the Note, the Deed of Trust and all other Loan Documents. Buyer acknowledges that Seller shall have no liability in the event that the Lender does not consent 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 the form attached hereto as **Exhibit H** (or, if applicable, the form required under each applicable lease) for all tenants of the Property occupying 5,000 s.f. or more, certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder, and such other information as Buyer shall reasonably require, and Seller shall have provided Buyer with such estoppel certificates for at least 80% of all other tenants of the Property.  60; If Seller is unable to provide an estoppel certificate from any tenant occupying less than 5,000 s.f. of the Property, Seller will provide Buyer with the form of estoppel certificate attached hereto as **Exhibit I**.

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 Effective 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 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 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 as set forth in Section 18.10. Seller shall be solely responsible for paying all leasing commissions for any Leases and New Leases (as defined in Section 9.2) entered into prior to closing.

8.1.3 **Leases.** There are as of 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 knowledge of any material structural defects in the building or improvements on the Property.

8.1.6 **Zoning/Violations.** To Seller's knowledge, there is not now pending nor 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.** To Seller's knowledge, 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 or Seller's Documents: (a) 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 (b) Seller has received no notice 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 **Change in Representation / Waiver.** Notwithstanding anything to the contrary contained herein, Buyer acknowledges that Buyer shall not be entitled to rely on any representation made by Seller in Section 8.1 above to the extent, prior to or at Closing, the undersigned representative of Buyer shall have or obtain actual knowledge of any information that was contradictory to such representation or warranty; provided, however, if Buyer determines prior to Closing that there is a breach of any of the representations and warranties made by Seller above, then Buyer may, at its option, by sending to Seller written notice of its election either (i) terminate this Agreement or (ii) waive such breach and proceed to Closing with no adjustment in the Purchase Price and Seller shall have no further liability as to such matter thereafter. In the event Buyer terminates this Agreement for the reasons set forth above, the Earnest Money shall be immediately refunded to Buyer and neither Buyer nor Seller shall thereafter have any other rights or remedies hereunder other than under Section 16.1 hereof. In furtherance thereof, Seller shall have no liability with respect to any of the foregoing representations and warranties or any representations and warranties made in any other document executed and delivered by Seller to Buyer, to the extent that, prior to the Closing, Buyer discovers or learns of information (from whatever source, including, without limitation the property manager, the tenant estoppel certificates or the Seller's Estoppel Certificates delivered hereunder, as a result of Buyer's due diligence tests, investigations and inspections of the Property, or disclosure by Seller or Seller's agents and employees) that contradicts any such representations and warranties, or renders any such representations and warranties untrue or incorrect, and Buyer nevertheless consummates the transaction contemplated by this Agreement.

8.3 **Seller's Knowledge.** For purposes of this Agreement and any document delivered at Closing, whenever the phrases "to the best of Seller's knowledge", "to the current, actual, conscious knowledge of Seller" or the "knowledge" of Seller or words of similar import are used, they shall be deemed to refer to the current, actual, conscious knowledge only, and not any implied, imputed or constructive knowledge, without any independent investigation having

been made or any implied duty to investigate, of Donald F. Gaube and/or Lisa Divini, who shall have no personal liability under this Agreement or otherwise with respect to the Property.

8.4 **Buyer's Representations and Warranties.** As of the Effective Date, 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 consistent with its current operations, subject to ordinary wear and tear; (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, conditioned or delayed.

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 which cannot be terminated on or before the Closing without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

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”); provided, that such contracts and warranties are assignable without material expense by Seller to Buyer.

#### 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, as may be extended (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 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 is delinquent as of the Closing Date shall remain the property of Seller and Seller shall retain the right to collect such amounts. In addition, "true up" payments received from tenants attributable to a year-end 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 as set forth below. 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; accordingly, 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 the Closing occurs. The amount of such prorations shall be initially performed at Closing but shall be subject to adjustment in cash after the Closing as and when complete and accurate information becomes available, if such information is not available at the Closing. Seller and Buyer agree to cooperate and use reasonable efforts to make such adjustments no later than sixty (60) days after the Closing (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 Leases). Seller shall pay 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. 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. If any taxes which have been apportioned shall subsequently be reduced by abatement, the amount of such abatement, less the cost of obtaining the same and after deduction of sums payable to tenants under Leases or expired or terminated Leases, shall be equitably apportioned between the parties hereto. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing. This Section 10.3 shall survive the 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, less the Pad Price, 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 grant deed (the "Deed") in a form reasonably acceptable to Buyer conveying and warranting to Buyer fee simple title in the Property.

10.4.5 The Title Company will deliver its commitment letter committing to issue the Title 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 California for the recording of the Deed.

11. **Title Insurance.** On the Closing Date, Seller shall direct the Title Company to 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 possession of the Property to Buyer on the Closing Date. 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, it being agreed that any act on, suit or proceeding with respect to the truth, accuracy or completeness of such representations and warranties shall be commenced, if at all, on or before the one year following the Closing Date and, if not commenced on or before such date, thereafter such representations and warranties shall be void and of no force or effect.

### 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/AS IS.** Buyer acknowledges and agrees that, except as expressly provided in this Agreement, Seller has not made, does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, including, without limitation, the Americans with Disabilities Act and any rules and regulations promulgated thereunder or in connection therewith, (e) the habitability, merchantability or fitness for a particular purpose of the Property, or (f) any other matter with respect to the Property, and specifically that, except as provided herein, Seller has not made, does not make and specifically disclaims any representations regarding solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, or the disposal or existence, in or on the Property, of any Hazardous Substance. Buyer further acknowledges and agrees that, except as expressly provided in this Agreement, having been given the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller, except Seller's Documents. Buyer further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information. Buyer further acknowledges and agrees that, except as expressly provided in this Agreement, and as a material inducement to the execution and delivery of this Agreement by Seller, the sale of the Property as provided for herein is made on an "AS IS, WHERE IS" CONDITION AND BASIS "WITH ALL FAULTS." Buyer acknowledges, represents and warrants that Buyer is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement; that Buyer freely and fairly agreed to this acknowledgment as part of the

negotiations for the transaction contemplated by this Agreement; that Buyer is represented by legal counsel in connection with this transaction and Buyer has conferred with such legal counsel concerning this waiver and that Buyer has assets in excess of \$5,000,000. The provisions of this Section 14 shall survive Closing and/or termination of this Agreement.

**14.1 Natural Hazard Disclosure Statement.** Within ten (10) days after the Effective Date, Seller shall deliver to Buyer a Natural Hazard Disclosure Statement (the "Statement") in the form provided under California law. The Statement will purport to disclose whether the Property is located in a special flood hazard area, a dam inundation failure area, a high fire severity area, a wild land fire area, an earthquake fault zone and/or a seismic hazard area (collectively, the "Natural Hazard Areas").

**14.2 Health and Safety Disclosure Statement.** Section 25359.7 of the California Health and Safety Code requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath the real property to provide written notice of such to a buyer of the real property. Seller hereby advises Buyer that the sole inquiry and investigation Seller has conducted in connection with the environmental condition of the Property is to obtain and/or review those certain environmental assessments and studies of the Property delivered to Buyer pursuant to this Agreement (collectively, "Seller's Environmental Reports"). Buyer (a) acknowledges Buyer's receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code; and (b) will be, prior to the expiration of the Contingency Period, fully aware of the matters described in the Seller's Environmental Reports. The representations, warranties and agreements set forth herein shall survive the consummation of the transactions contemplated hereby.

**14.3 Buyer's Release.** Buyer on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Seller, Seller's affiliates, Seller's investment manager, property manager, the partners, trustees, shareholders, beneficiaries, directors, officers, employees, attorneys and agents of each of them, and their respective heirs, successors, personal representatives and assigns from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical condition of the Property, (ii) the condition of title to the Property, (iii) the presence on, under or about the Property of any hazardous or regulated substance, (iv) the Property's compliance with any applicable federal, state or local law, rule or regulation, or (v) any other aspect of the Property; provided, however, this release does not apply to Seller's fraud or breach of any of the representations, warranties or covenants of Seller under this Agreement which survives the Closing. Subject to the terms of the foregoing release, Buyer has not assumed liability for any claims arising with respect to the period prior to the Closing. The terms and provisions of this Section 14.3 shall survive Closing and/or termination of this Agreement.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Initials: Purchaser: \_\_\_\_\_

Seller: \_\_\_\_\_

15. **Condemnation or Casualty.**

15.1 **Material Condemnation or Casualty.** If, prior to closing, all or any "Material" (as defined below) 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) Seller shall not be obligated to repair any damage or destruction but (x) Seller shall assign, without recourse, and turn over to Buyer all of the insurance proceeds or condemnation proceeds, as applicable, net of any costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty or condemnation including any rent abatement insurance for such casualty or condemnation and (y) the parties shall proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price except for a credit in the amount of the applicable insurance deductible. 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.

15.2 **Condemnation Not Material.** If the condemnation is not Material, then the Closing shall occur without abatement of the Purchase Price and, after deducting Seller's reasonable costs and expenses incurred in collecting any award, Seller shall assign, without recourse, all remaining awards or any rights to collect awards to Buyer on the Closing Date.

15.3 **Casualty Not Material.** If the casualty is not Material, then the Closing shall occur without abatement of the Purchase Price except for a credit in the amount of the applicable deductible and Seller shall not be obligated to repair such damage or destruction and Seller shall assign, without recourse, and turn over to Buyer all of the insurance proceeds net of any costs of repairs and net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or such casualty including any rent abatement insurance for such casualty.

15.4 **Materiality.** For purposes of this Section 15 with respect to a taking by eminent domain, the term "Material" shall mean any taking whatsoever, regardless of the amount of the award or the amount of the Property taken, excluding, however, any taking solely of (x)

subsurface rights or takings for utility easements or right of way easements, if the surface of the Property, after such taking, may be used in the same manner, as reasonably determined by Buyer, as though such rights had not been taken, or (y) one lease of less than 10% of the rentable square feet for a term of less than five years, and (ii) with respect to a casualty, the term "Material" shall mean any casualty such that (x) the cost of repairs are greater than \$5,000 or (y) a tenant occupying more than 2,000 s.f. of gross leasable area of the Property has the right under its lease to terminate such lease due to such casualty.

## **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, Buyer may elect, as the sole and exclusive remedy of Buyer, to (i) terminate this Agreement and receive the Earnest Money from the Title Company, and in such event Seller shall not have any liability whatsoever to Buyer hereunder other than expressly surviving the Closing or (ii) enforce specific performance of Seller's obligations under this Agreement, without adjustment to, or credit against, the Purchase Price. Buyer shall be deemed to have elected to terminate this Agreement (as provided in subsection (i) above) if Buyer fails to deliver to Seller written notice of its intent to file a cause of action for specific performance against Seller on or before thirty (30) days after written notice of termination from Seller or thirty (30) days after the originally scheduled Closing Date, whichever shall occur first, or having given Seller notice, fails to file a lawsuit asserting such cause of action within sixty (60) days after the originally scheduled Closing Date. Seller shall only be in default or breach under this Agreement, if Seller has failed to cure a default hereunder within three (3) business days from Seller's receipt of Buyer's written notice to cure such breach.

**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, which shall be Seller's sole and exclusive remedy on account of Buyer's default. Buyer shall only be in default or breach under this Agreement, if Buyer has failed to cure a default hereunder within three (3) business days from Buyer's receipt of Seller's written notice to cure such breach.

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 PURSUANT TO CALIFORNIA CIVIL CODE §§ 1671 AND 1677. 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: \_\_\_\_\_

SELLER'S INITIALS: \_\_\_\_\_

17. **Seller's Assistance with Transition.** After Closing, Seller shall, and 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 the tenants.

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 two (2) years, 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<sup>nd</sup> 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: Alamo Group  
3201 Danville Boulevard, Suite 175  
Alamo, CA 94507  
Telephone: 925/838-0604  
Facsimile: 925/838-0851  
Attention: Don Gaube

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 in this transaction by the following broker and shall be solely responsible for any commission payable to such broker: NONE. Buyer is not represented by a broker in this transaction. Except as provided above, 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 in accordance with the rules of the Arbitration Service of Portland, Inc., currently in effect unless the parties mutually agree otherwise. 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 18.18.

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 **Confidentiality.** Except as otherwise provided herein, including Section 6.2, Buyer expressly acknowledges and agrees that the transactions contemplated by this Agreement, Seller's Documents or any information obtained during the Contingency Period

concerning the Property that are not otherwise known by or available to the public and the terms, conditions and negotiations concerning the same shall be held in the strictest confidence by Buyer and shall not be disclosed by Buyer unless and until the Closing occurs, except to its legal counsel, surveyor, title company, broker, accountants, consultants, officers, partners, directors and shareholders and any prospective lenders, financial partners and their agents, consultants and representatives (the "Authorized Representatives"), and except and only to the extent that such disclosure may be necessary for its performance hereunder. Buyer agrees that it shall instruct each of its Authorized Representatives to maintain the confidentiality of such information and at the request of Seller, to promptly inform Seller of the identity of each such Authorized Representative. Buyer further acknowledges and agrees that, unless and until the Closing occurs, all information and materials obtained by Buyer in connection with the Property that are not otherwise known by or readily available to the public will not be disclosed by Buyer to any third persons (other than to its Authorized Representatives) without the prior written consent of Seller. If the transaction contemplated by this Agreement does not occur for any reason whatsoever, Buyer shall promptly return to Seller, and shall instruct its Authorized Representatives to return to Seller, all copies and originals of all documents and information provided to Buyer by Seller. Nothing contained in this Section 18.17 shall preclude or limit either party from disclosing or accessing any information otherwise deemed confidential under this Section 18.17 in connection with the party's enforcement of its rights following a disagreement hereunder or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with Authorities required by reason of the transactions provided for herein. The provisions of this Section 18.17 shall survive any termination of this Agreement.

**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 Limitation of Liability.** The obligations of Seller are binding only on Seller's assets and shall not be personally binding upon, nor shall any resort be had to, any of the private properties of any of the partners, officers, directors, shareholders or beneficiaries of Seller, or of any partners, officers, directors, shareholders or beneficiaries of any partners of Seller, or of any of Seller's employees or agents. The obligations of Buyer are binding only on Buyer's assets and shall not be personally binding upon, nor shall any resort be had to, any private properties of any of the partners, officers, directors, shareholders or beneficiaries of Purchaser, or of any partners, officers, directors, shareholders or beneficiaries of any partners of Purchaser, or of any of Buyer's employees or agents. Each party acknowledges that such party's obligations with respect to any covenant, indemnity, representation or warranty under this

Agreement which expressly survives the Closing shall be considered a “liability” for purposes of any distribution limitation imposed under the organizational laws applicable to such party, its members and/or their respective partners, members and shareholders.

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.

*[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

WATT ELKHORN ASSOCIATES, L.P.  
a California limited partnership

By: /s/ Stuart Tanz  
Name: Stuart Tanz  
Title: CEO  
Date of Signature: 3/11/10

By: /s/ Donald Gaube  
Name: Donald Gaube  
Title: Partner  
Date of Signature: 3/12/10

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	Seller's Documents (Section 6.1)
Exhibit G	8-K and Audit Requirements (Section 6.4)
Exhibit H	Form of Tenant Estoppel Certificate (Section 6.8)
Exhibit I	Form of Landlord Estoppel Certificate (Section 6.8)

**EXHIBIT A**  
**Property Description**

Real property in the City of NORTH HIGHLANDS, County of SACRAMENTO, State of CALIFORNIA, described as follows:

PARCEL ONE:

ALL THAT PORTION OF LOT A, AS SAID LOT IS SHOWN ON THE OFFICIAL LARCHMONT VILLAGE UNIT NO. 7, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY ON APRIL 4, 1956 IN BOOK 44 OF MAPS, MAP NO. 2, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED ON THE WESTERLY BOUNDARY OF SAID LOT A, FROM WHICH THE POINT OF INTERSECTION OF THE CENTERLINE OF WATT AVENUE, WITH THE CENTERLINE OF M STREET, AS SHOWN ON THE OFFICIAL PLAT OF SAID LARCHMONT VILLAGE UNIT NO. 7, BEARS THE FOLLOWING TWO (2) COURSES AND DISTANCES: (1) S 88° 13' 30" WEST 50.00 FEET; AND (2) SOUTH 0° 46' 36" EAST 70.00 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG THE WESTERLY BOUNDARY OF SAID LOT A, NORTH 0° 46' 30" WEST 573.29 FEET; THENCE NORTH 88° 13' 30" EAST 1097.31 FEET; THENCE SOUTH 01° 46' 30" EAST 497.93 FEET TO A POINT LOCATED ON THE SOUTHERLY BOUNDARY OF SAID LOT A; THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID LOT A THE FOLLOWING THREE (3) COURSES AND DISTANCES: (1) SOUTHWESTERLY, CURVING TO THE RIGHT ON AN ARC OF 2020.00 FEET RADIUS, SAID ARC BEING SUBTENDED BY A CHORD BEARING SOUTH 79° 23' 15" WEST 620.28 FEET, (2) SOUTH 88° 13' 30" WEST 464.00 FEET; AND (3) CURVING TO THE RIGHT ON AN ARC OF 20.00 FEET RADIUS, SAID ARC BEING SUBTENDED BY A CHORD BEARING NORTH 46° 46' 30" WEST 28.28 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM:

THE FOLLOWING FOUR (4) PARCELS OF LAND:

EXCEPTION NO. 1:

(1) ALL THAT PORTION OF LOT "A", AS SHOWN ON THE OFFICIAL "PLAT OF LARCHMONT VILLAGE UNIT NO. 7, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY ON APRIL 4, 1956 IN BOOK 44 OF MAPS, MAP NO. 2, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED ON THE SOUTHERLY BOUNDARY OF SAID LOT A, FROM WHICH THE POINT OF INTERSECTION OF THE CENTERLINE OF WATT AVENUE WITH THE CENTERLINE OF M STREET, AS SHOWN ON THE OFFICIAL PLAT OF SAID LARCHMONT VILLAGE UNIT NO. 7, BEARS THE FOLLOWING THREE (3) COURSES AND DISTANCES: (1) SOUTH 86° 45' 40" WEST 102.30 FEET; (2) SOUTH

Exhibit A

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0° 46' 30" EAST 50.00 FEET; AND (3) SOUTH 88° 13' 30" WEST 634.00 FEET; THENCE FROM SAID POINT OF BEGINNING NORTH 01° 46' 30" WEST 590.71 FEET; THENCE NORTH 88° 13' 30" EAST 134.00 FEET; THENCE SOUTH 01° 46' 30" EAST 579.45 FEET TO A POINT LOCATED ON THE SOUTHERLY BOUNDARY OF SAID LOT A; THENCE ALONG SAID SOUTHERLY BOUNDARY, SOUTHWESTERLY, CURVING TO THE RIGHT ON AN ARC OF 2020.00 FEET RADIUS, SAID ARC BEING SUBTENDED BY A CHORD BEARING 83° 25' 23" WEST 134.47 FEET TO THE POINT OF BEGINNING.

EXCEPTION NO. 2:

BEGINNING AT A POINT LOCATED IN SAID LOT A, FROM WHICH THE POINT OF INTERSECTION OF THE CENTERLINE OF WATT AVENUE WITH THE CENTERLINE OF M STREET, AS SHOWN ON THE OFFICIAL PLAT OF SAID LARCHMONT VILLAGE UNIT NO. 7 BEARS THE FOLLOWING TWO (2) COURSES AND DISTANCES: (1) SOUTH 88° 13' 30" WEST 105.00 FEET; AND (2) SOUTH 01° 46' 30" EAST 278.84 FEET; THENCE FROM SAID POINT OF BEGINNING NORTH 01° 46' 30" WEST 60.00 FEET; THENCE NORTH 88° 13' 30" EAST 36.00 FEET; THENCE SOUTH 01° 46' 30" EAST 60.00 FEET; THENCE SOUTH 88° 13' 30" WEST 36.00 FEET TO THE POINT OF BEGINNING.

EXCEPTION NO. 3:

ALL THAT PORTION OF LOT A, AS SAID LOT IS SHOWN ON THE OFFICIAL "PLAT OF LARCHMONT VILLAGE UNIT NO. 7", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY ON APRIL 4, 1956 IN BOOK 44 OF MAPS, MAP NO. 2, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED IN SAID LOT A, FROM WHICH THE POINT OF INTERSECTION OF THE CENTERLINE OF WATT AVENUE WITH THE CENTERLINE OF "M" STREET (NOW KNOWN AS ELKHORN BOULEVARD), AS SHOWN ON SAID PLAT OF LARCHMONT VILLAGE UNIT NO. 7, BEARS THE FOLLOWING TWO (2) COURSES AND DISTANCES: (1) SOUTH 01° 46' 30" EAST 60.00 FEET; AND (2) SOUTH 88° 13' 30" WEST 200.00 FEET; THENCE FROM SAID POINT OF BEGINNING PARALLEL TO AND DISTANCE TEN (10) FEET NORTH, MEASURED AT RIGHT ANGLES FROM THE SOUTH LINE OF SAID LOT A, SOUTH 88° 13' 30" WEST 115.00 FEET;

THENCE CURVING TO THE RIGHT OF AN ARC OF 25.00 FEET RADIUS, SAID ARC BEING SUBTENDED BY A CHORD BEARING NORTH 46° 46' 30" WEST 35.36 FEET; THENCE NORTH 04° 09' 39" WEST 120.10 FEET; THENCE NORTH 01° 46' 30" WEST 42.00 FEET; THENCE NORTH 88° 13' 30" EAST 145.00 FEET; THENCE SOUTH 01° 46' 30" EAST 29.00 FEET; THENCE NORTH 88° 13' 30" EAST 60.00 FEET; THENCE SOUTH 01° 46' 30" EAST 60.00 FEET; AND (2) SOUTH 88° 13' 30" WEST 200.00 FEET; THENCE FROM SAID POINT OF BEGINNING PARALLEL TO AND DISTANT TEN (10) FEET NORTH, MEASURED AT RIGHT ANGLES FROM THE SOUTH LINE OF SAID LOT A, SOUTH 88° 13' 30" WEST 115.00 FEET; THENCE CURVING TO THE RIGHT OF AN ARC OF 25.00 FEET RADIUS, SAID ARC BEING SUBTENDED BY A CHORD BEARING

Exhibit A

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NORTH 46° 46' 30" WEST 35.36 FEET; THENCE NORTH 04° 09' 39" WEST 120.10 FEET; THENCE NORTH 01° 46' 30" WEST 42.00 FEET; THENCE NORTH 88° 13' 30" EAST 145.00 FEET; THENCE SOUTH 01° 46' 30" EAST 29.00 FEET; THENCE NORTH 88° 13' 30" EAST 60.00 FEET; THENCE SOUTH 01° 46' 30" EAST 100 FEET; THENCE SOUTH 88° 13' 30" WEST 60.00 FEET; THENCE SOUTH 01° 46' 30" EAST 58.99 FEET TO THE POINT OF BEGINNING, ALSO DESCRIBED AS PARCELS A AND B, AS SHOWN ON THE PARCEL MAP RECORDED IN BOOK 43 OF PARCEL MAPS, AT PAGE 9, R.O.S.C.

EXCEPTION NO. 4:

ALL THAT PROPERTY SHOWN AS PARCELS 1, 2 AND 3, AS SHOWN ON THE PARCEL MAP FILED APRIL 16, 1998 IN BOOK 150 OF PARCEL MAPS, AT PAGE 14, RECORDS OF SACRAMENTO COUNTY.

AND FURTHER EXCEPTING THEREFROM:

ALL MINERAL, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDER LYING SAID LAND, AS RESERVED IN THE DEED EXECUTED BY M. J. BROCK, ET AL. RECORDED ON OCTOBER 8, 1958 IN BOOK 3604, PAGE 518, OFFICIAL RECORDS.

"EXCEPTING THEREFROM ALL MINERAL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, PROVIDED THAT GRANTORS, THEIR SUCCESSORS AND ASSIGNS SHALL NOT HAVE ANY RIGHT TO THE SURFACE OF SAID REAL PROPERTY OR ANY OTHER PORTION THEREOF ABOVE A DEPTH OF ONE HUNDRED FEET FOR THE PRODUCTION, DEVELOPMENT OR EXTRACTION OF SAID SUBSTANCES. SUBJECT TO FOREGOING LIMITATIONS ONLY: GRANTORS DO HEREBY FURTHER EXPRESSLY RESERVE AN EASEMENT AND RIGHT OF INGRESS AND EGRESS UNDER AND THROUGH THE SUBSURFACE OF THE LANDS HEREINABOVE DESCRIBED AT A DEPTH OF 100 FEET FOR THE PURPOSES OF EXPLORING, MINING, DRILLING, PRODUCING, EXTRACTING AND REMOVING THE SAID SUBSTANCES OR EITHER OR ANY OF THEM FROM THE SAID SUBSURFACE BELOW A DEPTH OF 100 FEET UNDERLYING THE ABOVE DESCRIBED LANDS AND FROM THE SUBSURFACE OF THE OTHER LANDS IN THE VICINITY OF THE ABOVE DESCRIBED LANDS.

PARCEL TWO:

PARCEL 2, AS SHOWN ON THE PARCEL MAP FILED APRIL 16, 1998 IN BOOK 150 OF PARCEL MAPS, AT PAGE 14, RECORDS OF SACRAMENTO COUNTY.

PARCEL THREE:

ALL THAT PORTION OF LOT A OF LARCHMONT VILLAGE UNIT NO. 7, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN THE OFFICE OF THE RECORDER OF

Exhibit A

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SACRAMENTO COUNTY, CALIFORNIA ON APRIL 4, 1956 IN BOOK 44 OF MAPS, MAP NO. 2, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED IN SAID LOT "A", FROM WHICH THE POINT OF INTERSECTION OF THE CENTERLINE OF WATT AVENUE WITH THE CENTERLINE OF ELKHORN BOULEVARD, FORMERLY "M" STREET, AS SHOWN ON SAID PLAT, BEARS THE FOLLOWING TWO (2) COURSES AND DISTANCES: (1) SOUTH 01° 46' 30" EAST 278.84 FEET; AND (2) SOUTH 88° 13' 30" WEST 105.00 FEET; THENCE FROM SAID POINT OF BEGINNING NORTH 01° 46' 30" WEST 60.00 FEET; THENCE NORTH 88° 13' 30" EAST 36.00 FEET; THENCE SOUTH 01° 46' 30" EAST 60.00 FEET; THENCE SOUTH 88° 13' 30" WEST 36.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM, ALL MINERAL, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, PROVIDED THAT GRANTORS, THEIR SUCCESSORS AND ASSIGNS SHALL NOT HAVE ANY RIGHT TO THE SURFACE OF SAID REAL PROPERTY OR ANY OTHER PORTION THEREOF ABOVE A DEPTH OF ONE HUNDRED FEET FOR THE PRODUCTION, DEVELOPMENT OR EXTRACTION OF SAID SUBSTANCES. SUBJECT TO FOREGOING LIMITATIONS ONLY: GRANTORS DO HEREBY FURTHER EXPRESSLY RESERVE AN EASEMENT AND RIGHT OF INGRESS AND EGRESS UNDER AND THROUGH THE SUBSURFACE OF THE LANDS HEREINBEFORE DESCRIBED AT A DEPTH OF 100 FEET FOR THE PURPOSES OF EXPLORING, MINING, DRILLING, PRODUCING, EXTRACTING AND REMOVING THE SAID SUBSTANCES OR EITHER OR ANY OF THEM FROM THE SAID SUBSURFACE BELOW A DEPTH OF 100 FEET UNDERLYING THE ABOVE DESCRIBED LANDS AND FROM THE SUBSURFACE OF THE OTHER LANDS IN THE VICINITY OF THE ABOVE DESCRIBED LANDS.

PARCEL FOUR:

BEING A PORTION OF PARCEL 3, TOGETHER WITH A PORTION OF PARCEL 1 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO IN BOOK 150 OF PARCEL MAPS AT PAGE 14, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEASTERLY CORNER OF SAID PARCEL 1, SAID CORNER ALSO BEING A POINT ON A NON-TANGENT CURVE IN THE NORTHERLY RIGHT OF WAY LINE OF ELKHORN BLVD., SAID CURVE BEING CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 2020.00 FEET, THE RADIAL BEARING FROM SAID POINT OF BEING NORTH 19° 27' 01" WEST; THENCE WESTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE AND THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 17' 08", AN ARC DISTANCE OF 45.32 FEET TO THE TRUE POINT OF BEGINNING FOR THE HEREIN DESCRIBED PARCEL OF LAND, SAID POINT BEING A POINT ON A NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 2020.00 FEET, THE RADIAL BEARING FROM SAID POINT BEING NORTH 18° 09' 54" WEST; THENCE CONTINUING WESTERLY

Exhibit A

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ALONG SAID NORTH RIGHT OF WAY LINE AND THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 5° 03' 17", AN ARC LENGTH OF 178.21 FEET;

THENCE LEAVING SAID NORTH RIGHT OF WAY LINE AND THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 5° 03' 17", AN ARC LENGTH OF 178.21 FEET;

THENCE LEAVING SAID NORTH RIGHT OF WAY LINE, NORTH 12° 57' 58" WEST, 92.96 FEET;

THENCE NORTH 01° 46' 30" WEST, 58.91 FEET;

THENCE NORTH 88° 13' 30" EAST, 52.12 FEET;

THENCE NORTH 01° 46' 30" WEST, 114.83 FEET;

THENCE NORTH 88° 12' 37" EAST, 131.42 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 26.00 FEET;

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 87° 53' 43", AN ARC LENGTH OF 39.89 FEET;

THENCE SOUTH 02° 04' 08" EAST, 84.21 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, HAVING A RADIUS OF 40.00 FEET;

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23° 44' 16", AN ARC LENGTH OF 16.57 FEET TO A POINT OF REVERSE CURVATURE, SAID POINT BEING THE BEGINNING OF A CURVE, CONCAVE TO THE EAST, HAVING A RADIUS OF 44.50 FEET;

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 20° 06' 04", AN ARC LENGTH OF 126.85 FEET;

THENCE SOUTH 03° 10' 04" WEST, 53.23 FEET TO THE POINT OF BEGINNING AND THE END OF THIS DESCRIPTION.

SAID LEGAL DESCRIPTION BEING PARCEL "A" OF LOT LINE ADJUSTMENT NO. PLNP 2007-BLS-00511 AS EVIDENCED BY DOCUMENT RECORDED DECEMBER 4, 2007 AS BOOK 20071204, PAGE 1320 OF OFFICIAL RECORDS.

PARCEL FIVE:

BEING A PORTION OF PARCEL 1, TOGETHER WITH A PORTION OF PARCEL 3 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO IN BOOK 150 OF PARCEL MAPS AT PAGE 14, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Exhibit A

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BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID PARCEL 1, SAID CORNER ALSO BEING LOCATED ON THE NORTHERN RIGHT OF WAY LINE FOR ELKHORN BLVD.;

THENCE NORTHERLY ALONG THE EASTERLY LINE OF SAID PARCEL 1, NORTH 01° 46' 30" WEST, 497.93 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1;

THENCE WESTERLY ALONG THE NORTH LINE OF SAID PARCEL 1, SOUTH 88° 13' 30" WEST, 377.31 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 1;

THENCE SOUTHERLY ALONG THE WEST LINE OF SAID PARCEL 1, SOUTH 01° 46' 30" EAST, 378.98 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP;

THENCE EASTERLY ALONG THE NORTH LINE OF SAID PARCEL 2, NORTH 88° 13' 30" EAST, 120.00 FEET TO THE NORTHEASTERLY CORNER OF SAID PARCEL 2;

THENCE SOUTHERLY ALONG THE EAST LINE OF SAID PARCEL 2, SOUTH 01° 46' 30" EAST, 182.67 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2, SAID POINT ALSO BEING A POINT ON A NON-TANGENT CURVE IN THE NORTH RIGHT OF WAY LINE FOR ELKHORN BLVD., SAID CURVE BEING CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 2020.00 FEET, THE RADIAL BEARING FROM SAID POINT BEING NORTH 13° 06' 36" WEST;

THENCE EASTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE AND THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 11' 03", AN ARC LENGTH OF 41.75 FEET;

THENCE, LEAVING SAID RIGHT OF WAY LINE, NORTH 12° 57' 58" WEST 92.96 FEET;

THENCE NORTH 01° 46' 30" WEST 58.91 FEET;

THENCE NORTH 88° 13' 30" EAST, 52.12 FEET;

THENCE NORTH 01° 46' 30" WEST, 114.83 FEET;

THENCE NORTH 88° 12' 37" EAST, 131.42 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 26.00 FEET;

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 87° 53' 43", AN ARC LENGTH OF 39.89 FEET;

THENCE SOUTH 02° 04' 08" EAST, 84.21 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, HAVING A RADIUS OF 40.00 FEET;

Exhibit A

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THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23° 44' 46", AN ARC LENGTH OF 16.57 FEET TO A POINT OF REVERSE CURVATURE, SAID POINT BEING THE BEGINNING OF A CURVE, CONCAVE TO THE EAST, HAVING A RADIUS OF 44.50 FEET;

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 20° 06' 04", AN ARC LENGTH OF 126.85 FEET;

THENCE SOUTH 03° 10' 04" WEST 53.23 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE FOR ELKHORN BLVD., SAID POINT ALSO BEING A POINT ON A NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 2020.00 FEET, THE RADIAL BEARING FROM SAID POINT BEING NORTH 19° 27' 01" WEST;

THENCE EASTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE AND SAID CURVE, THROUGH A CENTRAL ANGLE OF 01° 17' 08", AN ARC LENGTH OF 45.32 FEET TO THE POINT OF BEGINNING AND THE END OF THIS DESCRIPTION.

SAID LEGAL DESCRIPTION BEING PARCEL "B" OF LOT LINE ADJUSTMENT NO. PLNP 2007-BLS-00511 AS EVIDENCED BY DOCUMENT RECORDED DECEMBER 4, 2007 AS BOOK 20071204, PAGE 1320 OF OFFICIAL RECORDS.

APN: 200-0220-015-0000 and 200-0220-016-0000 (PARCEL ONE) and 200-0220-020-0000 (PARCEL TWO) and 200-0220-022-0000 (PARCEL THREE) and 200-0220-024-0000 (PARCEL FOUR) and 200-0220-023-0000 (PARCEL FIVE)

Exhibit A

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**EXHIBIT B**  
**Bill of Sale Form**

**BILL OF SALE**

Watt Elkhorn Associates, L.P., a California 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 and used in the operation of the real property commonly known as the Watt Towne Center in Sacramento, California, including all personal property listed in the attached Schedule B-1.

The Personal Property is sold, conveyed and assigned "AS IS", "WHERE IS" and "WITH ALL FAULTS" and, except as provided below, without warranty or representation. 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 except to the extent contained in the Assumed Loan and that Seller is the owner of and has the right to sell same subject to the terms of the Assumed Loan. 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:**

Watt Elkhorn Associates, L.P.,  
a California limited partnership

**BUYER:**

Retail Opportunity Investments  
Corp., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibit B

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**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 Watt Elkhorn Associates, L.P., a California 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, as landlord, is a party to the leases listed in the attached Schedule C-1 (the "Leases") with respect to the real property known as the Watt Towne Center located at the northeast corner of Watt Avenue and Elkhorn Blvd. in Sacramento, California (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:

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 as landlord under the Leases, subject to Assignor's right to collect delinquent amounts reserved in the Purchase and Sale Agreement with respect to the Property between Assignor and Assignee.

2. 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.

Exhibit C

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3. Effective Date.

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

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 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 Assignor's failure to perform the landlord's obligations under the Leases 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 Assignee's failure to perform the landlord's obligations under the Leases 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.

Exhibit C

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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.

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

Watt Elkhorn Associates, L.P.,  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibit C

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**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 Watt Elkhorn Associates, L.P., a California 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 known as the Watt Towne Center located at the northeast corner of Watt Avenue and Elkhorn Blvd. in Sacramento, California (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

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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 Assignor's failure to perform its obligations under 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 Assignee's failure to perform its obligations under 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.

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

Watt Elkhorn Associates, L.P.,  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibit D

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**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 Watt Elkhorn Associates, L.P. ("Seller") and Retail Opportunity Investments Corp. ("Buyer") are as follows:

**EVENT**

Contingency Period  
Extension Period  
Title Report Due  
Documents Provided by Seller  
Document Review by Buyer  
Closing

**EXPIRATION DATE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**WATT ELKHORN ASSOCIATES, L.P.,**  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Signature: \_\_\_\_\_

**EXHIBIT F**  
**Seller's Documents**

Exhibit F

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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 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 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

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**EXHIBIT H**

**TENANT'S ESTOPPEL CERTIFICATE**

The undersigned, as the tenant ("**Tenant**") under that certain lease dated \_\_\_\_\_, (the "**Lease**") with Watt Elkhorn Associates, L.P., a California limited partnership ("**Landlord**"), for certain premises ("**Premises**") located in the shopping center commonly known as Watt Towne Center ("**Shopping Center**") in the City of Sacramento, State of California. The undersigned understands that Retail Opportunity Investment Corp. has offered or committed to enter into a transaction with Landlord and has requested this certificate (this "**Certificate**") from the undersigned as a condition precedent to the consummation of such transaction and will therefore be relying upon the representations and warranties contained herein.

The undersigned hereby states, declares, represents, warrants and certifies as follows:

C. A copy of the Lease, with all modifications, amendments, supplements or changes, is attached hereto as **Exhibit A** and is a true and correct copy of the Lease and constitutes the only agreement between Landlord and Tenant with respect to the leased Premises.

D. The Lease (including all exhibits) is in full force and effect, has not been terminated, and is enforceable in accordance with its terms.

E. The Lease has not been modified, amended, supplemented or changed in any way, except as evidenced by the documents attached as Exhibit A and except as follows: *(if none, state none)* \_\_\_\_\_.

F. The Lease constitutes the entire agreement between Landlord and Tenant for the Premises, and there are no other agreements, written or oral, between Landlord and Tenant relating to the Premises.

G. Tenant has accepted possession of the Premises demised under the Lease and all items required to be performed by Landlord under the terms of the Lease, including construction of all improvements required therein, have been completed by Landlord within the time periods set forth in the Lease, and all required contributions by Landlord to Tenant on account of Tenant's improvements to the Premises have been paid in full.

H. The term ("**Term**") of the Lease commenced on \_\_\_\_\_ and full rental is currently accruing thereunder. The Term shall expire on \_\_\_\_\_. There are \_\_\_\_\_ remaining options to extend the Term for periods of \_\_\_\_\_ months each.

I. Neither Tenant nor Landlord has begun any action, or given or received any notice for the purpose of termination of the Lease.

Exhibit H

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J. Tenant is currently paying monthly rent under the Lease in the amount of \_\_\_\_\_ per month ("**Base Rent**"). The Base Rent under the Lease is current as of \_\_\_\_\_, 2010. The next payment of Base Rent is due on \_\_\_\_\_, 2010.

K. No Base Rent or other charges have been paid more than thirty (30) days in advance of its due date.

L. Tenant pays percentage rent (if any) under the Lease at the rate of \_\_\_\_% of Gross Sales ("**Percentage Rent**").

M. Tenant is currently paying additional rent under the Lease for Tenant's share of common area expenses, taxes and insurance in the amount of \_\_\_\_\_ per month ("**Additional Rent**").

N. The amount of Tenant's security deposit held by Landlord under the Lease is \_\_\_\_\_ ("**Security Deposit**").

O. No default or event that, with the giving of notice or the passage of time, or both, would constitute a default on the part of the undersigned exists under the Lease, nor is the undersigned (to the best of its knowledge) aware of any default or event that with the passing of time or the giving of notice, or both, would constitute a default on the part of Landlord under the Lease.

P. The undersigned has not received notice of any assignment, hypothecation, mortgage or pledge of Landlord's interest in the Lease or of any rents or other amounts due thereunder.

Q. There is no period of free rent, rental abatement or reduction, except as set forth in the Lease, and Landlord has not given or conceded to Tenant any other concessions, abatements or compromises with respect to the rental obligations under the Lease.

R. There are no offsets or credits against or defenses to payment of any monetary obligations payable under the Lease.

S. Except as provided in the Lease and identified above, Tenant does not have any options or rights to extend the Term or expand the Premises. Tenant has no rights of first offer or refusal (or other rights) to purchase the Premises or any part thereof or all or any part of the real property of which the Premises are a part, or if it had any such right, the same has been waived and has terminated.

T. No actions, whether voluntary or otherwise, are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

U. Tenant has not assigned, sublet or otherwise transferred Tenant's interest in the Lease or the Premises to any party.

Exhibit H

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V. To the best of Tenant's knowledge, the use, maintenance and operation of the Premises currently complies with all applicable federal, state, county or local statutes, laws, rules and regulations, including those relating to environmental, health or safety matters.

W. Tenant has not received notice of any alleged violation of any law governing the use or operation of the Premises and no outstanding writs, injunctions, decrees, orders or judgments are pending, or to the best of Tenant's knowledge, threatened, concerning the use, maintenance or operations of the Premises by Tenant, nor is the Tenant aware of the basis for any such proceeding.

X. The undersigned is authorized to execute this Certificate on behalf of Tenant.

Y. This Certificate and the Lease are legal, valid, binding and enforceable obligations of Tenant.

Tenant executes this Certificate with the understanding that Lessor is contemplating selling the Premises, and Landlord, Retail Opportunity Investment Corp., and their respective successors and assigns (including any mortgagee or beneficiary under a deed of trust or mortgage) will rely on this Certificate.

Dated: \_\_\_\_\_, 2010

**TENANT:**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT I**

**LANDLORD'S ESTOPPEL CERTIFICATE**

The undersigned, as the landlord ("**Landlord**") under that certain lease dated \_\_\_\_\_, (the "**Lease**") with \_\_\_\_\_ ("**Tenant**"), for certain premises ("**Premises**") located in the shopping center commonly known as Watt Towne Center ("**Shopping Center**") in the City of Sacramento State of California. The undersigned understands that Retail Opportunity Investment Corp. has offered or committed to enter into a transaction with Landlord and has requested this certificate (this "Certificate") from the undersigned as a condition precedent to the consummation of such transaction and will therefore be relying upon the representations and warranties contained herein.

The undersigned hereby states, declares, represents, warrants and certifies as follows:

A. A copy of the Lease, with all modifications, amendments, supplements or changes, is attached hereto as **Exhibit A** and is a true and correct copy of the Lease and constitutes the only agreement between Landlord and Tenant with respect to the leased Premises.

B. The Lease (including all exhibits) is in full force and effect, has not been terminated, and is enforceable in accordance with its terms.

C. The Lease has not been modified, amended, supplemented or changed in any way, except as evidenced by the documents attached as Exhibit A and except as follows: (if none, state none) \_\_\_\_\_.

D. The Lease constitutes the entire agreement between Landlord and Tenant for the Premises, and there are no other agreements, written or oral, between Landlord and Tenant relating to the Premises.

E. Tenant has accepted possession of the Premises demised under the Lease and all items required to be performed by Landlord under the terms of the Lease, including construction of all improvements required therein, have been completed by Landlord within the time periods set forth in the Lease, and all required contributions by Landlord to Tenant on account of Tenant's improvements to the Premises have been paid in full.

F. The term ("Term") of the Lease commenced on \_\_\_\_\_ and full rental is currently accruing thereunder. The Term shall expire on \_\_\_\_\_. There are \_\_\_\_\_ remaining options to extend the Term for periods of \_\_\_\_\_ months each.

G. Neither Tenant nor Landlord has begun any action, or given or received any notice for the purpose of termination of the Lease.

Exhibit I  
\_\_\_\_\_

H. Tenant is currently paying monthly rent under the Lease in the amount of \_\_\_\_\_ per month ("Base Rent"). The Base Rent under the Lease is current as of \_\_\_\_\_, 2010. The next payment of Base Rent is due on \_\_\_\_\_, 2010.

I. No Base Rent or other charges have been paid more than thirty (30) days in advance of its due date.

J. Tenant pays percentage rent (if any) under the Lease at the rate of \_\_\_\_% of Gross Sales ("Percentage Rent").

K. Tenant is currently paying additional rent under the Lease for Tenant's share of common area expenses, taxes and insurance in the amount of \_\_\_\_\_ per month ("Additional Rent").

L. The amount of Tenant's security deposit held by Landlord under the Lease is \_\_\_\_\_ ("Security Deposit").

M. No default or event that, with the giving of notice or the passage of time, or both, would constitute a default on the part of the Landlord exists under the Lease, nor is the Landlord (to the best of its knowledge) aware of any default or event that with the passing of time or the giving of notice, or both, would constitute a default on the part of Tenant under the Lease.

N. The Landlord has not received notice of any assignment, hypothecation, mortgage or pledge of Tenant's interest in the Lease or of any rents or other amounts due thereunder.

O. There is no period of free rent, rental abatement or reduction, except as set forth in the Lease, and Landlord has not given or conceded to Tenant any other concessions, abatements or compromises with respect to the rental obligations under the Lease.

P. There are no offsets or credits against or defenses to payment of any monetary obligations payable under the Lease.

Q. Except as provided in the Lease and identified above, Tenant does not have any options or rights to extend the Term or expand the Premises. Tenant has no rights of first offer or refusal (or other rights) to purchase the Premises or any part thereof or all or any part of the real property of which the Premises are a part, or if it had any such right, the same has been waived and has terminated.

R. To the best of Landlord's knowledge, No actions, whether voluntary or otherwise, are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

S. To the best of Landlord's knowledge, Tenant has not assigned, sublet or otherwise transferred Tenant's interest in the Lease or the Premises to any party.

Exhibit I

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T. To the best of Landlord's knowledge, the use, maintenance and operation of the Premises currently complies with all applicable federal, state, county or local statutes, laws, rules and regulations, including those relating to environmental, health or safety matters.

U. To the best of Landlord's knowledge, Tenant has not received notice of any alleged violation of any law governing the use or operation of the Premises and no outstanding writs, injunctions, decrees, orders or judgments are pending, or to the best of Landlord's knowledge, threatened, concerning the use, maintenance or operations of the Premises by Tenant, nor is the Tenant aware of the basis for any such proceeding.

V. The undersigned is authorized to execute this Certificate on behalf of Landlord.

W. This Certificate and the Lease are legal, valid, binding and enforceable obligations of Landlord.

Landlord executes this Certificate with the understanding that Landlord is contemplating selling the Premises, and Retail Opportunity Investment Corp., and its respective successors and assigns (including any mortgagee or beneficiary under a deed of trust or mortgage) will rely on this Certificate.

Dated: \_\_\_\_\_, 2010

**LANDLORD:**  
WATT ELKHORN ASSOCIATES, L.P., a  
California limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit I

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AGREEMENT FOR SALE AND PURCHASE OF PROPERTY

(Commercial Property)

SELLER: SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA

BUYER: RETAIL OPPORTUNITY INVESTMENT CORP.

EXECUTION DATE: MARCH 25, 2010

PROPERTY: 3250 BUSKIRK AVENUE  
PLEASANT HILL, CALIFORNIA

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**AGREEMENT FOR SALE AND PURCHASE OF PROPERTY**

- (1) **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA ("Seller")**, whose address is c/o Jones Lang LaSalle Americas, Inc., One Front Street, Suite 1200, San Francisco, California 94111, and
- (2) **RETAIL OPPORTUNITY INVESTMENT CORP.**, a Delaware corporation ("**Buyer**"), whose address is 3 Manhattanville Road, 2<sup>nd</sup> Floor, Purchase, New York 10577, and whose Taxpayer Identification Number is \_\_\_\_\_,

hereby agree on this \_\_\_\_ day of March, 2010 (the "**Execution Date**") that Seller shall sell to Buyer and Buyer shall purchase from Seller, upon the following terms and conditions and for the price herein set forth, the Property, as such term is defined in Article I of this Agreement.

ARTICLE I

**DEFINED TERMS**

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

- (a) "**Agreement**" shall mean this Agreement for Sale and Purchase of Property executed by both Seller and Buyer.
- (b) "**Business Day**" shall mean any day on which business is conducted by national banking institutions in the County.
- (c) "**Closing**" shall mean the execution and delivery of the Deed, the Bill of Sale and the other instruments to be executed by Seller conveying the Property to Buyer and the payment by Buyer to Seller of the Purchase Price.
- (d) "**Closing Date**" shall mean 2:00 P.M. Eastern time on the date seven (7) Business Days after the Feasibility Date, subject to extension as provided in Section 5.2 below.
- (e) "**County**" shall mean the County of Contra Costa located in the State.
- (f) "**Court**" shall mean the Superior Court of California, County of Contra Costa.
- (g) "**Deed**" shall mean the deed conveying fee title to the Real Property to Buyer, duly executed by Seller and acknowledged and in proper form for recordation.
- (h) "**Deposit**" shall mean the amount from time to time held by the Title Company as Buyer's earnest money deposit. The Deposit shall initially be a sum of Two Hundred Fifty Thousand and No/100 U.S. Dollars (\$250,000.00, the "**Initial Deposit**"). On or before one (1) Business Day after the Feasibility Date, the Deposit shall be increased by an "**Additional Deposit**" of Two Hundred Fifty Thousand and No/100 U.S. Dollars (\$250,000.00), making the total Deposit Five Hundred Thousand and No/100 U.S. Dollars (\$500,000.00). The Deposit shall be increased to the extent that interest accrues thereon.
- (i) "**Disclosed Brokers**" shall mean CB Richard Ellis, Inc., 101 California Street, 44<sup>th</sup> Floor, San Francisco, California 94111, Contact Person: Donald LeBuhn, Telephone Number 415-772-0248, Facsimile Number 415-772-0459, E-mail Address donald.lebuhn@cbre.com.
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(j) "**Due Diligence Reports**" shall mean all reports, documents, studies, analyses, and other written information in Seller's possession or control to be delivered by Seller to Buyer and all reports, documents, studies, analyses, and other written information obtained by Buyer with respect to the Property, including results of physical inspections, engineering studies, engineering drawings and specifications, surveys, Hazardous Materials Reports, soil tests, site plans, feasibility studies, market studies, architectural plans, specifications and drawings, title reports, permits, approvals and authorizations (whether obtained from governmental authorities or third parties).

(k) "**Execution Date**" shall mean the date set forth in the first paragraph of this Agreement, which date shall be the date Buyer and Seller have both executed this Agreement and Buyer or Buyer's attorney receives a copy of the fully executed signature page of this Agreement by facsimile or email.

(l) "**Feasibility Date**" shall mean 5:00 p.m. Eastern time on the date fourteen (14) days after the Execution Date.

(m) "**General Intangibles**" shall mean any and all warranties, telephone exchange numbers, architectural or engineering plans and specifications, and development rights that relate to the Real Property or the Personal Property.

(n) "**Hazardous Materials**" shall mean any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics. The term "**Hazardous Materials**" includes, without limitation, any substance regulated under any and all federal, state and local statutes, laws (including case law), regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions, whether now or hereafter in effect, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants, toxic substances, hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous materials or wastes or the clean-up or other remediation thereof.

(o) "**Hazardous Materials Reports**" shall mean any and all studies, reports, analyses, information, or other written records regarding the presence of Hazardous Materials at, on, in, under or relating to the Land.

(p) "**Intangible Property**" shall mean, to the extent the same is transferable by Seller, Seller's interest in the Leases, the Service Contracts, the Permits, the General Intangibles and any and all rights to the name of the improvements upon the Real Property.

(q) "**Land**" shall mean that certain parcel of real property located in the County and State, as more particularly described on the attached **Exhibit A**.

(r) "**Leases**" shall mean any and all leases, tenancies, licenses and other rights of occupancy or use of or for any portion of the Real Property or the Personal Property (including all amendments and renewals thereof).

(s) "**Lender**" shall mean GCCFC 2006-GG7 Buskirk Avenue Limited Partnership, a Delaware limited partnership.

(t) "**Loan**" shall mean that certain loan encumbering the Property in the original principal amount of \$17,500,000 currently held by Lender.

(u) "**Owner**" shall mean SPI P Hill Associates, L.P., a California limited partnership.

(v) "**Permits**" shall mean any and all licenses, permits, authorizations, certificates of occupancy and other approvals that are in effect for the current use and operation of the Property.

(w) "**Personal Property**" shall mean all tangible personal property and fixtures owned by Seller and located on or attached to the Real Property. "**Personal Property**" does not include property owned by others such as Tenants under Leases or parties to Service Contracts.

(x) "**Property**" shall mean collectively the Real Property, the Personal Property and the Intangible Property.

(y) "**Prorations Date**" shall mean the day prior to the Closing Date.

(z) "**Purchase Price**" shall mean Thirteen Million Six Hundred Fifty Thousand and No/100 U.S. Dollars (\$13,650,000.00).

(aa) "**Real Property**" shall mean the Land together with Seller's interest in the buildings and other improvements and fixtures located thereon, together with all rights of ways, ingress and egress, easements, rights, privileges, hereditaments and appurtenances thereto or in any way appertaining thereto.

(bb) "**Receiver**" shall mean Todd Robinette individually.

(cc) "**Receivership Order**" shall mean the Order Appointing Receiver entered by the Court on July 2, 2009.

(dd) "**Service Contracts**" shall mean any and all service, maintenance, supply, operating, or employment contracts or other agreements, however termed, written or oral, affecting the use, ownership, maintenance, or operation of all or any part of the Property (but specifically excluding any Leases and any management agreements).

(ee) "**State**" shall mean the State of California.

(ff) "**Tenants**" shall mean those persons or entities holding rights of tenants under Leases.

(gg) "**Title Commitment**" shall mean the commitment for issuance of an owner's title insurance policy issued by the Title Company in favor of Buyer in the full amount of the Purchase Price.

(hh) "**Title Company**" shall mean First American Title Insurance Company at its office located at 100 NE Loop 410, Suite 250, San Antonio, Texas 78216, Contact Person - Carol Perry, Vice President/Manager, National Commercial Services, Telephone Number 210-321-0707, Facsimile Number 866-739-2652, Email Address caperry@firstam.com.

1.2 Other Defined Terms. Other capitalized terms contained in this Agreement shall have the meanings assigned to them herein.

## ARTICLE II

### CONDITION

2.1 Information Regarding Property. Seller has provided and may in the future provide to Buyer documents and information pertaining to the Property. All of such information is provided simply as an

accommodation to Buyer, and Seller makes no representations as to their accuracy or completeness. Buyer understands that some of the foregoing documents were provided by others to Seller and were not prepared by or verified by Seller. In no event shall Seller be obligated to deliver or make available to Buyer any of Seller's internal memoranda, attorney-client privileged materials or appraisals of the Property, if any.

Seller agrees to use commercially reasonable efforts to obtain tenant estoppel certificates ("**Estoppels**") from all of the Tenants no later than the Feasibility Date. Seller agrees to deliver the form of the tenant estoppel certificate attached hereto as **Exhibit B** to the Tenants and request that each Tenant execute and return an Estoppel no later than the Feasibility Date. Buyer hereby acknowledges its understanding and acceptance of the fact that one or more of the Tenants may insist upon using its own form of Estoppel, including any form of estoppel attached to its Lease, which may or may not include the same categories of information set forth in Exhibit B. In addition, Seller shall have no responsibility for negotiating with the Tenants any revisions to the Exhibit B tenant estoppel certificate form or the form provided by any such Tenants. If, despite Seller's commercially reasonable efforts, Seller is unsuccessful in obtaining any one or more Estoppels no later than the Feasibility Date: (i) Seller shall have no liability for such failure; (ii) Seller shall not be responsible for providing certificates in lieu of such Estoppels; and (iii) Buyer's sole recourse shall be to terminate this Agreement on or before the Feasibility Date in accordance with Section 2.2(b) below. If, notwithstanding Seller's failure to obtain Estoppels from all of the Tenants no later than the Feasibility Date, Buyer does not terminate the Agreement in accordance with the provisions of Section 2.2 of this Agreement, Buyer shall have no recourse for such failure of Seller and Buyer shall be obligated to proceed with the Closing, subject to the other provisions hereof.

2.2 Buyer's Inspection Rights. Buyer's obligations hereunder are expressly subject to Buyer's approval of the Property in all respects, including economic feasibility, financing, zoning, the local government comprehensive plan, redevelopment potential, structural components of any improvements, governmental restrictions and requirements, availability of utilities, concurrency issues, physical condition, subsoil conditions, environmental matters, and such other matters as may be of concern to Buyer, and Buyer shall have until the Feasibility Date in which to make such determination. If Buyer determines that it does not approve the Property and decides therefore not to proceed with the purchase of the Property, Buyer shall, on or before the Feasibility Date, give written notice of termination of this Agreement to Seller (the "**Termination Notice**"). Upon any such termination, Buyer shall deliver to Seller originals or copies of all Due Diligence Reports. Upon Seller's receipt of originals or copies of the Due Diligence Reports, (i) Seller and Buyer shall execute an acknowledgment of the foregoing termination in form attached hereto as **Exhibit C**; (ii) the Title Company shall release the Deposit to Buyer; and (iii) neither party shall have any further rights or obligations hereunder, except, however, that Buyer and Seller shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination. If Buyer shall fail to give the Termination Notice to Seller prior to or on the Feasibility Date, (x) this Agreement shall remain in full force and effect, (y) Buyer shall be obligated to deliver the Additional Deposit to the Title Company on or before one (1) Business Day after the Feasibility Date, and (z) the Deposit shall be non-refundable to Buyer under any circumstances other than (a) the failure of this transaction to close due to the default of Seller or (b) Buyer's termination of this Agreement as provided in Section 12.2 hereof or (c) Seller's inability to obtain the Approval as required by Section 5.2 hereof. Failure of Buyer to deliver the Additional Deposit as provided herein shall be a default by Buyer under this Agreement, terminating this Agreement and entitling Seller to exercise its remedies hereunder for Buyer's default.

2.3 Access. Until the Feasibility Date and thereafter if this Agreement is not terminated, Buyer and Buyer's agents and contractors shall be entitled to enter upon the Property at all reasonable times established by Seller provided that Buyer acknowledges that entry to any unit occupied by a Tenant will require at least 48 hours prior written and telephonic notice to such Tenant, but only for the purpose of conducting tests and making site inspections and investigations. In doing so, however, Buyer agrees not

to cause any damage or make any physical changes to the Property, that all testing shall be subject to the terms and limitations of Tenants under the Leases and agrees not to interfere with the rights of Tenants or others who may have a legal right to use or occupy the Property. Seller or its representative shall have the right to be present to observe any testing or other inspection performed on the Property. Under no circumstances shall the right of entry granted herein be interpreted as delivery of possession of the Property prior to Closing. Buyer and Buyer's agents and contractors shall maintain at all times during their entry upon the Property, comprehensive general liability insurance with limits of not less than One Million Dollars combined single limit, bodily injury, death and property damage insurance per occurrence. If requested by Seller, Buyer or Buyer's agents or contractors shall deliver a certificate issued by the insurance carrier of each such policy to Seller prior to entry upon the Property.

2.4 Indemnification. Buyer shall protect, defend, indemnify, save and hold harmless Seller, Receiver, Jones Lang LaSalle Americas, Inc. ("JLL") and Owner against any and all claims, demands, fines, suits, actions, proceedings, orders, decrees, judgments, damage or liability (including attorneys' fees incurred by any of them with respect thereto) of any kind or nature, by or in favor of anyone whomsoever, resulting from, arising from, or occasioned in whole or in part by any act or omission by Buyer, its agents, contractors, employees, representatives or invitees in, upon, or at the Property, or from (i) Buyer's inspection, access, acquisition, ownership or use of the Property, or from the conduct of Buyer thereon or from any activity, work or things done, permitted or suffered by Buyer or its agents, contractors, employees, representatives or invitees (collectively "**Buyer Parties**") on or about the Property, including any work done in violation of rights of Tenants under the Leases, and/or (ii) any breach or default in the performance of any obligation or covenant on Buyer's part to be performed under the terms of this Agreement, or arising from any negligence or willful misconduct of Buyer or any Buyer Party; and from and against all costs, attorneys' fees, environmental consultants' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. If any claim, action or proceeding is threatened or commenced against Seller, Receiver, JLL or Owner which is or may be covered by the foregoing indemnity, Buyer, upon notice from Seller, Receiver, JLL or Owner, shall defend the same at Buyer's expense utilizing counsel reasonably acceptable to the indemnified party. The provisions of this Section shall survive the Closing or termination of this Agreement.

2.5 Buyer's Obligations with Respect to Inspections. If Buyer or its agents, employees or contractors take any sample from the Property in connection with any testing, Buyer shall, upon the request of Seller, provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing. Buyer shall restore the Property to its condition immediately prior to the testing promptly after Buyer's independent factual, physical and legal examinations and inquiries of the Property, but in no event later than ten (10) days after the damage occurs. Without limiting Seller's remedies for any such damage, Buyer's obligation to restore shall be secured by Seller's right to setoff against the Deposit. Buyer shall promptly pay for all inspections upon the rendering of statements therefore. Buyer shall not suffer or permit the filing of any liens against the Property, and if any such liens are filed, Buyer shall promptly cause them to be released or otherwise eliminated from being a lien upon the Property. In the event the transaction contemplated by this Agreement is not closed for any reason whatsoever, Buyer shall (a) deliver all of the Due Diligence Reports to Seller at no cost to Seller; and (b) remain obligated with respect to the indemnities and other obligations contained in this Agreement. The provisions of this Section shall survive the Closing or termination of this Agreement.

2.6 Condition of the Property. If this Agreement is not terminated pursuant to Section 2.2 above, Buyer shall be deemed to have acknowledged that Seller has provided Buyer sufficient opportunity to make such independent factual, physical and legal examinations and inquiries as Buyer deems necessary and desirable with respect to the Property and the transaction contemplated by this Agreement and that Buyer has approved the Property in all respects. The following provisions shall thereupon be applicable and shall survive the Closing of this Agreement:

(a) Buyer does hereby acknowledge, represent, warrant and agree to and with Seller that, except as otherwise expressly provided in this Agreement: (i) Buyer is expressly purchasing the Property in its existing condition "AS IS, WHERE IS, AND WITH ALL FAULTS" with respect to all facts, circumstances, conditions and defects; (ii) Seller has no obligation to inspect for, repair or correct any such facts, circumstances, conditions or defects or to compensate Buyer for same; (iii) Seller has specifically bargained for the assumption by Buyer of all responsibility to inspect and investigate the Property and of all risk of adverse conditions and has structured the Purchase Price and other terms of this Agreement in consideration thereof; (iv) Buyer has undertaken all such inspections and investigations of the Property as Buyer deems necessary or appropriate under the circumstances as to the condition of the Property and the suitability of the Property for Buyer's intended use, and based upon same, Buyer is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own consultants, agents, legal counsel and officers and Buyer is and will be fully satisfied that the Purchase Price is fair and adequate consideration for the Property; (v) Seller is not making and has not made any warranty or representation with respect to any materials or other data provided by Seller to Buyer (whether prepared by or for the Seller or others) or the education, skills, competence or diligence of the preparers thereof or the physical condition or any other aspect of all or any part of the Property as an inducement to Buyer to enter into this Agreement and thereafter to purchase the Property or for any other purpose; and (vi) by reason of all the foregoing, Buyer assumes the full risk of any loss or damage occasioned by any fact, circumstance, condition or defect pertaining to the Property. Without limiting the generality of any of the foregoing, Buyer specifically acknowledges that Seller does not represent or in any way warrant the accuracy of any marketing information or pamphlets listing or describing the Property or the information, if any, provided by Seller to Buyer; and

(b) SELLER HEREBY DISCLAIMS ALL AND BUYER WAIVES ANY RIGHT TO ASSERT ANY WARRANTIES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING WARRANTIES OF HABITABILITY AND FITNESS FOR PARTICULAR PURPOSES), WHETHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO WARRANTIES WITH RESPECT TO THE PROPERTY, TAX LIABILITIES, ZONING, LAND VALUE, AVAILABILITY OF ACCESS OR UTILITIES, INGRESS OR EGRESS, GOVERNMENTAL APPROVALS, OR THE SOIL CONDITIONS OF THE LAND. BUYER FURTHER ACKNOWLEDGES THAT BUYER IS BUYING THE PROPERTY "AS IS" AND IN ITS PRESENT CONDITION AND THAT EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, BUYER IS NOT RELYING UPON ANY REPRESENTATION OF ANY KIND OR NATURE MADE BY SELLER, OR ANY OF ITS EMPLOYEES OR AGENTS OR SELLER WITH RESPECT TO THE LAND OR PROPERTY, AND THAT, IN FACT, NO SUCH REPRESENTATIONS WERE MADE EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT; and

(c) FURTHER AND WITHOUT IN ANY WAY LIMITING ANY OTHER PROVISION OF THIS AGREEMENT, SELLER MAKES NO WARRANTY WITH RESPECT TO THE PRESENCE ON OR BENEATH THE LAND OR ANY BUILDINGS THEREON (OR ANY PARCEL IN PROXIMITY THERETO) OF HAZARDOUS MATERIALS. BY ACCEPTANCE OF THIS AGREEMENT AND THE DEED, BUYER ACKNOWLEDGES THAT BUYER'S OPPORTUNITY FOR INSPECTION AND INVESTIGATION OF SUCH LAND (AND OTHER PARCELS IN PROXIMITY THERETO) HAS BEEN ADEQUATE TO ENABLE BUYER TO MAKE BUYER'S OWN DETERMINATION WITH RESPECT TO THE PRESENCE ON OR BENEATH THE LAND (AND OTHER PARCELS IN PROXIMITY THERETO) OF SUCH HAZARDOUS MATERIALS. FURTHERMORE, BUYER'S CLOSING HEREUNDER SHALL BE DEEMED TO CONSTITUTE AN EXPRESS WAIVER OF BUYER'S AND ITS SUCCESSORS' AND ASSIGNS' RIGHTS TO SUE ANY OF THE SELLER AND OF BUYER'S RIGHT TO CAUSE ANY OF SELLER TO BE JOINED IN AN ACTION BROUGHT UNDER ANY FEDERAL, STATE OR LOCAL LAW, RULE, ACT, OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR AMENDED WHICH PROHIBITS OR REGULATES THE USE, HANDLING, STORAGE, TRANSPORTATION OR DISPOSAL OF

HAZARDOUS MATERIALS OR WHICH REQUIRES REMOVAL OR REMEDIAL ACTION WITH RESPECT TO SUCH HAZARDOUS MATERIALS, SPECIFICALLY INCLUDING BUT NOT LIMITED TO FEDERAL "CERCLA", "RCRA", AND "SARA" ACTS.

(d) Buyer acknowledges and agrees that as of the Closing Date Buyer is acquiring the Property in its "AS IS" condition, **WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED.** Other than as expressly set forth herein, none of Seller or Owner or any agents, representatives, or employees of Seller or Owner have made any representations or warranties, direct or indirect, oral or written, express or implied, to Buyer or any agents, representatives, or employees of Buyer with respect to the Property, including, without limitation, (a) the physical condition of the Property (including the presence or absence of Hazardous Materials), zoning, set-back and other ordinances, codes, regulations, rules, requirements and orders affecting occupancy or operation of the Property, plans, specifications, any affordable housing restrictions or requirements, costs or other estimates, projections, including income and expense projections concerning the same, and (b) the Property's compliance with any environmental laws, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Section 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Sections 25100-25600), the Porter-Cologne Water Quality Control Act (California Health and Safety Code Section 13000 et seq.), and the Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code Section 25249.5 et seq.). Buyer specifically waives and releases Seller, Lender, Owner and their respective successors, assigns, representatives, servants, employees, agents, adjustors, accountants, parents, subsidiaries, divisions, affiliates, reinsurers, directors, officers, officials, servicers and attorneys from (1) all warranties, express, implied, statutory or otherwise (including warranties of merchantability and warranties of fitness for use or acceptability for the purpose intended by Buyer) with respect to the Property or its condition or the prospects, operations or results of operations of the Property except with respect to the express representations and warranties contained in the Deed transferring legal title to Buyer, and (2) all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or that Buyer would otherwise have against Sell, Lender or any of the foregoing.

In connection with this Section 2.6, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Initials of Buyer: \_\_\_\_\_

2.7 Maintenance of Property. Except as Buyer may otherwise consent in writing, until the Closing Date, unless this Agreement is sooner terminated, Seller shall: (i) subject to the terms of Section 12.1 hereof and any maintenance obligations of Tenants under Leases, maintain the Property in its present condition and repair, ordinary wear and tear excepted; (ii) maintain the existing insurance policies for the Property (and any replacement thereof) in full force and effect; (iii) not sell, transfer, encumber, mortgage or place any lien upon the Property or in any way create or consent to the creation of any title condition

affecting the Property; and (iv) not enter into any new Service Contracts relating to the Property unless they are cancelable upon thirty (30) days or less notice.

### ARTICLE III

#### PURCHASE PRICE AND TERMS OF PAYMENT; CLOSING ADJUSTMENTS

3.1 Purchase Price. The total Purchase Price shall be the Purchase Price set forth in Section 1.1 of this Agreement.

3.2 Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) Credit for Deposit. Within two (2) Business Days following the execution of this Agreement, Buyer shall deliver in escrow the Initial Deposit by cashier's check or by wire transfer to the Title Company. Provided this Agreement is not terminated in accordance with Section 2.2 hereof, Buyer shall deliver in escrow the Additional Deposit by wire transfer to the Title Company on or before one (1) Business Day after the Feasibility Date. The Initial Deposit and the Additional Deposit once deposited is consideration for the rights granted to Buyer to purchase the Property and shall be non-refundable except as otherwise provided herein. Provided that Buyer has supplied Buyer's Taxpayer Identification Number on page one hereof and Buyer executes all necessary regulatory forms, the Deposit shall be held in an interest bearing account with a financial institution approved by Buyer. Any interest accrued thereon shall become a part of the Deposit to be applied or disposed of in the same manner as the Deposit. At the Closing Buyer shall receive a credit against the Purchase Price in the amount of the Deposit and the Deposit (less any accrued interest thereon) shall be delivered to Seller (and any accrued interest thereon shall be delivered upon Closing to Buyer by a separate check from the Title Company).

(b) Loan. Buyer acknowledges and agrees that the Property is subject to the Loan currently held by Lender. Lender has agreed to satisfy the Loan documents of record upon Closing and Lender's receipt of the Purchase Price under this Agreement, which in no event shall be less than as shown herein without Lender's consent, minus all closing costs deducted from the Purchase Price, but only to the extent shown in this Agreement to be costs of Seller. Buyer acknowledges and agrees that this Agreement may not be amended, assigned or modified in any manner or terminated by Seller except with the prior written consent of Lender except, however, Buyer shall have the right to assign this Agreement without Lender's consent to an entity owned and controlled by Buyer in accordance with the terms of Article VIII of this Agreement. Lender joins in this Agreement solely for purposes of evidencing its agreement to this Section and Section 5.2 hereof.

(c) Payment at Closing. The balance of the Purchase Price, subject to the prorations and adjustments set forth in this Agreement, shall be paid (i) by Buyer to Seller by wire transfer to Title Company's account at the time of Closing, and (ii) by the Title Company to Lender by wire transfer to Lender's account immediately upon Closing. Wired funds must be received in the Title Company's account prior to 2:00 p.m. Eastern time on the Closing Date in order for Lender to receive the benefit of such funds. Accordingly, if funds are received after 2:00 p.m. Eastern time on any day, they shall not be deemed received until the following Business Day. If the Title Company does not receive the funds on the first Business Day after the Closing Date and Seller elects not to exercise any of its default remedies, the Purchase Price shall be deemed to increase the Purchase Price at the rate of fifteen percent (15%) per annum from the Closing Date until the funds are deemed to have been received.

3.3 Closing Adjustments and Prorations. Except as otherwise provided in this Section, all adjustments and prorations to the Purchase Price payable at Closing shall be computed as of the end of the Prorations Date. Such adjustments and prorations shall include the following:

(a) Revenues and Expenses. Seller shall be entitled to receive all revenues and shall be charged with all expenses relating to the ownership and operation of the Property through the Prorations Date. All revenues and expenses for the month of Closing shall be prorated as of the Prorations Date. With respect to any delinquent rents or other revenue for periods prior to the month of Closing, Buyer shall be entitled, but not required, to collect the same after the Closing and any such monies collected from Tenants or other parties shall be the sole property of Buyer.

(b) Lease Prepayments and Security Deposits; Lease Obligations. Buyer acknowledges that Seller has no security deposits in its possession with respect to the Tenants and that there will be no credit for same at Closing. Buyer shall receive credits against the Purchase Price at Closing for any unforfeited prepaid rents paid to Seller by the Tenants.

Seller agrees that during the period after the Execution Date and until the Closing Date Buyer shall have the right to approve all new Leases and Lease expansions, renewals, modifications and terminations (collectively, "**Lease Documents**"). Buyer shall provide its approval (or disapproval and the reasons therefor) in writing to Seller within two (2) Business Days after Seller notifies Buyer in writing of Seller's desire to enter into any new Leases and Lease Documents. In the event Buyer does not notify Seller of its approval or disapproval during such two (2) Business Day period, Buyer shall be deemed to have approved the new Lease or Lease Document.

Buyer and Seller agree that if Seller executes any new Leases or Lease Documents approved by Buyer with respect to the Property during the period after the Execution Date and prior to Closing and the terms of such new Leases or Lease Documents (or related brokerage contracts) obligate Seller as landlord to pay leasing commissions, construct tenant improvements, pay tenant improvement allowances and/or pay other costs ("**Lease Obligations**"), Buyer shall pay to Seller at Closing the amount of all such Lease Obligations incurred by Seller and actually paid as of the Closing Date and shall be responsible as of Closing for the obligation to pay and assume all such Lease Obligations not yet paid or completed by Seller as of the Closing Date. In addition, Buyer shall be responsible as of Closing for all Lease Obligations of Seller as landlord under any Leases (and related brokerage contracts) executed prior to the Execution Date with respect to Lease Obligations not due as of the Closing Date; e.g. lease commissions for future extensions contemplated by a Lease. The provisions of this paragraph shall survive Closing.

Without limiting the foregoing provisions, Buyer agrees that prior to the Execution Date Buyer approved an amendment to the Lease with Bassett to reduce its NNN rent to \$15.00 per square foot for up to one (1) year and to remove the co-tenancy clause, all substantially in the form of lease amendment provided by Seller to Buyer. Buyer agrees that the Purchase Price was structured with knowledge of the proposed Lease amendment with Bassett.

(c) Taxes and Assessments; Pending and Certified Liens. Taxes and assessments for the year of Closing shall be prorated as of the Prorations Date upon the amount of such taxes for the year of Closing if the amount of such taxes is known at the time of Closing; if such amount cannot be then ascertained, proration shall be based upon the amount of the taxes, with the maximum discount allowed by law, if any, for the preceding year. City or other public liens, if any, certified or for which the work has been substantially completed on the date of Closing shall be paid by Seller and any other such liens shall be assumed by Buyer. Other assessments not included on the regular property tax bills, license fees for transferred licenses, and state or municipal fees and taxes for the Property for the applicable fiscal period during which Closing takes place shall be adjusted as of the Prorations Date on the basis of the most recent ascertainable assessments and rates. All prorations set forth in this Section shall be final and shall not be subject to re-proration.

(d) Utility Charges. Electric, water, sewer, gas, fuel, waste collection and removal and other utility and operating expenses relating to the Property shall be prorated as of the Prorations Date. It shall

be assumed that the utility charges were incurred uniformly during the billing period in which the Closing occurs. If bills for the applicable period are unavailable, the amounts of such charges will be estimated based upon the latest known bills. Notwithstanding the foregoing, to the extent possible, Seller and Buyer shall request the utility companies to read the meters as of the Prorations Date, and Seller shall be responsible for all charges incurred through the Prorations Date and Buyer shall be responsible for all charges from and after the Prorations Date. All prepaid deposits for utilities shall be refunded to Seller at the time of Closing by the utility companies, and it shall be Buyer's responsibility to make any utility deposits required for service.

(e) Reproration and Post-Closing Adjustments. In the event that any adjustments or prorations cannot be apportioned or adjusted at Closing by reason of the fact that final or liquidated amounts have not been ascertained, or are not available as of such date, the parties hereto agree to apportion or adjust such items on the basis of their best estimates of the amounts at Closing. In the event of any omission or mathematical error on the closing statement, or if the prorations, apportionments and computations shall prove to be incorrect for any reason, the same shall be promptly adjusted when determined and the appropriate party paid any monies owed; provided that any such adjustment must occur prior to Seller being dismissed by the Court and is limited to the extent of funds Seller then possesses as receiver for the Property. The provisions of this Section shall survive Closing.

3.4 Costs and Expenses. Seller shall pay all transfer taxes. Buyer shall pay all escrow fees, all costs of recording, title search, examination and out-of-pocket fees of the Title Company, the title insurance premium for a CLTA owner's title insurance policy to be issued to Buyer by the Title Company, the costs of any extended coverage and endorsements to the owner's title insurance policy requested or required by Buyer, and the cost of any survey obtained by Buyer. Attorneys' fees, consulting fees, and other due diligence expenses shall be borne by the party incurring such expense. The provisions of this Section shall survive the Closing.

#### ARTICLE IV

##### TITLE

4.1 Evidence of and Encumbrances upon Title. Seller has ordered the Title Commitment and upon receipt thereof shall promptly deliver or cause to be delivered the Title Commitment, together with copies of all exceptions reflected therein, to Buyer. The Title Commitment shall be the basis upon which Buyer reviews the status of title to the Land. Buyer may file written objections to exceptions contained in the Title Commitment on or before the Feasibility Date; provided, however, the following shall be deemed "**Acceptable Encumbrances**" and Buyer shall not have the right to object to Acceptable Encumbrances:

- (a) Real property taxes and assessments for the year in which the sale and purchase shall be closed, which shall be prorated as provided for herein;
- (b) Zoning and other regulatory laws and ordinances affecting the Property; and
- (c) Any matters that are approved in writing by Buyer or deemed approved by Buyer in accordance with this Agreement.

If Buyer timely files a written objection to any such item other than an Acceptable Encumbrance, then Seller shall have the right but not the obligation to use reasonable diligence to remove, discharge or correct such liens, encumbrances or objections and shall have a period of thirty (30) days after receipt of notice thereof in which to do so (and only if Seller elects to so cure the Closing Date shall be extended). Seller shall not in any event be obligated to pay any sums of money (other than to Lender in accordance with Section 3.2(b) above to cause the Loan documents of record to be satisfied) or to litigate any matter

in order to remove, discharge or correct any lien, encumbrance or objection. If Seller shall be unwilling or unable to remove or discharge such other liens, encumbrances or objections within such period, then Buyer may, at its option, no later than ten (10) days after Seller notifies Buyer of Seller's unwillingness or inability, either terminate this Agreement or accept title in its then existing condition without reduction of the Purchase Price. If Buyer shall elect to terminate this Agreement, the Deposit shall be delivered to Buyer, this Agreement shall terminate, and thereafter neither Seller nor Buyer shall have any further rights or obligations hereunder except that the parties shall remain obligated with respect to the indemnities and obligations of this Agreement which specifically survive termination. If Buyer fails to give written notice of objection to Seller on or before the Feasibility Date, all matters reflected on the Title Commitment shall be deemed to be Acceptable Encumbrances.

4.2 Survey. Prior to the Feasibility Date, Buyer may cause a survey of the Real Property to be prepared or updated at Buyer's sole cost and expense. Any such survey shall be certified to Buyer, Seller and the Title Company. If any matters not acceptable to Buyer are shown, Buyer may give written notice of objection to Seller prior to the Feasibility Date, in which case any such matter shall be treated in the same manner as a title defect pursuant to Section 4.1 above. If, however, Buyer fails to obtain a survey or updated survey or if Buyer obtains a survey or updated survey but fails to give written notice of objection prior to the Feasibility Date, all matters of survey shall be deemed approved by Buyer and shall constitute Acceptable Encumbrances.

4.3 Updated Title Commitment. On or before the Closing Date, Buyer and/or Seller may cause the Title Company to update the Title Commitment. If the updated Title Commitment contains exceptions that do not constitute Acceptable Encumbrances, Buyer may file written objection thereto prior to the completion of the Closing. If Buyer timely and properly files written objection to any such other item, then same shall be treated in the same manner as a title defect pursuant to Section 4.1 above. If the updated Title Commitment contains no exceptions other than those reflected on the Title Commitment and other Acceptable Encumbrances or if Buyer fails to give written notice of objection to Seller prior to completion of Closing, all matters reflected on the updated Title Commitment shall be deemed Acceptable Encumbrances, this Agreement shall remain in full force and effect and Buyer shall be obligated to complete the transaction as required by this Agreement.

4.4 Title Policy. At Closing and as a condition to Buyer's obligation to close, the Title Company shall issue or be irrevocably and unconditionally committed to issue to Buyer an owner's title insurance policy, insuring that title is vested in Buyer as the fee simple owner of the Land in the full amount of the Purchase Price and subject to only the Acceptable Encumbrances.

## ARTICLE V

### ESCROW AND CLOSING

5.1 Escrow Instructions. Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Title Company, and this Agreement shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

5.2 Condition Precedent to Closing. Buyer acknowledges that it is a condition precedent to Seller's obligations hereunder that Receiver and Lender cause the Court to enter an order approving this Agreement, the sale of the Property pursuant to the terms of this Agreement and the Closing by Seller on the terms of this Agreement (collectively, the "**Approval Order**"). Provided this Agreement is not

terminated pursuant to Section 2.2 hereof, no later than ten (10) Business Days after the Feasibility Date, Receiver and Lender shall use commercially reasonable good faith efforts to either (a) jointly file with Owner a motion for such Approval Order or (b) file a motion, and cause Owner to consent to Receiver's and Lender's motion, for such Approval Order, with the Court. After the filing of the motion for the Approval Order, Receiver and Lender shall diligently pursue such Approval Order and deliver to Buyer, immediately upon receipt thereof, a copy of the signed Approval Order. If the Approval Order has not received by Receiver and Lender and delivered to Buyer at least two (2) Business Days prior to the Closing Date, the Closing Date shall be extended until 2:00 p.m. on the date that is the earlier of ten (10) Business Days after Receiver's and Lender's receipt of the Order and delivery to Buyer as provided herein or thirty (30) days after the Closing Date (the "**Extended Closing Date**"); provided, however, if, despite Receiver's and Lender's commercially reasonable good faith efforts, Owner will not join in or consent to Receiver's and Lender's motion for the Approval Order and instead has objected to the entry of the Approval Order and Receiver and Lender alone have moved for the Approval Order and, notwithstanding Owner's objection, the Approval Order is received, the parties agree that the Extended Closing Date shall be the date thirty one (31) days after the Approval Order has been entered to allow the appeal period for such Approval Order to have expired as required by the Title Company; provided, further, however, that Closing shall not occur until Seller has given Buyer not less than two (2) Business Days prior written notice confirming the actual calendar date of the Extended Closing Date. If the Approval Order denies approval of this Agreement, the Approval Order has not been received by thirty (30) days after the Closing Date or if the Approval Order was obtained without Owner's joinder in or consent to the motion for same and thereafter Owner timely files an appeal of the Order Approval, this Agreement shall be terminated, the Deposit shall be released to Buyer and neither party shall have any further rights or obligations hereunder except, however, Buyer and Seller shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination.

Buyer acknowledges that if any circumstances arise after Seller's execution of this Agreement resulting in any further orders of the Court being required which would result in Seller not being able to obtain the Order, then Seller shall notify Buyer of such circumstances and shall terminate the transaction contemplated by this Agreement without any liability of Seller to Buyer.

Lender joins in this Agreement solely for purposes of evidencing its agreement to this Section and Section 3.2(b) hereof.

5.3 Time and Place. Closing shall take place on the Closing Date or such earlier date as may be mutually acceptable to the parties with all deliveries to be made in escrow to the Title Company prior to or on the Closing Date.

5.4 Seller's Deposit of Documents. At or before Closing, Seller shall deposit or cause to be deposited into escrow with the Title Company the following items:

(a) an executed Deed with respect to the Land, in the form of **Exhibit D** hereto, together with any State, City and local transfer tax declarations and transfer forms required to be executed by Seller.

(b) an executed Affidavit in the form of **Exhibit E** hereto.

(c) an executed Bill of Sale with respect to the Personal Property, if any, in the form of **Exhibit F** hereto.

(d) two counterparts of an executed Assignment and Assumption Agreement with respect to the Intangible Property, in the form of **Exhibit G** hereto, together with originals or copies of any Leases, Service Contracts and Permits, to the extent in Seller's possession (which such Leases, Service Contracts and Permits shall be delivered at the Property upon Closing). To the extent that any Service Contract

requires a specific assignment agreement with respect thereto, an executed assignment with respect to same in form reasonably required by such Service Contract.

(e) a current rent roll for the Property in the form normally used by Seller's property manager for the Property

(f) a form letter executed by Seller to advise all Tenants under Leases in the form of **Exhibit H** hereto and a form letter executed by Seller to advise all contractors under Service Contracts, if any, in the form of **Exhibit I** hereto, of the sale to Buyer.

(g) an executed Buyer - Seller Closing Statement reflecting all financial aspects of the transaction.

(h) all Permits and keys in Seller's actual possession with respect to the Property (which shall be delivered at the Property upon Closing).

(i) a certified copy of the Receivership Order and a certified copy of the Approval Order.

5.5 **Buyer's Deposit of Documents.** At or before Closing Buyer shall deposit or cause to be deposited into escrow with the Title Company the following items:

(a) any State, City and local transfer tax declarations and forms required to be executed by Buyer.

(b) cash to close in the amount required by Section 3.2.

(c) two counterparts of an executed Assignment and Assumption Agreement, in the form of **Exhibit G** hereto. To the extent that any Service Contract requires a specific assumption agreement with respect thereto, an executed assumption with respect to same in form reasonably required by such Service Contract.

(d) an executed Buyer - Seller Closing Statement.

(e) evidence reasonably satisfactory to Seller and the Title Company reflecting that all documents executed by Buyer at Closing were duly authorized and executed.

(f) an executed Certificate of Buyer that all of Buyer's warranties and representations remain true as of Closing.

(g) an executed Corporate Resolution, Partnership Certificate or Limited Liability Certificate of Buyer authorizing Buyer to consummate the transaction contemplated hereby and to perform all of Buyer's obligations hereunder (if Buyer is a corporation, partnership or limited liability company).

(h) Certificate of Good Standing from the Secretary of State in which Buyer is organized (if Buyer is a corporation, limited partnership or limited liability company) (if other than the State, a certificate of the Secretary of the State authorizing Buyer to do business in the State will also be required).

(i) an executed Incumbency Certificate as to the existing officers and directors, partners or members of Buyer (if Buyer is a corporation, partnership or limited liability company).

5.6 Other Documents. Buyer and Seller shall each deliver such other documents as are otherwise required by this Agreement to consummate the purchase and sale of the Property in accordance with the terms hereof. Unless the parties otherwise agree in writing, the Title Company is hereby designated as the "**Reporting Person**" for the transaction pursuant to Section 6045(e) of the United States Code and the regulations promulgated thereunder. If requested in writing by either party, the Title Company shall confirm its status as the "Reporting Person" in writing, which such writing shall comply with the requirements of Section 6045(e) of the United States Code and the regulations promulgated thereunder.

5.7 Possession. Possession of the Property, subject to the Leases, shall be surrendered to Buyer at the Closing.

## ARTICLE VI

### ENVIRONMENTAL MATTERS

6.1 Release. Without limiting Section 2.2, Buyer acknowledges that Seller is not in any manner responsible to Buyer for the presence of any Hazardous Materials at, on, in, under or relating to the Property, if any. Buyer hereby specifically releases Seller from any and all claims, losses, liabilities, fines, charges, damages, injuries, penalties, response costs, and expenses of any and every kind whatsoever (whether known or unknown) relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the Property, if any, including without limitation, any residual contamination, in, on, under or about the Property or affecting natural resources, whether prior to or following Closing, and also including, without limitation, any liability due to asbestos-containing materials at the Property. Each covenant, agreement, representation, and warranty of Buyer contained in this Section 6.1 of this Agreement shall survive the Closing or termination of this Agreement.

6.2 Confidentiality of Hazardous Materials Reports. Unless and until the Closing actually occurs, Buyer, its agents, consultants and employees shall keep confidential all Hazardous Materials Reports and other information, received or completed by Buyer in Buyer's independent factual, physical and legal examinations and inquiries of the Property, except that: (a) Buyer shall promptly after receipt provide copies thereof to Seller; and (b) Buyer may disclose same to its consultants if Buyer first obtains the agreement in writing of such agents, consultants and employees to keep such Hazardous Materials Reports and related documentation confidential. Unless and until the Closing actually occurs, neither the contents nor the results of any test, report, analysis, opinion or other information shall be disclosed by Buyer, its agents, consultants and employees without Seller's prior written approval unless and until Buyer is legally required to make such disclosure. The provisions of this Section 6.2 shall survive the termination of this Agreement.

## ARTICLE VII

### WARRANTIES AND REPRESENTATIONS

7.1 Buyer's Warranties and Representations. Buyer warrants and represents that: (a) Buyer has the full right, power, and authority to purchase the Property from Seller as provided in this Agreement and to carry out Buyer's obligations hereunder; (b) Buyer is an entity duly organized and in good standing under the laws of the state of Delaware; (c) all requisite action necessary to authorize Buyer to enter into this Agreement and to carry out Buyer's obligations has been obtained; (d) this Agreement has been duly authorized, executed and delivered by Buyer; and (e) the execution of this Agreement and the Closing to occur hereunder do not and will not violate any contract, covenant or other Agreement to which Buyer may be a party or by which Buyer may be bound. The provisions of this Article shall survive the Closing.

7.2 Seller's Warranties and Representations. Seller warrants and represents that, subject to the Approval Order and Lender's approval, both as set forth herein: (a) Seller has the full right, power, and authority to sell the Property to Buyer as provided in this Agreement and to carry out Seller's obligations hereunder; (b) all requisite action necessary to authorize Seller to enter into this Agreement and to carry out Seller's obligations has been obtained; (d) this Agreement has been duly authorized, executed and delivered by Seller; and (e) the execution of this Agreement and the Closing to occur hereunder do not and will not violate any contract, covenant or other Agreement to which Seller may be a party or by which Seller may be bound. The provisions of this Article shall survive the Closing.

## ARTICLE VIII

### ASSIGNMENT

Buyer's reputation, experience, and financial status constitute a material inducement and a substantial part of the consideration for sale of the Property by Seller to Buyer. Buyer may not assign this Agreement, nor may any of Buyer's rights hereunder or any ownership interest in Buyer be transferred in any manner to any person or entity, without Seller's specific prior written consent, which consent may be withheld by Seller for any reason whatsoever except, however, Buyer shall have the right to assign this Agreement without Seller's consent, to an entity owned and controlled by Buyer; provided, however, any such assignment shall be binding on Seller only to the extent Buyer provides Seller with written intent to so assign, specifically naming the assignee and reflecting the signature block for the assignee, no later than ten (10) Business Days prior to Closing. If Buyer assigns this Agreement pursuant to the terms hereof: (a) the assignee shall be liable (jointly and severally with assignor) for all of Buyer's obligations hereunder; (b) the assignor (i.e., the original Buyer hereunder) shall remain obligated (but jointly and severally with assignee) with respect to all of Buyer's obligations hereunder; and (c) the assignor and any assignee shall execute such instruments of assignment and assumption in such form as Seller may require in confirmation of the provisions hereof.

## ARTICLE IX

### BROKERAGE

Buyer represents and warrants to Seller that Buyer has not contacted or entered into any agreement with any real estate broker, agent, finder, or any other party in connection with this transaction other than the Disclosed Broker and that Buyer has not taken any action which would result in any real estate broker's finder's, or other fees or commissions being due or payable to any other party with respect to this transaction. Seller represents and warrants to Buyer that Seller has not contacted or entered into any agreement with any real estate broker, agent, finder, or party in connection with this transaction other than the Disclosed Broker and that Seller has not taken any action which would result in any real estate broker's, finder's, or other fees or commissions being due and payable to any other party with respect to this transaction. Each party hereby indemnifies, protects, defends and agrees to hold the other party harmless from any loss, liability, damage, cost, or expense (including, but not limited to, reasonable attorneys' fees) resulting to the other party from a breach of the representation and warranty made by such party herein. Seller agrees to pay the Disclosed Broker a commission as set forth in a separate agreement between Seller and the Disclosed Broker, which commission shall be paid only if, as and when Closing actually occurs and the Purchase Price is received by Seller. Seller and Buyer, as applicable, shall cause the Disclosed Broker to deliver in escrow to the Title Company prior to Closing an executed receipt acknowledging that such Disclosed Broker has been paid in full for all commissions due with respect to this transaction and that such Disclosed Broker has no recourse against Seller with respect to this transaction, which such receipt shall be released from escrow upon Closing and payment of the

commission to the Disclosed Broker by the Title Company. The provisions of this Article shall survive the Closing and termination of this Agreement.

ARTICLE X

DEFAULT

10.1 Buyer's Default. If this transaction shall not be closed because of default of Buyer, the Deposit shall be paid over to Seller as agreed and liquidated damages, it being acknowledged by Buyer and Seller that in such event Seller will suffer substantial damages but such damages are incapable of exact ascertainment. After payment to Seller of the Deposit, neither Seller nor Buyer shall have any further rights or obligations hereunder except that the parties shall remain obligated pursuant to the provisions hereof which survive termination. If subsequent to Closing Buyer shall fail to comply with its obligations contained herein which survive Closing, Seller, in addition to any rights and remedies provided herein, shall be entitled to any and all remedies available at law or in equity.

SELLER AND BUYER ACKNOWLEDGE THAT SELLER'S DAMAGES WOULD BE DIFFICULT TO DETERMINE, AND THAT THE DEPOSIT IS A REASONABLE ESTIMATE OF SELLER'S DAMAGES RESULTING FROM A DEFAULT BY BUYER IN ITS OBLIGATION TO PURCHASE THE PROPERTY. SELLER AND BUYER FURTHER AGREE THAT THIS SECTION 10.1 IS INTENDED TO AND DOES LIQUIDATE THE AMOUNT OF DAMAGES DUE SELLER, AND SHALL BE SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, BOTH AT LAW AND IN EQUITY, ARISING FROM OR RELATED TO A BREACH BY BUYER OF ITS OBLIGATION TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OTHER THAN WITH RESPECT TO BUYER'S INDEMNITY AND CONFIDENTIALITY OBLIGATIONS HEREUNDER, AND SELLER'S RIGHT TO RECOVER ITS REASONABLE ATTORNEYS' FEES AND EXPENSES. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

10.2 Seller's Default. If this transaction shall not be closed because of default of Seller, the Deposit shall be delivered to Buyer on demand, plus Seller shall pay to Buyer on demand an additional sum equal to \$10,000 (such sum defined as the "**Buyer's Damages**"), as agreed and liquidated damages, it being acknowledged by Buyer and Seller that in such event Buyer will suffer substantial damages but such damages are incapable of exact ascertainment, provided however, that any liability of Seller under this Agreement shall be limited to the funds or other assets available in the receivership estate created under the Receivership Order and from no other source. After delivery of the Deposit and payment of the Buyer's Damages to Buyer, this Agreement shall be null and void and neither Seller nor Buyer shall have any further rights or obligations hereunder except that Buyer shall remain obligated pursuant to the provisions hereof which survive termination. In no event shall Buyer be entitled to damages except as specifically set forth herein.

SELLER AND BUYER ACKNOWLEDGE THAT BUYER'S DAMAGES WOULD BE DIFFICULT TO DETERMINE, AND THAT THE BUYER'S DAMAGES IS A REASONABLE ESTIMATE OF BUYER'S DAMAGES RESULTING FROM A DEFAULT BY SELLER IN ITS OBLIGATION TO SELL THE PROPERTY. SELLER AND BUYER FURTHER AGREE THAT THIS SECTION 10.2 IS INTENDED TO AND DOES LIQUIDATE THE AMOUNT OF DAMAGES DUE BUYER, AND SHALL BE BUYER'S EXCLUSIVE REMEDY AGAINST SELLER, BOTH AT LAW AND IN

EQUITY, ARISING FROM OR RELATED TO A BREACH BY SELLER OF ITS OBLIGATION TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND BUYER'S RIGHT TO RECOVER ITS REASONABLE ATTORNEYS' FEES AND EXPENSES. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO BUYER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

10.3 No Obligation of Seller after Closing. Buyer expressly acknowledges and agrees that Seller has no obligations with respect to the Property that survive Closing, except as specifically set forth herein. The provisions of this Section shall survive the Closing.

#### ARTICLE XI

##### NO JOINT VENTURE

Buyer acknowledges and agrees that neither Seller nor any other member of Seller is a venturer, co-venturer, insurer, guarantor or partner of Buyer in Buyer's development of, construction upon and resale of the Property, and that Seller bear and shall bear no liability whatsoever resulting from or arising out of Buyer's ownership and development of, and construction upon, the Property. The provisions of this Article shall survive the Closing.

#### ARTICLE XII

##### MISCELLANEOUS

12.1 Risk of Loss. Seller agrees to give Buyer prompt notice of any fire or other casualty affecting the Property after the Execution Date or of any actual or threatened (to the extent that Seller has current actual knowledge thereof) taking or condemnation of all or any portion of the Property after the Execution Date.

If after the Execution Date and prior to Closing, there shall occur, damage to the Property caused by fire or other casualty which would cost an amount, greater than, or equal to, ten percent (10%) of the Purchase Price to repair, or the taking or condemnation of all or any portion of the Property which would materially interfere with the present use of such Property, then, in such event, Buyer shall have the right to terminate this Agreement by giving a Termination Notice to Seller, together with copies or originals of all Due Diligence Reports, within ten (10) days after Buyer has received notice from Seller or otherwise learns of that event. Upon such termination and delivery of copies or originals of all Due Diligence Reports, the Deposit shall be delivered to Buyer and neither party shall have any further rights or obligations hereunder, except, however, that Buyer shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination. If Buyer does not so timely elect to terminate this Agreement, then the Closing shall take place as provided herein and there shall be assigned to Buyer at the Closing all interest of Seller in and to the insurance proceeds or condemnation awards payable to Seller on account of that event less any sums reasonably incurred by Seller before the Closing to repair any damage caused by such event and less any sums reasonable incurred by Seller before and/or after the Closing in processing and resolving the claim with the insurance company, including but not limited to reasonable attorneys' fees and costs (collectively, the "**Net Proceeds**"). Notwithstanding the foregoing, in the event that the amount of Net Proceeds exceeds the Purchase Price, Buyer shall only be

entitled to a share of the Net Proceeds equal to the Purchase Price (the "**Buyer's Proceeds**") and Seller shall receive the balance of the Net Proceeds which exceed the Purchase Price (the "**Excess Proceeds**").

If after the Execution Date and prior to Closing there shall occur damage to the Property caused by fire or other casualty which would cost less than ten percent (10%) of the Purchase Price to repair, or the taking or condemnation of a portion of the Property which would not materially interfere with the present use of the Property, then, Buyer may not terminate this Agreement and there shall be assigned to Buyer at the Closing all interest of Seller in and to the Buyer's Proceeds.

If any Buyer's Proceeds in connection with a casualty to the Property are assigned to Buyer at Closing in accordance with this Section 12.1, Buyer shall process and handle the claim with the insurance company. Seller and Buyer agree to use good faith efforts to cooperate with each other in resolving the amount of the Net Proceeds, including, without limitation, promptly providing any and all materials requested by the insurance company and promptly responding to any and all inquiries from the insurance company. Upon payment by the insurance company, the Buyer's Proceeds shall be disbursed to Buyer and the Excess Proceeds, if any, shall be disbursed to Seller. Seller makes no representation or warranty with respect to the amount of the Net Proceeds that will be available from the insurance company in connection with any such casualty, including, without limitation, whether Buyer will be entitled to the actual cash value or the replacement cost of the Property. The provisions of this paragraph shall survive the Closing.

12.2 Construction. The terms "**Seller**" and "**Buyer**" whenever used in this Agreement shall include the heirs, personal representatives, successors and assigns of the respective parties hereto; provided, however, that Buyer's right of assignment is restricted by the provisions hereof. Whenever used, the singular number shall include the plural and the plural the singular, and the use of any gender shall include all genders. The term "**including**" as used here in shall in all instances mean "**including, but not limited to**". The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement. This Agreement and any related instruments shall not be construed more strictly against one party than against the other by virtue of the fact that initial drafts may have been prepared by counsel for one of the parties, it being recognized that this Agreement and any related instruments are the product of extensive negotiations between the parties hereto.

12.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which will constitute the same Agreement. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

12.4 Severability and Waiver. Invalidation of any one Section or provision of this Agreement by judgment or court order shall in no way affect any other Section or provision. Failure of any party to this Agreement to insist on the full performance of any of its provisions by the other party (or parties) shall not constitute a waiver of such performance unless the party failing to insist on full performance of the provision declares in writing signed by it that it is waiving such performance. A waiver of any breach under this Agreement by any party, unless otherwise expressly declared in writing, shall not be a continuing waiver or waiver of any subsequent breach of the same or other provision of this Agreement. The provisions of this Section shall survive the Closing.

12.5 Governing Law. Buyer and Seller hereby consent to the sole jurisdiction of the Court to resolve any dispute, claim or controversy between the parties arising out of or relating to the Property, this Agreement or any matter that is the subject of this Agreement, and agree that the Court shall retain exclusive jurisdiction to resolve any dispute, claim or controversy between the parties arising out of or relating to the Property, the Agreement or any matter that is the subject of this Agreement.

12.6 Further Acts. In addition to the acts and deeds recited in this Agreement and contemplated to be performed, executed, and/or delivered under this Agreement, Seller and Buyer agree to perform, execute and/or deliver or cause to be delivered, executed and/or delivered at Closing or after Closing all further acts, deeds, and assurances reasonably necessary to consummate the transactions contemplated hereby; provided that any such act by Seller must occur prior to Seller being dismissed by the Court and is limited to the extent of funds Seller then possesses as receiver for the Property.

12.7 Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing. All such notices, demands, requests and other communications (and copies thereof) shall be deemed to be delivered: (a) if sent by messenger, upon personal delivery to the party to whom the notice is directed; (b) if sent by facsimile, upon electronic or telephonic confirmation of receipt from the receiving facsimile machine; and (c) if sent by overnight courier, with request for next Business Day delivery, on the next Business Day after sending; addressed as follows (or to such other address as the parties may specify by notice given pursuant to this Section):

TO SELLER: SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA  
At the address shown on the first page of this Agreement  
Attention: Todd Robinette  
Telephone No. 415-395-4987  
Facsimile No. 415-860-6806  
E-mail Address [todd.robinette@am.jll.com](mailto:todd.robinette@am.jll.com)

WITH A COPY TO: LNR Partners, Inc.  
1601 Washington Avenue, Suite 700  
Miami Beach, Florida  
Attention: Danny van der Reis  
Telephone No. 305-695-5096  
Facsimile No. 305-695-5119  
E-mail Address: [dvanderreis@lnrproperty.com](mailto:dvanderreis@lnrproperty.com)

AND WITH A COPY TO: Bilzin Sumberg Baena Price & Axelrod LLP  
200 S. Biscayne Blvd., Suite 2500  
Miami, Florida 33131  
Attn: Marjie C. Nealon, Esq.  
Telephone No. 305-350-2391  
Facsimile No. 305-351-2243  
E-mail Address: [mnealon@bilzin.com](mailto:mnealon@bilzin.com)

TO BUYER: RETAIL OPPORTUNITY INVESTMENT CORPORATION  
At the address shown on the first page of this Agreement  
Attention: Richard Schoebel  
Telephone No. 914-272-8080  
Facsimile No. 914-272-8088  
E-mail Address [rschoebel@roireit.net](mailto:rschoebel@roireit.net)

WITH A COPY TO: Dunn Carney Allen Higgins & Tongue, LLP

851 SW 6<sup>th</sup> Avenue, Suite 1500  
Portland, Oregon 97204  
Attn: Kenneth S. Antell, Esq.  
Telephone No. 503-224-6440  
Facsimile No. 503-224-7324  
E-mail Address [kantell@dunn-carney.com](mailto:kantell@dunn-carney.com)

12.8 Entire Agreement and Amendment. This Agreement contains the entire understanding between Buyer and Seller with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be modified, amended, changed, waived, discharged or terminated orally. Any such action may occur only by an instrument in writing signed by the party against whom enforcement of the modification, change, waiver, discharge or termination is sought.

12.9 Recording. This Agreement shall not be recorded and Buyer agrees that recording same constitutes a default by Buyer.

12.10 Exhibits. The Exhibits that are referenced in and attached to this Agreement are incorporated in, and made a part of, this Agreement for all purposes.

12.11 Time of the Essence. Seller and Buyer expressly agree that time is of the essence with respect to this Agreement. If the final day of any period or any date of performance under this Agreement falls on a date which is not a Business Day, then the final day of the period or the date of performance, as applicable, shall be extended to the next day which is a Business Day.

12.12 No Third Party Beneficiary. This Agreement is solely between Seller and Buyer and no party other than Lender shall be entitled to rely upon any provision hereof for any purpose whatsoever.

12.13 Limitation on Liability. Both parties expressly agrees that the obligations and liabilities of the other party under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, trustees, partners, members, representatives, stockholders or other principals and representatives of the other party. Notwithstanding anything to the contrary, Seller's liability, if any, arising in connection with this Agreement or with the Property shall be limited to Seller's interest in the Property for the recovery of any judgment against Seller, and Seller shall not be personally liable for any such judgment or deficiency after execution thereon. The limitations of liability contained in this paragraph shall apply equally and inure to the benefit of the parties' present and future officers, directors, trustees, shareholders, agents and employees, and their respective heirs, successors and assigns.

12.14 Mold Disclosure. Mold and/or other microscopic organisms can be found almost anywhere. They occur naturally in the environment and can grow on virtually any organic substance as long as moisture and oxygen are present. Mold and/or other microscopic organisms may cause property damage and/or health problems. Buyer acknowledges and agrees that Seller shall not be responsible for any damages, liabilities, claims or losses arising out of or relating to mold and/or other microscopic organisms at the Property including but not limited to property damages, personal injury, adverse health effects, loss of income, emotional distress, death, loss of use or loss of value and Buyer hereby releases Seller from the same. Buyer hereby acknowledges that it has read and understood this disclosure and release and agrees to the provisions contained herein. The provisions of this Section shall survive the Closing or termination of this Agreement.

12.15 Prohibited Persons. Neither Buyer nor any of its respective officers, directors, shareholders, partners, members or affiliates (including without limitation indirect holders of equity interests in Buyer) is or will be an entity or person (i) that is listed in the Annex to, or is otherwise subject to the provisions

of Executive Order 13224 issued on September 24, 2001 ("EO13224"), (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "**Specifically Designated National and Blocked Persons**" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>) (iii) who commits, threatens to commit or supports "**terrorism**", as that term is defined in EO3224, (iv) is subject to sanctions of the United States government or is in violation of any federal, state, municipal or local laws, statutes, codes, ordinances, orders, decrees, rules or regulations relating to terrorism or money laundering, including, without limitation, EO13224 and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or (v) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) – (v) above are herein referred to as a "**Prohibited Person**"). Buyer covenants and agrees that neither Buyer nor any of its respective officers, directors, shareholders, partners, members or affiliates (including without limitation indirect holders of equity interests in Buyer) shall (aa) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person, including, but not limited to, the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person, or (bb) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in EO13224. The provisions of this Section shall survive Closing or termination of this Agreement.

## ARTICLE XIII

### ESCROW TERMS

The Title Company shall hold the Deposit in escrow on the following terms and conditions:

(a) The Title Company shall deliver the Deposit to Seller or Buyer, as the case may be, in accordance with the provisions of this Agreement.

(b) Any notice to or demand upon the Title Company shall be in writing and shall be sufficient only if received by the Title Company within the applicable time periods set forth herein, if any. Notices to or demands upon the Title Company shall be sent by United States mail, registered or certified, return receipt requested, postage prepaid, or overnight courier service, with respect for next day delivery, to the address and contact person set forth in Section 1.1 of this Agreement, or served personally upon the Title Company with receipt acknowledged in writing by the Title Company. Notices from the Title Company to Seller or Buyer shall be mailed to them in accordance with Section 12.7 of this Agreement.

(c) If the Title Company shall have received notice signed by either party advising that litigation between the parties over entitlement to the Deposit has been commenced, the Title Company shall, on demand of either party, deposit the Deposit with the clerk of the court in which such litigation is pending. If at any time the Title Company is uncertain of its duties hereunder or if the Title Company for any other reason is no longer willing to serve as escrow agent, the Title Company may, on notice to the parties, take such affirmative steps as it may, at its option, elect in order to terminate its duties as the Title Company, including, but not limited to, the deposit of the Deposit with a court of competent jurisdiction and the commencement of an action for interpleader, the reasonable costs of which shall be borne by whichever of the parties is the losing party. Upon the taking by the Title Company of such action described, the Title Company shall be released of and from all liability hereunder as escrow agent.

(d) The Title Company shall not incur any liability in acting upon any signature, notice, demand, request, waiver, consent, receipt or other paper or document believed by the Title Company to be genuine. The Title Company may assume that any person purporting to give it any notice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so, or is otherwise

acting or failing to act under this Section except in the case of the Title Company's gross negligence or willful misconduct.

(e) The terms and provisions of this Article shall create no right in any person, firm or corporation other than the parties and their respective successors and permitted assigns and no third party shall have the right to enforce or benefit from the terms hereof.

(f) The Title Company has executed this Agreement for the sole purpose of agreeing to act as such in accordance with the terms of this Agreement.

#### ARTICLE XIV

##### RECEIVER

Buyer acknowledges that the Property is owned by Owner, but the Property is subject to a receivership pursuant to the Receivership Order. Buyer acknowledges receipt of a copy of the Receivership Order prior to the Execution Date. Buyer, by execution hereof, hereby agrees that this Agreement and all documents executed in connection herewith, are executed and delivered by Receiver not in his own individual or personal right, but solely in his capacity as a court-appointed receiver in the exercise of the powers conferred upon him by the Court in the Receivership Order; and that no personal liability is assumed by, nor shall at any time be asserted or enforceable against, Receiver or JLL, individually, on account of this Agreement or the documents executed in connection herewith. Notwithstanding anything to the contrary in this Agreement, neither Receiver nor JLL shall have personal liability for the payment of any amount or the performance of any obligation arising under or relating to the Agreement. Buyer acknowledges that any liability of Receiver and JLL provided for under this Agreement, whether in contract, tort or otherwise, shall be limited to Owner's interest in the Property and any insurance coverage maintained by Owner or Receiver in connection with the Property, and Buyer shall have no recourse to any other assets of Receiver or JLL. Notwithstanding any other provision in this Agreement, Receiver shall have no obligation to perform in any manner under this Agreement that is contrary to or in excess of his powers and authorities as described with particularity in the Receivership Order, and if there is any conflict between the terms of this Agreement and the provisions of the Receivership Order, Receiver shall comply with the terms of the Receivership Order. The provisions of this Article shall survive the Closing.

#### ARTICLE XV

##### LITIGATION

15.1 Attorneys' Fees; Jurisdiction. In the event of any litigation arising out of or under this Agreement and/or out of Buyer's ownership, development or construction upon the Property, the prevailing party shall be entitled to collect from the non-prevailing party reasonable attorneys' fees and costs. Buyer and Seller hereby submit to the jurisdiction of the Court in respect of any suit or other proceeding brought in connection with or arising out of this Agreement. The provisions of this Section shall survive the Closing.

15.2 WAIVER OF JURY TRIAL. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY DOCUMENT EXECUTED IN CONNECTION HEREWITH OR RELATED HERETO, OR ANY COURSE OR CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS TRANSACTION.

ARTICLE XVI

SEC AUDIT REQUIREMENTS

It shall be a condition to Buyer's obligation to close this transaction that, on and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 16.1. 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 Receiver's information in its possession or control 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 J** 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 J** 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 the Closing for a period of one (1) year; provided that such covenant shall terminate upon Receiver being dismissed by the Court.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the Execution Date.

Signed, sealed and delivered in the presence of:

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP**

Signature: /s/ Joseph Anchoraco  
Print Name: Joseph Anchoraco

Signature: /s/ Cindy Fong  
Print Name: Cindy Fong

By: /s/ Todd Robinette  
**TODD ROBINETTE IN HIS CAPACITY AS  
COURT APPOINTED RECEIVER IN CASE  
NUMBER CIV MSC 09-01627, IN THE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF CONTRA COSTA**

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

Signature: /s/ Diana Storti  
Print Name: Diana Storti

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

Signature: /s/ Vince Punzi  
Print Name: Vince Punzi

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Lender hereby joins into this Agreement solely for purposes of agreeing to Sections 3.2(b) and 5.2 hereof.

**GCCFC 2006-GG7 BUSKIRK AVENUE LIMITED  
PARTNERSHIP**, a Delaware limited partnership

By: GCCFC 2006-GG7 Buskirk Avenue GP, LLC,  
a Delaware limited liability company, its  
general partner

By: LNR Partners California Manager,  
Inc., a California corporation, its  
manager

By: /s/ Steven D. Ferreira  
Name: Steven D. Ferreira  
Title: Vice President

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EXECUTION BY TITLE COMPANY

The Title Company executes this Agreement for the purposes of acknowledging its Agreement to serve as escrow agent in accordance with the terms of the Agreement and to acknowledge receipt of the initial deposit of \$250,000.00 (if in the form of a check, subject to clearance) from Buyer as the initial Deposit due thereunder.

FIRST AMERICAN TITLE INSURANCE COMPANY

By: /s/ Carol Perry

Name: Carol Perry

Title: Vice President/Manager

Date: March 24, 2010

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**EXHIBIT A**

**LEGAL DESCRIPTION**

PARCEL ONE:

PARCEL 2, AS SHOWN ON PARCEL MAP M.S. 97-707, FILED NOVEMBER 9, 1998 IN BOOK 175 OF PARCEL MAPS, PAGE 29, CONTRA COSTA COUNTY RECORDS.

PARCEL TWO:

EASEMENTS FOR PURPOSES OF ACCESS, PARKING, UTILITIES AND DRAINAGE FACILITIES, AND INCIDENTAL PURPOSES, TO BE APPURTENANT TO AND FOR THE BENEFIT AND USE OF PARCEL ONE ABOVE, OVER, UNDER, ACROSS AND THROUGH PORTIONS OF PARCEL 1, AS SHOWN ON PARCEL MAP M.S. 97-707, FILED NOVEMBER 9, 1998 IN BOOK 175 OF PARCEL MAPS, PAGE 29, CONTRA COSTA COUNTY RECORDS, AS MORE PARTICULARLY SET FORTH AND PROVIDED FOR IN THAT CERTAIN "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND" EXECUTED BY JBC REALTY, A CALIFORNIA CORPORATION, DATED NOVEMBER 6, 1998 AND RECORDED NOVEMBER 10, 1998 AS INSTRUMENT NO. 98-280824 OF OFFICIAL RECORDS.

APN: 148-100-059

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**EXHIBIT B**

**TENANT ESTOPPEL CERTIFICATE**

(Form to be provided by Buyer's attorney)

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**EXHIBIT C**

WHEN RECORDED RETURN TO:



SPACE ABOVE THIS LINE FOR RECORDER'S USE

**TERMINATION AGREEMENT**

- (1) **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA ("Seller")**, whose address is c/o Jones Lang LaSalle Americas, Inc., One Front Street, Suite 1200, San Francisco, California 94111, and
- (2) **RETAIL OPPORTUNITY INVESTMENT CORP.**, a Delaware corporation ("**Buyer**"), whose address is 3 Manhattanville Road, 2<sup>nd</sup> Floor, Purchase, New York 10577 ("**Buyer**"),

execute this Termination Agreement as of this \_\_\_ day of \_\_\_\_\_, 2010.

**RECITALS**

- A. Seller and Buyer entered into a certain Agreement for Sale and Purchase of Property dated \_\_\_\_\_, 2010 (the "**Agreement**") pursuant to which Seller agreed to sell and Buyer agreed to purchase the Property (as such term is defined in the Agreement).
- B. Seller and Buyer have agreed to terminate the Agreement in accordance with the terms thereof.

NOW, THEREFORE, Seller and Buyer agree as follows:

- 1. Seller and Buyer agree that the Agreement is terminated and of no further force and effect. Neither party shall have any further rights or obligations thereunder, except for any obligations that by the express terms of the Agreement are intended to survive termination of the Agreement.
- 2. Buyer warrants and represents that it has simultaneously delivered to Seller all Due Diligence Reports (as such term is defined in the Agreement).
- 3. Buyer hereby acknowledges and agrees that it has no right, title, claim or interest in and to the Property.
- 4. By Buyer's and Seller's execution of this Agreement, it shall be deemed that Seller and Buyer hereby direct First American Title Insurance Company to immediately release the Deposit being held by it in its capacity as escrow agent to Buyer.



IN WITNESS WHEREOF, the parties have caused this Termination Agreement to be executed on the date set forth above.

Signed, sealed and delivered in the presence of:

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

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: Stuart A. Tanz

Print Name: \_\_\_\_\_

Title: Chief Executive Officer

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_, Notary Public,  
personally appeared **STUART A. TANZ**,

\_\_\_\_\_ personally known to me, or proved to me on the basis of satisfactory evidence

\_\_\_\_\_

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

(S E A L)

\_\_\_\_\_

Signed, sealed and delivered in the presence of:

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
**TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_, Notary Public, personally appeared **TODD ROBINETTE**,

\_\_\_\_\_ personally known to me, or proved to me on the basis of satisfactory evidence

\_\_\_\_\_ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

(S E A L)



Lender hereby joins into this Termination Agreement in accordance with Sections 3.2(b) of the Agreement.

**GCCFC 2006-GG7 BUSKIRK AVENUE LIMITED PARTNERSHIP**, a Delaware limited partnership

By: GCCFC 2006-GG7 Buskirk Avenue GP, LLC, a Delaware limited liability company, its general partner

By: LNR Partners California Manager, Inc., a California corporation, its manager

By: \_\_\_\_\_  
Name: Steven D. Ferreira

Title: Vice President

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_, Notary Public, personally appeared **STEVEN D. FERREIRA**,

\_\_\_\_\_ personally known to me, or proved to me on the basis of satisfactory evidence

\_\_\_\_\_

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

(S E A L)

This instrument prepared by:  
Marjie C. Nealon, Esq.  
Bilzin Sumberg Baena Price & Axelrod LLP  
200 South Biscayne Boulevard, Suite 2500  
Miami, FL 33131



**EXHIBIT D**

**[NOTE: THE DESCRIPTION OF THE GRANTOR IS SUBJECT TO APPROVAL AND/OR REVISION THEREOF BY THE TITLE COMPANY.]**

WHEN RECORDED RETURN AND  
MAIL TAX STATEMENTS TO:

|

---

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED**

The undersigned grantor declares:

Documentary Transfer Tax not shown pursuant  
to Section 11932 of the Revenue and  
Taxation Code, as amended

County of Contra Costa

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA ("Grantor")**, hereby GRANTS to \_\_\_\_\_, a \_\_\_\_\_ ("**Grantee**"), that certain real property in the City of Pleasant Hill, County of Contra Costa, State of California, which is more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference ("**Property**"), subject to:

All liens, encumbrances, easements, covenants, conditions and restrictions and other matters of record, all of which matters are specifically incorporated herein by this reference and shall be a burden upon and inure to the benefit of the Property;

A lien not yet delinquent for taxes for real property and all general or special assessments against the Property;  
and

All liens and encumbrances not of record created by Grantee or resulting from Grantee's actions on the Property.

---

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed as of the \_\_\_\_ day of \_\_\_\_\_, 2010.

GRANTOR:

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP**

By: \_\_\_\_\_  
**TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA**

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_, Notary Public, personally appeared **TODD ROBINETTE**,

\_\_\_\_\_ personally known to me, or proved to me on the basis of satisfactory evidence

\_\_\_\_\_

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

(S E A L)

\_\_\_\_\_

Document No. \_\_\_\_\_

Recorded \_\_\_\_\_, \_\_\_\_\_

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER (PURSUANT TO SECTION 11932 OF THE CALIFORNIA REVENUE AND TAXATION CODE)

TO: Recorder  
County of Contra Costa

Request is hereby made in accordance with the provisions of the Documentary Transfer Tax Act that the amount of the tax due not be shown on the original document which names:

Seller: **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA**

Buyer: \_\_\_\_\_

The property described in the accompanying document is located in the County of Contra Costa, State of California.

The amount of tax due on the accompanying document is \$\_\_\_\_\_.

\_\_\_\_\_ Computed on full value of property conveyed; OR

\_\_\_\_\_ Computed on full value, less liens and encumbrances remaining at the time of sale.

(Signature of Declarant or Agent) \_\_\_\_\_

(Firm Name) \_\_\_\_\_

**Note: After the permanent record is made, this form will be affixed to the conveying document and returned with it.**



**EXHIBIT E**

**AFFIDAVIT**

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

BEFORE ME, the undersigned authority, personally appeared **TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA, FOR THE PROPERTY OWNED BY SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("Seller")**, who being by me first duly sworn, deposes and says that to the best of Seller's knowledge and without duty of inquiry:

1. Seller is this day conveying the rights, title and interest of SPI P Hill Associates, L.P., a California limited partnership ("**Owner**") in and to the real property more particularly described on the attached **Exhibit A** hereto (the "**Property**") to \_\_\_\_\_, a \_\_\_\_\_ ("**Buyer**").

2. There have been no improvements, alterations or repairs to the Property authorized by Seller for which the costs thereof remain unpaid; and there are no construction, materialmen's or laborers' liens against the Property arising through work performed by or for Seller.

3. Pursuant to Section 1445 of the Internal Revenue Code, a transferee (buyer) of a U.S. Real property interest must withhold tax if the transferor (seller) is a foreign person. This Affidavit is given to inform Buyer that withholding of tax is not required upon Seller's disposition of a U.S. real property interest owned by Owner. Owner is not a nonresident alien for purposes of U.S. income taxation purposes. To Seller's actual knowledge, Owner's U.S. taxpayer identifying number is \_\_\_\_\_. Seller understands that this certification may be disclosed to the Internal Revenue Service by Buyer and that any false statement made here could be punished by fine, imprisonment or both.

4. There are no parties in possession of the Property other than the tenants set forth on the attached list of tenants.

5. There are no matters pending by or against Seller or Owner that could give rise to a lien that could attach to the Property between \_\_\_\_\_, 2010 at \_\_\_\_\_ .m., the date of the last certification (the "**Last Certification Date**") of First American Title Insurance Company (the "**Title Company**") Title Insurance Commitment No. \_\_\_\_\_ (the "**Commitment**") and the date of the recording of the deed (the "**Deed**") from Seller to Buyer. Seller has not executed, and will not execute, any instrument that would adversely affect the title to the Property except as contained in the Commitment.

6. This Affidavit is executed and delivered by Seller not in his own right, but solely in the exercise of the powers conferred upon Seller by the Order Appointing Receiver entered by the Superior Court of California, County of Contra Costa on July 2, 2009; and that no personal liability is assumed by, nor shall at any time be asserted or enforceable against Seller, individually, on account of this Affidavit.

---

FURTHER SELLER SAITH NOT.

**TODD ROBINETTE IN HIS CAPACITY AS COURT  
APPOINTED RECEIVER IN CASE NUMBER CIV MSC  
09-01627, IN THE SUPERIOR COURT OF  
CALIFORNIA, COUNTY OF CONTRA COSTA, FOR  
THE PROPERTY OWNED BY SPI P HILL  
ASSOCIATES, L.P., A CALIFORNIA LIMITED  
PARTNERSHIP**

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_, Notary Public,  
personally appeared **TODD ROBINETTE**,

\_\_\_\_\_ personally known to me, or proved to me on the basis of satisfactory evidence

\_\_\_\_\_ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

(S E A L)

\_\_\_\_\_

**EXHIBIT F**

**BILL OF SALE**

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA ("Assignor"),** in accordance with the Agreement for Sale and Purchase of Property dated as of \_\_\_\_\_, 2010 and in consideration of the sum of Ten Dollars (\$10.00) (the sufficiency and receipt of which are hereby acknowledged), does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver (collectively, "assign") unto \_\_\_\_\_, a \_\_\_\_\_ ("Assignee"), all of the right, title and interest of of SPI P Hill Associates, L.P., a California limited partnership, in and to all of the furniture, furnishings, fixtures, equipment and other tangible personal property, that is now affixed to and/or located on the Real Property described on **Exhibit A** attached hereto and used in connection with the management, operation, or repair of that Real Property (collectively, "**Personal Property**").

TO HAVE AND TO HOLD the Personal Property unto Assignee and Assignee's heirs, legal representatives, successors and assigns forever.

THE PERSONAL PROPERTY IS BEING ASSIGNED "AS IS", "WHERE IS", AND "WITH ALL FAULTS" AS OF THE DATE OF THIS BILL OF SALE, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. ASSIGNEE IS HEREBY ACQUIRING THE PERSONAL PROPERTY BASED SOLELY UPON ASSIGNEE'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTIONS OF THAT PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY ASSIGNOR OR ASSIGNOR'S AGENTS OR CONTRACTORS. ASSIGNOR HAS MADE NO AGREEMENT TO ALTER, REPAIR OR IMPROVE ANY OF THE PERSONAL PROPERTY. ASSIGNOR SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE PERSONAL PROPERTY OR ASSIGNOR'S TITLE THERETO.

IN WITNESS WHEREOF, Assignor has signed, sealed, and delivered this Bill of Sale as of the \_\_\_ day of \_\_\_\_\_, 2010.

Signed, sealed and delivered in the presence of:

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
**TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA**

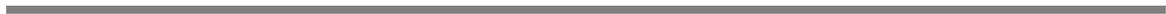


EXHIBIT G

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 2010, by and between (a) **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA** ("**Assignor**") and (b) \_\_\_\_\_, a \_\_\_\_\_ ("**Assignee**").

WHEREAS, Assignor and Assignee entered into that certain Agreement for Sale and Purchase of Property ("**Agreement**") dated as of \_\_\_\_\_, 2010, for the sale and purchase of certain "Property" consisting of "**Real Property**" (as more particularly described in **Exhibit A** attached hereto), "**Personal Property**" and "**Intangible Property**" (as more particularly described in this Assignment and Assumption Agreement), as said terms are defined in the Agreement;

WHEREAS, Assignor desires to assign, transfer, set over and deliver to Assignee all of the right, title and interest of SPI P Hill Associates, L.P., a California limited partnership ("**Owner**") in and to the Intangible Property as hereinafter provided; and

WHEREAS, Assignee desires to assume the duties and obligations of Owner with respect to the Intangible Property.

NOW, THEREFORE, in accordance with the Agreement and in consideration of the sum of Ten Dollars (\$10.00), the sufficiency and receipt of which are hereby acknowledged, the parties do hereby covenant and agree as follows and take the following actions:

1. Assignor does hereby assign, transfer, set over and deliver unto Assignee all of the Owner's right, title and interest, if any, in and to the following property to the extent the same is transferable by Assignor (collectively, "**Intangible Property**"):

(a) any and all leases, tenancies, licenses and other rights of occupancy or use of or for any portion of the Real Property or the Personal Property (including all amendments and renewals thereof), in effect as of the date of this Assignment and Assumption Agreement (collectively, "**Leases**");

(b) any and all service, maintenance, supply, operating, or employment contracts or other agreements, however termed, written or oral, affecting the use, ownership, maintenance, or operation of all or any part of the Property (but specifically excluding any Leases and any management agreements) in effect as of the date of this Assignment and Assumption Agreement (collectively, "**Service Contracts**");

(b) any and all licenses, permits, authorizations, certificates of occupancy and other approvals that are in effect for the current use and operation of the Property (collectively, "**Permits**");

(c) any and all warranties, telephone exchange numbers, architectural or engineering plans and specifications, air rights and development rights that exist as of the date of this Assignment and Assumption Agreement and relate to the Real Property or the Personal Property (collectively, "**General Intangibles**"); and

(d) any and all rights to the name of the improvements upon the Real Property.

---

2. THE INTANGIBLE PROPERTY IS BEING ASSIGNED "AS IS", "WHERE IS", AND "WITH ALL FAULTS" AS OF THE DATE OF THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. ASSIGNEE IS HEREBY ACQUIRING THE INTANGIBLE PROPERTY BASED SOLELY UPON ASSIGNEE'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTIONS OF THAT PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY ASSIGNOR OR ASSIGNOR'S AGENTS OR CONTRACTOR S. ASSIGNOR SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE INTANGIBLE PROPERTY OR ASSIGNOR'S TITLE THERETO.

3. Assignee hereby accepts the foregoing assignment of the Intangible Property and hereby assumes all duties and obligations of Owner under the Leases, Service Contracts, Permits and General Intangibles assigned herein. Assignee shall defend, indemnify and hold harmless Assignor from and against any and all Claims asserted against or incurred by Assignor as a result of any acts or omissions, from and after the date of this Assignment and Assumption Agreement, in connection with the Leases, Service Contracts, Permits and General Intangibles assigned herein. "Claims" means claims, demands, causes of action, losses, damages, liabilities, judgments, costs and expenses (including attorneys' fees, whether suit is instituted or not).

4. This Assignment and Assumption Agreement shall be (a) binding upon, and inure to the benefit of, the parties to this Assignment and Assumption Agreement and their respective heirs, legal representatives, successors and assigns, and (b) construed in accordance with the laws of the State of California, without regard to the application of choice of law principles.

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been signed, sealed and delivered by the parties as of the date first above written.

Signed, sealed and delivered in the presence of:

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
**TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA**



\_\_\_\_\_, a  
\_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

---

**EXHIBIT H**

**NOTICE TO TENANT**

\_\_\_\_\_, 2010

**RE: 3250 BUSKIRK AVENUE  
PLEASANT HILL, CALIFORNIA**

Dear Tenant:

Please be advised that on this date **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA** (the "**Seller**"), has transferred ownership of the property located at 3250 Buskirk Avenue, Pleasant Hill, California, to \_\_\_\_\_, a \_\_\_\_\_ (the "**Buyer**"). All correspondence regarding your lease should hereafter be sent to the Buyer at \_\_\_\_\_. The Buyer has assumed all obligations of the landlord under your lease from and after the above date. All security deposits in the possession of the Seller have been delivered to the Buyer. Please send all further rental payments under the lease to the Buyer to the address designated above for receipt of such payments, unless otherwise directed by the Buyer.

Thank you very much for your assistance in this matter.

Very truly yours,

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA  
LIMITED PARTNERSHIP**

By: \_\_\_\_\_

**TODD ROBINETTE IN HIS CAPACITY AS COURT  
APPOINTED RECEIVER IN CASE NUMBER CIV  
MSC 09-01627, IN THE SUPERIOR COURT OF  
CALIFORNIA, COUNTY OF CONTRA COSTA**

---

**EXHIBIT I**

**NOTICE TO SERVICE CONTRACTOR**

\_\_\_\_\_, 2010

**RE: 3250 BUSKIRK AVENUE  
PLEASANT HILL, CALIFORNIA**

Dear Service Contractor:

Please be advised that on this date **SPI P HILL ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, BY AND THROUGH TODD ROBINETTE IN HIS CAPACITY AS COURT APPOINTED RECEIVER IN CASE NUMBER CIV MSC 09-01627, IN THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA** (the "**Seller**"), has transferred ownership of the property located at 3250 Buskirk Avenue, Pleasant Hill, California, to \_\_\_\_\_, a \_\_\_\_\_ (the "**Buyer**"). You must look to the Buyer, and not to the Seller, for all payments and other expenses, if any, due un der your contract for services provided after this date. All correspondence should be directed to the Buyer at \_\_\_\_\_.

Very truly yours,

**SPI P HILL ASSOCIATES, L.P., A CALIFORNIA  
LIMITED PARTNERSHIP**

By: \_\_\_\_\_  
**TODD ROBINETTE IN HIS CAPACITY AS COURT  
APPOINTED RECEIVER IN CASE NUMBER CIV  
MSC 09-01627, IN THE SUPERIOR COURT OF  
CALIFORNIA, COUNTY OF CONTRA COSTA**

---

EXHIBIT J

8-K AND AUDIT REQUIREMENTS

For the period of time commencing on the Execution 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 Receiver's 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, all only to the extent in Receiver's possession or control, 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. Receiver's internally-prepared operating statements;
3. Access to Lease files;
4. Most currently available real estate tax bills;
5. Access to Receiver's cash receipt journal(s) and bank statements for the Property;
6. Receiver's general ledger with respect to the Property, excluding Receiver's proprietary accounts;
7. Receiver's schedule of expense reimbursements required under the Leases in effect on the Closing Date;
8. Schedule of those items of repairs and maintenance performed by or at the direction of the Receiver during the period in which Receiver operates the Property (the "**Final Fiscal Year**");
9. Schedule of those capital improvements and fixed asset additions made by or at the direction of Receiver during the Final Fiscal Year;
10. Access to Receiver's invoices with respect to expenditures made during the Final Fiscal Year; and
11. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Receiver 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 or Receiver 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 Receiver's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Receiver 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; provided that such obligation shall terminate upon Receiver being dismissed by the Court.

## 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: May 6, 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: May 6, 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 March 31, 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: May 6, 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 March 31, 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: May 6, 2010

By: /s/ John B. Roche  
Name: John B. Roche  
Title: Chief Financial Officer

Pursuant to the Securities and Exchange Commission Release 34-8238, 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.