UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

OR

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

For the transition period from ____ to ____

Commission file number 001-33749

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

Delaware	**26-0500600**
(State or other jurisdiction of incorporation or organization)	(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 [x] No [ ]

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

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 [x]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	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 [x]

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 November 4, 2010.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED BALANCE SHEETS

	September 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Real Estate Investments:		
Land	$ 71,590,660	$ 6,346,871
Building and improvements	141,280,265	10,218,422
	212,870,925	16,565,293
Less: accumulated depreciation	1,519,541	20,388
	211,351,384	16,544,905
Mortgage notes receivable	7,838,500	—
Investment in and advances to unconsolidated joint ventures	3,664,530	—
Real Estate Investments, net	222,854,414	16,544,905
Cash and cash equivalents	180,723,373	383,240,827
Restricted cash	431,836	—
Tenant and other receivables	1,121,883	—
Notes Receivables	1,043,640	—
Deposits	3,000,000	—
Acquired lease intangible asset, net of accumulated amortization	12,233,719	1,820,151
Income taxes receivable	1,236,375	1,236,375
Prepaid expenses	175,039	147,634
Deferred charges, net of accumulated amortization	5,416,609	870,769
Other	66,691	12,852
Total assets	$ 428,303,579	$ 403,873,513
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage notes payable	$ 19,750,436	$ —
Acquired lease intangibles liability, net of accumulated amortization	11,917,585	1,121,187
Accounts payable and accrued expenses	3,901,106	4,434,586
Due to related party	5,556	5,556
Tenants' security deposits	662,543	22,946
Other liabilities	3,101,546	94,463
Total liabilities	39,338,772	5,678,738
Equity:		
Preferred stock, $.0001 par value 50,000,000 shares authorized; 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	403,871,752	403,184,312
Accumulated deficit	(12,844,134)	(4,993,693)
Accumulated other comprehensive loss	(2,069,356)	—
Total Retail Opportunity Investments Corp. shareholders' equity	388,962,418	398,194,775
Noncontrolling interests	2,389	—
Total equity	388,964,807	398,194,775
Total liabilities and equity	$ 428,303,579	$ 403,873,513

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

RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2010	**September 30, 2009**	**September 30, 2010**	**September 30, 2009**
Revenues				
Base rents	$ 3,624,215	$ —	$ 7,081,686	$ —
Recoveries from tenants	833,938	—	1,640,020	—
Mortgage receivable	618,154	—	636,354	—
Total revenues	5,076,307	—	9,358,060	—
Operating expenses				
Property operating	624,393	—	1,359,779	—
Property taxes	465,236	—	945,499	—
Depreciation and amortization	1,638,057	—	2,920,286	—
General & Administrative	2,132,811	3,605,262	6,347,101	5,213,489
Acquisition transaction costs	475,605	—	1,478,586	—
Total operating expenses	5,336,102	3,605,262	13,051,251	5,213,489
Operating loss	(259,795)	(3,605,262)	(3,693,191)	(5,213,489)
Non-operating income (expenses)				
Interest Expense	(76,837)	—	(76,837)	—
Interest Income	234,030	64,494	936,147	221,082
Benefit for Income Taxes	—	1,204,247	—	1,697,419
Net Loss Attributable to Retail Opportunity Investments Corp.	$ (102,602)	$ (2,336,521)	$ (2,833,881)	$ (3,294,988)
Weighted average shares outstanding Basic and diluted:	41,569,675	51,750,000	41,569,675	51,750,000
Basic loss per share:	$ —	$ (0.05)	$ (0.07)	$ (0.06)
Diluted loss per share	$ —	$ (0.05)	$ (0.07)	$ (0.06)
Dividends per common share	$ 0.06	$ —	$ 0.12	$ —

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

RETAIL OPPORTUNITY INVESTMENTS CORP.
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)

	Common Stock						
	Shares	Amount	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss) income	Noncontrolling Interests	Equity
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	—	—	120,340	—	—	—	120,340
Compensation expense related to restricted stock grants	—	—	567,100	—	—	—	567,100
Cash dividends ($.012 per share)	—	—	—	(5,016,560)	—	—	(5,016,560)
Contributions	—	—	—	—	—	2,389	2,389
Comprehensive income (loss)							
Net Loss Attributable to Retail Opportunity Investments Corp.	—	—	—	(2,833,881)	—	—	(2,833,881)
Unrealized gain (loss) on swap derivative	—	—	—	—	(2,069,356)	—	(2,069,356)
Total other comprehensive loss							(4,903,237)
Balance at September 30, 2010	41,569,675	$ 4,156	$ 403,871,752	$ (12,844,134)	$ (2,069,356)	$ 2,389	$ 388,964,807

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

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

	For the Nine Months Ended	
	September 30, 2010	**September 30, 2009**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,833,881)	$ (3,294,988)
Adjustments to reconcile loss to cash provided by operating activities:		
Depreciation and amortization	2,920,286	—
Straight-line rent adjustment	(654,465)	—
Amortization of above and below market rent	(329,703)	—
Amortization relating to stock based compensation	687,440	—
Provisions for tenant credit losses	450,952	—
Change in operating assets and liabilities		
Mortgage escrows	(255,483)	—
Tenant and other receivables	(918,370)	—
Prepaid expenses	(27,405)	37,032
Interest on investments held in trust	—	(344,228)
Income taxes receivable	—	(397,440)
Deferred tax asset	—	(1,248,550)
Due to related party	—	5,567
Deferred interest payable	—	123,146
Accounts payable and accrued expenses	(571,684)	2,891,182
Other asset and liabilities, net	1,535,690	—
Net cash provided by (used) in operating activities	3,377	(2,228,279)
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of funds from investments placed in trust	—	2,407,309
Investments in real estate	(180,739,795)	—
Investments in mortgage notes	(7,838,500)	—
Investments in unconsolidated joint ventures	(3,664,530)	—
Improvements to properties and deferred charges	(1,025,791)	—
Deposits on real estate acquisitions	(3,000,000)	—
Disbursements relating to notes receivable	(1,043,640)	—
Construction escrows and other	(176,353)	—
Net cash (used in) provided by investing activities	(197,488,609)	2,407,309
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages	(18,051)	—
Noncontrolling interests:		
Contributions from consolidated joint venture minority interests, net	2,389	—
Dividends paid to common stockholders	(5,016,560)	—
Net cash used in financing activities	(5,032,222)	—
Net (decrease) increase in cash and cash equivalents	(202,517,454)	179,030
Cash and cash equivalents at beginning of period	383,240,827	4,222
Cash and cash equivalents at end of period	$ 180,723,373	$ 183,252

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

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 warrantholders approved each of the proposals presented at the special meetings of stockholders and warrantholders, 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 September 30, 2010, the Company owned fourteen properties containing a total of approximately 1.3 million square feet of gross leasable area ("GLA").

The Company is organized in a traditional umbrella partnership real estate investment trust ("UpREIT") format pursuant to which Retail Opportunity Investments GP, LLC, its wholly-owned subsidiary, serves as the general partner of, and the Company conducts substantially all of its business through, its wholly-owned operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (the "operating partnership"), and its subsidiaries.

Principles of Consolidation and Use of Estimates

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

In June 2009, the Financial Accounting Standards Board (“FASB”) amended the guidance for determining whether an entity is a VIE and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity’s economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Adoption of this guidance on January 1, 2010 did not have a material impact the Company’s consolidated financial statements.

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

The Company assesses the accounting treatment for each joint venture. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIEs, the Company reviews such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where the Company or its partner approves, among other things, the annual budget, receives a detailed monthly reporting package, meets on a quarterly basis to review the results of the joint venture, reviews and approves the joint venture's tax return before filing, and approves all leases that cover more than a nomin al amount of space relative to the total rentable space at each property, the Company does not consolidate the joint venture as it considers these to be substantive participation rights that result in shared power of the activities that most significantly impact the performance of the joint venture. The Company's joint venture agreements also contain certain protective rights such as the requirement of partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan. The Company does not have VIEs.

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 September 30, 2010, the tax years 2007 through and including 2009 remain open to examination by the Internal Revenue Service ("IRS") and state taxing authorities. There are currently no examinations in progress.

Real Estate Investments

All capitalizable costs related to the improvement or replacement of real estate properties are capitalized. Additions, renovations and improvements that enhance and/or extend the useful life of a property are also capitalized. Expenditures for ordinary maintenance, repairs and improvements that do not materially prolong the normal useful life of an asset are charged to operations as incurred. The Company expenses transaction costs associated with business combinations in the period incurred. During the three and nine months ended September 30, 2010, the capitalized costs related to the improvements or replacement of real estate properties were $350,000 and $681,000, respectively.

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and 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 a n 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 m arket rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The value of the above-market and below-market leases associated with the original lease term is amortized to rental income, over the terms of the respective leases. The value of below market rental lease renewal options is deferred until such time as the renewal option is exercised and subsequently amortized over the corresponding renewal period. 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 a ssets acquired and liabilities assumed is received and estimates are refined, appropriate property adjustments are made to the purchase price allocation on a retrospective basis.

In conjunction with the Company's pursuit and acquisition of real estate investments, the Company expensed acquisition transaction costs during the three and nine months ended September 30, 2010 of $475,605 and $1.5 million, respectively. No acquisition transaction costs were incurred during the three and nine months ended September 30, 2009.

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

The Company is currently in the process of evaluating the fair value of the in-place leases for the properties Grand Mart Plaza Property and Sycamore Creek Property (see Note 2). Consequently, no value has been assigned to the leases. Accordingly, the purchase price allocation is preliminary and may be subject to change.

For the three and nine months ended September 30, 2010, the net amortization of acquired lease intangible assets and acquired lease intangible liabilities was $163,000 and $330,000 respectively, which amounts are included in base rents in the accompanying consolidated statements of operations. For the three and nine months ended September 30, 2009, the net amortization of acquired lease intangible assets and acquired lease intangible liabilities was $0.

Asset Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. Management does not believe that the value of any of its real estate investments is impaired at September 30, 2010.

Cash and Cash Equivalents

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

Restricted Cash

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

Revenue Recognition

Management has determined that all of the Company's leases with its various tenants are operating leases. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition 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 t he 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 acc epted accounting principles have been met.

The Company must make estimates as to the collectability of its accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable and the allowance for bad debts by considering tenant creditworthiness, current economic trends, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. The Company also provides an allowance for future credit losses of the deferred straight-line rents receivable. The provision for doubtful accounts was $269,000 and $451,000 for the three and nine months ended September 30, 2010, respectively. The provision for doubtful accounts was $0 for the three and nine months ended September 30, 2009.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Buildings are depreciated over the estimated useful lives which the Company estimates to be 35-40 years. Property improvements are depreciated over the estimated useful lives that range from 10 to 20 years. Furniture and fixtures are depreciated over the estimated useful lives that range from 3 to 10 years. Tenant improvements are amortized over the shorter of the life of the related leases or their useful life.

Deferred Charges

Deferred charges consist principally of leasing commissions and acquired lease origination costs (which are amortized ratably over the life of the tenant leases). Deferred charges in the accompanying consolidated balance sheets are shown at cost, net of accumulated amortization of $418,000 and $0 as of September 30, 2010 and December 31, 2009, respectively.

Concentration of Credit Risk

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

Earnings (Loss) Per Share

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

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

Stock-Based Compensation

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

The Company accounts for its stock-based compensation plans based on the FASB guidance which requires that compensation expense be recognized based on the fair value of the stock awards less estimated forfeitures. It is the Company's policy to grant options with an exercise price equal to the quoted closing market price of stock on the grant date. Awards of stock options and restricted stock are expensed as compensation on a current basis over the benefit period.

Derivatives

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.&# 160; Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

Segment Reporting

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

Accounting Standards Updates

Effective January 1, 2010 the Company adopted the accounting guidance related to noncontrolling interests in the consolidated financial statements, which clarifies that a noncontrolling interest in a subsidiary (minority interests or certain limited partners' interest, in the case of the Company), subject to the classification and measurement of redeemable securities, is an ownership interest in a consolidated entity which should be reported as

equity in the parent company's consolidated statements. The guidance requires a reconciliation of the beginning and ending balances of equity attributable to noncontrolling interests and disclosure, on the face of the consolidated statement of operations, of those amounts of consolidated statement of operations attributable to the noncontrolling interests, eliminating the past practice of reporting these amounts as an adjustment in arriving at consolidated statement of operations. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

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

Effective January 1, 2010 the Company adopted the FASB guidance which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The guidance requires an ongoing reassessment of whether a company is the primary beneficiary of a VIE. The guidance also requires additional disclosures about a company's involvement in VIE’s and any significant changes in risk exposure due to that involvement. 60;The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued updated accounting guidance for determining whether an entity is a VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. The updated guidance requires an entity to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity’s economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. This guidance is effective for fiscal years beginning after November 15, 2009 and early adoption is not permitted. The Company adopted the updated guidance as of January 1, 2010. The adoption of this guidance did not have a material effect on the consolidated financial st atements.

Supplemental consolidated statements of cash flow information

	For the Nine Months Ended	
	September 30, 2010	**September 30, 2009**
Supplemental disclosure of cash activities:		
Interest paid	$ 43,481	$ —
Supplemental disclosure of non-cash activities:		
Assumption of mortgage loans payables - acquisitions	18,794,888	—
Purchase accounting allocations:		
Intangible lease liabilities	11,318,863	—
Net valuation increase in assumed mortgage loan payable (a)	973,599	—
Other non-cash investing and financing activities:		
Accrued interest rate swap liabilities	2,069,356	—
Accrued real estate improvement costs	36,176	—
Accrued financing costs and other	2,028	—
Capitalization of deferred financing costs	(186,574)	—

(a) The net valuation increase in the assumed mortgage loan payables resulted from adjusting the contract rate of interest for Cascade Summit Loan (7.25% per annum) and Heritage Market Loan (7.1% per annum) to a market rate of interest (3.62% and 3.31% per annum, respectively).

2. **Real Estate Investments**

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

Property Acquisitions

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

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

On February 2, 2010, the Company purchased a 99.97% membership interest in ROIC Phillips Ranch, LLC, (the "Phillips Ranch, LLC") which owns and manages the Grand Mart Plaza Shopping Center formerly known as the Phillips Ranch Shopping Center (the "Grand Mart Plaza Property"), a neighborhood center located in Pomona, California, for an aggregate purchase price of approximately $7.4 million. The Grand Mart Plaza 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 0.03% membership interest in the Phillips Ranch, LLC to assist in managing and operating the Grand Mart Plaza Property as specified in that certain Management Services Agreement dated February 2, 2010 between Phillips Ranch, LLC and the Phillips Ranch Manager. The Company receives a management fee based on 4% of collected revenue. The Phillips Ranch Manager is to receive a monthly asset management fee of $8,000. Effective July 1, 2010, the Management Services Agreement dated February 2 , 2010, was terminated.

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

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

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

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

On July 14, 2010, the Company acquired a shopping center located in Happy Valley, Oregon (the “Happy Valley Town Center Property”), for an aggregate purchase price of $39.4 million. The Happy Valley Town Center Property is approximately 135,422 square feet and is anchored by New Season Market Inc. The acquisition of the property was funded from available cash.

On July 14, 2010, the Company acquired a shopping center located in Oregon City, Oregon (the “Oregon City Point Property”), for an aggregate purchase price of $11.6 million. The Oregon City Point Property is

approximately 35,305 square feet and consists of 19 shop tenants. The acquisition of the property was funded from available cash.

On August 20, 2010, the Company acquired a shopping center located in West Linn, Oregon (the “Cascade Summit Town Square Property”), for an aggregate purchase price of $17.1 million. The Cascade Summit Town Square Property is approximately 94,924 square feet and is anchored by Safeway Inc. The acquisition was funded in part from available cash of $9.9 million and the assumption of an existing mortgage of $7.2 million (the “Cascade Summit Loan”).

On September 23, 2010, the Company acquired a shopping center located in Vancouver, Washington (the “Heritage Market Center Property”), for an aggregate purchase price of $20.0 million. The Heritage Market Center Property is approximately 107,471 square feet and is anchored by Safeway Inc. The acquisition was funded in part from available cash of $8.4 million and the assumption of an existing mortgage of $11.6 million (the “Heritage Market Loan”).

On May 18, 2010, the Company acquired a mortgage note from a financial institution for an aggregate purchase price of $7.3 million, which represents a 68.2% discount to face value of $23 million at the time of acquisition. The note matured in July 2009 and the borrowers were in default. The note was secured by a shopping center located in Claremont, California (the “Claremont Center Property”). On September 20, 2010, the Company entered into a conveyance in lieu of foreclosure agreement (the “Conveyance Agreement”) with the borrower to acquire the Claremont Center Property. Pursuant to the Conveyance Agreement, a subsidiary of the Company, as the holder of the note, agreed not to bring any action against the borrowers or the guarantors, subject to certain exceptions, a nd the borrowers agreed to transfer the Claremont Center Property to a subsidiary of the Company. The conveyance was completed on September 23, 2010. The Claremont Center Property is a neighborhood shopping center of approximately 91,000 square feet.

On September 30, 2010, the Company acquired a shopping center located in Corona, California (the “Sycamore Creek Property”), for an aggregate purchase price of approximately $17.3 million. The Sycamore Creek Property is approximately 74,198 square feet and is anchored by Safeway Inc. (Vons). The acquisition of the property was funded from available cash.

Mortgage Notes Receivable

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

On July 9, 2010, the Company acquired a defaulted first mortgage note for an aggregate purchase price of $9.2 million. The note matured in May 2010 and was secured by a shopping center located in Downey, California known as Gallatin Plaza. The acquisition of the mortgage note was funded from available cash. On August 20, 2010, the borrower paid to the Company the principal balance and unpaid interest in the amount of $9.4 million in full satisfaction of the note.

Unconsolidated Joint Ventures

On July 13, 2010, the Company through a wholly owned subsidiary entered into an Operating Agreement (the "Operating Agreement") of Wilsonville OTS LLC (“Joint Venture”) with Gramor Wilsonville OTS LLC ("Gramor"), with respect to the purchase of a 5.8 acre parcel of land known as Wilsonville Old Town Square ("Wilsonville Old Town Square") in Wilsonville, Oregon and the development of a 50,613 square feet shopping

center on such land. The Company expects that Wilsonville Old Town Square will be shadow anchored by a 145,000 square foot Fred Meyer (The Kroger Co.) which is to be developed.

Pursuant to the Operating Agreement, the Company and Gramor have each agreed to make capital contributions, on a 95%/5% basis, respectively, up to approximately $4.15 million in connection with the acquisition and development of Wilsonville Old Town Square. The Joint Venture plans on funding the remaining development costs by obtaining a construction loan from a third party.

The members will receive a 9% preferred return on their respective capital contributions and, following a return of the members' capital contributions, all distributions thereafter will be made on a 50%/50% basis to the members.

On July 19, 2010 and July 22, 2010, in two separate transactions, the Company contributed a total of $3.7 million into Wilsonville OTS LLC, pursuant to the Operating agreement. The Contributions were funded from available cash.

Pursuant to the Operating Agreement the members appointed Gramor as the managing member to oversee the day-to day operations of the Joint Venture.

The Company accounts for its investment in the Joint Venture under the equity method of accounting since it exercises significant influence over, but does not control the Joint Venture. The other member in the Joint Venture has substantial participation rights in the financial decisions and operations of the Joint Venture. The Company has evaluated its investment in the Joint Venture and has concluded that the Joint Venture is not a VIE.

3. **Mortgage Notes Payables**

On August 20, 2010, the Company assumed an existing mortgage loan with an outstanding principal balance of approximately $7.2 million as part of the acquisition of the Cascade Summit Town Square Property. The fair market value was determined to be $7.7 million. The Cascade Summit Loan bears interest at a rate of 7.25% per annum and has a maturity date of July 2012.

On September 23, 2010, the Company assumed an existing mortgage loan with an outstanding principal balance of approximately $11.6 million as part of acquisition of the Heritage Market Center Property. The fair market value was determined to be $12.1 million. The Heritage Market Loan bears interest at a rate of 7.1% per annum and has a maturity date of December 2011.

4. **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. As of September 30, 2010 and December 31, 2009, there were no shares of preferred stock outstanding.

5. **Common Stock and Warrants**

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

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

The Company has the right to redeem all of the warrants it issued in the Public Offering and the Private Placement Warrants, at a price of $0.01 per warrant upon 30 days' notice while the warrants are exercisable, only in the event that the last sale price of the common stock is at least a specified price. The terms of the warrants are as follows:

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

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

Warrant Repurchase

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

6. 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 nine months ended September 30, 2010, the Company did not award any shares of restricted stock. As of September 30, 2010 there remained a total of $1.7 million of unrecognized restricted stock compensation related to outstanding nonvested restricted stock grants awarded under the 2009 Plan. Restricted stock compensation is expected to be expensed over a remaining weighted average period of 2.25 years. For the three and nine months ended September 30, 2010, amounts charged to compensation expense totaled $189,000 and $567,100, respectively. For the three and nine months ended September 30, 2009, amounts charged to compensation expense totaled $0.

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

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2009	235,000	$ 10.27
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at September 30, 2010	235,000	$ 10.27

Stock Options

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

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	235,000	$ 10.25
Granted	—	—
Exercised	—	—
Expired	—	—
Outstanding at September 30, 2010	235,000	$ 10.25
Exercisable at September 30, 2010	—	—

For the three and nine months ended September 30, 2010, amounts charged to compensation expense totaled $40,113 and $120,340, respectively. For the three and nine months ended September 30, 2009, amounts charged to compensation expense totaled $0. The total unearned compensation at September 30, 2010 was $362,000. The shares vest over an average period of 2.75 years.

7. **Fair Value of Financial Instruments**

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

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

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.□ 0; In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Derivative Financial Instruments

Currently, the Company uses one interest rate swap to manage its interest rate risk. The valuation of this instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves, and implied volatilities. The fair value of the interest rate swap is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). & #160;The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the guidance the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contract for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivative fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivative utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September 30, 2010 the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative position and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivative. As a result, the Company has determined that its derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2010, aggregated by the level in the fair value hierarchy within which those measurements fall.

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

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2010
Assets				
Derivative financial instruments	$ —	$ —	$ —	$ —
Liabilities				
Derivative financial instruments	$ —	$ (2,069,000)	$ —	$ (2,069,000)

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 2. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts realizable upon disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying values of cash and cash equivalents, restricted cash, tenant and other receivables, deposits, income tax receivable, prepaid expenses, other assets and accounts payable and accrued expenses are reasonable estimates of their fair values because of the short-term nature of these instruments. Notes receivable is based on actual payments made on the note and includes accrued interest. Mortgage notes receivable are based on the actual disbursements incurred for these recent acquisitions. Mortgage notes payable were recorded at their fair value at the time the mortgages were assumed which occurred during the three months ended September 30, 2010.

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

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

8. **Accounts Payble and Accrued Expenses**

Accounts payable and accrued expenses consist of the following:

	September 30, 2010	December 31, 2009
Framework Transaction costs	$ —	$ 2,440,060
Professional fees	982,040	896,928
Payroll and related costs	1,590,937	521,598
Costs related to the acquisition of properties and mortgage notes	336,820	328,485
Property taxes	546,321	—
Property operating	146,270	—
Landlord costs	49,550	—
Other	249,168	247,515
	$ 3,901,106	$ 4,434,586

9. **Derivative and Hedging Activities**

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

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

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

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

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

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

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet as of September 30, 2010:

Derivatives designed as hedging instruments	Balance sheet location	Fair Value(liability)
Interest rate products	Other liabilities	$ (2,069,000)

Derivatives in Cash Flow Hedging Relationships

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

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Amount of loss recognized in accumulated other comprehensive income as interest rate derivatives (effective portion)	$ (1,200,000)	$ (2,069,000)
Amount of loss reclassified from accumulated other comprehensive income into income as interest expense (effective portion)	$ —	$ —
Amount of gain recognized in income on derivative as gain on derivative instruments (ineffective portion and amount excluded from effectiveness testing)	$ —	$ —

10. **Commitments and Contingencies**

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

11. **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 September 30, 2010, the Company paid NRDC Real Estate Advisors , LLC a monthly fee of $7,500 pursuant to the Transitional Shared Facilities and Services Agreement. For the three and nine months ended September 30, 2010, the Company has incurred $22,500 and $67,500, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the three and nine months ended September 30, 2009, the Company has incurred $22,500 and $67,500, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations.

In May 2010, the Company entered into a Shared Facilities and Service Agreement effective January 1, 2010 with an officer of the Company. Pursuant to the Shared Facilities and Service Agreement the Company is provided the use of office space and other resources for a monthly fee of $1,938. For the three and nine months ended September 30, 2010, the Company has incurred $5,814 and $17,442, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the three and nine months ended September 30, 2009, the Company did not incur expenses relating to this agreement.

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

12. **Subsequent Events**

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

On October 6, 2010, the Company contributed $737,000 into the Joint Venture Wilsonville OTS LLC, pursuant to the Operating Agreement. The contribution was funded from available cash.

On October 15, 2010, the Company entered into an agreement for the purchase and sale of real property and joint venture escrow instruction with Pinole Vista LLC, the seller, to acquire a property known as the Pinole Vista Shopping Center, located in Pinole, California. In accordance with the terms of this agreement, $250,000 was deposited into an interest-bearing escrow account with the Title Company on October 15, 2010.

On November 2, 2010, the Company's Board of Directors declared a cash dividend on its common stock of $.06 per share, payable on December 15, 2010 to holders of record on November 26, 2010.

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

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

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

- the Company's ability to identify and acquire retail real estate and real estate-related debt investments that meet its investment standards in its target markets and the time period required for it to acquire its initial portfolio of target assets;
- the level of rental revenue and net interest income the Company achieve from its target assets;
- the market value of the Company's assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which the Company invests;
- the length of the current economic downturn;
- the conditions in the local markets in which the Company operates, as well as changes in national economic and market conditions;
- consumer spending and confidence trends;
- the ability to enter into new leases or to renew leases with existing tenants at the properties the Company acquire at favorable rates;
- the ability to anticipate changes in consumer buying practices and the space needs of tenants;
- the competitive landscape impacting the properties the Company acquires and their tenants;
- the Company's relationships with its tenants and their financial condition;
- the use of debt as part of the Company's financing strategy and the Company's ability to make payments or to comply with any covenants under any borrowings or other debt facilities the Company obtains;
- the level of the Company's operating expenses, including amounts the Company is required to pay to its management team and to engage third party property managers;

- changes in interest rates that could impact the market price of the Company's common stock and the cost of its 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. The Company disclaims 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 the Company's business and financial performance. Moreover, the Company operates 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 the Company's 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, the Company's efforts had been limited to organizational activities and activities relating to its initial public offering; the Company had neither engaged in any operations nor generated any revenues. On October 20, 2009, the Company completed the transactions contemplated by the Framework Agreement with NRDC Capital Management, LLC, which, among other things sets forth the steps taken by the Company to con tinue its business 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 (collectively, the "Framework Transactions").

Following the consummation of the Framework Transactions, the Company's 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 the Company's primary focus, the Company 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. The Company targets properties strategically situated in densely populated, middle and upper income markets in the eastern and western regions of the United States. In addit ion, the Company may supplement its 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 are referred to collectively as "real estate-related debt investments," in each case provided that the underlying real estate meets the Company's criteria for direct investments. The Company's primary focus with respect to real estate-related debt investments is to capitalize on the opportunity to acquire controlling positions that will enable the Company to obtain the asset should a default occur. The Company refers to the properties and investments it targets as its target assets. The Company is organized in a traditional umbrella partnership real estate investment trust ("UpREIT") format pursuant to which Retail Opportunity Investments GP, LLC, the Company's wholly-owned subsidiary, serves as the general partner of, and the Company conducts substa ntially all of its business through, its operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (its "operating partnership"), and its subsidiaries.

Since the consummation of the Framework Transactions, the Company has been actively seeking to invest the amounts released from its trust account established in connection with its initial public offering (the "Trust Account") in its target assets. As of September 30, 2010, its portfolio consisted of fourteen shopping centers in California, Oregon and Washington, a development joint venture and a mortgage notes receivable. At September 30, 2010, the Company's portfolio contained approximately 1.3 million net rentable square feet and the properties in its portfolio were approximately 84.0 % leased.

Subsequent Events

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

On October 6, 2010, the Company contributed $737,000 into the Joint Venture Wilsonville OTS LLC, pursuant to the Operating Agreement. The contribution was funded from available cash.

On October 15, 2010, the Company entered into an agreement for the purchase and sale of real property and joint venture escrow instruction with Pinole Vista LLC, the seller, to acquire a property known as the Pinole Vista Shopping Center, located in Pinole, California. In accordance with the terms of this agreement, $250,000 was deposited into an interest-bearing escrow account with the Title Company on October 15, 2010.

On November 2, 2010, the Company's Board of Directors declared a cash dividend on its common stock of $.06 per share, payable on December 15, 2010 to holders of record on November 26, 2010.

Factors Impacting the Company's Operating Results

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

- The Company's 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 the Company to acquire its initial portfolio of its target assets;
- The level of rental revenue and net interest income the Company achieves from its target assets;
- The market value of the Company's assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which the Company invests;
- The length of the current economic downturn;
- The conditions in the local markets in which the Company operates, as well as changes in national economic and market conditions;
- Consumer spending and confidence trends;
- The Company's ability to enter into new leases or to renew leases with existing tenants at the properties the Company acquires at favorable rates;
- The Company's 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;
- The Company's relationships with its tenants and their financial condition;
- The Company's use of debt as part of its financing strategy and its ability to make payments or to comply with any covenants under any borrowings or other debt facilities the Company obtains;
- The level of the Company's operating expenses, including amounts the Company is required to pay to its management team and to engage third party property managers and loan servicers; and
- Changes in interest rates that could impact the market price of the Company's common stock and the cost of its borrowings.

Report on Operating Results

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

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

In accordance with the Financial Accounting Standards Board (“FASB”) guidance relating to business combinations, the Company expenses all acquisition transaction costs related to the acquisitions. These costs which reduce FFO will vary based on each specific acquisition and the volume of acquisitions. Acquisition costs for the three and nine months ended September 30, 2010, were $475,605 and $1.5 million, respectively.

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

However, FFO:

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

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

FFO as defined by us may not be comparable to similarly titled items reported by other real estate investment trusts due to possible differences in the application of the NAREIT definition used by such REITs. The table below provides a reconciliation of net income applicable to stockholders in accordance with GAAP to FFO for the three and nine months ended September 30, 2010. FFO for the three and nine months ended September 30, 2009 is not provided, since no real estate assets were owned by us during this period.

	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2010
Net Loss for period	$ (102,602)	$ (2,833,881)
Plus: Real property depreciation	696,305	1,277,764
Amortization of tenant improvements and allowances	133,563	210,102
Amortization of deferred leasing costs	808,190	1,432,420
Funds from operations	$ 1,535,456	$ 86,405
Net Cash Provided by (Used in):		
Operating Activities	$ 3,661,235	$ 3,377
Investing Activities	$ (92,680,356)	$ (197,488,609)
Financing Activities	$ (2,526,328)	$ (5,032,222)

Results of Operations

The Company’s entire activity prior to the consummation of the Framework Transactions was limited to organizational activities, activities relating to its initial public offering and, after the initial public offering, activities

relating to identifying and evaluating prospective acquisition targets. During that period, the Company 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 its operating income is derived from interest earned from the Trust Account previously held.

The Company had fourteen properties in its portfolio at September 30, 2010. The Company believes, because of the location of the properties in densely populated areas, the nature of its investment provides for relatively stable revenue flows even during difficult economic times. The Company has a strong capital structure with manageable debt as of the quarter just ended. The Company expects to continue to explore acquisition opportunities that might present themselves during this economic downturn consistent with its business strategy.

Results of Operations for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009

During the nine months ended September 30, 2010, the Company incurred a net loss of approximately $2.8 million compared to a net loss of approximately $3.3 million incurred during the nine months ended September 30, 2009. The net loss during the nine months ended September 30, 2009 was due to costs related to the active pursuit of a viable business plan as well as costs related to the consummation of the Framework Transactions on October 20, 2009, which commenced the Company's business plan of acquiring and managing retail properties. In addition, during the nine months ended September 30, 2009, the Company realized a deferred tax asset which gave rise to a reduction of $1.7 million to the Company's operating loss. During the nine months ended September 30, 2010, th e Company generated net operating income of approximately $3.5 million from the fourteen properties in its portfolio at September 30, 2010. In addition, during the nine months ended September 30, 2010, the Company generated interest income of $636,000 from several mortgage notes receivables acquired during 2010. General and administrative expenses increased to approximately $6.3 million for the nine months ended September 30, 2010 from approximately $5.2 million during the nine months ended September 30, 2009 most of which was due to higher payroll costs incurred since key personnel were hired following the consummation of the Framework Transactions. The Company incurred acquisition transaction costs during the nine months ended September 30, 2010 of approximately $1.5 million associated with its pursuit and acquisition of real estate properties. During the nine months ended September 30, 2010 interest income recognized was $715,000 higher than the corresponding period in 2009 due to (i) the deferral during the nine months ended September 30, 2009 of a portion of interest income earned on investments while awaiting the consummation of the Company's business plan (ii) the Company earned a higher interest rate in 2010 which was partially offset by lower cash balances in 2010.

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

During the three months ended September, 30 2010, the Company incurred a net loss of $102,602 compared to a net loss of approximately $2.3 million incurred during the three months ended September 30, 2009. The net loss during the three months ended September 30, 2009 was due to costs related to the active pursuit of a viable business plan as well as costs related to the consummation of the Framework Transactions on October 20, 2009, which commenced the Company's business plan of acquiring and managing retail properties. In addition, during the three months ended September 30, 2009, the Company realized a deferred tax asset which gave rise to a reduction of $1.2 million to the Company's operating loss. During the three months ended September 30, 2010, the Company generate d net operating income of approximately $1.7 million from the fourteen properties in its portfolio at September 30, 2010. In addition, during the three months ended September 30, 2010, the Company generated interest income of $618,000 from several mortgage notes receivables acquired during 2010. General and administrative expenses reduced to approximately $2.1 million for the three months ended September 30, 2010 compared to approximately $3.6 million during the three months ended September 30, 2009 most of which was due to costs related to the consummation of the Framework Transactions. The Company incurred acquisition transaction costs during the three months ended September 30, 2010 of $476,605 associated with its pursuit and acquisition of real estate investments. During the three months ended September 30, 2010 interest income recognized was $170,000 higher than the corresponding period in 2009 due to (i) the deferral du ring the three months ended September 30, 2009 of a portion of interest income earned on investments while awaiting the consummation of the Company's business plan (ii) the Company earned a higher interest rate in 2010 which was partially offset by lower cash balances in 2010.

Critical Accounting Policies

Critical accounting policies are those that are both important to the presentation of the Company's financial condition and results of operations and require management's most difficult, complex or subjective judgments. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. This summary should be read in conjunction with the more complete discussion of the Company's accounting policies included in Note 1 to its consolidated financial statements for the year ended December 31, 2009 included in its Annual Report on Form 10-K for the year ended December 31, 2009.

Revenue Recognition

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

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established based on a quarterly analysis of the risk of loss on specific accounts. The analysis places particular emphasis on past-due accounts and considers information such as the nature and age of the receivables, the payment history of the tenants or other debtors, the financial condition of the tenants and any guarantors and management's assessment of their ability to meet their lease obligations, the basis for any disputes and the status of related negotiations, among other things. Management's estimates of the required allowance is subject to revision as these factors change and is sensitive to the effects of economic and market conditions on tenants, particularly those at retail properties. Estimates are used to establish reimbursements from tenants for c ommon area maintenance, real estate tax and insurance costs. The Company analyzes the balance of its estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of its properties by comparing actual recoveries versus actual expenses and any actual write-offs. Based on its analysis, the Company may record an additional amount in its allowance for doubtful accounts related to these items. In addition, the Company also provides an allowance for future credit losses in connection with the deferred straight-line rent receivable.

Real Estate

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. The Company allocates the cost of an acquisition based upon the estimated fair value of the net assets acquired. The Company also estimates the fair value of intangibles related to its 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.< 60; Differences in the amount attributed to the intangible assets can be significant based upon the assumptions made in calculating these estimates.

The Company is required to make subjective assessments as to the useful life of its properties for purposes of determining the amount of depreciation. These assessments have a direct impact on its 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 d ue 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 its rental properties is impaired at September 30, 2010.

REIT Qualification Requirements

The Company intends to elect and qualify to be taxed as a REIT under the Internal Revenue Code (the "Code"), commencing with its taxable year ending December 31, 2010. The Company believes that it has been organized and intends to operate in a manner that will allow it to qualify for taxation as a REIT under the Code commencing with its taxable year ending December 31, 2010.

Liquidity and Capital Resources

Liquidity is a measure of the Company's ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain its assets and operations, make distributions to its stockholders and meet other general business needs. Currently the Company's primary sources of cash generally consist of the funds released from its Trust Account upon consummation of the Framework Transactions that occurred during the year ended December 31, 2009, cash generated from its operating results and interest it receives on its cash investments. The Company will use its current cash to purchase its target assets, make distributions to its stockholders and fund its operations. The Company expects to fund long-term liquidity requirements for property acquisitions, developmen t, and capital improvements through a combination of unsecured and secured debt financing, assumption of existing mortgage debt on acquired properties and the sale of equity securities. As of September 30, 2010, the Company had cash and cash equivalents of approximately $180.7 million, compared to approximately $383.2 million at December 31, 2009.

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

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

During the three months ended September 30, 2010, the Company assumed two mortgage loans in connection with two separate real estate acquisitions. The assumptions of these loans were deemed to be cost beneficial when compared to the defeasance fees that would have been incurred to prepay the loans on behalf of the seller of each applicable property. As of September 30, 2010, the Company has

determined that it has adequate working capital to meet its debt obligations and operating expenses for the next twelve months.

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $3,400 in the nine months ended September 30, 2010, compared to approximately $2.2 million used in the comparable period in 2009. The net increase in operating cash flows during the nine months ended September 30, 2010 was due primarily to an increase in net operating income of approximately $3.5 million due to the acquisition of fourteen properties compared to the corresponding period. The operating income generated from the new acquisitions was partially offset by higher general and administrative expenses of approximately $1.1 million incurred following the approval of the Framework Transaction. During the nine months ended September 30, 2009, the Company had not commenced operations as the search for a viable business plan was ongoing.

Investing Activities

Net cash flows used by investing activities amounted to approximately $197.5 million in the nine months ended September 30, 2010 compared to net cash provided by investing activities of approximately $2.4 million in the comparable period in 2009 due to the acquisition of fourteen properties, one mortgage note receivable and deposits placed on several potential acquisitions during the nine months ended September 30, 2010. During the nine months ended September 30, 2009, the Company had not commenced operations as the search for a viable business plan was ongoing.

Financing Activities

Net cash flows used by financing activities amounted to approximately $5 million for the nine months ended September 30, 2010 compared to $0 in the comparable period in 2009. The change in financing activities during the nine months ended September 30, 2010 was due primarily to the payment of dividends to common stockholders of approximately $5 million. No dividends were paid during the nine months ended September 30, 2009.

Contractual Obligations

As of September 30, 2010, the Company did not have any capital lease obligations, operating lease obligations, or purchase obligations. Upon consummation of the Framework Transactions, the Company entered into a Transitional Shared Facilities and Services Agreement (“Agreement”) with NRDC Real Estate Advisors, LLC, pursuant to which NRDC Real Estate Advisors, LLC will provides 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. The Company will pay NRDC Real Estate Advisors, LLC a monthly fee of $7,500 pursuan t to the Agreement. The Agreement has an initial one-year term and has been renewed effective October 20, 2010, by the Company for an additional one-year term.

In May 2010, the Company entered into a Shared Facilities and Service Agreement effective January 1, 2010 with an officer of the Company. Pursuant to the Shared Facilities and Service Agreement the Company is provided the use of office space and other resources for a monthly fee of $1,938.

Off-Balance Sheet Arrangements

The Company has issued warrants in conjunction with its initial public offering and private placement, and has 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 5 and 6 to the accompanying consolidated financial statements. The Company accounts for these warrants as stockholders' equity and not as derivatives.

The Company's investment in the Wilsonville OTS LLC development project is an off-balance sheet investment in real estate property. This investment is an unconsolidated joint venture and accounted for under the equity method of accounting as the Company has the ability to exercise significant influence, but does not control the operating and financial decisions of this investment. The Company's off-balance sheet arrangement is more fully discussed in Note 2, "Real Estate Investments" in the accompanying consolidated financial statements.

Real Estate Taxes

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

Inflation

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

Leverage Policies

The Company intends, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of its target assets and the diversification of its portfolio. The Company intends to use traditional forms of financing, including mortgage financing and credit facilities. In addition, in connection with the acquisition of properties, the Company may assume all or a portion of the existing debt on such properties. In addition, the Company may acquire retail property indirectly through joint ventures with institutional investors as a means of increasing the funds available for the acquisition of properties.

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

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

Dividends

The Company intends to make regular quarterly distributions to holders of its common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. The Company intends to pay regular quarterly dividends to its stockholders in an amount not less than its net taxable income, if and to the extent authorized by its board of directors. If the Company's cash available for distribution is

less than its net taxable income, the Company could be required to sell assets or borrow funds to make cash distributions or the Company 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 September 30, 2010, the Company had no variable rate debt outstanding. Currently, it uses a fixed-rate debt and a forward starting interest rate swap to manage its interest rate risk. See the discussion under Note 9 of the accompanying consolidated financial statements for certain quantitative details related to the interest rate swap.

The Company entered into the forward starting interest rate swap in order to economically hedge against the risk of rising interest rates that would affect the Company's interest expense related to its future anticipated debt issuance. The sensitivity analysis table presented below shows the estimated instantaneous parallel shift in the yield curve up and down by 50 and 100 basis points, respectively, on the market value of its interest rate derivative as of September 30, 2010.

Less 100 basis points	Less 50 basis points	September 30, 2010 Value	Increase 50 basis points	Increase 100 basis points
$ (4,750,547)	$ (3,406,492)	$ (2,168,107)	$ (1,016,698)	$ 73,120

See Note 7 of the accompanying consolidated financial statements for a discussion on how the Company values derivative financial instruments. The Company calculates the value of its interest rate swaps based upon the present value of the future cash flows expected to be paid and received on each leg of the swap. The cash flows on the fixed leg of the swap are agreed to at inception and the cash flows on the floating leg of a swap change over time as interest rates change. To estimate the floating cash flows at each valuation date, the Company utilizes a forward curve which is constructed using LIBOR, Eurodollar futures, and swap rates, which are observable in the market. Both the fixed and floating legs' cash flows are discounted at market discount factors. For purposes of adjusting its derivative values, the Company i ncorporates the nonperformance risk for both itself and its counterparties to these contracts based upon management's estimates of credit spreads, credit default swap spreads (if available) or Moody's KMV ratings in order to derive a curve that considers the term structure of credit.

As a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with its taxable year ending December 31, 2010, the Company's future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The Company will be exposed to interest rate changes primarily as a result of long-term debt used to acquire properties and make real estate-related debt investments. The Company's interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, the Company expects to bo rrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. In addition, the Company uses derivative financial instruments to manage interest rate risk. The Company will not use derivatives for trading or speculative purposes and will only enter into contracts with major financial institutions based on their credit rating and other factors. Currently, the Company uses one interest rate swap to manage its interest rate risk. See Note 9 of the accompanying consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by paragraph (b) of Rule 13a-15 or Rule 15d-15, have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to give reasonable

assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

During the three months ended September 30, 2010, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any material litigation nor, to its knowledge, is any material litigation pending or threatened against it, 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 its business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

See the Company's Annual Report on Form 10-K for the year ended December 31, 2009. There have been no significant changes to its risk factors during the three months ended September 30, 2010.

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

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

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

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

As of September 30, 2010, the Company 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 $210.4 million to acquire real estate properties and mortgage notes receivables. For more information see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

3.1	Second Amended & Restated Certificate of Incorporation[1]
3.2	Second Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation[2]
3.3	Third Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation[2]
3.4	Fourth Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation[2]
3.5	Amended and Restated Bylaws[2]
4.1	Specimen Unit Certificate[2]
4.2	Specimen Common Stock Certificate[2]
4.3	Specimen Warrant Certificate[2]
4.4	Form of Warrant Agreement[3]
4.5	Supplement and Amendment to Warrant Agreement dated as of October 20, 2009[2]
10.1	Operating Agreement of Wilsonville OTS LLC, dated as of July 14, 2010, between Gramor Wilsonville OTS LLC and ROIC Oregon, LLC
10.2	Purchase and Sale Agreement, dated as of July 21, 2010, by and between O'Hearn/Hillcrest Properties, LLC and the Company
10.3	Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of September 16, 2010, by and among Grand Gateway I, LLC, Grand Gateway II, LLC, Grand Gateway III, LLC, and the Company
10.4	Conveyance in Lieu of Foreclosure Agreement, dated as of September 20, 2010, by and between DKVCMT, LLC, DLVCMT, LLC, Donald P. Knapp, Dale K. Lenington and ROIC Claremont Center, LLC
10.5	Purchase and Sale Agreement dated as of September 27, 2010 between the Company and Shops at Sycamore Creek, LLC[4]
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(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 October 1, 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: November 4, 2010

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

Date: November 4, 2010

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

EXHIBIT 10.1

OPERATING AGREEMENT

OF

WILSONVILLE OTS LLC

BETWEEN

GRAMOR WILSONVILLE OTS LLC

AND

ROIC OREGON, LLC

TABLE OF CONTENTS

OPERATING AGREEMENT
OF
WILSONVILLE OTS LLC

OPERATING AGREEMENT of **WILSONVILLE OTS LLC,** an Oregon limited liability company ("**Company**"), entered into by each of the Members of the Company identified on **Exhibit A**, and any other Persons that may hereafter become Members or successors to interests in the Company, effective as of July 14, 2010. Capitalized terms used in this Agreement shall have the meanings ascribed thereto in **Schedule A**.

ARTICLE 1
ORGANIZATION AND PURPOSES OF COMPANY

1.1 Organization. The Company was created by the execution and filing of the Articles under the Act on March 9, 2009. The Members hereby agree to conduct the Company's business and affairs consistent with this Agreement, the Act and the Articles.

1.2 Purposes and Powers. The primary purpose of the Company shall be to acquire, own, develop, operate, manage, lease, rent, dispose of and otherwise deal with the real property ("**Project**") to be purchased by the Company pursuant to that certain Real Estate Purchase and Sale Agreement dated August 20, 2009 with Fred Meyer Stores, Inc. ("**Seller**"), as amended, attached hereto as **Exhibit E** ("Purchase Agreement"). The Company also may engage in any other lawful business that is permitted by the Act or the laws of any jurisdiction in which the Company may do business and is approved by a Majority of the Members. The Company shall have all powers provided for in the Act.

1.3 Partnership Tax Status; No Personal Liability. Although the Members intend for the Company to be a partnership for state and federal income tax purposes, the Company is an Oregon limited liability company and not a general or limited partnership. No Member or Manager shall have personal liability for any Company operations, debts, obligations or liability merely as a result of being a Member or Manager.

1.4 Real Estate Investment Trust. The Members and Manager agree and acknowledge that one of the Members, or an affiliated related entity, is a real estate investment trust under applicable law (the "REIT Member"). Each Member, other than the REIT Member, shall (and each shall cause each of its Affiliates to) take any action (and refrain from taking any action) as reasonably requested by the REIT Member, that the REIT Member, in good faith, believes is necessary or advisable in order to protect the status of the REIT Investor as a REIT; it being agreed by each such Member that the REIT Investor and its Affiliates are third-part y beneficiaries of the provisions of this Section 1.4, and accordingly shall have, and be permitted to enforce, all corresponding rights, interest and claims under and pursuant to this Section 1.4 and be entitled to any and all benefits under and pursuant to this Section 1.4.

ARTICLE 2
MANAGEMENT

2.1 Management by Manager. Pursuant to the Articles, the Company is manager-managed. The Company shall have one Manager, who may but need not be a Member. The Members hereby appoint Gramor as the initial Manager. The Manager shall devote to the Company and apply to the accomplishment of Company purposes so much of the Manager's time and attention as in the judgment of the Manager is reasonably necessary to manage and operate properly and prudently the business and affairs of the Company.

2.2 Authority of Manager. Except for Major Decisions, or as otherwise provided in this Agreement, the management of the business and affairs of the Company, including all of its day-to-day activities, shall be undertaken exclusively by the Manager. No Member in the capacity of member shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

2.3 Responsibilities of the Manager. The Manager shall do all things reasonably necessary to finance, market, operate and maintain the Project.

2.4 Authority and Duties of the Manager. Subject to Sections 2.5, 2.6 and 2.7, the following matters shall be considered day-to-day activities that may be approved and undertaken by the Manager without a vote of the Members:

(a) Acquire the Property on behalf of the Company and negotiate, finalize and execute documents necessary to acquire the Property on the terms and conditions set forth in the Purchase Agreement;

(b) Following substantial completion of construction of the Project, prepare and submit annual Operating Budgets to the Members for approval as provided in Section 2.5;

(c) Manage the land use and entitlement process for the Property and the Project;

(d) Prepare budgets and undertake action in accordance with the terms of an Approved Budget, including without limitation the payment of all obligations of the Company;

(e) Except as otherwise provided in this Agreement, engage in making contracts, incurring liabilities with respect to the Project in accordance with an Approved Budget;

(f) Engage in the management of all marketing and leasing and sales efforts with respect to the Project or any portion thereof;

(g) Establish and manage the Company's bank accounts;

(h) Obtain and maintain policies of insurance that are commercially reasonable, both during the construction of the Project and thereafter during the operations of the Project, including general liability insurance, casualty loss replacement cost insurance in the full replacement cost of the Project (including earthquake coverage), with commercially reasonable coverage limits, inflation protection endorsement and deductibles;

(i) Cause the Company's certified public accountants to prepare the Company's tax returns (or any extensions thereof), including any Federal, State of local tax returns required to be filed by the Company; the Manager shall furnish each Member within forty-five (45) days of the end of each fiscal year or as soon thereafter as such information is available from the Company a copy of the Federal tax returns, all State returns, and such information as may be needed to enable such Member to file its Federal income tax return and any required State income tax return; the Manager shall cause the Company to pay, out of available cash flow and other assets of the Company, any taxes payable by the Company; and

(j) Sell the residential parcel of approximately one acre in accordance with the Approved Budget; provided, however, that the Manager shall consult with the Members regarding the terms of sale prior to entering into an agreement to sell such property.

2.5 Major Decisions. The Manager shall use diligent efforts to keep the Members fully informed regarding all material matters relating to the Company and its operation and assets and shall promptly inform the Members of any major or significant or material Company matters including all Major Decisions so that the Members may exercise their rights under this Agreement. Notwithstanding any other provisions of this Agreement, each of the following matters ("Major Decisions") shall require the approval of a Majority of the Members, and in any event the consent of ROIC, unless a greater percentage is set forth below:

(a) Approval of acquisition, construction or permanent financing for the Project;

(b) Any distribution of cash or property to Members except in accordance with ARTICLE 7;

(c) Admission of any Additional Member or Substitute Member to the Company;

(d) Engaging in any transaction between the Company, on one hand, and the Manager or a Member, or any Affiliate of the Manager or a Member, on the other hand, except as expressly contemplated by this Agreement or approved by the Members in accordance with this Agreement;

(e) Except as provided in Section 2.6, commence any lawsuit or other dispute resolution procedure, including arbitration, on behalf of the Company, or settle or take any other significant action in a lawsuit or other dispute resolution procedure to which the Company is a

party, except in any such case for lawsuits or other dispute resolution procedures in the ordinary course to enforce tenant leases, collect rents and the like.

(f) Any changes or modification with respect to the zoning, development or use of the Property that would materially change the scope and design of the Project;

(g) Entry into any partnership, joint venture, limited liability company or any other entity;

(h) Assuming or incurring any debt or liability not in accordance with an Approved Budget, including without limitation, any Project financing not contemplated in an Approved Budget;

(i) Any modification of the Development Budget that results in an overall increase in the "hard costs" set forth in the Development Budget, *provided*, *however*, that changes and reallocations to line items in the Approved Budget to reflect actual savings or use of the contingency shall not require Member approval;

(j) Approval of annual Operating Budgets or any material modification of any Approved Budget;

(k) Approval of all leases and the form lease to be used for the Project tenants; provided, however, that if ROIC fails to respond to a request for approval of a lease within ten (10) days after receipt, ROIC shall be deemed to have approved such lease;

(l) Call for any Additional Contributions to the Company; and

(m) Any action in contravention of this Agreement, unless a higher level of consent is required (in which case the consent required to approve such action shall be required to approve the contravening act); and

2.6 ROIC Approval. ROIC shall be solely responsible for making decisions and approving the following items on behalf of the Company:

(a) The decision to terminate the Manager for Cause under this Agreement;

(b) the decision to pursue a claim against the Manager;

(c) appointment of a replacement Manager;

(d) Approval of any amendment to the Development Agreement, the Management Agreement or any agreement with an Affiliate of the Manager;

(e) the decision to enforce the Company's rights under the Development Agreement, pursue a claim against the Developer or to terminate the Developer pursuant to the terms of the Development Agreement;

(f) the decision to enforce the Company's rights under the Management Agreement, pursue a claim against the property manager or to terminate the property manager pursuant to the terms of the Management Agreement; and

(g) the decision to enforce the Company's rights under any other agreement with the Manager or an affiliate of the Manager.

2.7 Unanimous Decisions. Notwithstanding any other provision of this Agreement, each of the following matters shall be submitted to a vote of Members for approval. Approval shall require the affirmative vote of all Members as to:

(a) Dissolution or liquidation of the Company;

(b) Merging or consolidating the Company with any other entity;

(c) Any action that would change the nature of the business of the Company or make it impossible for the Company to operate in the ordinary course of business;

(d) Approval of any loans that will be recourse to all of the Members;

(e) Executing or delivering any general assignment of assets for the benefit of creditors of the Company; and

(f) Filing or consenting to the filing of any proceeding under any state or federal bankruptcy or debt-release statute for the Company.

2.8 Construction Financing. ROIC, or an Affiliate of ROIC, shall have a first right to provide construction financing to the Company on commercially reasonable terms acceptable to the Manager and the other Member, (ii) if ROIC or its Affiliate does not propose the terms of any construction financing for the Company in a timely manner, the Members shall not unreasonably withhold their approval of any construction loan or refinancing loan that is thereafter proposed by the Manager that is on commercially reasonable terms, (iii) each Member shall promptly respond (meaning within not more than 10 Business Days) in writing to any request for approval of any construction loan or any refinancing loan and (iv) the failure by ROIC to comply with the requirements of clauses (ii) and (iii) with respect to any construction loan proposed by the Manager in accordance with clause (iii) shall constitute a "**Construction Loan Impasse**";

2.9 Development Agreement. The Company will enter into a Development Agreement with Gramor Development, Inc., an Affiliate of Gramor, substantially in the form attached as **Exhibit B** ("**Development Agreement**"), pursuant to which Gramor Development,

Inc. will proceed with the development of the Project in accordance with the Development Budget attached as **Exhibit C**. Pursuant and subject to the conditions contained in the Development Agreement, Gramor Development, Inc. will be entitled to $500,000 in development management fees payable in $33,333 increments over a fifteen (15)-month period as provided therein and to the payment to it by the Company of an additional $200,000 of development management fees in a lump sum either (a) immediately following the distribution by the Company of all accrued and previously undistributed Preferential Return on Capital in accordance with Section 7.1 or (b) immediately prior to and in connection with the closing of any purchase by ROIC under the option provided for in Section 9.7(b), whichever is earlier.

2.10 Property Management Agreement. The Manager or an Affiliate shall act as the property manager of the Project on the terms and subject to the conditions contained in a Property Management Agreement substantially in the form attached as **Exhibit D**.

2.11 Failure of Closing to Occur. In the event that the closing of the acquisition of the Real Estate shall not occur, subject to extension as agreed upon between the Company (which extension shall require the approval of ROIC to any date after December 31, 2010) and Seller, then: (1) the Company shall engage in no other activities, (2) Gramor shall cause the dissolution and orderly liquidation of the Company (subject to enforcing the Company's rights under the Purchase Agreement for the return of any deposit), and (3) each of Gramor and ROIC shall bear its own out-of-pocket costs; provided, however, that, notwithstan ding the foregoing (x) if the failure to close is caused by facts or circumstances that constitute a breach or default of a Member or an Affiliate under this Agreement or the Development Agreement, then such Member shall reimburse the other Member for its costs and expenses under or in connection with this Agreement, and, without limitation on the foregoing, shall bear 100% of any forfeited deposit under the Purchase Agreement and neither such defaulting Member nor any Affiliate thereof shall pursue the acquisition of any interest in the Property for the 24-month period after the dissolution of the Company, and (y) if clause (x) does not apply and if a Member or an Affiliate acquires an interest in the Property without the other Member or an Affiliate, or assigns or sells rights to acquire an interest in the Property to a third party, on or before the date that is twelve (12) months after the dissolution of the Operating Company and the Company, then the acquiring or assigning Member shall bear 100% of all a cquisition costs and all legal costs of formation and shall promptly reimburse the other Member and its Affiliates for any such costs paid or incurred by them.

2.12 Resignation or Removal of Manager. The Manager shall serve until the Manager resigns as Manager by written notice to the Members or is removed for Cause pursuant to Section 2.6(a). The resignation of the Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice. Unless otherwise specified in any notice of resignation, the acceptance of such resignation shall not be necessary to make it effective. The resignation or removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal o f the Manager in any capacity as a Member.

Any vacancy in the position of Manager shall be filled by appointment by ROIC except as otherwise provided in Article 12. "Cause" shall mean:

(a) fraud, deceit, breach of trust, misappropriation of any funds of the Project or of the Company, comingling of any such funds with Manager's own Funds or funds held by others, or breach of its fiduciary duties as Manager under this Agreement;

(b) failure to comply with the terms, conditions, covenants or provisions of this Agreement within fifteen (15) days after written notice from Company stating with reasonable particularity the failure of performance by Manager or if such failure cannot be fully cured in such fifteen (15) day period, failure to commence cure within such fifteen (15) day period and thereafter diligently and promptly to proceed to cure as soon as possible but in no event longer than ninety (90) days after the effective date of the notice;

(c) filing of a voluntary petition in bankruptcy or the filing of an involuntary petition of bankruptcy and the failure to secure a dismissal of such petition within thirty (30) days after filing.

2.13 Compensation and Reimbursement of Manager. Except as may otherwise be agreed from time to time by a Majority of the Members, the Manager shall not receive any compensation for services provided with respect to the Project pursuant to this Agreement. Provided that the expenses are included in the Approved Budget, the Manager shall be reimbursed on a monthly basis, or such other basis as the Manager may reasonably determine, for all out-of-pocket expenses the Manager incurs on behalf of the Company, including without limitation in connection with the formation and organization of the Company and amounts paid by the Manager to any Perso n to perform services for the benefit of the Company. To the extent that the expenses are included in the amounts paid to Gramor pursuant to Section 5.1(b) they shall not be eligible for reimbursement under this Section 2.13.

2.14 Indemnification. To the fullest extent provided or allowed by the laws of Oregon, the Company shall indemnify the organizer, the Manager, the tax matters partner and each Member from and against all costs, losses, liabilities, damages, claims and expenses (including, without limitation, attorneys' fees and costs as incurred on trial and on appeal) incurred in the capacity of organizer, manager (or as an agent thereof), tax matters partner or member or in any other capacity on behalf of the Company, including, without limitation, claims arising from any such Person's actions or inactions taken or omitted as an organizer, manager (or an agent thereof), tax matters partner or a member or in any other capacity in furtherance of the business or affairs of the Company, whether taken prior to or subsequent to the formation of the Company; provided that the foregoing shall not eliminate or limit the Manager's or a Member's liability for:

(a) Any breach of the duty of loyalty to the Company or the Members as described in this Agreement;

(b) Acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;

(c) Any unlawful distribution under the Act; or

(d) Any transaction not expressly approved or ratified by a Majority of the Members or permitted under this Agreement from which the Manager derives an improper personal benefit.

2.15 Signature Authority. The signature of the Manager shall be necessary and sufficient to bind the Company, and a copy of this Agreement may be shown to the appropriate parties in order to confirm the same.

ARTICLE 3
RIGHTS OF MEMBERS

3.1 Voting Rights. All Members with a voting interest (other than a Member that, pursuant to Section 5.2(b) or Section 9.4(b), has ceased to be entitled to vote) shall be entitled to vote on or consent to any matter submitted to a vote of, or requiring consent from, the Members. A Member entitled to vote may exercise by vote or consent that number of votes set forth with respect to such Member on **Exhibit A**.

3.2 Approval of Members. Any action or transaction that requires the approval of the Members under the Act, the Articles or this Agreement shall be authorized upon the affirmative vote, implementing action or written consent of a Majority of the Members, unless either this Agreement or the Articles expressly imposes a higher standard for approval by the Members, in which case the specified approval of the Members shall be required for such action or transaction. Any Member (including the Manager) that has an interest in the outcome of a matter submitted to the Members for a vote may vote and have such vote as a Member counted upon such matter.

3.3 Meetings; Other Action by Members. Any Member or Manager may call a meeting of the Members on at least 10 and not more than 30 days' prior written notice specifying the time and place. The latter shall be either the principal executive office of the Company or such other place within the Portland metropolitan area as is specified in the notice of such meeting given by such Member or Manager. Members may participate in or conduct meetings through telephonic or other means of communication by which all Members (or proxy holders) participating may simultaneously communicate with each other. Members may ta ke any action without a meeting, either by written consent describing the action taken or by implementing action (including but not limited to execution of documents), effective as of the date of signature by the necessary Members or such other date as is set forth therein. Any such consent or evidence of implementing action shall be maintained in the Company records. The attendance of a Member at a meeting shall constitute a waiver of objection to lack of notice or defective notice of the meeting, unless the Member objects at the beginning of the meeting to holding the meeting

or transacting business at the meeting. A waiver of notice by a Member, given either before or after a meeting, shall be equivalent to the giving of notice of the meeting to such Member. There shall be no quorum requirement for any meeting of Members but any action that requires a vote of Members shall be approved at a meeting only upon receiving the vote of a Majority of the Members or such other vote as is required under the Articles or this Agreement. Action not within the purposes described in a meeting notice may be taken at the meeting provided that such action is approved at the meeting by a Majority of the Members or such other greater vote as is required under the Articles or this Agreement.

3.4 Withdrawal. Notwithstanding any provision of the Act to the contrary, no Member has the power to withdraw voluntarily from the Company. A Member that purports to withdraw voluntarily from the Company prior to any dissolution of the Company shall be in breach of this Agreement, shall be liable to the Company for any damages arising directly or indirectly from such purported withdrawal, shall cease to be a Member but shall continue to hold Economic Rights in the Company as an Assignee, and shall not be entitled to any distribution from the Company by reason of such withdrawal.

ARTICLE 4
CONFLICTS OF INTEREST

4.1 Duty of Loyalty. The Manager and each Member may engage in other business activities and may pursue business opportunities competitive with the business and operations of the Company without presenting any such opportunity to the Company or the Members, and the Company, the Manager and each Member hereby waives any right or claim to participate therein. Notwithstanding the foregoing, however, unless otherwise expressly approved or ratified by a Majority of the Members or otherwise permitted under this Agreement, the Manager and each Member shall account to the Company and hold as trustee for the Company any benefit or any profits derived by such Member or Manager from any transaction connected with the formation, conduct or winding up of the Company or from any use of Company Property by such Member or Manager not permitted under this Agreement, including, without limitation, any information developed for the Company or any opportunity expressly offered to the Company.

4.2 Loans and Other Transactions with Company. The Company may borrow money or transact other business with the Manager or a Member as permitted under this Agreement or, if not expressly permitted, with the approval of a Majority of the Members. The rights and obligations of a Member or Manager that lends money to or transacts business with the Company in accordance with the foregoing shall be the same as those of a Person that is not a Member or Manager, subject to other applicable law. No transaction with the Company shall be voidable solely because a Member or a Manager has a direct or indirect interest in the transaction if the t ransaction is expressly permitted by this Agreement or is approved or ratified as provided either in this Agreement or in the Act.

ARTICLE 5
CONTRIBUTIONS; CAPITAL ACCOUNTS

5.1 Initial and Additional Contributions. The Members will have the following Contribution obligations to the Company:

(a) In connection with Gramor's execution and delivery of this Agreement, Gramor is assigning its right to purchase the real estate pursuant to the Purchase Agreement. Gramor has conducted the due diligence on the real estate to be acquired for the Project and represents and warrants that the statements set forth on **Schedule 5.1(a)** are true and correct as of the date of this Agreement and will be true and correct as of the closing date for the acquis ition of the real property pursuant to the terms of the Purchase Agreement.

(b) In connection with ROIC's execution and delivery of this Agreement, ROIC shall contribute to the Company the amount set forth on **Exhibit A** as the amount of ROIC's beginning Contribution and initial Capital Account, which is an amount equal to 95% of the out-of-pocket costs and expenses incurred by Gramor for purposes of the Company and the Project prior to the date of this Agreement, it being agreed that upon such Contribution the Company shall distribute such amount to Gramor in reimbursement for 95% of such costs and expenses. **Schedule 5.1(b)** sets forth the detail of the out-of – pocket costs and expenses incurred and paid by Gramor for the purposes of the Company. ROIC shall not become a Member or have any interest under this Agreement unless and until ROIC makes such Contribution. Following such Contribution by ROIC and distribution to Gramor, the Members shall have the initial Capital Accounts set forth on **Exhibit A** reflecting the 5% of such costs and expenses funded by Gramor (which shall be deemed to be a beginning Contribution by Gramor) and the 95% of such costs and expenses funded by ROIC. The Preferential Return on Capital shall be calculated on Gramor's Contribution from the date of this Agreement rather than the date of the expenditure of such funds for pre-development costs and expenses.

(c) Upon any call of the Manager from time to time under this Section 5.1(b), the Members will make cash Contributions to the Company in the proportions of 95% from ROIC and 5% from Gramor of the amount specified by the Manager; provided that the aggregate amount called for and contributed by the Members under this Section 5.1(b) shall not exceed $5,000,000 minus the amount of the beginning Contributions made as provided in Section 5.1(a). All Contributions by the Members under Section 5.1(a) and this Section 5.1(b) shall constitute "**Initial Contributions**." In connection with any call by the Manager under this Section 5. 1(b), the Manager shall give notice to each Member of the amount called at least 10 Business Days before the date specified in such notice as the due date for such Contribution.

(d) After the completion of the funding of the Initial Contributions, the Manager may, with the approval of a Majority of the Members, call for additional Contributions by the Members by a notice given to each Member at least 10 Business Days before the date the called-for Contribution is specified in such notice to be due. Any such Contributions shall be

made in the proportions of 95% by ROIC and 5% by Gramor and shall constitute "**Additional Contributions**."

(e) Except as otherwise provided in Section 5.2(b), if applicable, a Preferential Return on Capital will accrue on all Contributions for purposes of determining amounts allocable and distributable to the Members in accordance with Articles 6 and 7.

5.2 Effect of Failure to Contribute. If any Member fails to contribute such Member's proportionate share of any Initial Contributions or Additional Contributions called for by the Manager in accordance with Section 5.1(b) or Section 5.1(c) within the time period for making the same specified in the capital call, such Member shall be in default and any fully contributing Member with respect to such Contribution may, but shall not be required to, make up any or all of such shortfall. Any Member so contributing more than its percentage share of any such Contribution may elect in writing at the time of funding any portion of the shortfa ll to treat the amount funded by the contributing Member either as a Contribution to the Company or as a loan to the defaulting Member, with the following consequences:

(a) If such Member elects Contribution treatment, a Preferential Return on Capital but at a rate of eighteen percent (18%) per annum will apply to the portion of the Contribution made by such Member to cover any of the shortfall; or

(b) If such Member elects loan treatment, the amount contributed to the Company on behalf of the defaulting Member shall be treated as a loan to the defaulting Member and a deemed Contribution by such Member and shall not bear any Preferential Return on Capital. Any such loan shall bear interest at a rate per annum equal to eighteen percent (18%) per annum and shall be secured by a grant to the fully contributing Members of a security interest in the defaulting Member's interest in the Company, which security interest (i) is hereby granted without more, effective in each case as of the date of each and every such loan, and (ii) may be evidenced by a UCC filing made by the fully contributing Member with a copy to the defaulting Member. The default ing Member may repay such loan at any time in whole or in part without penalty but with accrued and unpaid interest thereon. During the term of any such loan, all distributions of cash from the Company allocable to the defaulting Member shall, on behalf of the defaulting Member, be distributed to the fully contributing Member until such time as all principal and interest on the loan has been paid in full. During such loan term, the voting rights of the defaulting Member under this Agreement or the Act shall be suspended as contemplated by Section 3.1.

5.3 Guarantees. ROIC and Gramor and, if required by any third-party lender, Barry Cain, will provide any necessary guarantees of both the construction financing and the carve-outs from any permanent non-recourse financing. Any such financing shall contemplate the possible purchase of the interest of Gramor by ROIC or its designee pursuant to the option provided for in Section 9.7(b) and provide for a release of Gramor and any Affiliate from any guarantee provided by the same if and when any such purchase occurs. In the event of any call on any such guarantee, ROIC shall be responsible for paying 95% of the amount called on the guarantee and

Gramor (with, if applicable, Barry Cain) shall be responsible for paying 5% of the amount called on the guarantee. If either ROIC or Gramor pays more than its percentage share under the guarantee, the other will have a right of contribution with respect to excess amount paid. Any amount paid by ROIC or Gramor either under the guarantee or under the contribution arrangement provided for in the foregoing sentence will be treated as an Additional Contribution by the Member obligated to pay the same and shall accrue a Preferential Return on Capital when paid thereby either directly under the guarantee or pursuant to the right of contribution provided for in this Section 5.3.

5.4 Maintenance of Capital Accounts. The Company shall establish and maintain Capital Accounts with respect to each Member in accordance with the following:

(a) Each Member's Capital Account shall be increased by such Member's Contributions, such Member's distributive share of Profits and any items in the nature of income or gain that are specially allocated pursuant to IRC § 704(b) and the amount of any Company liabilities assumed by such Member or that are secured by any Property distributed to such Member.

(b) Each Member's Capital Account shall be decreased by the amount of cash and the Gross Asset Value of any Company Property (other than cash) distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses that are specially allocated pursuant to IRC § 704(b) and the amount of any liabilities of such Member assumed by the Company or secured by any property contributed by such Member to the Company if not otherwise taken into account in computing the amount of any Contribution by the Member.

(c) If the Company at any time distributes any of its assets in-kind to any Member, the Capital Accounts shall be adjusted to account for that Member's allocable share (as determined under Article 6) of the Profits or Losses that would have been realized by the Company had it sold the assets that were distributed at their respective fair market values immediately prior to their distribution.

(d) Upon a Transfer of all or a portion of a Member's Economic Rights in accordance with the terms of this Agreement, the Assignee shall succeed to the Capital Account of the Member to the extent such Capital Account relates to the Transferred interest.

(e) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation § 1.704-1(b) and shall be interpreted and applied in a manner consistent therewith. If the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any adjustments thereto (including, without limitation, adjustments relating to liabilities secured by Contributions or distributed property or to liabilities assumed by the Company or Members), are computed in order to comply therewith, the Manager may make any such modifications but only if such modifications are not likely to have a material effect on the

amounts distributed to any Member pursuant to Article 10 upon the dissolution of the Company. The Company may with the approval of the Manager also make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation § 1.704-1(b)(2)(iv)(q), and make any appropriate modifications if unanticipated events might otherwise cause this Agreement not to comply with Regulation § 1.704-1(b). In determining the amount of any liability for purposes of Sections 5.4(a) and 5.4(b), there shall be taken into account IRC § 752(c) and any other applicable federal tax provisions. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation or as otherwise personally obligating any Member to make any contribution not expressly provided for by this Agreement or called for in accordance with this Agreement.

5.5 Tax Matters Partner. The Manager shall from time to time designate one of the Members to act as the tax matters partner of the Company pursuant to IRC § 6231(a)(7). Gramor shall be the tax matters partner until any subsequent appointment in accordance herewith. Any Member designated as tax matters partner shall take such action as may be necessary to cause each other Member to become a notice partner within the meaning of IRC § 6223 and shall otherwise act in compliance with the provisions of this Agreement. Gramor shall deliver all tax returns to the Members for their review prior to filing.

5.6 Subchapter K. No election shall be made by the Manager or any Member to cause the Company to be excluded from the application of the provisions of IRC Subchapter K.

5.7 Section 754. The Manager may cause the Company to file an election under IRC § 754 to cause the basis of Company Property to be adjusted for federal income tax purposes as provided in IRC §§ 734 and 743.

5.8 Depreciation. The Company shall use for federal and state income tax purposes any reasonable method of depreciation selected by the Manager.

5.9 Return of Contributions, etc. No Member shall have the right to withdraw or be repaid any Contribution except as provided in this Agreement. Each Member shall look solely to the assets of the Company for the return of Contributions and shall have no right or power to demand or receive any specific Property from the Company in any case in which the Member is entitled to any Company Property. No Member shall have priority over any other Member as to the return of Contributions or the receipt of distributions or allocations. The Members shall be entitled to the Preferential Return on Capital in accordance with the t erms of this Agreement but no interest shall accrue on any Contribution or the balance in any Capital Account.

5.10 Taxes of Taxing Jurisdictions. To the extent that the laws of any taxing jurisdiction require, each Member requested to do so by the Manager or any other Member will submit an agreement indicating that the Member will make timely income tax payments to the taxing jurisdiction and that the Member accepts personal jurisdiction of the taxing jurisdiction

with regard to the collection of income taxes attributable to the Member's income and any interest and penalties assessed on such income. If the Member fails to provide such agreement, the Company may withhold and pay over to such taxing jurisdiction the amount of tax, penalty and interest determined under the laws of the taxing jurisdiction with respect to such income. Any such payments with respect to the income of a Member shall be treated as a distribution for purposes of Article 7. The Company may, where permitted by the rules of any taxing jurisdiction, file a composite, combined or aggregate tax return reflecting the income of the Company and pay the tax, interest and penalties of some or all of the Members on such income to the taxing jurisdiction, in which case the Company shall inform the Members affected thereby of the amount of such tax interest and penalties so paid.

ARTICLE 6
ALLOCATIONS

6.1 Allocation of Profits and Losses. Except as provided in Section 6.2 and after giving effect to any special allocations under IRC § 704(b) and Sections 6.3 through 6.6, to the extent applicable, Profits and Losses for any Fiscal Year shall be allocated to the Members as follows:

(a) First, to the extent that cash is distributed to a Member with respect to accrued Preferential Return on Capital, there shall be allocated to such Member, in the Fiscal Year of the distribution or as soon thereafter as is possible, Profits in an amount up to but not exceeding the amount of Distributed but Unmatched Preferential Return (as hereinafter defined) as of the end of such Fiscal Year. Each allocation of Profits shall be made in proportion to the Distributed but Unmatched Preferential Return as of the end of the Fiscal Year of the Members entitled to receive the allocation. For purposes of this Section 6.1(a), the term "**Distributed but Unmat ched Preferential Return**" means Preferential Return on Capital that has been distributed but has not at any time been matched by a allocation under this Section 6.1(a); and

(b) Second, in the case of Profits, to each Member in an amount up to, but not exceeding, the aggregate amount of Losses previously allocated to that Member in accordance with the second sentence of Section 6.2; and

(c) Third, in the case of Profits or Losses, to each Member in accordance with Percentage Interests

6.2 Limitation on Allocation of Losses. Losses allocated to a Member pursuant to Section 6.1(c) shall not exceed the maximum amount of Losses that can be so allocated without causing that Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. If some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 6.1(c), the foregoing limitation shall

be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member under Regulation § 1.704-1(b)(2)(ii)(d).

6.3 Special Allocations

(a) **Minimum Gain Chargeback.** Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this ARTICLE 6, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Person's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 6.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) **Member Minimum Gain Chargeback.** Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this ARTICLE 6, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Person who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Person's share of the net decrease in Member Nonrecourse Debt Minimu m Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 6.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) **Qualified Income Offset.** In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), Section 1.704-1(b)(2)(ii)(d)(5) or Section 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Capital Account of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for

in this ARTICLE 6 have been tentatively made as if this Section 6.3(c) were not in the Agreement.

(d) **Gross Income Allocation.** In the event any Member has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of

(1) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and

(2) the amount such Member is deemed to be obligated to restore pursuant to the next to the last sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this ARTICLE 6 have been made as if Section 6.3(c) hereof and this Section 6.3(d) were not in the Agreement.

(e) **Nonrecourse Deductions.** Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in proportion to their Percentage Interests.

(f) **Member Nonrecourse Deductions.** Any Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) **Allocations Relating to Taxable Issuance of Company Interests.** Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

6.4 Curative Allocations. The allocations set forth in this Agreement (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 6.4. Therefore, notwithstanding any other provision of this ARTICLE 6 (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, ga in, loss or deduction in whatever manner the Manager determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account is, to the extent possible, equal to the Capital Account such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to this Agreement. In exercising discretion under this Section 6.4, the Manager shall take into account future Regulatory

Allocations under this Agreement, although not yet made, that are likely to offset other Regulatory Allocations previously made under this Agreement.

6.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, quarterly or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

(b) In making any allocation among the Members of income or gain from the sale or other disposition of Company Property, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions shall be allocated among those Members who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

(c) The Members are aware of the income tax consequences of the allocations made by this ARTICLE 6 and hereby agree to be bound by the provisions of this ARTICLE 6 in reporting their shares of Company income and loss for income tax purposes.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in Company Profits are equal to their respective Percentage Interests.

(e) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Managers shall endeavor to treat distributions of Net Cash From Operations or Net Cash From Sales or Refinancings as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

6.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value.

In the event the Gross Asset Value of any Company asset is adjusted as provided on Schedule A, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 6.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Person's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE 7
DISTRIBUTIONS

7.1 Non-Liquidating Distributions. The Company shall from time to time distribute Net Operating Cash Flow or Net Cash From Sales or Refinancings to the Members in accordance with the following at such times and in such amounts as the Manager determines to be appropriate; provided that before making any distribution under either Section 7.1(a)(iii) or Section 7.1(b)(iii), the Company shall first have paid Gramor Development, Inc. all development management fees owed it under the Development Agreement (except the Final Fee), as provided in and subject to Section 4.1 thereof:

(a) In the case of Net Operating Cash Flow:

(i) First, to the Members, pro rata, up to the amount of accrued but previously undistributed Preferential Return on Capital on unreturned Initial Capital Contributions;

(ii) Second, to the Members, pro rata, up to the amount of accrued but previously undistributed Preferential Return on Capital on unreturned Additional Contributions;

(iii) Third, to the Members, pro rata, in return of their Additional Contributions to the extent not previously returned through distributions hereunder; and

(iv) Fourth, to the Members in accordance with their Percentage Interests.

(b) In the case of Net Cash From Sales or Refinancings:

(i) First, to the Members, pro rata, up to the amount of accrued but previously undistributed Preferential Return on Capital on unreturned Initial Capital Contributions;

(ii) Second, to the Members, pro rata, up to the amount of accrued but previously undistributed Preferential Return on Capital on unreturned Additional Contributions;

(iii) Third, to the Members, pro rata, in return of their Additional Contributions to the extent not previously returned through distributions hereunder;

(iv) Fourth, to the Members, pro rata, in return of their Initial Contributions to the extent not previously returned through distributions hereunder; and

(v) Fifth, to the Members in accordance with their Percentage Interests.

7.2 Liquidating Distributions. Notwithstanding the provisions of Section 7.1, if the Company is dissolved and its business and affairs are wound up, distributions shall be made pursuant to Section 10.3.

7.3 General. No Member shall have the right or power to demand or receive a distribution in a form other than cash, and no Member shall be required or compelled to accept a distribution of any asset in kind to the extent that the interest distributed would exceed the Member's pro rata share of operating or liquidating distributions, as the case may be. No Member shall have the right to receive interest on any distribution to the Member by the Company. Notwithstanding anything contained in this Agreement or the Articles to the contrary, no distribution shall be made to a Member in violation of the Act.

7.4 Amounts Withheld. All amounts withheld pursuant to any provision of any federal, state or local tax law with respect to any payment, distribution or allocation to the Members shall be treated as amounts distributed to the Members pursuant to this Article 7 for all purposes under this Agreement. The Company is authorized to withhold from distributions, or with respect to allocations, and to pay over to any federal, state or local government any amounts required to be so withheld pursuant to any federal, state or local law and shall allocate any such amounts to the Members with respect to which such amount was withheld.

ARTICLE 8
ADDITIONAL MEMBERS

8.1 Admission of Additional Member. One or more Additional Members may be admitted if the Manager and a Majority of the Members consent to any such admission. Any Additional Member shall make such Contribution as is agreed upon in writing by the Company and the Additional Member, which writing shall specify the value of the Additional Member's Contribution, the time for making such Contribution and the respective Percentage Interest of each Member following such Contribution. Each of the Members acknowledges and agrees that it is intended that any dilution of Percentage Interests arising out of the admission of any Additional M ember will be proportionate among the Members based on their Percentage Interests immediately preceding such admission. Notwithstanding the foregoing, a Person shall not become an Additional Member unless and until such Person becomes a party to this Agreement as a Member by signing a counterpart signature page to this Agreement and executing such documents and instruments as the Manager may reasonably request to confirm such Person

as a Member in the Company and such Person's agreement to be bound by the terms and conditions of this Agreement.

8.2 Accounting. No Additional Member shall be entitled to any retroactive allocation of any income, gain, loss or deduction of the Company. The Company may at the time an Additional Member is admitted close the Company books (as though the Company's tax year had ended) or make pro rata allocations of income, gain, loss or deduction to an Additional Member for that portion of the Company's tax year in which such Member was admitted in accordance with the provisions of IRC § 706(d) and the federal tax regulations thereunder.

ARTICLE 9
TRANSFERS OF INTERESTS

9.1 Restriction on Transfers. Except as otherwise permitted by Section 9.2, no Member or Assignee shall Transfer all or any portion of such Person's interest in the Company. Any purported Transfer not permitted under Section 9.2 shall be null and void and of no force or effect whatsoever.

9.2 Permitted Transfers. Subject to the conditions and restrictions set forth in Sections 9.3 and 9.4, a Member or Assignee may at any time Transfer all or any portion of such Person's interest in the Company either (a) to any other Member or as otherwise permitted under Section 9.7 or (b) with the consent of a Majority of the Members (which may be withheld in the sole and absolute discretion of any Member), to any other transferee.

9.3 Conditions to Permitted Transfers. A Transfer shall not be permitted under Section 9.2 unless and until the following conditions are satisfied:

(a) The Assignor and Assignee have executed and delivered to the Company such documents and instruments of conveyance as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer and to confirm the agreement of the Assignee to be bound by the provisions of this Agreement.

(b) The Assignor and/or Assignee have reimbursed the Company for all costs and expenses that the Company reasonably incurs in connection with the Transfer.

(c) The Assignor and Assignee have provided to the Company the Assignee's taxpayer identification number, sufficient information to determine the Assignee's initial tax basis in the interest Transferred and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any interest Transferred until it has received such information.

9.4 Rights and Obligations of Assignees and Assignors.

(a) A Transfer by any Member or other Person shall not itself dissolve the Company or, except as otherwise provided in this Agreement, entitle the Assignee to become a Member or exercise any rights of a Member, including, without limitation, any Management Rights.

(b) A Transfer by any Member, including, without limitation, any involuntary Transfer, shall eliminate the Member's power and right to vote (in proportion to the extent of the interest Transferred) on any matter submitted to the Members, and, for voting purposes, such interest shall not be counted as outstanding in proportion to the extent of the interest Transferred. The Transfer shall also eliminate the Member's entitlement to any Management Rights associated with the Transferred interest, including without limitation rights to information, but shall not cause the Member to be released from any liability to the Company solely as a result of the Transfer.

(c) An Assignee not admitted as a Substitute Member shall be entitled only to the Economic Rights with respect to the interest Transferred and shall have no Management Rights (including, without limitation, rights to any information or accounting of the affairs of the Company or to inspect the books or records of the Company) with respect to the interest Transferred, other than the right to receive such information as the Assignee may reasonably require for tax purposes. If the Assignee becomes a Substitute Member, the voting rights associated with the interest Transferred shall be restored and be held by the Substitute Member along with all other Management Rights with respect to the interest Transferred. ; The Assignee shall have no liability as a Member solely as a result of the Transfer.

(d) If a court of competent jurisdiction charges an interest in the Company with the payment of an unsatisfied amount of a judgment, to the extent so charged the judgment creditor shall be treated as an Assignee.

9.5 Admission of Assignee as Substitute Member. Any transferee already a Member shall be automatically admitted as a Substitute Member with respect to the interest in the Company transferred to such Member. Any other transferee shall be admitted to the Company as a Substitute Member with the Management Rights of a Member only upon satisfaction of all of the following conditions:

(a) A Majority of the Members consent to such admission, which consent may be given or arbitrarily withheld in the sole and absolute discretion of each Member;

(b) The Assignee becomes a party to this Agreement as a Member by executing a counterpart signature page to this Agreement and executing such documents and instruments as the Manager may reasonably request as necessary or appropriate to confirm such Assignee as a Member in the Company and such Assignee's agreement to be bound by the terms and conditions of this Agreement;

(c) The Assignee pays or reimburses the Company for all reasonable legal, filing and publication costs that the Company incurs in connection with the admission of the Assignee as a Member with respect to the interest Transferred; and

(d) If the Assignee is not a natural person of legal majority, the Assignee provides the Company with evidence reasonably satisfactory to counsel for the Company of the authority of the Assignee to become a Member and to be bound by the terms and conditions of this Agreement.

9.6 Effect of Admission of Substitute Member. A Substitute Member shall have, to the extent of the interest Transferred, the rights and powers, and be subject to the restrictions and liabilities, of a Member and shall be liable for any obligations of the Assignor to make Contributions but shall not be obligated for liabilities unknown to the Substitute Member at the time of becoming a Member and not ascertainable from the Articles. Notwithstanding the admission of a Substitute Member, the Assignor shall not be released from any liability the Assignor may have to the Company.

9.7 Gramor Buyout Right; ROIC Option to Purchase.

(a) In the event of any Construction Loan Impasse, Gramor shall have the right but not the obligation to give a "**Buyout Notice**" to ROIC under this Section 9.7(a) electing to purchase either directly or through a designee, or to have the Company purchase and liquidate, all, but not less than all, of ROIC's interest in the Company for an amount equal to all unreturned Contributions of ROIC to the Company plus all accrued and undistributed Preferential Return on Capital on such Contributions. Any acquisition or liquidation under this Section 9.7(a) of the interest of ROIC shall be closed on the date specified by Gramor in a notice to ROIC that is within 60 days after Gramor's delivery of the Buyout Notice by the payment or distribution to ROIC in cash of the Buyout Amount. In connection with the purchase, if applicable, Gramor shall have obtained and shall deliver on the Closing Date a release of ROIC and any Affiliates from any guarantees provided by ROIC or its Affiliates in connection with the Project, in form and content reasonably satisfactory to Gramor and all affected Affiliates.

(b) ROIC shall have an option to purchase the interest in the Company of Gramor in accordance with this Section 9.7(b). By notice given by ROIC to Gramor within 30 days after notice from Gramor to ROIC of the Stabilization of the Project, ROIC shall have the right to elect to purchase all but not less than all of the interest in the Company of Gramor in accordance with the following:

(i) The option shall be exercisable for an amount ("**Option Price**") equal to the amount that Gramor would receive upon a sale of the Project and accompanying dissolution and liquidation of the Company in accordance with Article 10 assuming a sale of all Company Property for an amount equal to the value of the Project determined by capitalizing the Scheduled Net Operating Income at a 7.75% capitalization rate. Upon any notice of exercise of

the option given by ROIC to Gramor, the Manager shall calculate the value of the Project in accordance with the foregoing and determine the Option Price in accordance with the methodology described above. For purposes of such calculation, deductions or discounts sometimes taken into account for valuation purposes, including without limitation for lack of marketability, for minority interest, for prepayment penalties under the terms of any indebtedness and for brokerage commissions, shall not be taken into account in determining the Option Price but, if applicable, the Option Price shall be reduced by the amount of any deemed loan payable by Gramor under Section 5.2(b) as provided therein. The term "**Stabilization of the Project**" shall mean the achievement by the Project of a 90% occupancy rate based on signed leases of the leasable square footage of the Project. The term "**Scheduled Net Operating Income**" shall mean at the time calculated scheduled annual rents under signed leases and pro forma annual rents for unleased leaseable square footage in the Project (in each case ignoring any free rent periods) less 5% vacancy. Upon any exercise of the option by notice given by ROIC, ROIC shall be bound to purchase and Gramor shall be bound to sell for the Option Price.

(ii) The closing of a purchase pursuant to the option shall occur on a date that is not more than 30 days after the date of the determination of the Option Price in accordance with Section 9.7(b)(i) ("**Closing Date**") and is specified by notice given by ROIC or, if ROIC has not specified such a date within 20 days after the date of determination of the Option Price, in a notice given by Gramor.

(iii) At the closing on the Closing Date, ROIC or is designee shall pay Gramor the Option Price in cash and Gramor shall deliver an assignment, in form and content reasonably satisfactory to ROIC (or its designee), warranting to good and unencumbered title to the interest being transferred, subject only to the restrictions and provisions of this Agreement and if applicable, any liens on Gramor's interest in the Company required to have been granted to lenders to the Company. In connection with the purchase, ROIC shall have obtained and shall deliver on the Closing Date a release of Gramor and any Affiliates from any guarantees provided by Gramor or its Affiliates (including, if applicable, Barry Cain) in conn ection with the Project, in form and content reasonably satisfactory to Gramor and all affected Affiliates. Gramor may choose to receive, in lieu of cash consideration, all or part of Gramor's net proceeds in ROIC's affiliate REIT, Retail Opportunity Investments Corp, ticker (ROIC). In such event, ROIC shall, at Gramor's sole cost and expense, prepare all necessary documents and otherwise cooperate with Gramor to enable such portion of the transaction contemplated by this Agreement to be consummated as a tax deferred UPREIT Exchange. ROIC shall (i) refrain from taking any action that could impair the tax deferred status of the transaction contemplated by this Section 9.7(b)(iii) (the "Transaction") for a period of five (5) years after closing and (ii) guaranty for a period of five (5) years after closing the tax free nature of the portion of the Transaction that Gramor elects to consummate as a tax deferred UPREIT Exchange. The lock up period for the Operating Partnership Units involved in said portion of the Transaction shall be one (1) year from closing. For all purposes with respect to the Transaction, the value of ROIC stock shall be the average daily market price for said stock between the effective date of the purchase and sale agreement and close of business of the New York Stock Exchange on the day before closing of the Transaction. Gramor shall be solely responsible to pay any and all attorney fees and all other

fees and costs incurred by ROIC and Gramor with respect to the preparation of the documents and additional steps necessary under this provision. Since ROIC has no issuable warrants, it is understood that Gramor, at any time before or after the closing of this transaction, may purchase warrants on the open market for resale or retention for the purpose of exercising such warrants, or portion thereof at such time and under such conditions as are provided in such warrants. Gramor shall, with ROIC's guidance, comply with all applicable SEC and other regulations relating to such transactions and disclosure thereof.

9.8 Distributions and Allocations to Transferred Interests. Upon any Transfer during any Fiscal Year made in compliance with the provisions of this Article 9, Profits, Losses, each item thereof and all other items attributable to such interest for such Fiscal Year shall be divided and allocated between the Assignor and the Assignee by taking into account their varying interests during such Fiscal Year in accordance with IRC § 706(d), using any conventions permitted by law and selected by the Company. All distributions on or before the date of such Transfer shall be made to the Assignor and all distributions thereafter shall be made to the Assignee. In furtherance and not in limitation of the foregoing, if Gramor's interest is purchased by ROIC pursuant to the option provided for in Section 9.7(b), Gramor shall participate in all allocations and distributions to the Members through the Closing Date.

ARTICLE 10
DISSOLUTION AND WINDING UP

10.1 Exercise of Voting Rights. Each Member may, in the sole discretion of such Member, vote as the Member sees fit with respect to any matter requiring a vote of the Members under this Agreement or the Act, including, without limitation, a dissolution of the Company.

10.2 Dissolution Events. Notwithstanding that, pursuant to the Articles, the duration of the Company is perpetual, the Members intend and agree that the Company shall dissolve and commence winding up and liquidating upon the first to occur of any of the following (each, a "**Dissolution Event**"):

(a) Any sale of all or substantially all of the Company Property; or

(b) The vote of a Majority of the Members to dissolve, wind up and liquidate the Company.

Notwithstanding anything in the Act to the contrary, to the maximum extent permitted by law, the Dissolution Events are the exclusive events that may cause the Company to dissolve, and the Company shall not dissolve prior to the occurrence of a Dissolution Event notwithstanding the occurrence of any event specified in the Act or any other event that might otherwise cause a dissolution.

10.3 Winding Up. Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, satisfying the claims of its creditors and Members and liquidating or distributing its assets to the extent necessary therefor. Neither the Manager nor any Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the orderly winding up of the Company's business and affairs. The Manager (or, if there is none then serving, a Majority of the Members, acting as Manager) shall oversee the winding up and dissolution of the Company, cause the Company Property to be distributed in kind or to be liquidated as promptly as is consistent with obtaining the fair value thereof and, subject to Section 10.4, cause the proceeds therefrom and any remaining Property, to the extent sufficient therefor, to be applied and distributed in the following order:

(a) First, to the payment and discharge of all of the Company's debts and liabilities to creditors, including any Member to the extent permitted under the Act;

(b) Second, to the payment and discharge of any remaining debts or liabilities of the Company to any Member; and

(c) Third, to the Members in accordance with positive balances in their Capital Accounts, after giving effect to all Contributions, distributions and allocations for all periods, in each case after the Capital Accounts have been adjusted as provided in Article 6 and no later than the earlier of (i) the end of the taxable year in which the date of the liquidation of the Company occurs or (ii) 90 days after the date of the liquidation of the Company.

The Manager or a Member that performs more than *de minimis* services in completing the winding up and termination of the Company pursuant to this Article 10 shall be entitled to receive reasonable compensation for the services performed.

10.4 Establishment of Trust or Reserves. In the reasonable discretion of the Manager a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Article 10 may be:

(a) Distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Manager (or a Majority of the Members if there is no Manager then serving) in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to Section 10.3; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations

owed to the Company; provided that such withheld amounts shall be distributed to the Members as soon as practicable.

10.5 Notices of Dissolution Event, etc. If any Dissolution Event occurs, the Manager shall, within 30 days thereafter, provide notice thereof to each Member and take such other actions as the Manager determines to be necessary or appropriate.

ARTICLE 11
BOOKS, RECORDS AND ACCOUNTINGS

11.1 Books and Records. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. Records and accounts shall be kept on the accrual method of accounting. The fiscal year of the Company shall be the calendar year. At a minimum the Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known business, residence or mailing address of each Member and Manager, both past and present;

(b) A copy of the Articles and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(c) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years;

(d) Copies of the Company's currently effective written Operating Agreement and all amendments thereto, copies of any writings permitted or required under the Act and copies of any financial statements of the Company for the three most recent years;

(e) Minutes of any meetings of the Members and any consents obtained from Members for actions taken without a meeting; and

(f) To the extent not contained in this Agreement, a statement prepared and certified as accurate by the Manager that describes (i) the amount of cash and a description and statement of the agreed value of other Property or consideration contributed by each Member or that each Member has agreed to contribute in the future, (ii) the times at which or events on the occurrence of which any additional Contributions agreed to be made by each Member, if any, are to be made and (iii) if agreed upon, the time at which or the events upon which the Company is to be dissolved and its affairs wound up.

11.2 Reports.

(a) Within 45 days after the end of each Fiscal Year of the Company or as soon thereafter as is reasonably practicable, the Company shall furnish to each Member an annual report consisting of at least the following to the extent applicable:

(i) A copy of the Company's federal, state and local income tax return for that Fiscal Year;

(ii) A set of audited financial statements for the Company for the Fiscal Year prepared in accordance with generally accepted accounting principles; drafts thereof shall be provided to ROIC for review within thirty (30) days of the end of each fiscal year; and

(iii) Any additional information that the Members may require for the preparation of their individual federal and state income tax returns.

(b) Within 15 days after the end of each calendar month, the Company shall furnish to each Member a monthly and year-to-date balance sheet and profit and loss statement prepared in accordance with generally accepted accounting principles and a statement of changes in the Member's capital accounts, a variance report comparing actual costs and revenues with budgeted costs and expenses and revenues on a category basis, along with a reasonably detailed explanation of all material with significant variances and all changes in any timetables related thereto, a leasing report that shall describe in reasonable detail all leasing efforts and leasing prospects, letters of intent and leases made, identified, or entered into during su ch period, a rent roll, a bank statement with reconciliations, if applicable, a calculation by Manager of the amount of Net Operating Cash flow for the preceding calendar year and a calculation by Manager of the anticipated distributions, if any, to Members pursuant to ARTICLE 7, including a calculation of the undistributed Preferential Return on Capital Amounts, if any, and any additional information that the Members may require as supporting schedules to the above.

(c) The Manager shall provide the Members with copies of construction progress reports delivered by the general contractor, at regular intervals, but in any event not less frequently than monthly,

(d) Within 15 days after the end of each calendar month, the Manager shall provide the Members with monthly status reports which shall include the following: (a) an operating statement and report of financial condition of the Company for such period; (b) a variance report, comparing actual costs and expenses and revenues with budgeted costs and expenses and revenues on a category basis along with a reasonably detailed explanation of all material or significant variances and all changes in any time schedules relating thereto; (c) a leasing report, which shall describe in reasonable detail all leasing efforts and leasing prospects, letters of intent and leases made, identified or entered into during such perio d, and a current rent roll; (d) bank statements and bank reconciliations, (e) if applicable, a calculation by Manager of the amount of Net Operating Cash Flow for the preceding calendar month and a calculation by Manager of the respective distributions if any, to Members pursuant to ARTICLE 7, including a

calculation of the undistributed Preferential Return on Capital amounts, if any, and (f) any additional information that the Members may require as supporting schedules to the foregoing.

(e) In addition, if the Company indemnifies or advances expenses to a Manager or Member in connection with a proceeding by or in the right of the Company, the Company shall report the indemnification or advance in writing to the Members.

(f) The Manager shall pay from gross cash proceeds from Company operations any taxes payable by the Company.

(g) The Manager will also provide to its Members any additional financial information and materials reasonably requested by the Members or their auditors.

11.3 Rights of Members; Inspection. Each Member shall have the right to receive the reports and information required to be provided by the Act, the Articles or this Agreement. Upon reasonable request, each Member, and any authorized representative of any Member, shall have the right, during ordinary business hours, to inspect and copy, at the requesting Member's expense, the books and records that the Company is required to maintain and keep by the Act, the Articles or this Agreement.

ARTICLE 12
ADOPTION AND AMENDMENT

This Agreement shall be adopted and be effective only upon execution by all of the Members shown as signatories hereto. This Agreement and the Articles may be amended, restated or modified from time to time by a Majority of the Members then entitled to vote, consent to or otherwise decide any matter submitted to the Members, as determined pursuant to this Agreement; provided that any amendment that would change the number of managers of the Company shall require the affirmative vote of all Members then entitled to vote. Subject to the foregoing, neither the Manager nor any Member shall have any vested rights under this Agreement that may not be modified from time to time through an amendment to this Agreement.

ARTICLE 13
MISCELLANEOUS

13.1 Application of Oregon Law. This Agreement, and the application or interpretation hereof, shall be governed exclusively by its terms and by the laws of Oregon, and specifically the Act, without regard to choice of law rules.

13.2 Construction. Whenever required by the context in this Agreement, the singular number shall include the plural and vice versa, and any gender shall include the masculine, feminine and neuter genders. The term "**Member**" when used in any provision relating to

Capital Accounts or any other tax or financial matter shall be deemed to include any Person having Economic Rights under this Agreement.

13.3 Counterparts; Facsimiles. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. Facsimile signatures of the parties on this Agreement or any amendment of this Agreement shall be deemed original signatures, and each Member or other party shall forward the original signed version of such document promptly following facsimile transmission.

13.4 Waiver of Partition. Each Member specifically waives any direct or indirect right of partition such Member may have or may hereafter acquire that would enable such Member to cause any Company Property to be the subject of a suit for partition.

13.5 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to effectuate the purposes of this Agreement or comply with any laws, rules or regulations applicable to the Company.

13.6 Headings. The headings in this Agreement are inserted for convenience only and do not describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

13.7 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the parties and, to the extent permitted by this Agreement, their respective heirs, legal representatives and permitted successors and assigns.

13.8 Notices and Consents, etc. Any notice, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to which the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to the Manager's, Member's or Company's address, as shown in the records of the Company. Except as otherwise provided herein, any such notice shall be deemed to be given 5 Business Days after the date on which the same was deposited in the United States mails.

13.9 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

13.10 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a

subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

13.11 Arbitration of Disputes. Any action to enforce or interpret this Agreement, or to resolve disputes with respect to this Agreement as between: the Company and a Member, or between or among the Members or between the Manager and Members or between the Company and the Manager, will be settled by arbitration in accordance with the rules of the Arbitration Services of Portland. Any party may commence arbitration by sending a written demand for arbitration to the other parties. Such demand will set forth the nature of the matter to be resolved by arbitration. The arbitration will be in Portland, Oregon. 60; The substantive law of the State of Oregon will be applied by the arbitrator to the resolution of the dispute. The parties will share equally all costs of arbitration. The prevailing party will be entitled to reimbursement of attorney fees, costs and expenses incurred in connection with the arbitration. All decisions of the arbitrator will be final, binding and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction thereof. The arbitrator (if permitted under applicable law) or such court may issue a writ of execution to enforce the arbitrator's decision.

13.12 Entire Agreement. The Articles, this Agreement and any other document to be furnished pursuant to the provisions hereof embody the entire agreement and understanding of the parties as to the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to in such documents. This Agreement and such documents supersede all prior agreements and understandings among the parties with respect to the subject matter hereof.

[signature page follows]

IN WITNESS WHEREOF, the Members have executed this Agreement effective as of the date first set forth above.

Members:

GRAMOR WILSONVILLE OTS LLC,
an Oregon limited liability company

By: Gramor Investments, Inc.,
an Oregon corporation

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

ROIC OREGON, LLC

By /s/ Stuart A. Tanz
[Name/Title]
Stuart A. Tanz
CEO

Manager Acknowledged and Appointment Accepted:

GRAMOR WILSONVILLE OTS LLC,
an Oregon limited liability company

By: Gramor Investments, Inc.,
an Oregon corporation

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

TABLE OF DEFINITIONS

Schedule A

DEFINITIONS

The following terms used in the foregoing Operating Agreement shall have the following meanings (unless otherwise expressly provided therein):

"Act" shall mean the Oregon Limited Liability Company Act, as amended from time to time.

"Additional Contributions" shall have the meaning set forth in Section 5.1(c).

"Additional Member" shall mean a Member, other than a Substitute Member, that has acquired both Economic Rights and Management Rights from the Company after the date of this Agreement.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) The Capital Account shall be increased by any amounts such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the next to the last sentences of Regulation §§ 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) The Capital Account shall be decreased by the items described in Regulation §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, the terms "controls," "is controlled by" or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other voting interests, by contract or otherwise.

"Agreement" shall mean this Operating Agreement, as amended or restated from time to time.

"**Approved Budget**" means either the Development Budget or the Operating Budget or any other budget or budget amendment approved pursuant to this Agreement (also collectively, as "Approved Budgets").

"Articles" shall mean the Articles of Organization of the Company previously filed with the Secretary of State of Oregon, as amended or restated from time to time.

"Assignee" shall mean an Owner of Economic Rights that has not been admitted as a Substitute Member, including an owner of Economic Rights pursuant to a Transfer permitted under Article 9 or an owner of Economic Rights of a Member whose membership in the Company has been terminated under the Act or this Agreement.

"Assignor" shall mean a Person that either voluntarily or involuntarily Transfers an interest in the Company.

"Business Day" shall mean any day other than Saturday, Sunday or any legal holiday on which banks in Portland, Oregon are closed.

"Buyout Notice" shall have the meaning set forth in Section 9.7(a).

"Capital Account" shall mean the account maintained with respect to a Member in accordance with Section 5.4.

"Cause" shall have the meaning set forth in Section 2.12.

"Closing Date" shall have the meaning set forth in Section 9.7(b)(ii).

"Company" shall mean the Oregon limited liability company governed by this Agreement.

"Company Minimum Gain" shall mean the same as "partnership minimum gain" as set forth in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

"Company Property" shall mean any Property owned by the Company.

"Construction Loan Impasse" shall have the meaning set forth in Section 2.2(c).

"Contribution" shall mean, with respect to any Member, the amount of all cash and the Gross Asset Value of all other Property contributed by such Member to the capital of the Company pursuant to this Agreement, net of liabilities secured by such contributed Property that the Company is considered to assume or take subject to pursuant to IRC § 752.

"Depreciation" shall mean, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as

the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Company.

"Development Agreement" shall have the meaning set forth in Section 2.3.

"Development Budget" shall mean the budget for the development of the Project attached as **Exhibit C**.

"Dissolution Event" shall mean any of the events described in Section 10.2.

"Distributed but Unmatched Preferential Return" shall have the meaning set forth in Section 6.1(a).

"Economic Rights" shall mean a Member's share of the Profits, Losses or any other items allocable to any period and distributions of Company Property pursuant to the Articles and this Agreement but shall not include any Management Rights.

"Fiscal Year" shall mean the Company's fiscal year, which shall be determined pursuant to IRC § 706.

"Gramor" shall mean Gramor Wilsonville OTS LLC, an Oregon limited liability company.

"Gross Asset Value" shall mean with respect to any asset that asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times:

(i) The acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a *de minimis* Contribution;

(ii) The distribution by the Company to a Member of more than a *de minimis* amount of Property as consideration for an interest in the Company; and

(iii) The liquidation of the Company within the meaning of Regulation § 1.704-1(b)(2)(ii)(g);

provided, however, that adjustments pursuant to clauses (i) and (ii) of this definition shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative Economic Rights of the Members;

(c) The Gross Asset Value of any asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Manager; and

(d) The Gross Asset Values of assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to IRC § 734(b) or IRC § 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation § 1.704-1(b)(2)(iv)(m) and clause (f) of the definition of Profits and Losses; provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (d) to the extent the Manager determines that an adjustment pursuant to clause (b) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to any of clauses (a), (b) or (d) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses. Notwithstanding any provision of the Articles or the Act apparently to the contrary, ORS 63.185(4) shall not apply in the event an additional or substitute Member is admitted to the Company.

"Initial Contributions" shall have the meaning set forth in Section 5.1(b).

"Invested Capital" shall mean for each Member the sum of the aggregate Contributions made by the Member (other than any Contribution deemed made by a defaulting Member under Section 5.2(b)), less the total cash distributions made to the Member under Sections 7.1(a)(iii), 7.1(b)(iii), and 7.1(b)(iv) in return of such Member's Contributions.

"IRC" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

"**Major Decision**s" shall have the meaning set forth in Section 2.5.

"Majority of the Members" shall mean, at any time, the Member or Members (including any proxy holder acting on behalf of a Member) holding more than 50 percent of the

votes held by Members then entitled to vote, consent to or otherwise decide any matter submitted to the Members.

"Management Rights" shall mean the right of a Member to participate in the management of the Company, including rights to information and to consent or approve actions of the Members.

"Manager" shall mean the Person appointed as the Manager pursuant to the terms of this Agreement.

"Member" shall mean each Member identified on **Exhibit A** as a Member and any Person that may hereafter become an Additional or Substitute Member, but only for so long as such Member is a Member under the terms of this Agreement, and, solely for purposes of Economic Rights, shall also have the meaning set forth in Section 13.2.

"Member Nonrecourse Debt" shall have the meaning set forth in Section 1.704-2(b)(4) of the Regulations for "partner nonrecourse debt".

"Member Nonrecourse Debt Minimum Gain" shall mean an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions" shall have the meaning set forth in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations for "partner nonrecourse deductions".

"Net Cash From Sales or Refinancings" shall mean the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) and all refinancings of Company Property, less any portion thereof used to establish reserves, all as determined by the Manager, and shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions (other than in the ordinary course of business) of Company Property.

"Net Operating Cash Flow" shall mean the gross cash proceeds from Company operations (including sales and dispositions of Company Property in the ordinary course of business) less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Manager. The foregoing shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this definition or of the definition of Net Cash From Sales or Refinancings.

"Nonrecourse Deductions" shall have the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

"Nonrecourse Liability" shall have the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Option Price" shall have the meaning set forth in Section 9.7(b)(i).

"**Operating Budget**" shall mean the budget for the day to day operations of the Project upon completion of construction and issuance of a final certificate of occupancy for the Project.

"Percentage Interest" shall mean the percentage interest for each Member set forth opposite the name of such Member on **Exhibit A** unless and until (a) adjusted by agreement of all affected Members, (b) adjusted in accordance with Section 8.1 if applicable or (c) in respect of any Member, reduced or increased by reason of any Transfer permitted under this Agreement.

"Person" shall mean any natural person or entity, and the heirs, executors, administrators, legal representatives, successors and assigns of each such Person where the context so permits.

"Preferential Return on Capital" shall mean a cumulative, annually compounding, preferential return on Invested Capital of a Member equal to nine percent (9%) per annum.

"Profits" and **"Losses"** shall mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with IRC § 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to IRC § 703(a)(1) shall be included in taxable income or loss) after any allocation of gross income in accordance with Section 6.1(a), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in IRC § 705(a)(2)(B) or treated as IRC § 705(a)(2)(B) expenditures pursuant to Regulation § 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses shall be subtracted from such taxable income or loss;

(c) If the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to IRC § 734(b) or IRC § 743(b) is required pursuant to Regulation § 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's Economic Rights, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision in any clause of this definition, any items that are specially allocated pursuant to IRC § 704(b) (which shall be allocated by applying rules analogous to those set forth in clauses (a) through (f) of this definition) shall not be taken into account in computing Profits or Losses.

"Project" shall have the meaning set forth in Section 1.2.

"Property" shall mean any property, real or personal, tangible or intangible, including cash and any legal or equitable interest in such property, but excluding services and promises to perform services in the future.

"Purchase Agreement" shall have the meaning set forth in Section 1.2.

"Regulation(s)" shall mean proposed, temporary and final federal tax regulations in effect as of the date the Articles were filed and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

"ROIC" means ROIC Oregon, LLC.

"Scheduled Net Operating Income" shall have the meaning set forth in Section 9.7(b)(i).

"Seller" shall have the meaning set forth in Section 1.2.

"Stabilization of the Project" shall have the meaning set forth in Section 9.7(b)(i).

"Substitute Member" shall mean an owner of Economic Rights admitted to all rights of membership in the Company and thereby the holder of all Management Rights of a Member.

"Transfer" shall mean with respect to any interest in the Company, as a noun, any voluntary or involuntary assignment, sale or other transfer or disposition of such interest and, as a verb, voluntarily or involuntarily to assign, sell or otherwise transfer or dispose of such interest. Pursuant to the Act, a "transfer" shall not include a pledge or the granting of a security interest, lien or other encumbrance in or against, any interest in the Company.

EXHIBIT A

MEMBERS, INITIAL CAPITAL ACCOUNTS AND PERCENTAGE INTERESTS

Members	Beginning Contributions	Initial Capital Accounts	Percentage Interests	Number of Votes
Gramor Wilsonville OTS LLC	$42,542.28	$42,542.28	50%	50
ROIC Oregon, LLC	$808,303.23	$808,303.23	50%	50

EXHIBIT B

DEVELOPMENT AGREEMENT

EXHIBIT C

DEVELOPMENT BUDGET

WILSONVILLE OLD TOWN SQUARE
COST PROFORMA
July 2010

LAND					
total site	251,622	sf	13.93	/sf	3,506,000
TOTAL LAND	**251,622**	**sf**	**13.93**	**/sf**	**3,506,000**
HARD COST CONSTRUCTION					
fred meyer	0	sf	0.00	/sf	0
retail b-shell	6,445	sf	92.82	/sf	600,000
retail -b ti	6,445	sf	40.00	/sf	260,000
retail c - shell	10,153	sf	104.45	/sf	1,060,000
retail c - ti	10,153	sf	40.00	/sf	410,000
retail d1 - shell	5,319	sf	104.40	/sf	560,000
retail d1 - ti	5,319	sf	40.00	/sf	210,000
retail d2 - shell	5,416	sf	109.80	/sf	590,000
retail d2 - ti	5,416	sf	40.00	/sf	220,000
retail e - shell	10,508	sf	83.29	/sf	880,000
retail e - ti	10,508	sf	40.00	/sf	420,000
retail f - shell (restaurant)	4,968	sf	106.82	/sf	530,000
retail f - ti	4,968	sf	100.00	/sf	500,000
retail j - shell	7,000	sf	85.00	/sf	600,000
retail j - ti	7,000	sf	40.00	/sf	280,000
existing church renovation	1,281	sf	156.13	/sf	200,000
sitework - retail	201,524	sf	12.13	/sf	2,444,000
off sitework (frontage +Bailey)	32.6% of $2.7 mil +$110,000				990,200
contingency excluding reimburse lines			5.00%		366,000
TOTAL HARD COSTS					**$ 11,120,000**
SOFT COSTS					
architect- building					600,000
landscape architect					15,000
civil					20,000
survey					17,000
environmental testing					13,000
construction testing/soils					45,000
appraisal					12,000
lender's inspection					5,000
legal					50,000
development/building fees (includes rest)					250,600
traffic impact fee (includes, restaurants)					1,050,000
marketing					30,000

title insurance/closing costs		20,000
taxes		28,000
insurance		15,000
project mgmt 4% of total cost		700,000
off-site interest payment		9,750
leasing commission		0
soft cost contingency	5%	110,000
TOTAL SOFT COSTS		**$ 2,990,000**
FINANCING		
fees-construction	1.00	140,000
fees-permanent	1.00	150,000
loan interest	7.00%	750,000
TOTAL FINANCING		**$ 1,040,000**
TOTAL COSTS		**$ 18,660,000**

EXHIBIT D

PROPERTY MANAGEMENT AGREEMENT

EXHIBIT E

PURCHASE AGREEMENT

SCHEDULE 5.1(a)

GRAMOR REPRESENTATIONS & WARRANTIES

In connection with Gramor's execution and delivery of this Agreement, Gramor is assigning its right to purchase the real estate pursuant to the Purchase Agreement. Gramor has conducted the due diligence on the real estate to be acquired for the Project and represents and warrants that the statements set forth on this **Schedule 5.1(a)** are true and correct as of the date of this Agreement and will be true and correct as of the closing date for the acquisition of the real property pursuant to the terms of the Purchase Agreement.

1. The costs and expenses set forth on Schedule 5.1(b) are the actual costs and expenses without mark-up and are true and correct and relate solely to the development of the Project.

2. The Company has no other members and has conducted its business since March 9, 2010, in accordance with all applicable law. The Company and the Manager have disclosed all material agreements, encumbrances and all other information that a purchaser or investor would consider material in determining whether to invest in the Company.

3. The Company and its Manager have conducted all of the due diligence on the acquisition of the real estate pursuant to the terms of the Purchase Agreement and as such represent and warrant to Company's and Manager's current actual knowledge that the Property (as defined in the Purchase Agreement)

    a. suits the needs for the intended development, including but not limited to all zoning and other laws and regulations, the property has all available access to public streets, utilities and infrastructure and is economically viable for its intended use;
    b. is free from all environmental contamination and hazardous materials;
    c. has procured a survey sufficient for the issuance of an ALTA extended coverage owner's policy of title insurance without boundary, encroachment or survey exceptions;
    d. is free from all encumbrances and defects of title and will be transferred by warranty deed subject only to the permitted encumbrances approved by Company; and
    e. is not subject to any claim or pending litigation;

SCHEDULE 5.1(b)
OUT OF POCKET COSTS
AND EXPENSES INCURRED BY GRAMOR

Invoices thru - 07/14/10

Ctrl# and Expense Category	Amount
710000 Land	518,370.36
740000 Architect	273,680.42
741000 Legal Fees	29,459.65
741500 Environmental Testing	5,299.50
742000 Soils Tests	4,900.00
743500 Permits	17,499.67
745000 Marketing/Operating Costs	1,285.91
747500 Title Ins & Closing Costs	350.00
Total Costs:	**$850,845.51**
Reimbursement amount of 95%	**$808,303.23**

SCHEDULE 5.1(b)
OUT OF POCKET COSTS AND EXPENSES INCURRED BY GRAMOR

Invoices thru - 07/14/10

Ctrl#	Invoice Number	Invoice Date	Job	Property	Payee	Expense Account	Amount	Check Number	Check Date	Description
710000 Land										
P-131841	110352_1209	12/8/09	1103-52	1103-52	11fredme	18100	500,000.00	10522	12/11/09	Earnest Money Deposit
P-137658	71410	7/14/10	1103-52	1103-52	oliva	18100	18,370.36			Interest on Earnest
							518,370.36			
740000 Architect										
P-112419	118580	2/26/08	1103-52	1103-52	11groupm	18500	690.00	10445	4/24/08	2080070
P-113422	118997	4/1/08	1103-52	1103-52	11groupm	18500	6,910.00	10445	4/24/08	2080070.00 Schematic
P-114993	119398	4/30/08	1103-52	1103-52	11groupm	18500	17,843.33	10456	6/3/08	2080070.00 Schematic
P-116047	119805	5/28/08	1103-52	1103-52	11groupm	18500	34,301.79	10477	9/22/08	2080070.00 Schematic
P-117454	120228	7/2/08	1103-52	1103-52	11groupm	18500	29,237.80	10485	10/14/08	2080070.00 Schematic
P-117465	1000454	8/12/08	1103-52	1103-52	11groupm	18500	160.07	10492	12/18/08	2080070.00 Schematic
P-118611	1000732	9/3/08	1103-52	1103-52	11groupm	18500	36,929.44	10492	12/18/08	2080070 Schematic
P-119291	1001227	10/6/08	1103-52	1103-52	11groupm	18500	14,463.40	10502	2/25/09	2080070.00 Schem design
P-120578	1001566	11/4/08	1103-52	1103-52	11groupm	18500	31,823.92	10509	5/1/09	2080070.00 Prof svcs
P-122195	1001985	12/8/08	1103-52	1103-52	11groupm	18500	5,830.91	10509	5/1/09	2080070.00 Design Rev
P-122196	1002295	1/13/09	1103-52	1103-52	11groupm	18500	3,566.40	10516	6/19/09	2080070.00 Schem
P-122197	105733	12/4/08	1103-52	1103-52	11fordg	18500	97.27	10501	2/25/09	Copies 2080070.00
P-123148	1002738	2/3/09	1103-52	1103-52	11groupm	18500	2,064.78	10516	6/19/09	Prof svcs 2080070.01
P-124674	1003058	3/3/09	1103-52	1103-52	11groupm	18500	995.00	10516	6/19/09	Site pricing
P-127582	3314894	6/25/09	1103-52	1103-52	11fordg	18500	16.00	10518	8/14/09	Copies
P-129306	3373330	8/14/09	1103-52	1103-52	11fordg	18500	321.54	10523	12/18/09	Copies

P-130178	1006188	10/2/09	1103-52	1103-52	11groupm	18500	3,571.71	10525	12/18/09	2080070.02 Prof svcs
P-131441	1006489	11/3/09	1103-52	1103-52	11groupm	18500	1,345.00	10537	3/23/10	2080070.02 Prof svcs
P-131828	3491704	12/7/09	1103-52	1103-52	11fordg	18500	16.00	10536	3/23/10	Copies
P-132203	1006960	12/8/09	1103-52	1103-52	11groupm	18500	583.10	10537	3/23/10	2080070.02 Prof svcs
P-135608	1008595	4/6/10	1103-52	1103-52	11groupm	18500	82,912.96	10558	6/1/10	2080070.03 prof svcs
							273,680.42			
741000 Legal Fees										
P-124672	3365872	2/19/09	1103-52	1103-52	11stoelr	18500	2,212.00	10517	6/19/09	Legal fees
P-124673	3369315	3/11/09	1103-52	1103-52	11stoelr	18500	513.50	10517	6/19/09	Legal fees
P-126146	3381573	5/12/09	1103-52	1103-52	11stoelr	18500	39.50	10519	8/14/09	Legal fees
P-126147	3375578	4/22/09	1103-52	1103-52	11stoelr	18500	1,728.50	10519	8/14/09	Legal fees
P-127065	3387863	6/9/09	1103-52	1103-52	11stoelr	18500	2,567.50	10527	12/18/09	Legal fees
P-127583	3393799	7/8/09	1103-52	1103-52	11stoelr	18500	395.00	10527	12/18/09	Legal fees
P-129305	3399897	8/10/09	1103-52	1103-52	11stoelr	18500	1,422.00	10527	12/18/09	Legal fees
P-129537	3407498	9/15/09	1103-52	1103-52	11stoelr	18500	1,264.00	10527	12/18/09	Legal fees
P-130174	3411430	10/6/09	1103-52	1103-52	11stoelr	18500	1,316.00	10532	2/17/10	Legal fees
P-131442	3417339	11/5/09	1103-52	1103-52	11stoelr	18500	2,115.00	10539	3/23/10	Legal fees
P-132204	3423732	12/7/09	1103-52	1103-52	11stoelr	18500	1,739.00	10539	3/23/10	Legal fees
P-133026	3430506	1/12/10	1103-52	1103-52	11stoelr	18500	4,845.00	10549	4/29/10	Legal fees
P-133839	3435962	2/4/10	1103-52	1103-52	11stoelr	18500	2,380.00	10554	6/1/10	Legal fees
P-134641	3441943	3/8/10	1103-52	1103-52	11stoelr	18500	552.50	10554	6/1/10	Legal fees
P-135434	40037	3/31/10	1103-52	1103-52	11ssgray	18500	672.60	10548	4/29/10	Legal fees
P-135837	3448114	4/8/10	1103-52	1103-52	11stoelr	18500	1,785.00			Legal fees
P-136364	3454283	5/11/10	1103-52	1103-52	11stoelr	18500	2,252.50			Legal fees
P-136690	4178337	5/19/10	1103-52	1103-52	11perki	18500	1,660.05			Legal fees
							29,459.65			
741500 Environmental Testing										
P-125158	20150	4/6/09	1103-52	1103-52	11geodes	18500	2,220.00	10515	6/19/09	GRAMORDEV-3-01 Prof
P-126148	20356	5/4/09	1103-52	1103-52	11geodes	18500	2,576.50	10515	6/19/09	Fred Meyer Site svcs

P-133055	21407	10/8/09	1103-52	1103-52	11geodes	18500	503.00	10529	1/27/10	GRAMORDEV-3-01 Sept
							5,299.50			
742000 Soils Tests										
P-112420	91411	2/15/08	1103-52	1103-52	11geo	18500	4,900.00	10444	4/24/08	1.12E+08
							4,900.00			
743500 Permits										
P-102816	103153	4/27/07	1103-52	1103-52	11fordg	18500	23.12	10371	6/26/07	Copies to Ankrom Moisan
P-131079	160_1109	11/18/09	1103-52	1103-52	citywils	18500	160.00	10521	11/19/09	Class 1 Bldg C & G
P-136046	560_0510	5/10/10	1103-52	1103-52	citywils	18500	560.00	10552	5/11/10	Bldg F Class II App Fee
P-137299	1675655_0610	6/18/10	1103-52	1103-52	citywils	18500	16,756.55	10561	6/18/10	Bldg permit plan rev fees
							17,499.67			
745000 Marketing/Operating Costs										
P-117302	2158_0708	8/7/08	1103-52	1103-52	11bankca	18500	2.95	10463	8/14/08	4.89E+15
P-117317	Copier_1103	8/11/08	1103-52	1103-52	11gdi	18500	255.00	10484	10/14/08	Copies
P-123109	2969893	2/12/09	1103-52	1103-52	11fordg	18500	19.31	10513	6/19/09	Copies Fred Meyer
P-125577	Copier_0509	5/8/09	1103-52	1103-52	11gdi	18500	139.50	10514	6/19/09	Copies Enviro Phs 1
P-128353	Copier_0809	8/18/09	1103-52	1103-52	11gdi	18500	180.00	10524	12/18/09	Copies mktg brochures
P-129220	1523	8/31/09	1103-52	1103-52	11rivcit	18500	75.33	10526	12/18/09	August
P-132469	2132	12/31/09	1103-52	1103-52	11rivcit	18500	16.20	10538	3/23/10	December
P-133378	585412-94_0210	2/2/10	1103-52	1103-52	1128740	18500	50.00	10530	2/4/10	585412-94 Wilsonville
P-133579	971E68060	2/6/10	1103-52	1103-52	11united	18500	100.60	10531	2/11/10	January
P-133844	51054	1/31/10	1103-52	1103-52	11intcal	18500	67.81	10535	2/25/10	Conf calls
P-134004	2417	2/28/10	1103-52	1103-52	11rivcit	18500	20.25	10538	3/23/10	February
P-135145	2575	3/31/10	1103-52	1103-52	11rivcit	18500	16.20	10547	4/29/10	March
P-135308	971E68140	4/3/10	1103-52	1103-52	11united	18500	20.21	10545	4/8/10	971E68 March

P-135567	1740108343	3/31/10	1103-52	1103-52	11intcal	18500	103.57	10546	4/22/10	Conf calls 484825
P-136495	Copier_0510	5/19/10	1103-52	1103-52	11gdi	18500	135.00			ICSC Brochures
P-136900	971E68230	6/5/10	1103-52	1103-52	11united	18500	83.98	10559	6/9/10	971E68 May
							1,285.91			
747500 Title Ins & Closing Costs										
P-124892	467791	4/10/09	1103-52	1103-52	11chitit	18500	350.00	10512	6/19/09	50-yr title srch envir lev
							350.00			
Total Costs:							**$850,845.51**			
Reimbursement amount of 95%							**$808,303.23**			

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is dated for reference purposes as of the 21st day of July, 2010, by and between **O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company** ("Seller"), and **RETAIL OPPORTUNITY INVESTMENTS CORP.**, a Delaware corporation ("Buyer").

RECITALS

A. Seller owns all right, title and interest in certain real property located in Los Angeles County, State of California, and all improvements thereon, including an approximately 71,228 square foot shopping center, commonly known as **The Balcony at Beverwil** located at 9600-9636 West Pico Blvd., Los Angeles, CA 90035, the legal description of which is attached hereto as **Exhibit A** (the "Property").

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

TERMS

NOW, THEREFORE, the parties agree as follows:

1. **Purchase and Sale of Property**. Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. The Property also includes all of the personal property of whatever type or nature and licenses, permits and intangible rights and interests used in the operation of the Property (collectively, the "Personal Property"), all of which shall be conveyed to Buyer at closing pursuant to a bill of sale in the form attached as **Exhibit B**. The list of the Personal Property shall be provided by Seller to Buyer within three (3) 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 THIRTY-SIX MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND AND NO/100THS DOLLARS ($36,275,000.00). At closing, Buyer will assume Seller's current obligations on an existing loan (the "Assumption") from **Wells Fargo Bank, N.A., as Trustee for the COMM 2005-LP5 Commercial Pass-Through Certificates** ("Lender") secured by the Property with a total current balance of approximately TWENTY-NINE MILLION AND NO/100THS DOLLARS ($29,000,000.00) (the "Assumed Loan"). The total balance of the Assumed Loan shall be applied to the Purchase Price and Buyer will pay the remainder of the Purchase Price in cash at closing, via wire transferred funds.

3. **Earnest Money**. Within two (2) business days after mutual execution and delivery of this Agreement (the "Effective Date"), Buyer shall pay ONE MILLION AND

NO/100THS DOLLARS ($1,000,000.00) as earnest money (the "Earnest Money") in cash. The Earnest Money shall be deposited with First American Title Insurance Company (the "Title Company"), 777 Figueroa St., Suite 400, Los Angeles, CA 90017, Attention: Bobbie Purdy, and shall be deposited into an interest-bearing escrow account by the Title Company in accordance with the terms of this Agreement. All Earnest Money shall be applied to the payment of the Purchase Price at closing. All interest earned on the Earnest Money shall be part of the Earnest Money. Upon the expiration of the Contingency Period (below defined) and this Agreement not having been terminated in accordance with the terms and provisions of Section 7 below, the Earnest Money shall be released by Title Company to Seller for application to the Purchase Price at Closing, retention by Seller pursuant to Section 16.2 below, or refund to Buyer, all as applicable in accordance with the further terms and provisions of this Agreement. All Earnest Money shall be returned immediately to Buyer by Seller 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 Buyer may, at its sole discretion and expense: (a) commission a surveyor of Buyer's choice to prepare an ALTA survey of the Property; and (b) engage an environmental consultant of Buyer's choice to prepare a Phase I environmental site assessment of the Property and, if recommended by such consultant, obtain a Phase II environmental site assessment and perform any recommended testing. Seller shall cooperate with Buyer's obtaining such survey and environmental site assessments.

5. **Title Documents**. Seller has delivered or made available to Buyer (i) a preliminary title report for the Property dated April 30, 2010, issued by Title Company (the "Title Report"), along with all documents, whether recorded or unrecorded, referred to in the Title Report ("Title Documents") and (ii) an ALTA survey of the Property dated December 14, 2004 (the "Survey"). Buyer shall have until the expiration of the Contingency Period to give Seller written notice of Buyer's disapproval of any condition or exception to title disclosed by the Title Documents or any other condition of the Property disclosed by the Survey ("Buyer's Title Notice"). If Buyer disapproves of any such matter of title or condition of the Property, 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, exceptions and other conditions, if any, that Seller elects to eliminate 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 any conditions and exceptions noted in Buyer's Title Notice. Upon delivery of Seller's Title Notice, or failure of such delivery to Buyer, Buyer shall have three (3) business days within which to approve or disapprove same. If Buyer approves of Seller's Title Notice, then Seller shall eliminate by the Closing Date, those disapprov ed 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. Any cure of a Buyer title objection which Seller proposes to effectuate by an endorsement to the Title Policy (below defined) shall be subject to Buyer's approval, not to be withheld unreasonably (any such approved endorsement is a "Seller Endorsement"). If Buyer does not approve of Seller's Title Notice, then Buyer, in its sole discretion, may elect to terminate this Agreement, in which event

the Earnest Money shall be refunded immediately to Buyer and this Agreement shall be of no further force or effect, except as expressly provided otherwise herein. All title exceptions not objected to by Buyer and all title exceptions Seller elects not to eliminate in Seller's Title Notice shall be, subject to Buyer's foregoing termination right, "Permitted Exceptions."

6. **Buyer's Closing Conditions**. The conditions set forth in this Section 6 are solely for the benefit of Buyer, and may be waived only by Buyer, in Buyer's sole discretion, 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, or waiver by Buyer as aforesaid, of the conditions set forth in Sections 6.1 through 6.3 not later than seven (7) days after the Effective Date and Buyer's receipt of all Seller's Documents (defined below) (the "Contingency Period"). Closing and Buyer's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction, or waiver by Buyer as above provided, 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 6.1. Unless otherwise noted below with respect to any specific item, and to the extent not already delivered or made available to Buyer, Seller shall within five (5) days after the Effective Date of this Agreement, deliver to Buyer, for Buyer's review and approv al, 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.

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 (the “Loan Documents”).

6.1.10 Los Angeles DWP Utility Bills dated 04/12/2010.

6.1.11 Architect Parking Plans.

6.1.12 Sales figures for Ralphs (2006-2009) and CVS (2007-2009).

6.1.13 Copy of the CLTA Standard Owner’s Policy dated 08/05/2007.

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

6.2 **Inspections**. During the Contingency Period, Buyer shall have approved the condition of the Property in Buyer’s sole discretion. Seller shall permit Buyer and its agents, at Buyer’s sole expense and risk, to enter the Property, at reasonable times after reasonable prior notice to Seller and after prior notice to tenants of the Property as required by the Leases, if any, to conduct inspections, investigations, tests, and studies concerning the Property. Buyer, at its expense, may also undertake the following activities with respect to the Property: (i) third-party review of any environmental, geo technical and other reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey, geotechnical and other reports; (v) review of historic preservation issues; (vi) review of local government files and documents, as well as applications and correspondence between and on behalf of Seller and any local government; and (vii) other matters pertaining to the title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss this Agreement and the Property with third parties, including lenders, contractors and government officials and representatives. Any invasive or destructive testing or inspections will require the Seller’s prior consent, which consent will not be unreasonably withheld, and Buyer must restore the Property to its preexisting condition immedia tely upon the completion thereof. Buyer will indemnify, defend with counsel reasonably acceptable to Seller, and hold Seller harmless from all claims (including claims of lien for work or labor performed or materials or supplies furnished), demands, liabilities, losses, damages, costs, fees, and expenses, including Seller’s reasonable attorney’s fees, costs and expenses, arising from the acts or activities of Buyer or Buyer’s representatives in, on, or about the Property during or arising in connection with Buyer’s inspections of the Property; excluding, however, any pre-existing condition or defect in the Property discovered, but not negligently exacerbated, as a result of Buyer’s investigations.

6.3 **Financing**. On or before the expiration of the Contingency Period, Buyer’s satisfaction with the terms and conditions of the Assumed Loan and the Loan Documents.

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 prepari ng 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; 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, (i) all required approvals and consents required by applicable Lender parties (servicers, rating agencies, etc.) to allow the Assumption shall have been obtained, (ii) Buyer shall have approved final and complete drafts of those of the Assumption documents (including all schedules and exhibits thereto) required by the Lender parties to be executed by Buyer in connection with the Assumption (the "Assumption Documents") and (iii) all Lender party conditions to the consummation of the Assumption shall have been satisfied. Seller shall reasonably cooperate and assist i n a timely and diligent manner with obtaining the consent of the Lender parties to the Assumption. If Lender disapproves of Buyer as a borrower and/or any Buyer's proposed replacement guarantors, if any, in writing, or conditions Lender's approval of the Assumption or imposes requirements with respect thereto which, in the sole discretion of Buyer, would materially and adversely affect the economics of this transaction or the prudent business practices of Buyer as a publicly traded real estate investment trust, then either Seller or Buyer may terminate this Agreement by written notice to the other within five (5) business days after receipt of such written notice from Lender (whether or not such disapproval is received prior to or after the expiration of the Contingency Period). If Lender has failed to approve or reject Buyer as a borrower and/or Buyer's proposed replacement guarantors, if any, in writing within one hundred twenty (120) days from the date that Buyer, w ith Seller's commercially reasonable and diligent cooperation, delivers a complete Assumption application package to Lender, then Buyer or Seller shall have the right to terminate this Agreement by written notice so long as such party shall have complied with all of the Lender parties' reasonable requests and promptly delivered all items reasonably required by such parties. If a party terminates this Agreement under this Section 6.7, then this Agreement shall terminate, Seller immediately shall return the Earnest Money to Buyer, and neither party shall have any

further rights, obligations or liabilities hereunder, except any expressly provided herein to survive the termination of this Agreement.

6.8 **Estoppel Certificates**. On and as of the Closing Date, Seller shall have provided Buyer with estoppel certificates in commercially reasonable form for all tenants of the Property occupying 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. If Seller is unable to provide an estoppel certificate from any tenant occupying less than 5,000 s.f. of the Property, Seller wi ll provide Buyer with a landlord's form of estoppel certificate certifying the same information. Buyer shall have not less than five (5) days to review each estoppel certificate once delivered; and if necessary to allow such review period as to any estoppel certificate, the Closing Date shall be extended commensurately. It is a Buyer's condition to closing that Buyer approve each estoppel certificate, such approval not to be withheld unreasonably.

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 on or before the stated time for such satisfaction or waiver, then Buyer may terminate this Agreement upon delivery of Buyer's notice electing to do so to Seller not later than three (3) business days after the expiration of the applicable period. 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 into 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.

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 or rights 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**. There are no material structural defects in the buildings or improvements on the Property, nor are there any major repairs required to operate the building and/or improvements in a lawful, safe, and efficient manner.

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

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

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**. Except for one (1) pending personal injury case which is within the coverage limits for and is being defended by Seller's liability insurance carrier, no proceeding, suit or litigation relating to the Property or any part thereof, or Seller as it relates to its ownership of the Property or any aspect of the Property, is pending or, to Seller's knowledge, threatened in any tribunal. Seller is not the subject of, nor during the two (2) years prior to the Effective Date has Seller been the subject of, nor has Seller received any written notice of or threat that it has or will become the subject of , any action or proceeding under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. ("Bankruptcy Code"), or under any other federal, state or local laws affecting the rights of debtors and/or creditors generally, whether voluntary or involuntary and including, without limitation, proceedings to set aside or avoid any transfer of any interest in property or obligations, whether denominated as a fraudulent conveyance, preferential transfer or otherwise, or to recover the value thereof or to charge, encumber or impose a lien thereon.

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

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

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

8.1.13 **Assumed Loan.** As of July 8, 2010, the Loan has an unpaid principal balance as of the date of this Agreement, of TWENTY-EIGHT MILLION EIGHT HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED THIRTY-NINE AND 48/100THS DOLLARS ($28,895,339.48), and prior to default bears interest at the rate of five and thirty-seven hundredths percent (5.37%) per annum. There is presently a balance of ONE HUNDRED NINETY THOUSAND SEVEN HUNDRED SIXTY-NINE AND 91/100THS DOLLARS ($190,769.91) in the tax escrow account, a balance of FIVE THOUSAND SIX HUNDRED NINETY-FOUR AND 87/100THS DOLLARS ($5,694.87) in the insurance escrow account and a balance of ONE HUNDRED TWENTY- ONE THOUSAND FIVE HUNDRED ONE AND 82/100THS DOLLARS ($121,501.82) in the reserves escrow account(s), maintained by the Lender parties in connection with the Loan, all of which shall remain on deposit for the benefit of Buyer as a condition of the Assumption. All such accounts are funded fully to the extent currently required by the Lender parties. There are no defaults by Seller under any of the provisions or requirements of any of the Loan Documents, nor are there any existing events or conditions which with the giving of notice or the passage of time or both may constitute a default by the Seller under any of the provisions of any of the Loan Documents. The copies of the Loan Documents delivered or made available to Buyer as part of Seller's Materials are all of the documents to which Buyer is a party or is bound or responsible for in connection with the Loan, and such Loan Documents are accurate and complete copies (including all exhibits and schedules) of the originals thereof.

8.1.14 **OFAC**. Neither Seller nor any of its Affiliates is (i) a Prohibited Person (defined below) and (ii) is in full compliance with all applicable orders, rules, regulations and recommendations of The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury.

The term "Prohibited Person" shall mean any person or entity:

(1) listed in the Annex to, or otherwise subject to the provisions of the Executive Order No. 13224 on Terrorist Financing, effective

September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "Executive Order");

(2) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to or is otherwise subject to the provisions of the Executive Order;

(3) with whom Buyer is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order;

(4) who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order;

(5) that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, *www.ustreas.gov/offices/enforcement/ofac* or at any replacement website or other replacement official publication of such list; or

(6) who is an Affiliate of or affiliated with a person or entity listed above.

The term "Affiliate" as used herein shall mean, as to any person or entity, any other person or entity that, directly or indirectly is in control of, controlled by, or is under common control with such person or entity or is a director or officer of such person or entity or of an Affiliate of such person or entity. As used herein, the term "control" means the possession, directly of indirectly, of the power to direct or cause the direction of management, policies or activities of a person or entity, whether through ownership of voting securities, by contract or otherwise.

8.2 **Buyer's Representations and Warranties**.

8.2.1 **General.** 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.

8.2.2 **OFAC**. Neither Buyer nor any of its Affiliates is (i) a Prohibited Person (defined below) and (ii) is in full compliance with all applicable orders, rules, regulations and recommendations of The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury.

The term "Prohibited Person" shall mean any person or entity:

(1) listed in the Annex to, or otherwise subject to the provisions of the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "Executive Order");

(2) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to or is otherwise subject to the provisions of the Executive Order;

(3) with whom Seller is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order;

(4) who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order;

(5) that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, *www.ustreas.gov/offices/enforcement/ofac* or at any replacement website or other replacement official publication of such list; or

(6) who is an Affiliate of or affiliated with a person or entity listed above.

The term "Affiliate" as used herein shall mean, as to any person or entity, any other person or entity that, directly or indirectly is in control of, controlled by, or is under common control with such person or entity or is a director or officer of such person or entity or of an Affiliate of such person or entity. As used herein, the term "control" means the possession, directly of indirectly, of the power to direct or cause the direction of management, policies or activities of a person or entity, whether through ownership of voting securities, by contract or otherwise.

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, but in no event at a standard less than current practices of Seller; (c) maintain Seller's current propert y 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 equal 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 concessions or incentives; the rent structure including any escalation provisions; projected rent start date, tenant improvement and lease commission costs; and any other material financial obligation s) prior to, and as a condition of executing a binding New Lease. During such period, Seller will enter into a New Lease of any portion of the Property or amend or modify any current Lease only with the prior written consent of Buyer, which consent shall not be unreasonably withheld.

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

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

9.5 Assignment of Service Contracts. At Closing, Seller shall assign to Buyer all service contracts that Buyer elects to assume, and Seller shall also assign to Buyer all construction and equipment warranties related to the Property, pursuant to an assignment of contracts and warranties in the form attached as **Exhibit D** (the "Assignment of Contract and Warranties"). Seller shall be responsible for the payment and termination of all service contracts which Buyer elects not to assume.

10. **Closing**.

10.1 **Closing Date**. Subject to the operation and effect of Section 6.8, 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 Lender gives notice to Seller and Buyer that it and all Lender parties are prepared to close the Assumption (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. Buyer shall pay any loan a ssumption fees or

charges assessed by the Lender parties in connection with the Assumption. At closing, if all or any portion of the Property is specially assessed or taxed due to its use or classification, Seller shall pay and be solely responsible for any deferred tax, roll-back tax, special assessment and related charge, fine, penalty or other amount regardless of the period to which the same relates. All municipal, county, state, and federal excise, transfer and documentary stamp taxes shall be paid by Seller at the time of closing.

Tenants may be obligated to pay additional rents such as percentage rent, certain escalations in rent, and certain pass-throughs of operating and similar expenses ("Additional Rents"). With respect to any Additional Rents that are based on estimates and that are subject to adjustment and/or reconciliation after the Closing Date, Seller and Buyer shall re-prorate such Additional Rents (including any portions thereof that may be required to be refunded to Tenants) at the time that such estimates are actually adjusted and/or reconciled. Any amounts that may be due from Seller as a result of such re-prorations shall be paid by Seller to Buyer promptly after written request therefor is delivered to Seller by Buyer (together with evidence reasonably satisfactory to Seller of the amounts due the tenants). Any amounts that may be due to Seller as a result of such re-prorations shall be paid by Buyer to Seller promptly following such re-prorations. Notwithstanding the foregoing, Seller shall have reconciled fully, and made all necessary adjustments with Tenants, Additional Rents for all prior years through December 31, 2009, prior to the Closing Date; and Seller shall be responsible for reconciling with Tenants all Additional Rents for the period January 1, 2010, to the Closing Date within ninety (90) days following the Closing Date; and Seller shall indemnify, defend and hold Buyer harmless from and against any claim, loss, damage or liability asserted against or incurred by Buyer as a result of Seller's unexcused failure to cause such reconciliation to be completed within such time period or as a result of Seller's failure further to abide with its obligation to reimburse Tenants as below provided. Seller shall be responsible for reimbursing to Tenants, and may collect from Tenants, as applicable, all Additional Rents required pursuant to such reconciliation; provided, however, that Seller shall not be entitled to commence any legal proceeding or alternative proceedings seeking to compel any Tenant to pay delinquent rents or amounts claimed to be owing by Seller. If Seller is not entitled under the applicable leases to collect from Tenants any underpayments in Additional Rents at the time Seller completes such reconciliation, Buyer shall pay to Seller the amount of such underpayments at the time that estimates are adjusted and/or reconciled in accordance with the Leases, but only to the extent such payments are actually made by such Tenants to Buyer. Buyer agrees to cooperate with Seller in sending bills for such underpayments to the applicable Tenants.

10.4 **Closing Events**. Provided that (i) Title Company has received the documents and funds described and required for the closing in this Agreement; (ii) Title Company has not received prior written notice from either party to the effect that an agreement of either party made hereunder has not been performed or to the effect that any condition set forth herein has not been satisfied or waived; (iii) Buyer has not elected to terminate its rights and obligations hereunder pursuant to Section 7; and (iv) the Title Company has issued or is unconditionally and irrevocably prepared and committed to issue the Title Policy to Buyer, 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 in accordance with a closing settlement statement approved by Buyer and Seller, and the parties shall be charged and credited accordingly.

10.4.2 Buyer shall pay the Purchase Price for the Property in cash via wire transfer of funds, less the then current balance due on the Assumed Loan, and less deposits in the full amount which should be held by Seller under each of the Leases, adjusted for the charges and credits set forth in this Section, with a credit for the entire amount of the Earnest Money.

10.4.3 Each of Buyer and Seller shall execute and deliver the Assignment of Leases, the Assignment of Contracts and Warranties, and all Assumption Documents to which it is a party.

10.4.4 Seller shall execute and deliver a grant deed (the "Deed") conveying 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 the Title Policy 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 and for any Seller Endorsements. 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.

10.5 **Seller's Assistance with Transition**. Concurrently with the Closing, Seller shall instruct its property manager to immediately 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 provide or approve the form of letter to be sent to tenants. Seller shall further reasonably cooperate with the Property ownership

transition issues, at no additional cost or liability to Seller, other than nominal additional administrative and legal costs, for a period of up to sixty (60) days after Closing.

11. **Title Insurance**. The "Title Policy" shall be an ALTA standard or extended 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, in a form satisfactory to Buyer, insuring fee title to the Property in Buyer, subject only to the Permitted Exceptions; 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 coverage in the amount of the Purchase Price, and Bu yer shall pay additional charges for the ALTA extended coverage and any endorsements other than Seller Endorsements.

12. **Possession**. Seller shall deliver exclusive possession of the Property to Buyer on the Closing Date and provide Seller with keys, devices and codes sufficient to access all entries and areas of the Property. 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, except to the extent that a sh orter term is otherwise specified in this Agreement, each of the representations, warranties and covenants shall survive closing and delivery of the Deed for two (2) years.

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 Fed eral Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), as amended; (ix) the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as amended; (x) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed above; (xi) any rules or regulations adopted pursuant to or to implement the statutes, laws, ordinances and amendments listed above; and (xii) any other law, statute, ordinance, amendment thereto, rule, regulation, order or the like relating to environmental, health or safety matters.

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

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

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

15. **Condemnation or Casualty**. If, prior to closing, all or any material part of the Property is (a) condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or (b) if there occurs a fire or other casualty causing material damage to the Property or any material portion thereof, then, at the election of Buyer by written notice to Seller, either: (i) this Agreement shall become null and void, whereupon all Earnest Money and any interest accrued thereon shall be promptly repaid to Buyer; or (ii) the Purchase Price shall be reduced by the portion of the taking award or casualty insuran ce proceeds and deductible amount attributable to the portion of the Property taken or destroyed, as the case may be. Seller will promptly notify Buyer as to the commencement of any such action or any communication from a condemning authority that a condemnation or appropriation is contemplated, and will cooperate with Buyer in the response to or defense of such actions.

16. Legal and Equitable Remedies.

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

16.2 **Default by Buyer**. IF THE SALE OF THE PROPERTY AS CONTEMPLATED HEREUNDER IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, THEN SELLER SHALL RETAIN THE EARNEST MONEY AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR SIGNATURES BELOW, THE PARTIES EXPRESSLY AGREE AND ACKNOWLEDGE THAT THE EARNEST MONEY HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES. THE PARTIES FURTHER ACKNOWLEDGE THAT SELLER'S RETENTION OF THE EARNEST MONEY HAS BEEN AGREED UPON AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT ON THE PART OF BUYER. IN ADDITION, BUYER SHALL PAY ALL TITLE AND ESCROW CANCELLATION CHARGES IN THE EVENT OF A DEFAULT BY BUYER.

"Seller"	"Buyer"
O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company	**RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation**
By: /s/ Leon O'Hearn **Its:** Owner	**By:** /s/ Stuart A. Tanz **STUART A. TANZ** **Its: President and CEO**

17. Indemnification.

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

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

18. **Miscellaneous**.

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

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

18.3 **Survival of Representations**. Each of the parties shall be deemed to have reaffirmed each's respective covenants, agreements, representations, warranties and indemnifications in this Agreement as of the Closing Date and the same shall survive the Closing Date and delivery of the instruments called for in this Agreement for 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**. Seller and/or Buyer may desire to effect a tax-deferred like kind exchange with respect to its sale or purchase, respectively, of the Property (in either case "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"). If either party elects to effect an Exchange (the "Exchangor"), then, subject to the terms and provisions of this Section, the other party (the "Non-Exchangor") shall reasonably cooperate with the Exchangor in effecting the Exchange; pr ovided, however, in no event shall the Non-Exchangor be required to incur any additional delays, expenses or risk of ownership, title or conveyance in connection with such cooperation. The Exchange will be structured by the Exchangor at its sole cost and expense such that the Non-Exchangor will have no obligation to acquire or enter into the chain of title to any property other than the Property. The Non-Exchangor's sole obligation in connection with the Exchange shall be to review and execute certain documentation reasonably acceptable to the Non-Exchangor necessary to effectuate the Exchange in accordance with the foregoing and the applicable rules governing such exchanges. The Non-Exchangor shall not by this Agreement or acquiescence to the Exchange have its rights under this Agreement modified or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the Exchangor that the exchange in fact complies with Section 1031 of the C ode. The Non-Exchangor hall have the right to review and approve any documents to be executed by the Non-Exchangor in connection with the Exchange, provided that the Non-Exchangor shall have no obligation to execute any documents or to undertake any action by which the Non-Exchangor would or might incur any liability or obligation not otherwise provided for in the other provisions of this Agreement. Neither the conveyance of title to the Property by the Exchangor's designated intermediary (if applicable) or the Exchange shall amend or modify the representations, warranties and covenants of the Exchangor to the Non-Exchangor under this Agreement or the survival thereof pursuant to this Agreement. The Deed and all closing documents with respect to the Property shall run directly between the Non-Exchangor and the Exchangor. The Closing shall not be extended as a result of the Exchange. The Exchangor shall indemnify and hold the Non-Exchangor harmless from and against any and all claims, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees but excluding costs incurred to review the exchange documents) arising from the Exchange (other than what would have been applicable under this Agreement without the Exchange) which indemnification agreement shall expressly survive the Closing. The Exchangor further acknowledges that the Exchange is at the request and initiation of the Exchangor, and the Non-Exchangor in no manner, expressly or implicitly, participated in or offered tax advice or planning to or for the benefit of the Exchangor. The Exchangor is relying solely upon the advice and counsel of professionals of the Exchangor's choice in structuring, executing and consummating the Exchange.

18.6 **Notices**. All notices under this Agreement shall be in writing and either hand-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 to the applicable address below, (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 cas e the notice shall be deemed delivered upon transmission if sent before 5:00 p.m. Pacific Time or the next business day, if sent after 5:00 p.m. Pacific Time, as follows:

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

With a copy to: Jones Vargas
100 W. Liberty St., 12th Floor
Reno, Nevada 89501
Telephone: (775) 786-5000
Facsimile: (775) 786-1177
Attention: Dave Davis, Esq.

If to Seller: O'Hearn/Hillcrest Properties, LLC
3650 Ketch Avenue
Oxnard, CA 93035
Telephone: (805) 984-1476
Facsimile: (805) 984-3988
Attention: Leon O'Hearn
and Tim O'Hearn

With a copy to: Ferguson Case Orr Paterson LLP
1050 South Kimball Road
Ventura, CA 93004
Telephone: (805) 659-6800
Facsimile: (805) 659-6813
Attention: Ted England, Esq.

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: **Colliers International (Tom Lagos and Christina Pambakian)**. 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 draftsperson.

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 Commercial Arbitration Rules of the American Arbitration Association, 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 **Required Statutory Notices**.

18.17.1 **Natural Hazard Disclosure Statement**. Within three (3) 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, t he "Natural Hazard Areas").

18.17.2 **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, if at all, is reflected and disclosed in the Seller's Documents. Buyer (a) acknowledges BuyerR 17;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 Documents. The representations, warranties and agreements set forth herein shall survive the consummation of the transactions contemplated hereby.

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; Business Days.** Whenever a time period is set forth in days (whether business or calendar) 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, Sunday or legal holiday in the states of New York, Nevada or California (in each instance, a "Legal Holiday"), in which event, the period runs until the end of the next day which is not a Saturday, Sunday or Legal Holiday. A "business day" is any day other than a Saturday, Sunday 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.

"Seller"	"Buyer"
O'HEARN/HILLCREST PROPERTIES, LLC, **a Delaware limited liability company** **By:** /s/ Leon O'Hearn **Its:** Owner	**RETAIL OPPORTUNITY INVESTMENTS CORP.,** **a Delaware corporation** **By:** /s/ Stuart A. Tanz **STUART A. TANZ** **Its: President and CEO**
Date of Signature:7/14/2010	Date of Signature:

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	[Reserved]
Exhibit G	8-K and Audit Requirements (Section 6.4)

EXHIBIT A
Property Description

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 12 THROUGH 18 INCLUSIVE OF TRACT NO. 12835, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 248, PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; TOGETHER WITH THE FOLLOWING VACATED AREAS DESCRIBED AS FOLLOWS:

THE SOUTHERLY 10 FEET OF THAT VACATED PORTION OF PICO BOULEVARD, 100 FEET WIDE, AS SHOWN ADJOINING LOTS 12 THROUGH 14 OF SAID TRACT NO. 12835, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 248 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; DESCRIBED AND BOUNDED AS FOLLOWS: BOUNDED EASTERLY BY THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LOT 14 OF SAID TRACT 12835; AND BOUNDED WESTERLY BY A LINE PARALLEL WITH AND DISTANT 110 FEET WESTERLY MEASURED ALONG THE SOUTHERLY LINE OF PICO BOULEVARD FROM THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LOT 14 OF SAID TRACT; SAID VACATION WAS ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES RESOLUTION TO VACATE NO. 97-1400369; A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 7, 1998 AS INSTRUMENT NO. 98-25626, OF OFFICIAL RECORDS.

THE VACATION AREA DESCRIBED HEREINABOVE SHALL BE LIMITED TO THE SUBSURFACE LYING BETWEEN THOSE DATUM PLANES LOCATED 3 FEET AND 24 FEET BELOW THE EXISTING CURB GRADE.

ALSO THE EASTERLY 10 FEET OF THAT VACATED PORTION OF BEVERWIL DRIVE, 100.00 FEET WIDE, AS SHOWN ADJOINING LOT 12 OF TRACT NO. 12835, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 248 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED SOUTHERLY BY THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 12, AND BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 120.00 FEET NORTHERLY MEASURED ALONG THE WESTERLY LINE OF SAID EASTERLY 10 FEET OF BEVERWIL DRIVE FROM SAID WESTERLY PROLONGATION.

[LEGAL DESCRIPTION CONTINUED THE NEXT PAGE]

SAID VACATION WAS ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES RESOLUTION TO VACATE NO. 97-1400369; A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 7, 1998, AS INSTRUMENT NO. 93-25626, OF OFFICIAL RECORDS.

THE HEREIN ABOVE DESCRIBED VACATION AREA SHALL BE LIMITED TO THE SUBSURFACE LYING BELOW A DATUM PLANE LOCATED 3 FEET BELOW THE EXISTING CURB GRADE.

THAT VACATED PORTION OF AN ALLEY 20 FEET WIDE SOUTHERLY OF PICO BOULEVARD 100 FEET WIDE, AS SHOWN ADJOINING LOTS 12 THROUGH 15 AND 64 OF TRACT NO. 12835, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 248, PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AND BOUNDED AS FOLLOWS: BOUNDED WESTERLY BY THE CURVED SOUTHERLY CONTINUATION OF THE WESTERLY LINE OF LOTS 12 AND 64 OF TRACT 12835; AND BOUNDED EASTERLY BY THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LOT 64 OF TRACT 12835,

THE VACATED AREA DESCRIBED HEREINABOVE SHALL BE LIMITED TO THE SUBSURFACE LYING BELOW A DATUM PLANE LOCATED 3 FEET BELOW THE FINISHED ALLEY GRADE.

AND ALSO THE NORTHERLY 6 FEET OF THAT VACATED ALLEY 20 FEET WIDE, AS SHOWN ADJOINING LOTS 15 THROUGH 17 OF SAID TRACT NO. 12835, BOUNDED EASTERLY BY THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF LOT 17, AND BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 64 OF SAID TRACT NO. 12835.

THE VACATION AREA DESCRIBED HEREINABOVE SHALL BE LIMITED TO THE SUBSURFACE LYING BELOW A DATUM PLANE LOCATED 23 FEET BELOW THE FINISHED ALLEY GRADE.

SAID VACATION OF THE ABOVE ALLEYS WERE ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES RESOLUTION TO VACATE NO. 97-1400369, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 7, 1998, AS INSTRUMENT NO. 98-25626, OF OFFICIAL RECORDS,

AND THE WESTERLY 12 FEET OF THAT VACATED PORTION OF EDRIS DRIVE, 60 FEET WIDE, AS SHOWN ADJOINING LOT 1 8 OF TRACT NO. 12835, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 248 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED SOUTHERLY BY A LINE PARALLEL WITH AND DISTANT 10 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF SAID LOT 18, AND BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 24 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM SAD SOUTHERLY LINE. SAID VACATION WAS ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOS ANGELES RESOLUTION TO VACATE NO. 9T-1400369, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 7, 1998 AS INSTRUMENT NO. 98-25626, OF OFFICIAL RECORDS.

THE HEREINABOVE DESCRIBED VACATION AREA SHALL BE LIMITED TO THE SUBSURFACE LYING FROM SIDEWALK GRADE TO 40 FEET BELOW THE FINISHED SIDEWALK GRADE.

COMMONLY KNOWN AS: 9600-9636 WEST PICO BOULEVARD, LOS ANGELES, CALIFORNIA,

A M : 4306-001-037

EXHIBIT B
Bill of Sale Form

BILL OF SALE

O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware 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 of whatever kind or nature owned by Seller (collectively, "Personal Property") located on or used exclusively in the operation of the real property commonly known as _____, including, without limitation, 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"
O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company	**RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation**
By: _____	**By:** _____
Its: _____	**STUART A. TANZ**
	Its: President and CEO
Date of Signature: _____	Date of Signature: _____

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 **O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company**(individually and collectively, "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 _____ (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, but only to the extent arising and accruing from and after the Effective Date.

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 breaches or defaults, or failure to perform its obligations, under and pursuant to any of the Leases to the extent 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 breaches or defaults, or failure to perform its obligations, under and pursuant to any of the Leases to the extent 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.

"Assignor"	"Assignee"
O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company	**RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation**
By: _____	**By:** _____
Its: _____	**STUART A. TANZ**
	Its: President and CEO
Date of Signature: _____	Date of Signature: _____

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 **O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company**(individually and collectively, "Assignor"), and **RETAIL OPPORTUNITY INVESTMENTS CORP.**, a Delaware corporation ("Assignee").

RECITALS

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

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

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

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

1. Assignment.

Assignor hereby sells, assigns, grants, transfers and sets over to Assignee, its heirs, personal representatives, successors and assigns, all of Assignor's right, title and interest under the Contracts and Warranties, but only to the extent arising or accruing from and after the Effective Date.

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, but only to the extent arising or accruing from and after the Effective Date.

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 Assignor's breaches or defaults, or failure to perform its obligations, under and pursuant to any of the Contracts and Warranties to the extent 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 breaches or defaults, or failure to perform its obligations, under and pursuant to any of the Contracts and Warranties to the extent committed or alleged to have been 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.

"Assignor"	"Assignee"
O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company	**RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation**
By: _____	**By:** _____
Its: _____	**STUART A. TANZ**
	Its: President and CEO
Date of Signature: _____	Date of Signature: _____

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 **O'HEARN/HILLCREST PROPERTIES, LLC, a Delaware limited liability company** ("Seller"), and **RETAIL OPPORTUNITY INVESTMENTS CORP.**, a Delaware corporation ("Buyer"), are as follows:

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

"Seller"

O'HEARN/HILLCREST PROPERTIES, LLC,
a Delaware limited liability company

By: _____
Its: _____

Date of Signature: _____

"Buyer"

RETAIL OPPORTUNITY INVESTMENTS CORP.,
a Delaware corporation

By: _____
STUART A. TANZ
Its: President and CEO

Date of Signature: _____

EXHIBIT F

[Reserved]

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 registrat ion 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 10.3

AGREEMENT OF PURCHASE AND SALE

AND JOINT ESCROW INSTRUCTIONS

TO: Aliso Escrow, Inc.
4522 Market Street
Ventura, CA 93003
("Escrow Holder")

Escrow Officer: Pam Dolin

This AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into as of this 16th day of September, 2010, by and among GRAND GATEWAY I, LLC, a California limited liability company (“Gateway I”), GRAND GATEWAY II, LLC, a California limited liability company (“Gateway II”), and GRAND GATEWAY III, LLC, a California limited liability company (“Gateway III"), collectively as seller, and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation (“Buyer”), as buyer. Gateway I, Gateway II and Gateway III are each individually referred to herein as a “Seller Party” and collectively referred to herein as "Seller."

R E C I T A L S :

A. Gateway I is the owner of that certain real property located in the City of Chino Hills, County of San Bernardino, State of California, all of which is more particularly described on Exhibit "A-1" attached hereto, together with the building(s) located thereon, associated parking areas and other improvements located thereon (collectively the "Phase I Property"). The Phase I Property is currently encumbered by, among other things (i) a deed of trust dated as of January 29, 2004, executed by Gateway I’s predecessor owner Gateway Village I, L.P., as trustor, to Chicago Title Company, as trustee, for the benefit of Morgan Stanley Mortgage Capital, Inc (“Original Phase I/II Beneficiary ”), as beneficiary, and recorded on January 29, 2004 as Instrument No. 04-072095 in the Official Records of San Bernardino County, California (the “Phase I Deed of Trust”), and (ii) an assignment of leases and rents dated as of January 29, 2004, executed by Gateway I’s predecessor owner Gateway Village I, L.P. for the benefit of Original Phase I/II Beneficiary and recorded on January 29, 2004 as Instrument No. 04-072096 in the Official Records of San Bernardino County, California (the “Phase I Assignment of Leases” and together with the Phase I Deed of Trust and any other instrument or agreement securing the Gateway I Loan (as defined below), collectively, the “Phase I Security Documents”). The Phase I Security Documents secure a loan by Original Phase I/II Beneficiary to Gateway I, as more particularly described therein (“Gateway I Loan”).

B. Gateway II is the owner of that certain real property located in the City of Chino Hills, County of San Bernardino, State of California, all of which is more particularly described on Exhibit "A-2" attached hereto, together with the building(s) located thereon, associated parking areas and other improvements located thereon (collectively the "Phase II Property"). The Phase II Property is currently encumbered by, among other things (i) a deed of trust dated as of April 5, 2004, executed by Gateway II’s predecessor owner Gateway Village II, L.P., as trustor, to Chicago Title Company, as trustee, for the benefit of Original Phase I/II Beneficiary,

as beneficiary, and recorded on April 6, 2004 as Instrument No. 0236260 in the Official Records of San Bernardino County, California (the “Phase II Deed of Trust”), and (ii) an assignment of leases and rents dated as of April 5, 2004, executed by Gateway II’s predecessor owner Gateway Village II, L.P. for the benefit of Original Phase I/II Beneficiary and recorded on April 6, 2004 as Instrument No. 0236261 in the Official Records of San Bernardino County, California (the “Phase II Assignment of Leases” and together with the Phase II Deed of Trust and any other instrument or agreement securing the Gateway II Loan (as defined below), collectively, the “Phase II Security Documents”). The Phase II Security Documents secure a loan by Original Phase I/II Beneficiary to Gateway II, as mor e particularly described therein (“Gateway II Loan”).

C. Gateway III is the owner of that certain real property located in the City of Chino Hills, County of San Bernardino, State of California, all of which is more particularly described on Exhibit "A-3" attached hereto, together with the building(s) located thereon, associated parking areas and other improvements located thereon (collectively the "Phase III Property"). The Phase III Property is currently encumbered by, among other things (i) a deed of trust dated as of June 27, 2006, executed by Gateway III’s predecessor owner Gateway Village III, L.P., as trustor, to Chicago Title Company, as trustee, for the benefit of Morgan Stanley Credit Corporation (“Original Phase III Benefici ary”), as beneficiary, and recorded on June 27, 2006 as Instrument No. 437663 in the Official Records of San Bernardino County, California (the “Phase III Deed of Trust”), and (ii) an assignment of leases and rents dated as of June 27, 2006, executed by Gateway III’s predecessor owner Gateway Village III, L.P. for the benefit of Original Phase III Beneficiary and recorded on June 27, 2006 as Instrument No. 437664 in the Official Records of San Bernardino County, California (the “Phase III Assignment of Leases” and together with the Phase III Deed of Trust and any other instrument or agreement securing the Gateway III Loan (as defined below), collectively, the “Phase III Security Documents”). The Phase III Security Documents secure a loan by Original Phase III Beneficiary to Gateway III, as more particularly described therein (“Gateway III Loan”).

D. The Phase I Property, the Phase II Property and the Phase III Property, together with all tangible and intangible personal property owned by Seller and located on, at or exclusively used in connection with each of them, including without limitation, all furniture, fixtures, equipment, appliances, signs, Documents and Materials (defined below), any certificates of occupancy, guaranties, warranties, entitlements, licenses, permits, blueprints, plans, specifications, water rights and development rights, all other rights, easements, rights of way and appurtenances in connection therewith, and Seller’s rights as landlord under all tenant leases, are individually each referred to herein as a “Property” and collectively referred to herein as the "Project."&#0; 0; The Gateway I Loan, Gateway II Loan and Gateway III Loan are collectively referred to herein as the “Existing Loans.”

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree that the terms and conditions of this Agreement and the instructions to Escrow Holder with regard to the escrow ("Escrow") created pursuant hereto are as follows:

A G R E E M E N T :

1. Purchase and Sale. Seller agrees to sell the Project to Buyer, and Buyer agrees to purchase the Project from Seller, upon the terms and conditions herein set forth. In no event may Buyer purchase less than all of the Project.

2. Purchase Price. The purchase price ("Purchase Price") for the Project shall be Thirty-Four Million Dollars ($34,000,000.00) payable in cash or cash-equivalents, which shall equal the sum of: (a) the outstanding principal balance, as of Close of Escrow, of the Existing Loans (collectively, the “Outstanding Balance”); (b) the Deposit (payable in cash or cash-equivalents); and (c) the Balance of the Purchase Price (as those terms are defined below), payable in cash or cash-equivalents. The Purchase Price shall be allocated to each Property as set forth in Schedule 1 attach ed hereto (each an "Allocated Purchase Price").

3. Payment of Purchase Price. The Purchase Price for the Project shall be paid by Buyer as follows:

(a) Deposit. Not later than one (1) business day following the full execution and delivery of this Agreement, and provided that Escrow Holder shall have received a fully executed original or originally executed counterparts of this Agreement from both Buyer and Seller (such date being referred to hereinafter as the "Opening of Escrow"), Buyer will wire to the Escrow Holder the sum of Two Million and No/100 Dollars ($2,000,000.00) (including any interest accrued thereon, the "Deposit"). The entire Deposit shall be placed into the escrow for the purchase and sale of Gateway I. Upon Escrow Holder's receipt of the Deposit, Escrow Holder sha ll immediately invest the same in an interest bearing account of a federally insured bank or savings and loan association acceptable to Buyer. The Deposit shall be applied to the payment of the Purchase Price if the Closing shall occur or shall be paid to Seller as liquidated damages pursuant to the terms of Section 17 below if Escrow fails to close for any reason other than Buyer’s exercise of a permitted termination right of Buyer set forth in this Agreement or due to a Seller default or due to damage or condemnation pursuant to Section 19 below.

(b) Refund of Deposit. Unless this Agreement is sooner terminated or deemed terminated in accordance with the terms hereof, the Deposit shall be nonrefundable to Buyer upon the expiration of the Contingency Period; provided, however, that the Deposit shall be returned to Buyer if Buyer thereafter terminates this Agreement pursuant to an express termination right contained herein or due to a Seller default (in which event neither party shall have any further rights or obligations under this Agreement except for those obligations which are specifically stated to survive any such termination [collectively, the "Surviving Obligations"], which shall survive such termination).

(c) Closing Funds. At least one (1) business day prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder, in immediately available funds, an amount equal to (x) the Purchase Price, minus the Deposit, minus the Outstanding Balance (collectively, the “Balance of the Purchase Price”), plus (y) Buyer's

share of closing costs, prorations and charges payable pursuant to this Agreement (together with the Balance of the Purchase Price, collectively referred to herein as the "Closing Funds").

4. Escrow.

(a) Opening of Escrow. If for any reason Escrow Holder has not received the Deposit within one (1) business day following the Opening of Escrow, this Agreement shall automatically terminate and neither party shall have any further obligation under this Agreement, except for the Surviving Obligations which shall survive such termination. Escrow Holder shall notify Buyer and Seller, in writing, of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions of Escrow Holder or other instruments as may reasonably be required by Escrow Holder in or der to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend or supersede any portions of this Agreement. To the extent of any inconsistency between the provisions of such supplemental instructions and the provisions of this Agreement, the provisions of this Agreement shall control.

(b) Close of Escrow. For purposes of this Agreement, the "Close of Escrow" shall be defined as the date that the "Grant Deeds" (as defined in Paragraph 8(a) below) are recorded in the Official Records of San Bernardino County (the "Official Records"). This Escrow shall close ("Close of Escrow") on or before November 1, 2010 ("Closing Date"), or such earlier date as may be mutually agreed to in writing by Buyer and Seller; provided, however, that notwithstanding the foregoing, Buyer shall have the unilateral right to extend the Close of Escrow, if needed for the completion of the loan assumptions, up to but not beyond December 22, 2010, by giving w ritten notice to Seller and Escrow Holder at least fifteen (15) days in advance of the then scheduled Close of Escrow.

5. Condition of Title. It shall be a condition to the Close of Escrow for Buyer's benefit that Fidelity National Title Company (“Title Company”) is irrevocably committed to issuing in favor of Buyer as of the Close of Escrow a Title Policy meeting the requirements of Paragraph 6 below. As used in this Agreement, the term "Condition of Title" means:

(a) the lien of any non-delinquent real estate taxes and assessments for the Project for the “Current Tax Period” (defined below) and subsequent periods, provided that the same are prorated in accordance with this Agreement;

(b) the lien of supplemental taxes assessed pursuant to Chapter 3.5 commencing with Paragraph 75 of the California Revenue and Taxation Code accruing on and after the Close of Escrow;

(c) matters affecting the Condition of Title created by the act or omission of Buyer or its employees or agents;

(d) rights of Tenants under Leases and other agreements entered into with parties in possession;

(e) all matters which are disclosed by any survey provided to or obtained by Buyer and which are approved or deemed approved by Buyer as provided herein;

(f) the liens of the Phase I Security Documents, Phase II Security Documents and Phase III Security Documents; and

(g) the Permitted Exceptions (as defined in Paragraph 7(a)(ii) below).

6. Title Policies. Title shall be evidenced by the willingness of Escrow Holder in its capacity as title insurer ("Title Company") to issue a CLTA Owner's Form Policy of Title Insurance ("Title Policy") for the Project, with a liability amount equal to the Purchase Price, showing title to the Project vested in Buyer, subject only to the Condition of Title. The Title Policy may include such endorsements as may be requested by Buyer, but Title Company's willingness or failure to issue any or all such endorsements shall not be a condition to Closing or otherwise entitle Buyer to terminate this Agreement.

7. Conditions to Close of Escrow.

(a) Conditions to Buyer's Obligations. Buyer's obligation to consummate the transaction contemplated by this Agreement is subject to the satisfaction, in Buyer's sole, absolute and subjective discretion, of the following conditions for Buyer's benefit (or Buyer's waiver thereof, it being agreed that Buyer may waive any or all of such conditions) on or prior to the dates designated below for the satisfaction of such conditions. In the event Buyer terminates this Agreement and the Escrow due to the non-satisfaction of any of such conditions, then Buyer shall be entitled to the return of the Deposit (less escrow and title cancellation fees and charge s), and both Seller and Buyer shall be relieved of all further obligations and liabilities under this Agreement (except for the Surviving Obligations, which shall survive any such termination). In no event may Buyer terminate this Agreement with respect to some but not all of the Project.

(i) Contingency Matters. Buyer shall have until 5 p.m. Pacific Time on September 17, 2010 (such period of time shall be referred to herein as the "Contingency Period") to satisfy itself, in Buyer's sole, absolute and subjective discretion, as to the following matters:

(A) Buyer's Review of the Project and Related Matters. Buyer shall be satisfied with all aspects of the Project and its condition and suitability for Buyer's intended use thereof, including, without limitation, zoning and the availability of all permits, licenses, variances and the like necessary for Buyer's intended use thereof. Subject to the immediately following paragraph, during the term of this Escrow, Buyer, its agents, contractors and subcontractors shall have the right to enter upon the Project, at reasonable times during ordinary business hours following not less than twenty-four (24) hours prior notice to Seller, to make such inspections, surveys and tests as may be necessary in Buyer's discretion; provided however, that any invasive structural, soils or environmental investigations or other invasive tests shall require the prior written consent

of Seller (which approval may be granted or withheld in the exercise of Seller's sole and absolute discretion). Buyer shall use care and consideration in connection with any of its inspections or tests and Seller shall have the right to be present during any inspection of the Project by Buyer or its agents. In no event shall Buyer disturb any tenant at a Project, and in no event shall Buyer contact a tenant without Seller's prior written consent, which consent shall not be unreasonably withheld. Seller shall have the right to have a representative present at any permitted meeting with a tenant. Buyer shall restore the Project to its condition existing prior to such inspections or tests immediately after each such test and/or inspection. Buyer hereby indemnifies, protects, defends (with counsel chosen by Seller) and holds Seller and the Project free and harmless from and against any and all claims, costs, losses, liabilities, damages, lawsuits, judgments, actions, proceedings, penalties, demands, attorneys' fees, mechanic's liens, or expenses of any kind or nature whatsoever (collectively referred to herein as "Claims"), arising out of or resulting from any entry and/or activities upon the Project by Buyer, Buyer's agents, contractors and/or subcontractors; provided that Buyer shall not indemnify Seller for Buyer's mere discovery of any pre-existing adverse physical or environmental condition of the Project so long as Buyer's investigations do not exacerbate any such existing condition in connection with or following Buyer's discovery of same. Buyer's obligations under this paragraph shall survive any termination of this Agreement.

Prior to any entry upon any Project by Buyer's agents, contractors, subcontractors or employees, Buyer shall deliver to Seller: (i) an original endorsement to Buyer's commercial general liability insurance policy which evidences that Buyer is carrying a commercial general liability insurance policy with a financially responsible insurance company covering the activities of Buyer, and Buyer's agents, contractors, subcontractors and employees on or upon such Project. Such endorsement to such insurance policy shall evidence that such insurance policy shall have a per occurrence limit of at least One Million Dollars ($1,000,000) and an aggregate limit of at least Two Million Dollars ($2,000,000), shall name Seller as an additional insured, shall be primary and noncontributing with any other insurance available to Seller and shal l contain a full waiver of subrogation clause, or (ii) a commercial general liability insurance policy of any of Buyer's agents, contractors or subcontractors covering the activities of any such agent, contractor or subcontractor on or upon the Project, and such insurance policy or policies shall have a per occurrence limit of at least One Million Dollars ($1,000,000) and an aggregate limit of at least Two Million Dollars ($2,000,000), shall name Seller as an additional insured, shall be primary and noncontributing with any other insurance available to Seller and shall contain a full waiver of subrogation clause.

(B) Review and Approval of Documents and Materials. Buyer acknowledges receipt of copies of those documents and materials listed on Schedule 7(a)(i)(B) that are in Seller's possession or control, including all of the documents which comprise the Existing Loans (the "Existing Loan Documents"). During the term of this Agreement, Seller shall make available to Buyer at the office of Seller's property manager (DSB Properties, Inc., 101 N. Westlake Blvd., Suite 201, Westlake Village, CA 91362) those documents and materials in Seller's possession or control respecting the Project as set forth below or as otherwise reasonably requested by Buyer (together with the docume nts and materials previously delivered by Seller to Buyer, collectively referred to herein as the "Documents and Materials"), provided same are not subject to a confidentiality agreement, attorney-client privilege or otherwise constitute an internal evaluation or analysis by Seller. For the purposes of this Agreement the Existing Loan Documents shall not be included in the definition of and are not part of the Documents and Materials. The failure of Buyer to disapprove any of the Documents and Materials on or before the expiration of the Contingency Period shall be deemed to constitute Buyer's approval of the Documents and Materials, including without limitation Buyer's approval of:

(a) Improvement Plans. Complete "as-built" plans, drawings and specifications relating to the improvements for each Property, if available, together with a site plan for the Project;

(b) Tenant Plans. Any Tenant "as built" plans or improvement plans, if available; and

(c) Tenant Correspondence. Copies of all Tenant correspondence, if available;

(C) Service Contracts. On or prior to the last day of the Contingency Period, Buyer will advise Seller in writing which service contracts and maintenance contracts, if any, currently in effect with respect to each Property (collectively, the "Contracts") it will assume and which Contracts Buyer requests that Seller terminate at or prior to Close of Escrow, provided Seller shall have no obligation to terminate, and Buyer shall be obligated to assume, any Contracts which by their terms cannot be terminated without penalty or payment of a fee (including without limitation the fire alarm contracts for monitoring and phone lines, which shall be assumed by Buyer at Close of Escrow). Seller sh all deliver at Close of Escrow notices of termination of all Contracts that are not so assumed. Buyer's failure to make such request prior to expiration of the Contingency Period shall be deemed Buyer's election to assume all Contracts (excluding Seller's property management agreements, which property management agreements will not be assumed by Buyer and will be terminated by Seller effective as of the Close of Escrow).

If, during the Contingency Period, Buyer determines that it is dissatisfied, in Buyer's sole, absolute and subjective discretion, with any aspects of the Project and/or its condition or suitability for Buyer's intended use or with any of the Documents and Materials or with any conditions to assumption of the Existing Loans imposed upon Buyer by Lender, then Buyer may terminate this Agreement and the Escrow created pursuant hereto by delivering written notice to Seller before the expiration of the Contingency Period of Buyer's election to terminate, in which event (i) this Agreement and the Escrow created pursuant hereto shall terminate and be of no further force or effect (except for the Surviving Obligations, which shall survive any such termination), and (ii) Escrow Holder shall return to Buyer the Deposit (less escrow and title cancellation charges). If Buyer fails to deliver any such termination notice to Seller before the expiration of the Contingency Period, then Buyer shall be deemed to have approved its contingencies and waived its right to terminate this Agreement pursuant to this Section 7(a)(i).

(ii) Buyer's Review of Title. Buyer acknowledges receipt of the Preliminary Reports dated July 21, 2010, Order Nos. 19634581 (i.e., covering the Phase I Property), 19634582 (i.e., covering the Phase II Property) and 19634583 (i.e., covering the Phase III Property) issued by Title Company (collectively the "Reports"), together with the underlying documents relating to the Schedule B exceptions set forth in the Reports. Buyer hereby approves all exceptions shown on the Reports (collectively the “Permitted Exceptions”), except that Seller shall cause any delinquent property taxes and assessments to be paid current by the Close of Escrow. Should the Title Company hereafter supplement the Reports with any new exception (“Disapproved Matter”) that is not reasonably acceptable to Buyer and that was not caused by Buyer or any of its agents, nor by Seller or any of its agents, and the Title Company is unwilling to remove the new exception on the Reports from Buyer’s Title Policy, then Seller shall not be in breach of this Agreement on account thereof or otherwise subject to a damage claim by Buyer but Buyer shall have the right (which shall be Buyer's sole and exclusive right or remedy for such failure), upon delivery to Seller (on or before the earlier to occur of one (1) business day prior to the Close of Escrow or five (5) business days following Buyer’s receipt of the Title Company’s supplemental Reports, of a written notice to either: (x) waive its prior disapproval, in which event said Disapproved Matter shall be deemed a Permitted Exception; or (y) terminate this Agreement and the Escrow c reated pursuant hereto, in which event Buyer shall be entitled to the return of the Deposit (less escrow and title cancellation fees and charges). Failure to take either one of the actions described in (x) and (y) above shall be deemed to be Buyer's election to take the action described in (y) above. In the event this Agreement is terminated by Buyer pursuant to the provisions of this Paragraph 7(a)(ii), neither party shall have any further rights or obligations hereunder except for the Surviving Obligations, which shall survive any such termination.

(iii) Seller's Obligations. As of the Close of Escrow, Seller shall have performed all of the obligations and covenants required to be performed by Seller under this Agreement (it being agreed that the failure of this condition shall entitle Buyer to terminate this Agreement and the Deposit shall be refunded to Buyer).

(iv) Estoppel Certificates. Buyer shall have received and approved (Buyer's approval being deemed given unless an estoppel certificate discloses any material exception or qualification to the statements made therein as compared to the terms of the Lease or any ongoing default by landlord or tenant under the applicable Lease) estoppel certificates (individually, an "Estoppel Certificate" and collectively, the "Estoppel Certificates") duly executed by Chevron, Bank of America, Chick-Fil-A and the current tenant under the lease for the premises in which Henry's Marketplace currently operates (the "Required Estoppel Parties"), plus tenan ts (individually, a "Tenant" and collectively, the "Tenants") under existing leases executed for portions of the Project (each a "Lease") representing at least ninety percent (90%) of the remaining net rentable square footage of the Project (collectively, the "Estoppel Condition"). The Estoppel Certificates shall be in the form of, and upon the terms contained in, (x) the form estoppel certificate attached to a given Lease, as to an estoppel certificate executed by the Tenant under such Lease, (y) a letter affirming the absence of default by the landlord, in the case of a Tenant which is a governmental agency or instrumentality, or (z) Exhibit "C" attached hereto, as to all other Tenants, and shall in each case not be dated not earlier than September 30, 2010. Seller shall promptly deliver to Buyer any executed Estoppel Certificates. Buyer shall have three (3) business days after receipt of each such Estoppel Certificate to disapprove any such Estoppel Certificate which discloses any material exception or qualification to the statements made therein as compared to the terms of the Lease or any ongoing default by landlord or tenant under the applicable Lease. Buyer's failure to disapprove any such Estoppel Certificate by the expiration of such three (3) business day period shall be deemed to constitute Buyer's approval thereof. Any such Estoppel Certificate which has been timely disapproved by Buyer shall be referred to herein as a "Disapproved Estoppel" and shall not be deemed an Estoppel Certificate for purposes of satisfying the Estoppel Condition.

Each Seller Party shall use its commercially reasonable efforts to obtain Estoppel Certificates from one hundred percent (100%) of the Tenants of the Project, but the Estoppel Condition shall only be satisfied upon receipt by Buyer of the requisite number of estoppels described above, and Estoppel Certificates from each of the Required Estoppel Parties not later than five (5) days prior to the Close of Escrow ("Estoppel Delivery Deadline"). Seller shall provide to Buyer on or before the Estoppel Delivery Deadline a separate certificate executed by the applicable Seller Party in the form of Exhibit D attached hereto (individually, a "Seller's Certificate" and collectively, the "Seller's Certificates") with respect to any remaining Tenants (except for any Required Estoppel Parties) which have not furnished signed Estoppel Certificates as of the Estoppel Delivery Deadline, but in no event can Seller provide Seller's Certificates for more than fifty percent (50%) of the non-Required Estoppel Parties/Tenants. The Seller's Certificate(s)

shall survive the Close of Escrow for a period of six (6) months and any claim not made by Buyer by the expiration of such six (6) month period shall be deemed waived. If an Estoppel Certificate (except for any Estoppel Certificate required from any of the Required Estoppel Parties) is obtained after the Close of Escrow, the Estoppel Certificate shall replace the Seller's Certificate to the extent they are not inconsistent, and the Seller Party executing such Seller's Certificate shall not have obligations or liabilities under such Seller's Certificate to the extent that it is so replaced. Under no circumstances shall a Seller Party be obligated to (i) cure any landlord default under a Lease alleged in an Estoppel Certificate or (ii) deliver a Seller's Certificate as to any premises for which a Disa pproved Estoppel has been executed. Any failure of this condition with respect to providing the required Estoppel Certificates to Buyer shall entitle Buyer to: (i) terminate this Agreement within three (3) days after the Estoppel Delivery Deadline, and (ii) a refund of the Deposit (less escrow and title cancellation fees and charges).

(v) Seller's Representations. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and again as of the Close of Escrow as if made anew at that time (subject to Seller's right to update such representations and warranties as set forth below). The failure of this condition shall entitle Buyer to a refund of the Deposit (less escrow and title cancellation fees and charges).

(vi) Existing Loans. The failure of Buyer to disapprove any of the Existing Loan Documents on or before the expiration of the Contingency Period shall be deemed to constitute Buyer's approval of such documents. Should Buyer not disapprove any of the Existing Loan Documents on or before the expiration of the Contingency Period, then the failure of the current holder(s) of the Existing Loans or its authorized agent (collectively referred to herein as "Lender") to subsequently approve the assumption by Buyer of the Existing Loans shall not be a condition to the Close of Escrow for Buyer's benefit, nor shall such failure by Lender g ive Buyer the right to terminate this Agreement and receive a refund of the Deposit, and should Buyer not effectuate a Close of Escrow even if Lender disapproves Buyer's assumption, then Buyer shall be deemed in breach of its obligations under this Agreement and in such event Seller shall have the right to cancel this Agreement and receive the Deposit as liquidated damages as provided in Section 17 below.

(b) Conditions to Seller's Obligations. Seller's obligation to consummate the transaction contemplated by this Agreement is subject to the satisfaction, in Seller's reasonable discretion, of the following conditions for Seller's benefit (or Seller's waiver thereof, it being agreed that Seller may waive any or all of such conditions) on or prior to the Close of Escrow. In the event Seller terminates this Agreement and the Escrow due to the non-satisfaction of any of such conditions (except for the conditions described in Paragraphs 7(b)(iii) and (iv) below, the failure of which shall entitle Buyer to the return of the Deposit less cancellation fees), then the Deposit shall be immediately released to Seller as liquidated damages as more particularly set forth in Paragraph 17 below.

(i) Buyer shall have timely performed all of the obligations required by the terms of this Agreement to be performed by Buyer.

(ii) All of Buyer's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made.

(iii) Lender shall have approved in writing the assumption by Buyer of the Existing Loans and Buyer shall have executed and delivered to Lender (or to Escrow Holder, if so instructed by Lender) all documents, instruments and agreements required by Lender in connection with such assumption.

(iv) Lender shall have agreed in writing to release Seller and all current guarantors/indemnitors under the Existing Loans from all liability under the Existing Loans arising from and after the Close of Escrow, effective as of the Close of Escrow (Buyer acknowledging that such release of current guarantors/indemnitors will require Buyer to provide replacement guarantors and/or indemnitors of the borrower's obligations first arising under the Existing Loan Documents executed in connection with the Existing Loans from and after Close of Escrow, or to provide to Lender such other additional or alternative security or collateral (e.g., a letter of credit), as may be satisfactory to Lender, and should Buyer not satisfy Lender's assumption conditions, then Buyer shal l be deemed in breach of its obligations under this Agreement and in such event Seller shall have the right to cancel this Agreement and receive the Deposit as liquidated damages as provided in Section 17 below).

8. Deliveries to Escrow Holder

(a) By Seller. At least one (1) business day prior to the Close of Escrow, Seller shall deposit or cause to be deposited with Escrow Holder the following documents and instruments:

(i) Deeds. Grant deeds, each in the form attached hereto as Exhibit "B", duly executed by each Seller Party and acknowledged (the "Grant Deeds"), whereby Seller shall transfer to Buyer fee title to the Project;

(ii) Seller's Tax Certificate. A certificate of non-foreign status, for both federal and state ("Seller's Tax Certificates"), duly executed by each Seller Party, in the form attached hereto as Exhibit "E" as to the federal form and a California 593C, completed to indicate that no withholding is required;

(iii) Assignment of Leases. Two (2) counterpart original assignments and assumption of leases (each an "Assignment of Leases"), duly executed by each Seller Party in the form attached hereto as Exhibit "F", pursuant to which Seller shall assign to Buyer all of Seller's right, title and interest in and to the Leases, lease guaranties and unapplied security deposits for the Project and an assignment (or re-issuance in favor of Buyer) of any letter of credit securing the obligations of a Tenant;

(iv) Assignment of Contracts. Two (2) counterpart original assignments of Contracts and assumption agreements (each an "Assignment of

Contracts"), duly executed by each Seller Party in the form attached hereto as Exhibit "G", pursuant to which Seller shall assign to Buyer all of Seller's right, title and interest in, under and to the Contracts assumed by Buyer pursuant to this Agreement;

(v) Bill of Sale. A Bill of Sale (each a "Bill of Sale"), duly executed by each Seller Party in the form attached hereto as Exhibit "I", conveying all of Seller's right, title and interest in and to any personal property owned by Seller which is used exclusively in connection with the operation and/or maintenance of the Project;

(vi) Tenant Letters. A letter for each Property signed by the appropriate Seller Party and addressed to the Tenants of such Property advising such Tenants of the sale of the Project to Buyer and directing that all future rent payments and other charges due and payable by such Tenants under their respective Leases are to be forwarded to Buyer at an address to be supplied by Buyer;

(vii) Seller's Certificates. If required pursuant to the terms and provisions of Paragraph 7(a)(iv) hereof, an originally executed Seller's Certificate(s) substantially in the form attached hereto as Exhibit "D";

(viii) General Assignment. Two (2) counterpart original general assignments (each a "General Assignment"), duly executed by each Seller Party in the form attached hereto as Exhibit "H", conveying Seller's right, title and interest in certain intangible personal property associated with the Project as more particularly described therein.

(ix) Formation Documents. Such documents (such as limited liability company resolutions, corporate resolutions or partnership authorizations and limited liability company, corporate or partnership organizational documents) as are reasonably required by the Title Company to evidence the authorization of the transactions contemplated by this Agreement.

(x) Other Deliveries. Such other documents and instruments as may be reasonably requested by Title Company, Escrow Holder or Lender to consummate the transactions contemplated herein.

(b) By Buyer. Buyer shall deposit or cause to be deposited with Escrow Holder, at least one (1) business day prior to the Close of Escrow, the Closing Funds together with the following documents and instruments:

(i) Assignment of Leases. Two (2) counterpart original Assignments of Leases for each Seller Party, duly executed by Buyer;

(ii) Assignment of Contracts. Two (2) counterpart original Assignments of Contracts for each Seller Party, duly executed by Buyer;

(iii) General Assignments. Two (2) counterpart original General Assignments for each Seller Party, duly executed by Buyer;

(iv) Formation Documents. Such documents (such as trust certificates, limited liability company resolutions, corporate resolutions or partnership authorizations and trust, limited liability company, corporate or partnership organizational documents) as are reasonably required by the Title Company to evidence the authorization of the transactions contemplated by this Agreement; and

(v) Other Deliveries. Such other documents and instruments as may be reasonably requested by Title Company, Escrow Holder or Lender to consummate the transactions contemplated herein.

9. Deliveries to Buyer Outside of Escrow. At the Closing, Seller shall deliver to Buyer:

(a) the original Estoppel Certificates;

(b) to the extent same are in the possession of Seller, Seller's original executed Leases and any guarantees or any letter of credit provided by any tenant relating thereto, together with the original Tenant correspondence files for each such Lease and all original building plans and tenant improvement plans (to the extent originals are not available, Seller shall deliver copies in Seller's possession or control);

(c) copies of any and all assumed Contracts (or originals, if available); and

(d) keys and security codes to all entrance doors to, and equipment and utility rooms located in, the Project, to the extent such keys and security codes are in the possession or control of Seller.

10. Costs and Expenses. At Closing, Buyer shall pay (a) the portion of the Title Policy premium attributable to ALTA extended coverage (over and above the cost of a standard CLTA owner's policy of title insurance which shall be paid by Seller) should Buyer elect to obtain such coverage, together with the cost of any and all endorsements to the Title Policy, (b) the cost of any lender's title policy together with any endorsements issued in connection therewith (or endorsements to Lender’s existing title policies), (c) 50% of any escrow fees charged by Escrow Holder, (d) all fees and costs arising in connection with the assumption of the Existing Loans, i ncluding without limitation assumption fees, recording charges, legal fees and costs, costs of updated third party reports and appraisals, except as provided in clause (F) of the following sentence, and (e) except as provided in clause (C) below, any other recording fees charged by Title Company. At Closing, Seller shall pay (A) County and (if applicable) City transfer taxes, (B) the premium for the CLTA portion of the Title Policy, (C) the cost of recording the Grant Deed and of recording any instruments to release any monetary liens which Seller is obligated to release, (D) the commission due to Seller's Broker pursuant to Paragraph 18 below, (E) 50% of any escrow fees charged by Escrow Holder, and (F) $50,000 towards Buyer’s loan assumption fees and costs, by way of a credit against the Purchase Price at the Closing for Buyer’s benefit. All other closing costs shall be allocated to the parties in accordance with local practice in San Bernardino County. Each par ty shall pay its own attorney's fees. Buyer shall be responsible for all of its due diligence costs and Buyer shall be responsible for any costs associated with updating the existing Survey or obtaining a new Survey, if and to the extent

desired by Buyer. If, as a result of no fault of Buyer or Seller, Escrow fails to close, then (except as otherwise provided in this Agreement) Buyer and Seller shall share equally all of Escrow Holder's fees and charges. If Escrow fails to close as a result of either party's default hereunder, such defaulting party shall be solely responsible for any escrow cancellation charges charged by Escrow Holder.

Any closing costs or other expenses incurred by or chargeable to Seller shall be allocated to each Seller Party as such cost relates to such Seller Party's Property. If it is unclear how such costs should be allocated, such cost shall be allocated as directed by Seller. Escrow Holder is hereby authorized and directed to prepare separate settlement statements for each Property if requested by Seller.

11. Prorations; Credits. The following prorations and credits shall be made between Seller and Buyer on the Close of Escrow, computed as of the Close of Escrow:

(a) Taxes and Assessments. Real and personal property taxes and assessments on the Project shall be prorated on the basis that Seller is responsible for (i) all such taxes for the fiscal year of the applicable taxing authorities occurring prior to the "Current Tax Period" (as hereinafter defined) and (ii) that portion of such taxes for the Current Tax Period determined on the basis of the number of days which have elapsed from the first day of the Current Tax Period to the day prior to the Close of Escrow, inclusive, whether or not the same shall be payable prior to the Close of Escrow. The phrase "Current Tax Period" refers to the fisca l year of the applicable taxing authority in which the Close of Escrow occurs. In the event that as of the Close of Escrow the actual tax bills for the year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then rates and assessed valuation of the previous year, with known changes, shall be used, and when the actual amount of taxes and assessments for the year or years in question shall be determinable, then such taxes and assessments will be reprorated between the parties to reflect the actual amount of such taxes and assessments.

(b) Tenant Rents. Rent and other receivables under the Leases, including, but not limited to, any pass-through charges for real property taxes, pass through charges for common area maintenance charges and pass through charges for insurance (collectively, "Rents") shall be prorated as of the Close of Escrow (the day of Close of Escrow being a day of income and expense to Buyer) on the basis of the actual number of days in the calendar month in which the Close of Escrow occurs and actual days elapsed, and shall be accounted for as follows:

(i) Rents due for the month of the Close of Escrow and collected by Seller, shall be prorated between Buyer and Seller;

(ii) Buyer shall be entitled to all Rents and other receivables accruing after the Close of Escrow, and Seller shall be entitled to all Rents collected after the Close of Escrow which pertain to periods prior to the Close of Escrow; and

(iii) All Rents received by Buyer or Seller following the Close of Escrow shall be distributed in accordance with the following priorities: first, to Buyer for all Rents applicable to the periods from and after the Close of Escrow and then due; and second, to Seller until Seller has received all past due Rent accruing until the day prior to the Close of Escrow.

Following the Close of Escrow, if Rents are received by Buyer or Seller (except as otherwise provided in the immediately following sentence), the amounts owed to the other party shall be remitted to such party within ten (10) business days of the other party's receipt of same. Seller shall have the right to collect past due rent (for periods prior to the month in which the Close of Escrow occurs) from the Tenants after the Close of Escrow and to institute collection actions in connection therewith; provided, however that Seller may not institute any unlawful detainer proceeding or otherwise take action to terminate or alter any of the Tenant’s rights under their respective Leases.

(c) Security Deposits. Buyer shall be credited and Seller shall be charged with any unapplied security deposits made by the Tenants under the Leases (Buyer hereby acknowledging that a Seller Party may refund or apply security deposits in the ordinary course of operating the Project). In addition, each Seller Party, at its cost, shall take all actions required to assign and transfer to Buyer any letters of credit and deeds of trust that such Seller Party holds as security for a Tenant's performance under a Lease.

(d) Utilities. Prior to the Closing, Buyer and Seller shall cooperate to arrange for all utility services to the Project to be discontinued in Seller's name, as of the day immediately prior to the Close of Escrow, and to be reinstated in Buyer's name, as of the Close of Escrow. In the event that the foregoing cannot be effectuated, then Seller shall furnish readings of the applicable utility meters to a date not more than thirty (30) days prior to the Close of Escrow and the unfixed charges, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings. Seller will obtain a refund of any cash de posits on account with the utility providers, and Buyer shall provide its own cash deposits directly to such utility providers.

(e) CAM Reconciliation. Buyer and Seller acknowledge that Rents in the nature of so called "CAM" charges (collectively, "CAM Rents") under certain Leases for each calendar year may be collected in advance monthly based upon estimated operating expenses under the applicable Lease by Seller and may subsequently be subject to adjustment, on an annualized basis, after the expiration of the calendar year for which such CAM Rents are due based upon the reconciliation of operating expenses under the applicable Lease by Seller. In furtherance of the foregoing, (1) Seller agrees to provide to Buyer, within forty-five (45) days after the Close of Escro w, an accounting with respect to CAM Rents for each applicable Property as of the Close of Escrow (so that Buyer can perform its obligations described below); (2) Buyer agrees to deliver such accounting to the Tenants within thirty (30) days of receipt thereof (and, if necessary, at the time Buyer delivers its own CAM reconciliation for calendar year 2010 to the Tenants) and to use commercially reasonable efforts to collect from the Tenants any amounts due Seller on account of such accounting (and to promptly remit same to Seller upon receipt); and (3) in the event the applicable tenant is entitled to a reimbursement on

account of the CAM Rents payable under its Lease to the landlord thereunder for the portion of calendar year 2010 ending on the Close of Escrow, then Seller shall deliver to Buyer with such accounting the total amount of reimbursements so owed to the Tenants and Buyer shall promptly deliver such reimbursements to the affected Tenants. In connection with the foregoing, CAM Rents shall be pro-rated at Close of Escrow based on amounts billed and collected by Seller, and any reconciliation shall be completed on a post-Closing basis.

(f) Lender Impounds. Seller shall receive a credit at the Close of Escrow equal to the sum of all impound and reserve account balances connected with the Existing Loans and held by Lender as of the business day prior to the Close of Escrow, in the event such amounts are not separately refunded to Seller by Lender.

Prior to the Close of Escrow, the parties hereto shall agree upon all of the prorations to be made and submit a statement to the Escrow Holder setting forth the same. In the event that any prorations, apportionments or computations made under this Paragraph 11 shall require final adjustment, then the parties hereto shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected adjustment or proration will be paid in cash to the party entitled thereto.

12. Disbursements and Other Actions by Escrow Holder. Upon the Close of Escrow, Escrow Holder shall promptly undertake all of the following in the manner indicated:

(a) Prorations. Prorate all matters referenced in Paragraph 11 based upon one or more closing statements for the Project signed by the parties.

(b) Recording. Cause the Grant Deeds and any other documents which the parties hereto may mutually direct, to be recorded in the Official Records in the order directed by the parties.

(c) Funds. Disburse from funds deposited by Buyer with Escrow Holder towards payment of all items chargeable to the account of Buyer pursuant hereto in payment of such costs, including, without limitation, the payment of the Purchase Price to Seller, and disburse the balance of such funds, if any, to Buyer.

(d) Title Policy. Direct the Title Company to issue the Title Policy to Buyer.

(e) Documents to Seller. Deliver to Seller a counterparts original of the Assignment of Leases, the Assignment of Contracts and the General Assignment, executed by Buyer.

(f) Documents to Buyer. Deliver to Buyer (A) a conformed copy of the recorded Grant Deed, (B) originals of the Bill of Sale, the Seller's Certificates (if any), and the Seller's Tax Certificates, (C) a counterpart original Assignment of Leases, Assignment of Contracts and General Assignments executed by Seller, and (D) the letters described in Paragraph 8(a)(vi) above addressed to each Tenant advising the Tenants of this transaction.

13. Seller's Representations and Warranties.

(a) In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Project from Seller, Seller hereby makes the following representations and warranties to Buyer as of the date of this Agreement, each of which is material and being relied upon by Buyer:

(i) Authority. Seller has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Seller is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth herein.

(ii) Foreign Person Affidavit. Seller is not a foreign person as defined in Paragraph 1445 of the Internal Revenue Code.

(iii) Lease Documents. To Seller's Knowledge, the Leases delivered by Seller to Buyer are complete copies of same.

(iv) Contracts. Except for the Contracts delivered to Buyer, there are no service or maintenance contracts affecting the Project that will survive the Close of Escrow other than those that can be terminated by giving not more than thirty (30) days notice without penalty.

(v) Documents. There are no agreements (whether oral or written) entered into by Seller by which a person has the right to the possession of the Project, or any portion thereof, which shall be binding upon Buyer at Close of Escrow except (i) as otherwise disclosed by Seller in writing, including without limitation in the Documents and Materials, (ii) as otherwise made available to Buyer, or (iii) as may be disclosed in the Reports.

(vi) Threatened Actions. To Seller's Knowledge and except as set forth in Schedule 13(a)(vi), there are no Project-level or Property-level pending or threatened actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect, all or any portion of the Project, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain, collection actions, alleged building code violations, health and safety violations, federal, state or local agency actions regarding environmental matters, lease disputes, federal environmental protection agency violations or zon ing violations.

(vii) Bankruptcy. Neither Seller nor, to Seller's Knowledge, any Tenant of the Project has either filed or been the subject of any filing of a petition under any federal or state bankruptcy or insolvency laws.

(viii) Hazardous Wastes. To Seller's Knowledge, the Project is not in violation of any "Environmental Laws" (defined below). As used herein, the term "Environmental Laws" means all federal, state or local laws, ordinances, orders, rules or regulations that directly and/or indirectly relate to air pollution, water pollution, noise

control, and/or the presence, storage, escape, seepage, leakage, emission, release, use, spillage, generation, transportation, handling, discharge, disposal, or recovery of on-site or off-site hazardous or toxic substances, wastes or materials and/or underground storage tanks.

(ix) Seller Entities. Seller is not a person or entity described by Section 1 of the Executive Order (No. 13,224) Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (September 24, 2001), and to Seller's Knowledge, does not engage in any dealings or transactions, and is not otherwise associated with any such persons or entities.

As used herein, the term "Seller's Knowledge" means the actual knowledge of Meyer Nugit and David S. Blatt, without any duty of inquiry or investigation whatsoever.

(b) Each of the representations and warranties set forth in Paragraph 13(a) of this Agreement (collectively, "Seller's Representations") shall be deemed to have been remade at and as of the Close of Escrow with the same force and effect as if first made on and as of the Close of Escrow; provided, that, at the Closing, Seller may submit to Buyer one (1) or more schedules, certified by Seller as true and correct as of the Close of Escrow, which modify or update any of Seller's Representations, or any exhibits referred to therein, to reflect matters, if any, which arise subsequent to the date of this Agreement (and were previously unknown to Seller), and Seller's Representations shall be deemed to have been remade with the changes, if any, set forth in such schedule or schedul es, subject to the provisions in subparagraph (c) below.

(c) If prior to Closing, Seller's Representations, as made as of the date of this Agreement, are determined to be untrue in any material respect as of such date or if Seller's Representations, as remade on the Close of Escrow, shall result in Seller's Representations made as of the date of this Agreement being untrue in any material respect as of the Close of Escrow, then, except as provided in Paragraph 13(d) of this Agreement, Buyer may, at Buyer's option and as Buyer's sole remedy (Buyer specifically waiving any right to bring any action against Seller for damages arising therefrom), either (x) terminate this Agreement by notice in writing to Seller, in which event the Deposit shall be returned by Buyer and the parties shall have no further obligations under this Agreeme nt except for Surviving Obligations, or (y) waive the same and accept title to the Project without any abatement of the Purchase Price; provided, however, that Buyer shall have no right to terminate this Agreement as a result of any modification to or updating of Seller's Representations to reflect:

(i) Leases entered into by Seller after the date of this Agreement in compliance with this Agreement;

(ii) changes after the date of this Agreement to the schedule of litigation set forth in Schedule 13(a)(vi) to reflect any additions or deletions other than litigation that, if adversely determined, would affect title to the Project or would result in a Negative Material Economic Impact (it being expressly acknowledged and agreed that (A) the risk of changes that do not result in a Negative Material Economic Impact after the date of this Agreement to the schedule of litigation for any reason, including, without limitation, landlord/tenant litigation and claims covered by insurance, is Buyer's risk (meaning that no such

change is intended to grant Buyer any right to terminate this Agreement or obtain any damages from Seller), and (B) changes after the date of this Agreement to the schedule of litigation for matters affecting title to a Project or which result in a Negative Material Economic Impact is Seller's risk (meaning that any such changes to the schedule of litigation shall only entitle Buyer to terminate this Agreement (if at all) subject to and in accordance with the provisions of this Paragraph 13(c) but no such changes to the schedule of litigation shall, if not cured by Seller, entitle Buyer to bring any action against Seller or constitute a breach of any representation or warranty of Seller, including, without limitation, any Seller's Representation); or

(iii) actions that Seller is not prohibited from taking pursuant to the terms of this Agreement.

As used herein, the term "Negative Material Economic Impact" means, with respect to the occurrence of Negative Information, a potential loss to Buyer associated with such Negative Information that is greater than or equal to $250,000. As used herein, the term "Negative Information" means (i) the filing of a lawsuit or counterclaim by an existing Tenant of a Project against the Seller entity which holds fee title thereto and which, if adversely determined, would result in a permanent reduction in the rental income associated with such Tenant's Lease, (ii) the filing of a lawsuit against a Seller entity which could result in a judgment against Buyer or the applicable Project after the Close of Escrow, (iii) the discovery of New Information (defined below) after the date of this Agreement which renders a Seller Representation fal se when remade on and as of the Close of Escrow, or (iv) a "New Violation" (defined below) discovered after the expiration of the Contingency Period. Any dispute between the parties as to whether Negative Information has resulted or is likely to result in a Negative Material Economic Impact shall be resolved in accordance with Paragraph 27 below.

(d) Notwithstanding the provisions of Paragraph 13(c) of this Agreement, Buyer shall have no right to terminate this Agreement pursuant to the provisions of this Paragraph 13 as a result of the untruth of any Seller's Representation if, within five (5) business days after the delivery of Buyer's notice terminating this Agreement, the Seller Party making such Seller’s Representation delivers written notice to Buyer of such Seller Party's intention to cure to Buyer, in which event Buyer's notice of termination shall be without effect and such Seller Party shall, at its option, either:

(i) cause such untrue Seller's Representation to be corrected at or before Close of Escrow at such Seller Party's sole cost and expense (and Seller shall be entitled to adjourn the Close of Escrow one or more times (but for not more than thirty (30) days in the aggregate) to effectuate such cure), and if such Seller Party fails to effectuate such cure on or before the Close of Escrow (as same may have been adjourned), then Buyer shall have the right at Closing, as Buyer's sole remedy (Buyer specifically waiving any right to bring an action against Seller or any Seller Party for damages arising therefrom), to either (x) terminate this Agreement by notice in writing to Seller, in which event the Deposit shall be returned by Buy er and the parties shall have no further obligations under this Agreement except for Surviving Obligations, or (y) waive the same and accept title to the Project without any abatement of the Purchase Price; or

(ii) credit Buyer at Close of Escrow with an amount equal to the diminution in value to the Project caused by the untrue Seller's Representation but only to the extent that the diminution of value of the Project is $250,000 or a lesser amount, and in the event the diminution of value of the Project is greater than $250,000 then Buyer may, in its sole discretion, by an election to be made by Buyer no later than five (5) business days following a determination that the diminution in value of the Project is greater than $250,000, terminate this Agreement by notice in writing to Seller, in which event the Deposit shall be returned to Buyer and the parties shall have no further obligations under this Agreement except for Sur viving Obligations (it being agreed that if there is a dispute as to the amount of the credit under this subparagraph (ii) then the provisions of Paragraph 27 of this Agreement shall apply).

(e) If (i) prior to the Close of Escrow, Buyer delivers notice to Seller that any Seller's Representations are false in any material respect as hereinabove provided and/or (ii) on the date to which Seller adjourns the Closing pursuant to Paragraph 13(d)(i) above, Buyer delivers notice to Seller that Seller has failed to cure the relevant untrue Seller's Representations, then Buyer shall be required to elect one of the remedies set forth in Paragraph 13(c) or Paragraph 13(d)(i) (as applicable) above prior to the Close of Escrow and if Buyer fails to make such an election same shall conclusively mean that Buyer has determined to proceed under clause (y) of Paragraph 13(c) above or clause (y) of Paragraph 13(d)(i) above (as appl icable). Without limitation of the foregoing, on or before the earlier to occur of (x) the Close of Escrow or (y) the date that is ten (10) days after the date that Buyer becomes aware that any of Seller's Representations are untrue in any material respect, Buyer shall deliver notice thereof to Seller stating whether Buyer desires to proceed in respect thereof under clause (x) or clause (y) of Paragraph 13(c) above, or clause (x) or clause (y) of Paragraph 13(d)(i) above, whichever is applicable. In the event that Buyer fails to so notify Seller of any such untrue Seller's Representation(s) and/or Buyer's desire to proceed under clause (x) or clause (y) of Paragraph 13(c) above, or clause (x) or clause (y) of Paragraph 13(d)(i) above, as applicable, within such ten (10) day (or shorter) period, then Buyer shall be deemed to have waived Buyer's right to terminate this Agreement and/or assert the untruth of such representation against Seller pursuant to the terms hereof. Withou t limitation of the foregoing, in the event that Buyer becomes aware that any of Seller's Representations are untrue in any material respect prior to the Close of Escrow and nonetheless proceeds to Closing without making a claim under this Paragraph 13, then same shall be deemed to be a waiver by Buyer of any further right to make a claim arising out of such untrue nature of such Seller's Representation(s).

(f) Seller's Representations (as modified or updated by Seller in accordance with the provisions of this Paragraph 13) shall survive the Close of Escrow for a period of nine (9) months. If any of Seller's Representations is discovered to be untrue in any material respect after Close of Escrow, and a claim is asserted within the time period set forth in the immediately preceding sentence, then Buyer shall, subject to the provisions of Paragraphs 26 and 27 of this Agreement, have the right to pursue any and all remedies available against Seller as a result of such inaccuracy.

(g) Notwithstanding the foregoing provisions of this Paragraph 13, in the event that (a) any of Seller's Representations is made to Seller's Knowledge, (b) subsequent to the date of this Agreement information (collectively, the "New Information") is discovered and presented to Seller, which New Information, if in the possession of Seller on the date of this

Agreement, would have rendered such Seller's Representation false in a material respect (i.e., if Seller had Knowledge of the New Information on the date of this Agreement then such Seller's Representation, as made by Seller, would have been false in a material respect), and (c) such New Information does not result in a Negative Material Economic Impact, then, provided that Seller discloses such New Information to Buyer prior to the Close of Escrow: (i) such Seller's Representation shall be deemed to have been remade as of the date such disclosure is made to take such New Information into account, (ii) such remaking of such Seller's Representation shall not be deemed a breach of such Seller's Representation by Seller, and (iii) such remaking of such Seller's Representation shall not give rise to an y right or remedy in favor of Buyer (including, without limitation, any right to terminate this Agreement).

14. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Project to Buyer, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller:

(a) Authority. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Buyer is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth herein.

(b) Validly Existing. If Buyer is a trust, Buyer is duly formed and validly existing. If Buyer is a corporation, Buyer is validly existing, duly incorporated and in good standing under the laws of the state of its formation and as of the Close of Escrow will be qualified to do business in the State of California. If Buyer is a limited liability company, Buyer is validly existing, duly organized and in good standing under the laws of the state of its formation and as of the Close of Escrow will be qualified to do business in the State of California. If Buyer is a limited partnership, Buyer is duly formed, validly existing and in good standing under the laws of the state of its formation and as of the Close of Escrow will be qualified to do business in the State of California.

(c) Permitted Assignee. If the original Buyer hereunder has assigned its interest in this Agreement, such assignment has been made in compliance with this Agreement.

(d) Bankruptcy. Buyer has not filed or been the subject of any filing of a petition under any federal or state bankruptcy or insolvency laws.

(e) Prohibited Transactions. Buyer is not a person or entity described by Section 1 of the Executive Order (No. 13,224) Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (September 24, 2001), and to Buyer's knowledge, does not engage in any dealings or transactions, and is not otherwise associated with any such persons or entities.

Each of the representations and warranties set forth in this Paragraph 14 (collectively, "Buyer's Representations") shall be deemed to have been remade at and as of the Close of Escrow with the

same force and effect as if first made on and as of the Close of Escrow. Buyer's Representations shall survive the Closing for a period of nine (9) months. If any of Buyer's Representations is discovered to be untrue in any material respect after Close of Escrow, then Seller shall have the right to pursue any and all remedies available against Buyer as a result of such inaccuracy.

15. Seller Covenants. Seller agrees as follows:

(a) From the Opening of Escrow until the Close of Escrow or earlier termination of this Agreement, Seller will provide or cause to be provided substantially such services with respect to the Project that have been provided by or on behalf of Seller in the past in accordance with Seller's customary practice.

(b) From the Opening of Escrow until the Close of Escrow or earlier termination of this Agreement, Seller will maintain casualty and liability insurance with respect to the Project (which insurance may be effected under a blanket policy or policies of insurance) in accordance with Seller's past and current practice.

(c) From the Opening of Escrow until the expiration of the Contingency Period (or earlier termination of this Agreement), Seller shall have the right, but not the obligation, to amend, renew or expand the existing Leases or enter into any new leases with respect to any Project, all without the necessity of obtaining Buyer's consent (each a "Lease Transaction"); provided that Seller shall promptly provide Buyer with written notice of any such transaction. Any Lease Transaction which Seller desires to enter into after the expiration of the Contingency Period and until the Close of Escrow (or earlier termination of this Agreement) shall require the prior written consent of Buyer, which consent shall not be unreasonably withh eld and shall be deemed given if notice of disapproval is not received by Seller within three (3) business days of delivering a request for consent to Buyer along with the relevant documentation with respect to such Lease Transaction. Seller shall be responsible for all leasing commissions and tenant improvement allowances and costs associated with any Lease Transaction entered into prior to the Close of Escrow.

(d) Following the full execution and delivery of this Agreement, Seller shall not solicit nor accept any additional offers, binding or otherwise, for a possible sale of the Project. Following the end of the Contingency Period, unless Buyer has previously elected to terminate this Agreement, Seller will remove and withhold the Project from the market and cease all discussions with any prospective purchasers other than Buyer. Seller’s obligations under this Section 15(d) shall not survive the cancellation or termination of this Agreement.

16. Condition of Project.

(a) Except as otherwise expressly provided in this Agreement, Buyer shall accept the Project at the Close of Escrow in the "as is", "where is" condition, with all faults. Buyer agrees that, except as expressly set forth herein, Seller shall not be liable for any construction, latent or patent defects in the Project, and shall not be bound in any manner whatsoever by any guarantees, promises, projections, operating expenses, set-ups or other

information pertaining to the Project made, furnished or claimed to have been made or furnished by Seller or any other person or entity, including, without limitation, Seller's Broker (including without limitation any information contained in the marketing package for the Property prepared by Seller's Broker), or any partner, member, manager, shareholder, employee, agent, attorney or other person representing or purporting to represent Seller or Seller's Broker, whether verbally or in writing. Buyer acknowledges that neither Seller nor any of the employees, agents or attorneys of Seller has made any verbal or written representations or warranties whatsoever to Buyer, whether express, implied, statutory, or by operation of law, except as expressly set forth in this Agreement and, in particular, that no suc h representations and warranties have been made with respect to the physical or environmental condition or operation of the Project, the layout or square footage of the Project, the actual or projected revenue and expenses of the Project or any of the Leases, zoning, environmental, and other laws, regulations and rules applicable to the Project, or the compliance of the Project therewith, the quantity, quality or condition of the articles of personal property and fixtures included in the transactions contemplated hereby, the use or occupancy of the Project or any part thereof or any other matter or thing affecting or relating to the Project or the transactions contemplated hereby, except as specifically set forth in this Agreement. Buyer has not relied and is not relying upon any representations or warranties, other than Seller's Representations, or upon any statements made in any informational materials with respect to the Project provided by Seller or any other person or entity, including Seller 's Broker (including without limitation any information contained in the marketing package for the Property prepared by Seller's Broker)or any shareholder, member, manager, employee, agent, attorney or other person representing or purporting to represent Seller or Seller's Broker. Without limitation of the foregoing, Buyer specifically acknowledges and agrees that it has assumed the risk of changes in the condition of the Project between the Opening of Escrow and the Close of Escrow and no adverse change in such condition shall grant Buyer any right to terminate this Agreement or to obtain any damages against Seller except as otherwise provided herein. IN ADDITION TO, AND WITHOUT LIMITATION OF THE FOREGOING, EXCEPT AS SET FORTH IN THIS AGREEMENT, SELLER MAKES NO WARRANTY, EXPRESS, IMPLIED, STATUTORY, OR BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, MERCHANTABILITY, TITLE, MARKETABILITY, FITNESS, OR SUITABILITY FOR A PARTICULAR PURPOSE OF THE PROPERTY OR ANY COMPONE NT THEREOF, AND THE PROPERTY AND EACH COMPONENT THEREOF ARE SOLD IN AN "AS IS", "WHERE IS" CONDITION, WITH ALL FAULTS. BY EXECUTING THIS AGREEMENT, EXCEPT AS SET FORTH IN THIS AGREEMENT, BUYER AFFIRMS AND AGREES THAT (A) BUYER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PROPERTY OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE, (B) SELLER MAKES NO WARRANTY THAT THE PROPERTY OR ANY COMPONENT THEREOF ARE FIT FOR ANY PARTICULAR PURPOSE, (C) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR BY OPERATION OF LAW, WITH RESPECT TO THE PROPERTY OR ANY COMPONENT THEREOF, (D) BUYER HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND EACH COMPONENT THEREOF AND HAS DETERMINED TO PURCHASE THE PROPERTY AND EACH COMPONENT THEREOF BASED ON SUCH INSPECTION, AND (E) UPON CLOSE OF ESCROW, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT

NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INVESTIGATIONS, AND BUYER, ON THE CLOSING DATE, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED, AND RELEASED SELLER FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING, WITHOUT LIMITATION, CAUSES OF ACTION IN TORT, LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, THAT BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL OR ENVIRONMENTAL CONDITIONS, AND/OR VIOLATIONS OF ANY APPLICABLE LAWS.

(b) Without limiting the generality of the provisions of Paragraph 16(a) above, Buyer specifically acknowledges and agrees as follows:

(i) Except for the Seller's Representations, neither Seller nor any other party acting (or purporting to act) on behalf of Seller, has made any (and Seller hereby disclaims any) representation or warranty of any kind of nature concerning any environmental condition existing at the Project, including without limitation (1) air quality, mold or water conditions which may exist at the Project or other matters governed by California's Toxic Mold Protection Act (Cal. Health & Safety Code §§26100-26156; Stats 2001, ch 584), or (2) matters disclosed by the environmental reports included in the Documents and Materials or otherwise made available to Buyer (the matters stated therein being referred to as the "Environmental Disclosed Matters");

(ii) Except as otherwise expressly set forth in this Agreement, Buyer shall take title to the Project subject to any and all environmental conditions thereat (or the presence of any matter or substance relating to any such environmental condition at the Project, including without limitation mold), whether known or unknown, disclosed or undisclosed, including, without limitation, the Environmental Disclosed Matters, and any and all claims and/or liabilities relating to (in any manner whatsoever) any hazardous, toxic or dangerous materials or substances located in, at, about or under the Project, or for any and all claims or causes of action (actual or threatened) based upon, in connection with or arising out of the Comprehensive Environmental Response, Compensation, and Lia bility Act, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., and the Superfund Amendments and Reauthorization Act, 42 U.S.C. §9601 et seq., or any other law or cause of action (including any federal or state based statutory, regulatory or common law cause of action) related to environmental matters or liability with respect to or affecting the Project (any of the foregoing described in this subparagraph (b)(ii) being referred to as "Environmental Conditions"); and

(iii) Except as otherwise expressly set forth in this Agreement, Buyer hereby releases Seller and each of its constituent partners, members, managers, officers, directors, attorneys, lenders, agents, successors and assigns (collectively, the "Seller Exculpated Parties") from any liability of any kind or nature arising with respect to any Environmental Conditions and, specifically, agrees that, if any claim is brought against

Buyer arising out of any Environmental Condition, Buyer shall have no claim of any kind or nature against Seller or any Seller Exculpated Party (the parties hereby agreeing that Buyer's remedies for breach of any Seller's Representation regarding existing Environmental Conditions shall be as set forth in Section 13). The foregoing shall, however, in no event be deemed an obligation on the part of Buyer to indemnify Seller with respect to any Environmental Disclosed Matters or Environmental Conditions.

(c) Section 25359.7 of the California Health and Safety Code requires owners of nonresidential property who know or have reasonable cause to believe that a release of a hazardous material has come to be located on or beneath real property to provide written notice of that condition to a buyer of said real property. Except as otherwise expressly set forth in this Agreement, Buyer acknowledges that Seller has disclosed to Buyer all matters described in the Environmental Disclosed Matters. By Buyer's execution of this Agreement, and except as otherwise expressly set forth in this Agreement, Buyer (i) acknowledges Buyer's receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code, (ii) has become or will beco me fully aware prior to the Close of Escrow of the matters described in the Environmental Disclosed Matters, a copy of which Buyer has received and has reviewed; and (iii) as of Close of Escrow and after receiving advice of Buyer's legal counsel, waives any and all rights or remedies whatsoever, express, implied, statutory or by operation of law, Buyer may have against Seller and arising under Section 25359.7 of the California Health and Safety Code. The provisions of this Paragraph 16(c) shall survive the Closing.

(d) Buyer and Seller acknowledge that Seller or Broker is required to disclose if any Project lies within the following natural hazard areas or zones:

(i) a special flood hazard area (any type Zone "A" or "V") designated by the Federal Emergency Management Agency (Cal. Gov. Code § 8589.3);

(ii) an area of potential flooding shown on a dam failure inundation map designated pursuant to Cal. Gov. Code § 8589.5 (Cal. Gov. Code § 8589.4);

(iii) a very high fire hazard severity zone designated pursuant to Cal. Gov. Code § 51178 or 51179 (in which event the owner maintenance obligations of Cal. Gov. Code § 51182 would apply) (Cal. Gov. Code § 51183.5);

(iv) a wildland area that may contain substantial forest fire risks and hazards designated pursuant to Cal. Pub. Resources Code § 4125 (in which event (x) the property owner would be subject to the maintenance requirements of Cal. Pub. Resources Code § 4291 and (y) it would not be the state's responsibility to provide fire protection services to any building or structure located within the wildland area except, if applicable, pursuant to Cal. Pub. Resources Code § 4129 or pursuant to a cooperative agreement with a local agency for those purposes pursuant to Cal. Pub. Resources Code § 4142) (Pub. Resources Code § 4136);

(v) an earthquake fault zone (Pub. Res. Code § 2621.9); or

(vi) a seismic hazard zone (and, if applicable, whether a landslide zone or liquefaction zone) (Pub. Resources Code § 2694).

Seller has engaged or will cause the Title Company to engage the services of a natural hazard disclosure expert (in such capacity, the "Natural Hazard Expert") to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling each of Seller and Seller's Broker to fulfill its disclosure obligations with respect to the natural hazards referred to in California Civil Code Section 1103(c) and to report the result of its examination to Buyer and Seller in writing. As contemplated in California Civil Code Section 1103.2(b), if an earthquake fault zone, seismic hazard zone, very high fire hazard severity zone or wildland fire area map or accompanying information is not of sufficient accuracy or scale for the Natural Hazard Expert to determine if a particular Pr oject is within the respective natural hazard zone, then for purposes of the disclosure such Project shall be considered to lie within such natural hazard zone. The written report prepared by the Natural Hazard Expert regarding the results of its examination fully and completely discharges Seller and Seller's Broker from their disclosure obligations referred to herein, and, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of each of Seller and Seller's Broker for errors or omissions not within in its personal knowledge shall be deemed to apply and the Natural Hazard Expert shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above. The obligations of Seller and Seller's Broker are several (and not joint and not joint and several) and, without limitation, in no event shall Seller have an y responsibility for matters not actually known to Seller. THESE HAZARDS MAY LIMIT BUYER'S ABILITY TO DEVELOP THE PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ON ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. BUYER MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY.

(e) BUYER, WITH BUYER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 16, AND UNDERSTANDS THEIR SIGNIFICANCE AND EFFECT. BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT FOR SELLER'S REPRESENTATIONS SET FORTH IN THIS AGREEMENT, THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 16, ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO BUYER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 16. THE TERMS AND CONDITIONS OF THIS SECTION 16 WILL EXPRESSLY SURVIVE THE CLOSE OF ESCROW AND WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS.

Initials of Seller: Initials of Buyer:

/s/ DNL /s/ ST

(f) With respect to any release by Buyer contained in this Agreement, Buyer expressly waives the provisions of California Civil Code § 1542, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Initials of Buyer:

/s/ ST

17. LIQUIDATED DAMAGES. IF BUYER SHOULD BE IN BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND AS A RESULT SELLER, ACTING WITHIN ITS RIGHTS SET FORTH IN THIS AGREEMENT, ELECTS TO TERMINATE THE ESCROW, THEN IN ANY SUCH EVENT, THE ESCROW HOLDER MAY BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW AND SELLER SHALL THEREUPON BE RELEASED FROM ITS OBLIGATIONS HEREUNDER. BUYER AND SELLER AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH SELLER'S DAMAGE BY REASON OF BUYER'S DEFAULT UNDER THIS AGREEMENT. ACCORDINGLY, BUYER AND SELLER AGREE THAT IN THE EVENT OF DEFAUL T BY BUYER UNDER THIS AGREEMENT, IT WOULD BE REASONABLE AT SUCH TIME TO AWARD SELLER, AS SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW AND EQUITY, "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT.

THEREFORE, IF BUYER SHOULD BE IN BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND AS A RESULT SELLER, ACTING WITHIN ITS RIGHTS SET FORTH IN THIS AGREEMENT, ELECTS TO TERMINATE THE ESCROW, SELLER MAY INSTRUCT THE ESCROW HOLDER TO CANCEL THE ESCROW WHEREUPON ESCROW HOLDER SHALL IMMEDIATELY PAY OVER TO SELLER THE DEPOSIT, AND SELLER SHALL BE RELIEVED FROM ALL OBLIGATIONS AND LIABILITIES HEREUNDER, AND, PROMPTLY FOLLOWING ESCROW HOLDER'S RECEIPT OF SUCH INSTRUCTION, ESCROW HOLDER SHALL CANCEL THE ESCROW.

NOTHING IN THIS PARAGRAPH 17 SHALL (i) PREVENT OR PRECLUDE ANY RECOVERY OF ATTORNEYS' FEES OR OTHER COSTS INCURRED BY SELLER PURSUANT TO PARAGRAPH 22 HEREOF OR (ii) IMPAIR OR LIMIT THE EFFECTIVENESS OR ENFORCEABILITY OF THE INDEMNIFICATION OBLIGATIONS OF BUYER CONTAINED IN THIS AGREEMENT. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH 17 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

/s/ ST	/s/ DNL
Buyer Initials	Seller Initials

18. Buyer's Remedies. Subject to the provisions of Paragraphs 26 and 27 of this Agreement, if Seller shall default under this Agreement, then Buyer, as Buyer's sole remedy (Buyer specifically waiving any right to bring an action for monetary damages, including, without limitation, consequential, speculative or punitive damages), may either:

(a) deliver written notice to Seller that Buyer elects to terminate this Agreement, in which event Buyer shall be entitled to a return of the Deposit and Seller shall reimburse Buyer for its actual out of pocket expenses incurred in connection with its acquisition of the Property (including without limitation any non-refundable payments made by Buyer to Lender) up to a maximum reimbursement of $50,000, and the parties shall thereafter have no further obligations under this Agreement except for the Surviving Obligations which shall survive such termination; or

(b) provided that Buyer is not otherwise in default under this Agreement, bring an action against Seller to seek specific performance of Seller's obligations hereunder within sixty (60) days following the earlier of (x) the scheduled Closing Date or (y) the date of Seller's breach. Such action for specific performance will not be construed to require Seller to cure any title defect (except as specifically provided in Paragraph 5 of this Agreement), cure any untrue representation, comply with any covenant hereunder, cure any physical condition existing at the Project, or cause any third party to take any action with respect to the Project or Seller).

If Buyer believes that Seller has defaulted as aforesaid prior to the Closing Date, then Buyer shall be required to elect one (1) of the remedies set forth in either Paragraph 18(a) or Paragraph 18(b) prior to the Closing Date and if Buyer fails to make such an election same shall conclusively mean that Buyer has determined to proceed under Paragraph 18(a) of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, in the event that Buyer becomes aware that Seller has defaulted in any respect under this Agreement prior to the Closing Date and nonetheless proceeds to Closing, then same shall be deemed to be a waiver by Buyer of any further right to make a claim arising out of such default. For the avoidance of doubt, Buyer and Seller acknowledge that a breach of Seller's Representations th at is alleged by Buyer under this Agreement shall not be deemed to fall within this Paragraph 18 (it being acknowledged that Buyer's remedies in respect thereof are as set forth in Paragraph 13 of this Agreement).

19. Damage or Condemnation Prior to Closing. Seller shall promptly notify Buyer of any casualty to any Project or any condemnation proceeding commenced prior to the Close of Escrow. If any such casualty results in a loss in excess of Two Hundred Fifty Thousand Dollars ($250,000) or any such condemnation proceeding relates to or may result in the loss of any portion of the Project with a value in excess of Two Hundred Fifty Thousand Dollars ($250,000) (each a "Material Loss"), Buyer may, at its option, elect either to: (i) terminate this Agreement, or (ii) continue the Agreement in effect. In the event Buyer elects to continue the Agreement following the occurrence of a Material Loss or in the event any casualty or condemnation proceeding does not result in a Material Loss, then this Agreement shall not terminate on account thereof and, upon the Close of Escrow, Buyer shall be entitled to and Seller shall assign to Buyer at the Close of Escrow any insurance proceeds or condemnation awards attributable to such casualty or condemnation proceeding (as applicable) and a credit against the Purchase Price equal to the insurance deductible, and there shall be no other adjustment to the Purchase Price.

In such event, Seller shall not compromise, settle or adjust any casualty claims after expiration of the Contingency Period without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

20. Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by (i) reputable overnight courier service (e.g. FedEx, UPS) or (ii) registered or certified mail, postage prepaid, return receipt requested, or (iii) facsimile, and shall be deemed received (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if sent by overnight courier, on the next business day following deposit with such courier, (iii) if mailed, the date of actual receipt or rejection as shown on the returned receipt, and (iv) if given by facsimile, when sent. Any notice, request, demand, direction or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing.

To Seller:	Grand Gateway I, LLC Grand Gateway II, LLC Grand Gateway III, LLC c/o DSB Properties, Inc. 101 N. Westlake Blvd., Suite 201 Westlake Village, CA 91362 Attention: David S. Blatt Tel. No.: (805) 374-1700 Fax. No.: (805) 374-1703
With a copy to:	Donfeld, Kelley & Rollman 11845 W. Olympic Blvd., Suite 1245 Los Angeles, CA 90064 Attention: Fredric A. Rollman, Esq. Tel. No.: (310) 312-8080 Fax No.: (310) 312-8014
To Buyer:	Retail Opportunity Investments Corp. 3 Manhattanville Road Second Floor Purchase, New York 10577 Attention: Stuart Tanz Tel. No.: (914) 272-8085 Fax No.: (760) 599-7007
With a copy to:	Freeman, Freeman & Smiley LLP 3415 S. Sepulveda Blvd., Suite 1200 Los Angeles, CA 90034 Attention: Jack R. Lenack, Esq. Tel. No.: (310) 255-6176 Fax No.: (310) 391-4042

Notice of change of address shall be given by written notice in the manner detailed in this Paragraph 20. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent.

21. Brokers. Upon the Close of Escrow, Seller shall pay a real estate brokerage commission to DSB Properties, Inc. (“DSB”), a California real estate broker, and DSB will pay a portion of its brokerage commission to Hanley Investment Group (“Hanley”), pursuant to separate agreements between Seller and DSB, and between DSB and Hanley. If any additional claims for brokers' or finders' fees for the consummation of this Agreement arise (other than claims of DSB or Hanley), then Buyer hereby agrees to indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any actual or alleged statement or representation or agreement by Buyer, and Seller hereby agrees to indemnify, save harmless and defend Buyer if such claims shall be based upon any actual or alleged statement, representation or agreement made by Seller (including claims of DSB or Hanley).

22. Legal Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the terms, covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute, whether by final judgment, or out of court settlement shall be entitled to have and recover of and from the other party all costs and expenses of suit, including actual attorneys' fees. Any judgment or order entered in any final judgment shall contain a specific provision pr oviding for the recovery of all costs and expenses of suit, including reasonable attorneys' fees (collectively "Costs") incurred in enforcing, perfecting and executing such judgment. For the purposes of this paragraph, Costs shall include, without limitation, attorneys' fees, costs and expenses incurred in the following: (i) postjudgment motions; (ii) contempt proceeding; (iii) garnishment, levy, and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation.

23. Assignment. Buyer shall not assign, transfer or convey its rights and/or obligations under this Agreement and/or with respect to the Project without the prior written consent of Seller, which consent Seller may withhold in its sole, absolute and subjective discretion; provided that Buyer shall have the right to assign, without Seller's consent, all (but not less than all) of this Agreement to (i) three (3) separate limited liability companies where the majority of the membership interests in each such entity are held by Buyer and/or its affiliates, and (ii) an accommodator in connection with an Exchange by Buyer. Any attempted assignment withou t the prior written consent of Seller (when Seller's consent is required) shall be void and Buyer shall be deemed in default hereunder. Any assignment of this Agreement by Buyer shall not relieve the assigning party from its liability under this Agreement.

24. Exchange.

(a) Buyer's Exchange. Seller acknowledges that Buyer may engage in a tax-deferred exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code. To effect this Exchange, Buyer may assign its rights in, and delegate its duties under, this Agreement to any exchange accommodator which Buyer shall determine. As

an accommodation to Buyer, Seller agrees to cooperate with Buyer in connection with the Exchange, including the execution of documents therefor, provided the following terms and conditions are satisfied:

(i) There shall be no liability to Seller and Seller shall have no obligation to take title to any property in connection with the Exchange.

(ii) Seller shall in no way be obligated to pay any escrow costs, brokerage commissions, title charges, survey costs, recording costs or other charges incurred with respect to any exchange property and/or the Exchange.

(iii) In no way shall the Close of Escrow be contingent or otherwise subject to the consummation of the Exchange, and the Escrow shall timely close in accordance with the terms of this Agreement notwithstanding any failure, for any reason, of the parties to the Exchange to effect same.

(iv) If, for any reason, the Close of Escrow does not occur by Buyer's Exchange deadline, Seller shall have no responsibility or liability to Buyer or any third party involved in the Exchange on account thereof.

(v) Seller will not be required to make any representations or warranties nor assume any obligations, nor spend any sum or incur any personal liability whatsoever in connection with the Exchange.

(vi) All representations, warranties, covenants and indemnification obligations of Buyer set forth in this Agreement shall not be affected or limited by Buyer's use of an exchange accommodator and shall survive the Exchange and shall continue to inure directly from Buyer for the benefit of Seller.

(b) Seller's Exchange. Buyer acknowledges that Seller may engage in a Exchange pursuant to Section 1031 of the Internal Revenue Code. To effect this Exchange, Seller may assign its rights in, and delegate its duties under, this Agreement (in whole or in part) to (i) a tenant or tenants-in-common (so long as such assignee(s) assumes Seller's obligations under this Agreement and Seller (and/or such assignee(s)) holds title to the Property immediately prior to Close of Escrow) or (ii) any exchange accommodator which Seller shall determine. As an accommodation to Seller, Buyer agrees to cooperate with Seller in connection with the Exc hange, including the execution of documents therefor, provided the following terms and conditions are satisfied:

(i) There shall be no liability to Buyer and Buyer shall have no obligation to take title to any property in connection with the Exchange.

(ii) Buyer shall in no way be obligated to pay any escrow costs, brokerage commissions, title charges, survey costs, recording costs or other charges incurred with respect to any exchange property and/or the Exchange.

(iii) In no way shall the Close of Escrow be contingent or otherwise subject to the consummation of the Exchange, and the Escrow shall timely close

in accordance with the terms of this Agreement notwithstanding any failure, for any reason, of the parties to the Exchange to effect same.

(iv) If, for any reason, the Close of Escrow does not occur, Buyer shall have no responsibility or liability to any third party involved in the Exchange.

(v) Buyer will not be required to make any representations or warranties nor assume any obligations, nor spend any sum or incur any personal liability whatsoever in connection with the Exchange.

(vi) All representations, warranties, covenants and indemnification obligations of Seller set forth in this Agreement shall not be affected or limited by Seller's use of an exchange accommodator and shall survive the Exchange and shall continue to inure directly from Seller for the benefit of Buyer.

25. Non-Liability. Notwithstanding anything to the contrary contained in this Agreement, no director, officer, employee, shareholder, member, manager, partner or agent of Seller shall have any personal obligation or liability hereunder, and Buyer shall not seek to assert any claim or enforce any of Buyer's rights hereunder against any such exculpated party. Notwithstanding anything to the contrary contained in this Agreement, no director, officer, employee, shareholder, member, manager, partner or agent of Buyer shall have any personal obligation or liability hereunder, and Seller shall not seek to assert any claim or enforce any of Seller's rights hereunder against any such exculpated party.

26. Limitation of Liability; No Joint and Several Liability. Notwithstanding anything to the contrary set forth in this Agreement, (a) Buyer shall not pursue any claim against Seller that causes damage to Buyer that is less than the Floor (as hereinafter defined), and (b) the maximum amount of liability that Seller shall have under any circumstance for any surviving obligation under this Agreement (including, without limitation, any obligation arising out of any Seller's Representation that survives the Close of Escrow, any obligation of Seller contained herein that is specifically stated to survive the Close of Escrow, or any liability under any instrument o r document delivered by Seller in connection with the Close of Escrow) shall not exceed an amount equal to $1,000,000 in the aggregate (the "Maximum Amount"). As used herein, the term "Floor" means $50,000.00. However, the Maximum Amount shall be inapplicable to any damages suffered by Buyer on account of any fraud by a Seller Party.

27. Determination of Estimated Calculations. The parties acknowledge and agree that, in the event that this Agreement provides that (A) a party is entitled to receive a credit under this Agreement, or a sum is to be escrowed hereunder at Close of Escrow, or an amount hereunder is to be prorated or adjusted, or another calculation or determination is to be made hereunder at or before Close of Escrow (each, a "Calculation") and (B) disputes in respect of the amount of such Calculation are to be determined pursuant to this Paragraph 27, then the following procedure shall be followed:

(a) if Seller and Buyer do not agree upon a Calculation, Seller or Buyer (as applicable the “Disputing Party”) shall at any time prior to the Closing Date deliver to the other party (“Receiving Party”) a notice ("Calculation Notice") setting forth (i) Disputing Party’s

estimate of the amount of such Calculation ("Disputing Party's Calculation"), and (ii) the reasons (which may include (but shall not require) third party bids or estimates regarding any work to which such credit, proration, adjustment, escrowed sum or other calculation, as applicable, applies) for Disputing Party's Calculation;

(b) Receiving Party shall have until the date that is three (3) business days following the receipt of the Calculation Notice (and if the expiration of such three (3) business day period is after the Closing Date, then the Closing Date shall automatically be adjourned to the date two (2) business days after the expiration of such three (3) business day period), in which to deliver a notice to Disputing Party ("Calculation Response"), stating either (i) that Receiving Party agrees with Disputing Party's Calculation, or (ii) that Receiving Party disagrees with Disputing Party's Calculation, and if Receiving Party delivers its Calculation Response under this clause (ii), such Calculation Response shall further set forth (x) Receiving Party's estimate of the Calculation ("Receiving Party's Calculation") and (y) the reasons (which may include (but shall not require) third party bids or estimates regarding any work to which such Calculation applies) for Receiving Party's Calculation;

(c) in the event Receiving Party delivers a Calculation Response under clause (i) of Paragraph 27(b) above, then Disputing Party's Calculation shall be deemed to be the Calculation, and the Close of Escrow shall take place, and the amount of the Calculation shall equal Disputing Party's Calculation; and

(d) in the event Receiving Party delivers a Calculation Response under clause (ii) of Paragraph 27(b) above, then in such event the amount of the Calculation (for purposes of the Close of Escrow only) shall equal the lesser of Receiving Party's Calculation and Disputing Party's Calculation, and the difference between such Calculations shall be withheld from the Purchase Price, and paid over to Escrow Holder and held by Escrow Holder in escrow and, subsequent to the Closing Date, the parties hereto shall submit the dispute to arbitration pursuant to Paragraph 28 of this Agreement, the determination of which shall be conclusive and binding upon the parties and the costs of which shall be paid by the substantially losing party (i.e., the non-prevailing party), and the escrowed amount shall be released and disbursed in accordance with such determination.

28. ARBITRATION OF DISPUTES. IN THE EVENT OF DISAGREEMENT OR DISPUTE BETWEEN SELLER AND BUYER TO REMEDY, PREVENT OR OBTAIN RELIEF FROM A BREACH OF THIS AGREEMENT, TO ENFORCE A PARTY'S ASSERTED RIGHTS UNDER THIS AGREEMENT, OR TO OBTAIN A DECLARATION OF THE PARTIES' RESPECTIVE RIGHTS, DUTIES OR OBLIGATIONS UNDER THIS AGREEMENT, OR CONCERNING THE INTERPRETATION OR CONSTRUCTION OF THIS AGREEMENT ("ACTION"), WHICH CANNOT BE RESOLVED OR ADJUSTED BETWEEN THE PARTIES DESPITE THEIR BEST EFFORTS, UPON WRITTEN REQUEST OF EITHER PARTY ALL SUCH DISAGREEMENTS OR DISPUTES SHALL BE SUBMITTED TO ARBITRATION FOR FINAL DETERMINATION. SUCH ARBITRATION SHALL BE CONDUCTED IN LOS ANGELES COUNTY, CALIFORNIA, BY A SINGLE ARBITRATOR, AND EACH OF THE PARTIES AGREES AND SUBMITS TO JURISDICTION AND VENUE, AS PROVIDED HEREIN. EXCEPTING ONLY AS EXPRESSLY MODIFIED BY THE PROVISIONS OF THIS SECTION 28, THE

ARBITRATION SHALL BE CONDUCTED PURSUANT TO CODE OF CIVIL PROCEDURE, §§ 1282 ET SEQ. THE DETERMINATION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON THE PARTIES, OTHER THAN AS PROVIDED UNDER CODE OF CIVIL PROCEDURE, §§ 1285.8 THROUGH 1287.2, INCLUSIVE.

(a) SELECTION OF ARBITRATOR. WITHIN THREE (3) BUSINESS DAYS FOLLOWING DELIVERY OF A REQUEST FOR ARBITRATION BY EITHER PARTY, THE PARTIES SHALL JOINTLY SELECT THE ARBITRATOR FROM THE LOS ANGELES COUNTY PANEL OF RETIRED JUDGES AND JUSTICES ASSOCIATED WITH JAMS ("THE PANEL"). IN THE EVENT THAT THE PARTIES ARE UNABLE TO AGREE UPON AN ARBITRATOR WITHIN SUCH PERIOD, EACH PARTY SHALL WITHIN TWO (2) BUSINESS DAYS THEREAFTER SELECT A RETIRED JUDGE OR JUSTICE FROM THE PANEL; AND WITHIN THREE (3) BUSINESS DAYS THEREAFTER BOTH OF THOSE RETIRED JUDICIAL OFFICERS SHALL JOINTLY SELECT ONE (1) RETIRED JUDGE OR JUSTICE FROM THE PANEL, WHOSE CALENDAR PERMITS THE IM MEDIATE ADJUDICATION OF THE DISAGREEMENTS OR DISPUTES AND WHO AGREES TO ACT ON AN EXPEDITED BASIS, TO SERVE AS THE SOLE ARBITRATOR. THE SELECTION OF ARBITRATOR, AS PROVIDED HEREIN, SHALL BE FINAL AND BINDING UPON THE PARTIES, EXCEPTING ONLY IN THE CASE OF THE DEATH, DISABILITY, OR INCAPACITY OF THE SELECTED ARBITRATOR, IN WHICH EVENT THE PROCESS PROVIDED FOR HEREIN SHALL BE UTILIZED TO SELECT A REPLACEMENT ARBITRATOR. IN THE EVENT A PARTY FAILS TO SELECT AN ARBITRATOR WITHIN THE TIME PERIOD REQUIRED ABOVE, THE ARBITRATOR SELECTED BY THE OTHER PARTY SHALL HAVE THE AUTHORITY TO SELECT THE SOLE ARBITRATOR.

(b) AUTHORITY OF ARBITRATOR. THE ARBITRATOR SHALL HAVE THE POWER AND AUTHORITY TO DETERMINE ALL ISSUES IN THE ACTION, WHETHER OF FACT OR LAW, AND WHETHER SUBSTANTIVE OR PROCEDURAL. IN ADDITION TO THE POWERS AND AUTHORITY SPECIFIED IN CODE OF CIVIL PROCEDURE, §§ 1282 ET SEQ., THE ARBITRATOR SHALL HAVE THE POWER AND AUTHORITY TO HEAR AND DETERMINE APPLICATIONS FOR PROVISIONAL RELIEF (TEMPORARY RESTRAINING ORDERS, PRELIMINARY INJUNCTIONS, CLAIM AND DELIVERY, ATTACHMENT, ETC.); MOTIONS TO EXPUNGE LIS PENDENS; DISPUTES AND MOTIONS REGARDING DISCOVERY, INCLUDING (WITHOUT LIMITATION) THE POWERS ENUNCIATED IN CODE OF CIVIL PROCEDURE, § 1283.05; AND ALL OTHER PRE-HEARING MATTERS. FURTHERMORE, THE ARBITRATOR SHALL HAVE THE POWER AND AUTHORITY TO AWARD PERMANENT EQUITABLE RELIEF (INJUNCTIVE, DECLARATORY, SPECIFIC PERFORMANCE, CONSTRUCTIVE TRUST, ETC.), IN ADDITION TO THE POWER AND AUTHORITY TO AWARD MONETARY DAMAGES BUT IN ANY EVENT SUBJECT TO THE TERMS OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION SECTIONS 17, 18, 25 AND 26.

(c) DISCOVERY. THE PROVISIONS OF CODE OF CIVIL PROCEDURE, §§ 1283.05 ARE INCORPORATED HEREIN BY REFERENCE, AND SHALL BE FULLY APPLICABLE IN ANY ACTION.

(d) INTERIM COSTS. PENDING THE FINAL DETERMINATION OF THE ACTION, AND SUBJECT TO THE ARBITRATOR'S POWER AND AUTHORITY TO AWARD COSTS, AS HEREINBELOW AUTHORIZED, ALL COSTS FOR THE ARBITRATOR AND FOR THE ARBITRATION PROCEEDINGS SHALL BE BORNE EQUALLY BY THE PARTIES ON A PRO RATA BASIS; AND EACH OF THE PARTIES SHALL BE OBLIGATED TO PAY SUCH PRO RATA SHARE UPON PRESENTMENT OF BILLS BY JAMS AND ANY OTHER INDIVIDUAL OR ENTITY PROVIDING SERVICES OR EQUIPMENT FOR THE ARBITRATION PROCEEDING, WHICH HAVE EITHER BEEN DIRECTED BY THE ARBITRATOR OR JOINTLY AGREED UPON BY THE PARTIES (E.G., REPORTING SERVICES, VIDEOGRAPHER, AND VIDEO OR ELECTRONIC EQUIPMENT).

(e) ATTORNEYS' FEES AND COSTS. THE PREVAILING PARTY SHALL RECOVER ALL OF ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES INCURRED IN SUCH ACTION, INCLUDING (BUT NOT LIMITED TO) POST-HEARING PROCEEDINGS AND PETITIONS TO CONFIRM, CORRECT, OR VACATE THE AWARD. THE ARBITRATOR SHALL DETERMINE WHETHER A PARTY IS PREVAILING FOR PURPOSES OF THIS SECTION 28(E) AND THE AMOUNT OF FEES AND COSTS RECOVERABLE.

(f) ENFORCEMENT OF THE AWARD. THE PROVISIONS OF CODE OF CIVIL PROCEDURE, §§ 1285 ET SEQ. SHALL BE FULLY APPLICABLE FOLLOWING THE ISSUANCE OF THE ARBITRATOR'S AWARD.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOU JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE F OREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

/s/ DNL	/s/ ST
Seller's initials	Buyer's initials

29. No Right to File Lis Pendens.

(a) The parties hereto agree that neither this Agreement nor any memorandum of notice hereof shall be recorded, and, except as otherwise provided in Paragraph 29(b) below, Buyer agrees not to file any lis pendens or other instrument against the Project in connection herewith. In furtherance of the foregoing, Buyer:

(i) acknowledges that the filing of a lis pendens by or on behalf of Buyer or other evidence of Buyer's rights or the existence of this Agreement against or encumbering the Project could cause significant monetary and other damages to Seller; and

(ii) hereby indemnifies Seller from and against any and all Claims (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnification obligation) arising out of the breach by Buyer of any of Buyer's obligations under this Paragraph 29(a).

(b) Notwithstanding the provisions of Paragraph 29(a) above, Buyer shall have the right to file a lis pendens against the Project solely under circumstances under which Buyer is seeking specific performance of Seller's obligations hereunder, provided (A) Buyer files such claim within the time period prescribed in Paragraph 18(b) above, and (B) if it is ultimately determined by a final non-appealable judgment or court order that Buyer was not entitled to specific performance under this Agreement, Buyer shall, and hereby does, indemnify and hold harmless Seller from and against any and all Claims (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnification obligation) arising out of the filing of such lis pendens by Buyer (including, without limitation, consequential damages incurred by Seller as a result thereof).

The provisions of this Paragraph 29 shall survive the termination of this Agreement.

30. Phase IV. Buyer acknowledges that an affiliate of Seller's predecessor owner owns certain unimproved real property located immediately adjacent to the Project and consisting of approximately 1.25 acres ("Phase IV Land"), for development of a separate shopping center ("Phase IV"), and more particularly described in that certain Third Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Village recorded on August 11, 2010 as Instrument No. 2010-0324755 in the Official Records of San Bernardino County, California. Buyer shall permit the then owner of the Phase IV Land to place a leasing sign for the benefit of Phase IV along a portion of the Project fronting Grand Avenue, subject to Buyer's reasonable approval over the size, design and location of such signage. At such time as the rentable square footage of Phase IV is fully leased, Seller shall cause such leasing sign to be removed from the Project and Seller's right to place such signage on the Project shall be deemed extinguished. This Section 30 and the rights and duties of the parties hereunder shall survive the Close of Escrow.

31. Miscellaneous.

(a) Confidentiality. Buyer agrees to keep confidential the content of any materials provided by Seller, as well as the results of its due diligence activities, except for such disclosures as may be required by law or disclosures made to Buyer's employees, partners, employees, lenders, accountants, attorneys and advisors. This confidentiality provision shall expire upon the Close of Escrow. Upon any termination of this Agreement and as a condition to any permitted return of the Deposit, Buyer shall return to Seller all such documents and materials provided to Buyer by Seller together with all reports and other written materials assembled by Buyer as part of its due diligence activities (excluding any internally-prepared analyses). Buyer's documents shall be delivered to Seller AS-IS, without representation or warranty.

(b) Required Actions of Buyer and Seller. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions (at no cost to the undertaking party except as otherwise expressly provided herein) as may be reasonably required in order to consummate the purchase and sale herein contemplated and shall use good faith efforts to accomplish the Close of Escrow in accordance with the provisions hereof.

(c) Time of Essence. Time is of the essence of each and every term, condition, obligation and provision hereof. All references herein to a particular time of day shall be deemed to refer to Pacific Standard Time.

(d) Counterparts; Signature Transmission. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Any party may deliver its signature on this Agreement by facsimile or electronic (PDF) transmission, and a signature so delivered shall be binding on that party.

(e) Captions. Any captions to, or headings of, the paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are

not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(f) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties thereto, to any person or entity other than the parties hereto.

(g) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by all of the parties hereto.

(h) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(i) Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

(j) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Buyer and Seller as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(k) Partial Invalidity. If any portion of this Agreement as applied to either party or to any circumstances shall be adjudged by a court to be void or unenforceable, such portion shall be deemed severed from this Agreement and shall in no way effect the validity or enforceability of the remaining portions of this Agreement.

(l) Successors and Assigns. Subject to the provisions of Paragraph 23 hereof, this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

(m) Business Days. In the event any date described in this Agreement relative to the performance of actions hereunder by Buyer, Seller and/or Escrow Holder falls on a Saturday, Sunday or legal holiday, such date shall be deemed postponed until the next business day thereafter. All references in this Agreement to the term "days" shall mean calendar days except as otherwise provided herein to the contrary.

(n) Submission of Agreement. Submission of this Agreement to Buyer for examination or signature does not constitute a reservation, right or option to purchase the Project, and will not be effective as a binding purchase and sale agreement or otherwise until full execution by and delivery to both Buyer and Seller.

(o) Ambiguities. Each party to this Agreement has substantial experience with the subject matter of this Agreement and has each fully participated in the

negotiation and drafting of this Agreement and has been advised by counsel of its choice with respect to the subject matter hereof. Accordingly, this Agreement shall be construed without regard to the rule that ambiguities in a document are to be construed against the drafter.

(p) Audit Inquiry and SEC Compliance. On and as of the Closing Date, Seller shall have reasonably cooperated with Buyer under this Section 31(p). 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 Project. Seller agrees to reasonably assist Buyer in preparing the SEC Filings and to provide access to Buyer's information reasonably required in connection thereto; provided, however, that Buyer shall reimburse Seller for those r easonable third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. In that regard, Seller acknowledges that as a REIT, Buyer will be required after the Closing Date 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 Schedule 14 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 Schedule 14 to the contrary, it is understood and agreed that Seller will not be exposed to any liability on account thereof, and Buyer shall reimburse Seller for those reasonable third party, out-of-pocket costs and expenses that Seller incurs on account thereof. The foregoing covenant of Seller shall s urvive the Closing for a period of one (1) year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

"Buyer"

RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation

By: /s/ Stuart Tanz
Stuart Tanz
President

"Sellers"

“Gateway I”:

GRAND GATEWAY I, LLC,
a California limited liability company

By its Manager:

Gateway Center I, Inc.,
a California corporation

By: /s/ Diana Nugit Laufer
Diana Nugit Laufer
Vice President

“Gateway II”:

GRAND GATEWAY II, LLC,
a California limited liability company

By its Manager:

Gateway Center II, Inc.,
a California corporation

By: /s/ Diana Nugit Laufer
Diana Nugit Laufer
Vice President

“Gateway III”:

GRAND GATEWAY III, LLC,
a California limited liability company

By its Manager:

Gateway Center III, Inc.,
a California corporation

By: /s/ Diana Nugit Laufer
Diana Nugit Laufer
Vice President

Acceptance by Escrow Holder:

Aliso Escrow, Inc. hereby acknowledges that it has received originally executed counterparts or a fully executed original of the foregoing Agreement of Purchase and Sale and Joint Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 2010

ALISO ESCROW, INC.

By: _____
Pam Dolin, Escrow Officer

LEGAL DESCRIPTION OF PHASE I PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A:

Parcels 1 through 4, inclusive, of Parcel Map 15889, in the City of Chino Hills, County of San Bernardino, State of California, as per map recorded in Book 199 Pages 33 through 39 inclusive of Parcel Maps, in the office of the County Recorder of said county.

Except therefrom 1/2 of all oil rights, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons by whatever name known that may be within or under said land lying a uniform depth o 500 feet below the surface of said land without, however, any right to use, for any of the purposes hereinbefore mentioned any portion of the surface of said land or of the upper 500 feet to a uniform depth of the subsurface of said land, as reserved by J. Robert Meserve, as trustee, in deed recorded August 14, 1961 in Book 5508 Page 448, Official Records.

Also except therefrom all oil rights in and under said land as granted to Chino Oil Company, a corporation, in deed recorded March 23, 1909 in Book 428, Page 336 of deeds, but without the right of entry on the surface or subsurface to a depth of 500 feet from the respective surface elevations, such right of entry having been relinquished by quitclaim deed from Edwin J. Marshall II and recorded April 15, 1971 in Book 7649, Page 76, Official Records.

Also except therefrom all of the minerals, mineral deposits, oil, natural gases, of every kind and nature and other kindred substances and all other substances pertaining thereto, contained, or upon said premises, as reserved by Kate Fowler Merle-Smith by deed recorded February 7, 1928 in Book 314 Page 268, Official Records.

Parcel B:

Various non-exclusive easements over common areas of parcels 5 and 6 of said Parcel Map No. 15889, as defined and set forth in that certain declaration recorded October 1, 2003 as instrument no. 03-744139, Official Records of said county.

APNs:
1022-601-01-0-000; 1022-601-02-0-000; 1022-601-03-0-000; 1022-601-04-0-000; 1022-601-05-0-000; 1022-601-06-0-000; 1022-601-07-0-000; 1022-601-08-0-000; 1022-601-12-0-000; 1022-601-13-0-000; 1022-601-14-0-000; 1022-601-15-0-000; 1022-601-16-0-000

Assessor's Parcel Nos: 1022-601-01, 02, 03, 04, 05, 06, 07, 08, 12, 13, 14, 15 and 16

LEGAL DESCRIPTION OF PHASE II PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1 (APN: 1022-601-17):

Parcel A of Parcel Map 15889, in the City of Chino Hills, County of San Bernardino, State of California, as per map recorded in Book 199 Pages 33 through 39 inclusive of Parcel Maps, in the office of the County Recorder of said county.

Parcel 2 (APNs: 1022-601-10, 1022-601-11, 1022-601-18, 1022-601-27, 1022-601-39, 1022-601-40 and 1022-601-41):

Parcel B as shown on Certificate of Compliance No. LLA-102, as evidenced by Document recorded May 17, 2006 as Instrument No. 06-338733 and re-recorded June 27, 2006 as Instrument No. 06-437661, both of Official Records, being more particulary described as follows:

Parcel 5 of Parcel Map 15889, County of San Bernardino, State of California, as per map recorded in Book 199, Page 33 to 39 inclusive of Parcel Maps, in the office of the County Recorder of said County.

Except therefrom that portion described as follows:

Beginning at the northeasterly corner of said Parcel 5; thence along the northwesterly line of said Parcel 5, South 60° 53' 42" West 219.47 feet; thence South 29° 06' 18" East 11.65 feet; thence South 69° 41' 27" East 31.48 feet; thence parallel with said northwesterly line North 60° 53' 42" East 198.98 feet to a point in the northeasterly line of said Parcel 5; thence along said northeasterly line North 29° 05' 48" West 35.56 feet to the point of beginning.

Except therefrom 1/2 of all oil rights, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons by whatever name known that may be within or under said land lying a uniform depth o 500 feet below the surface of said land without, however, any right to use, for any of the purposes hereinbefore mentioned any portion of the surface of said land or of the upper 500 feet to a uniform depth of the subsurface of said land, as reserved by J. Robert Meserve, as trustee, in deed recorded August 14, 1961 in Book 5508 Page 448, Official Records.

Also except therefrom all oil rights in and under said land as granted to Chino Oil Company, a corporation, in deed recorded March 23, 1909 in Book 428, Page 336 of deeds, but without the right of entry on the surface or subsurface to a depth of 500 feet from the respective surface elevations, such right of entry having been relinquished by quitclaim deed from Edwin J. Marshall II and recorded April 15, 1971 in Book 7649, Page 76, Official Records.

Also except therefrom all of the minerals, mineral deposits, oil, natural gases, of every kind and nature and other kindred substances and all other substances pertaining thereto, contained, or upon said premises, as reserved by Kate Fowler Merle-Smith by deed recorded February 7, 1928 in Book 314 Page 268, Official Records.

Parcel 3:

Various non-exclusive easements over common areas of parcels 5 and 6 of said Parcel Map No. 15889, as defined and set forth in that certain declaration recorded October 1, 2003 as Instrument No. 03-744139, Official Records of said county.

Assessor's Parcel Nos: 1022-601-10, 11, 17, 18, 27, 39, 40 and 41

LEGAL DESCRIPTION OF PHASE III PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

Parcel A as shown on Certificate of Compliance No. LLA-102, as evidenced by Document recorded May 17, 2006 as Instrument No. 06-338733 and re-recorded June 27, 2006 as Instrument No. 06-437661, both of Official Records, being more particularly described as follows:

Parcel 6, together with the southeasterly 47.45 feet of Parcel B of Parcel Map 15889, in the City of Chino Hills, County of San Bernardino, State of California, as per map recorded in Book 199, Page 33 to 39 inclusive of Parcel Maps, in the office of the County Recorder of said County, together with that portion of Lot "Z" of Tract No. 12581-11, in the City of Chino Hills, in the County of San Bernardino, State of California, as per map recorded in Book 184, Page 77 to 90, inclusive of Maps, in the office of the County Recorder of said County, more particularly described as follows:

Lot 1 of Lot Merger No. LC-43 recorded December 19, 2005, as Instrument No. 05-957586, Official Records, together with that portion of Parcel 5 of Parcel Map 15889, in the City of Chino Hills, County of San Bernardino, State of California, as per map recorded in Book 199, Pages 33 to 39 of Parcel Maps, in the office of the County Recorder of said County, described as follows:

Beginning at the northeasterly corner of said Parcel 5; thence along the northwesterly line of said Parcel 5, South 60° 53' 42" West 219.47 feet; thence South 29° 06' 18" East 11.65
feet; thence South 69° 41' 27" East 31.48 feet; thence parallel with said northwesterly line
North 60° 53' 42" East 198.98 feet to a point in the northeasterly line of said Parcel 5;
thence along said northeasterly line North 29° 05' 48" West 35.56 feet to the point of
beginning.

Except therefrom 1/2 of all oil rights, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons by whatever name known that may be within or under said land lying a uniform depth o 500 feet below the surface of said land without, however, any right to use, for any of the purposes hereinbefore mentioned any portion of the surface of said land or of the upper 500 feet to a uniform depth of the subsurface of said land, as reserved by J. Robert Meserve, as trustee, in deed recorded August 14, 1961 in Book 5508 Page 448, Official Records.

Also except therefrom all oil rights in and under said land as granted to Chino Oil Company, a corporation, in deed recorded March 23, 1909 in Book 428, Page 336 of deeds, but without the right of entry on the surface or subsurface to a depth of 500 feet from the respective surface

elevations, such right of entry having been relinquished by quitclaim deed from Edwin J. Marshall II and recorded April 15, 1971 in Book 7649, Page 76, Official Records.

Also except therefrom all of the minerals, mineral deposits, oil, natural gases, of every kind and nature and other kindred substances and all other substances pertaining thereto,
contained, or upon said premises, as reserved by Kate Fowler Merle-Smith by deed recorded February 7, 1928 in Book 314 Page 268, Official Records.

Parcel 2:

Various non-exclusive easements over common areas of parcels 1 and 5 of said Parcel Map No. 15889, as defined and set forth in that certain declaration recorded October 1, 2003 as instrument no. 03-744139, Official Records of said county.

APNs:

1022-601-21, 1022-601-34, 1022-601-35, 1022-601-36, 1022-601-37 and 1022-601-38
Assessor's Parcel No: 1022-601-21, 34, 35, 36, 37 and 38

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
THIS GRANT DEED AND ALL
TAX STATEMENTS TO:

_____
_____
_____

Attention: _____

(Above Space for Recorder's Use Only)

GRANT DEED

In accordance with Paragraph 11932 of the California Revenue and Taxation Code, the transfer tax is not being recorded with this Grant Deed.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____ ("Grantor"), hereby GRANTS to _____, a _____, the following described real property (the "Project") located in the City of _____, County of _____, State of California:

SEE EXHIBIT "1" ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE

This grant and conveyance is made and accepted subject to:

1. General and special real property taxes for the current fiscal year, including supplemental taxes assessed as a result of this conveyance; and

2. All other covenants, conditions and restrictions and other encumbrances, easements, limitations, reservations, rights, charges, equitable servitudes and other matters of record that were recorded prior to the recordation of this Grant Deed in the Office of the _____ County Recorder.

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed as of the _____ day of _____, 2010.

_____
By: _____
Print Name: _____
Print Title: _____

[Attach Legal Description and Acknowledgment]

DECLARATION OF DOCUMENTARY TRANSFER TAX

DO NOT RECORD

County Recorder
_____ County, California

It is hereby requested that this Declaration of Documentary Transfer Tax not be recorded with the attached Grant Deed, but be affixed to the Grant Deed after it is recorded and before it is returned.

The Grant Deed names _____, as Grantor, and _____, as Grantee. The property being transferred is located in the City of _____, County of _____, State of California. The Assessor's Parcel No. is _____.

The undersigned Grantor hereby declares that the amount of Documentary Transfer Tax due on the attached Grant Deed is $_____, computed on the full value of the interest or property conveyed.

I declare under penalty of perjury that the foregoing is true and correct.

_____

Declarant

TENANT'S ESTOPPEL CERTIFICATE

The undersigned, as Tenant under that certain Lease (the "Lease") dated as of _____, 20___, made by _____, as Landlord, with respect to the premises located at _____ (the "Premises"), hereby certifies as follows:

1. The commencement date under the Lease was _____, 20___;

2. The term of the Lease will expire on _____, 20___;

3. Tenant has deposited with Landlord the sum of _____ Dollars ($_____) as a Security Deposit;

4. No rents or charges have been paid in advance, except for the following rents or charges which have been paid to the date specified: $_____ paid to _____, 20___;

5. The current monthly rental (including all Consumer Price Index adjustments and as otherwise adjusted pursuant to the terms of the Lease) is _____ Dollars ($_____), and the current monthly CAM charge is $_____.

6. The Lease (including all Exhibits) is in full force and effect and has not been assigned, subleased, modified, supplemented or amended in any way, except as follows:

_____
_____
_____

7. The Lease, as affected by those changes set forth in Paragraph 6 above, represents the entire agreement between the parties as to the Premises;

8. There are no uncured defaults by Landlord under the Lease, and Tenant knows of no events or conditions which, with the passage of time or notice, or both, would constitute a default by Landlord under the Lease, except as follows: _____

9. At the date hereof, there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by Landlord;

10. All conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied;

11. Tenant has no option, right of first refusal or right of first offer to purchase the Premises or any larger parcel of which the Premises are a part;

12. Tenant has accepted possession and is in occupancy of the Premises, and all improvements to the Premises to be made by the Landlord have been completed and been accepted by Tenant. There are no unreimbursed expenses due Tenant in connection with such improvements; and

13. Tenant is not the subject of any bankruptcy proceedings.

14. Tenant has not assigned the Lease nor subleased all or any part of the Premises thereunder.

The foregoing information is accurate and complete. Tenant recognizes and acknowledges it is making these representations in connection with Landlord's proposed sale of the property ("Project") to which the Premises are a part, with the intention that the purchaser of said Project will rely on these representations in consummating such acquisition.

EXECUTED this ____ day of _____, 2010.

"TENANT" _____
_____

By: _____
Print Name: _____
Print Title: _____

SELLER'S ESTOPPEL CERTIFICATE

This Seller's Estoppel Certificate ("Certificate") is made as of the ____ day of _____, 2010 by _____, a _____ ("Seller"), in favor of _____, a _____ ("Buyer"), with reference to the following facts:

R E C I T A L S:

A. Seller and Buyer are parties to that certain Agreement of Purchase and Sale and Joint Escrow Instructions ("Agreement"), made and entered into as of September 16, 2010, pursuant to which Seller agreed to sell to Buyer the "Project" (as defined in the Agreement).

B. Pursuant to that certain Lease dated _____, by and between Seller and _____ ("Tenant"), Seller has leased to Tenant and Tenant has leased from Seller certain premises commonly known as _____ (the "Premises").

C. Pursuant to Paragraph 7(a)(iv) of the Agreement and except with respect to any Required Estoppel Parties, Seller has elected to deliver its own estoppel certificate for the Lease (as Seller was unable to obtain an "Estoppel Certificate" from Tenant) in order to satisfy the Estoppel Condition (as defined in the Agreement).

NOW, THEREFORE, Seller hereby certifies to Buyer as follows:

1. The commencement date under the Lease was _____, 20__;

2. The term of the Lease will expire on _____, 20__;

3. Tenant has deposited with Seller the sum of _____ Dollars ($_____) as a Security Deposit;

4. No rents or charges have been paid in advance, except for the following rents or charges which have been paid to the date specified: $_____ paid to _____, 20__;

5. The current monthly rental (including all Consumer Price Index adjustments and as otherwise adjusted pursuant to the terms of the Lease) is _____ Dollars ($_____) and the current monthly CAM charge is $_____.

6. The Lease (including all Exhibits) is in full force and effect and, to Seller's actual knowledge without any investigation or inquiry of an kind or nature whatsoever, the Lease has not been assigned, modified, supplemented or amended in any way, except as follows:

_____
_____
_____

7. The Lease, as affected by those changes set forth in Paragraph 6 above, represents the entire agreement between the parties;

8. There are no uncured defaults by Seller under the Lease, and Seller is not aware, without any investigation or inquiry of any kind or nature whatsoever, of any events or conditions which, with the passage of time or the giving of notice, or both, would constitute a default by Seller under the Lease, except as follows:

_____
_____
_____

9. At the date hereof, and, to Seller's actual knowledge without any investigation or inquiry of an kind or nature whatsoever, there are no existing defenses or offsets which the Tenant has against the enforcement of the Lease by Seller; and

10. All conditions of the Lease to be performed by Seller and necessary to the enforceability of the Lease have been satisfied.

11. Tenant has accepted possession and is in occupancy of the Premises, and all improvements to the Premises to be made by the Seller have been completed. There are no unreimbursed expenses due Tenant in connection with such improvements.

12. To Seller's actual knowledge without any investigation or inquiry of an kind or nature whatsoever, Tenant has not assigned the Lease nor subleased all or any part of the Premises thereunder.

13. The representations made herein are subject to the provisions of Sections 25 and 26 of the Agreement.

The foregoing information is accurate and complete, to Seller's actual knowledge without any investigation or inquiry of an kind or nature whatsoever. Seller recognizes and acknowledges it is making these representations in connection with Seller's proposed sale of the Project to which the Premises are a part.

IN WITNESS WHEREOF, Seller has executed this Certificate as of the date first set forth above.

_____
_____
_____

NON-FOREIGN CERTIFICATE

TRANSFEROR'S CERTIFICATION OF NON-FOREIGN STATUS

To inform _____ ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), will not be required upon the transfer of certain real property, located in the County of _____, State of _____, by _____ ("Transferor"), Transferor hereby certifies to _____:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. Transferor's U.S. tax identification number is _____; and

3. Transferor's office address is _____.

Transferor understands that this Certification may be disclosed to the Internal Revenue Service by _____ and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, Transferor declares that it has examined this certification and to the best of its knowledge and belief it is true, correct and complete, and that the undersigned has full authority to sign this document on behalf of Transferor.

_____,
a _____

By: _____
Print Name: _____
Print Title: _____

ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES ("Assignment"), made as of the ___ day of _____, 2010, by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of September 16, 2010 ("Agreement"), for the purchase and sale of certain real property ("Project") more particularly described in Exhibit " " to the Agreement.

WHEREAS, this Assignment is being made pursuant to the terms of the Agreement for the purpose of assigning to Assignee all of Assignor's right, title and interest in and to those certain leases ("Leases") and security deposits ("Security Deposits") and lease guaranties and letters of credit ("Guaranties") described in Schedule "1" attached hereto.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment of Leases. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee the Leases, Security Deposits and Guaranties and all of the right, title, estate, interest, benefits and privileges of the lessor thereunder, and Assignee hereby accepts such assignment.

2. Assumption of Obligations. By acceptance of this Assignment, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon or assumed by Assignor under the Leases to be performed and that arise from and after the Close of Escrow (as defined in the Agreement).

3. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

4. Attorneys' Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

5. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of California.

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

7. Limitation of Liability. The provisions hereof are subject to the provisions of Sections 25 and 26 of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

"Assignor" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

"Assignee" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

DESCRIPTION OF LEASES, SECURITY DEPOSITS AND GUARANTIES

[To Be Supplied]

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS ("Assignment"), is made as of the ___ day of _____, 2010, by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of September 16, 2010 ("Agreement"), for the purchase and sale of certain real property ("Project") more particularly described in Exhibit " " to the Agreement.

WHEREAS, this Assignment is being made pursuant to the terms of the Agreement for the purpose of assigning to Assignee all of Assignor's rights, title and interest in and to those certain contracts described on Schedule "1" attached hereto (the "Contracts").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment of Contracts. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee the Contracts and all of Assignor's right, title, interest, benefits and privileges thereunder, and Assignee hereby accepts such Assignment.

2. Assumption of Obligations. By acceptance of this Assignment, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon or assumed by Assignor under the Contracts to be performed and that arise from and after the Close of Escrow (as defined in the Agreement).

3. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

4. Attorneys' Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

5. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of California.

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

7. Limitation of Liability. The provisions hereof are subject to the provisions of Sections 25 and 26 of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

"Assignor" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

"Assignee" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

DESCRIPTION OF CONTRACTS

[To Be Supplied]

GENERAL ASSIGNMENT AGREEMENT

THIS GENERAL ASSIGNMENT AGREEMENT ("Assignment"), is made as of the ____ day of _____, 2010, by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

W I T N E S S E T H:

Assignor is the owner of that certain land (the "Land") located in the City of _____, County of _____, State of _____ more particularly described in Exhibit "A" attached hereto, and all rights, privileges and easements appurtenant to the Land (the "Appurtenances"), and all buildings and other improvements thereon (the "Improvements"). The Land, the Appurtenances and the Improvements are hereinafter referred to collectively as the "Real Property." The Real Property is being conveyed by Assignor to Assignee pursuant to a _____ deed ("Deed") of on or about even date herewith.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee all of Assignor's right, title, interest, benefits and privileges in and to the following described property to the extent they are assignable (collectively, the "Rights"):

(a) All construction, engineering, consulting, architectural and other similar drawings and plans, if any, concerning the design or construction of any or all of the Real Property and all warranties, if any, with respect thereto;

(b) [All proceeds and claims arising on account of any damage to or taking of the Real Property or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Real Property;]

(c) All assignable contractor warranties and guaranties, either oral or written, for all or any portion of the Real Property; and

(d) All governmental licenses, permits and approvals, including without limitation certificates of occupancy, entitlements, subdivision maps and filings with respect thereto, subdivision and other bonds, all easements, licenses, rights-of-way, occupancy and use agreements, affecting or relating to the Project, including, without limitation, reciprocal easement agreements, water rights, and development rights relating to the construction, operation, use or occupancy of the Real Property (to the extent assignable), if any.

2. Assignee hereby accepts the grant, assignment, transfer, conveyance and delivery of the Rights set forth in Paragraph 1 hereof, effective as of the recordation of the Deed.

3. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

4. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

5. This Assignment shall be governed by, interpreted under, and enforced and construed in accordance with the laws of the State of California.

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

7. Except as expressly set forth in that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of September 16, 2010 ("Agreement"), by and between Assignor and Assignee, the conveyance contained in this Assignment is made without representation or warranty by the Assignor of any kind or nature and is expressly without recourse to Assignor of any kind or nature whatsoever. EXCEPT AS PROVIDED IN THE AGREEMENT, IN ADDITION TO, AND WITHOUT LIMITATION OF THE FOREGOING, ASSIGNOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, TITLE, MARKETABILITY, FITNESS, OR SUITABILITY FOR A PARTICULAR PURPOSE OF THE RIGHTS, AND THE RIGHTS ARE CONVEYED TO ASSIGNEE IN AN "AS IS", "WHERE IS" CONDITION, WITH ALL FAULTS.

8. The provisions hereof are subject to the provisions of Sections 25 and 26 of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

"Assignor" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

"Assignee" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

By: _____
Print Name: _____
Print Title: _____

LEGAL DESCRIPTION OF THE PROPERTY

[To Be Provided]

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, _____, a _____ ("Seller"), does hereby give, grant, bargain, sell, transfer and deliver unto _____, a _____ ("Buyer"), all of Seller's right, title and interest in and to all tangible personal property located on or exclusively used in connection with the operation and/or maintenance of the real property more particularly described in Exhibit _____ of that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of September 16, 2010 (the "Agreement"), by and between Seller and Buyer (collectively, the "Personalty").

Except as expressly provided in the Agreement, the conveyance contained in this Bill of Sale is made without representation or warranty by the Seller of any kind or nature and is expressly without recourse to the Seller of any kind or nature whatsoever. EXCEPT AS PROVIDED IN THE AGREEMENT, IN ADDITION TO, AND WITHOUT LIMITATION OF THE FOREGOING, SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, TITLE, MARKETABILITY, FITNESS, OR SUITABILITY FOR A PARTICULAR PURPOSE OF THE PERSONALTY, AND THE PERSONALTY IS SOLD IN AN "AS IS", "WHERE IS" CONDITION, WITH ALL FAULTS.

The provisions hereof are subject to the provisions of Sections 25 and 26 of the Agreement.

EXECUTED this ____ of _____, 2010.

"Seller" _____,
a _____

By: _____
Print Name: _____
Print Title: _____

SCHEDULE 1

PURCHASE PRICE ALLOCATION

(a)	Phase I	$12,200,000
(b)	Phase II	$12,800,000
(c)	Phase III	$ 9,000,000

SCHEDULE 7(a)(i)(B)

DOCUMENTS AND MATERIALS TO BE DELIVERED BY SELLER TO BUYER IF AVAILABLE

a. Preliminary Title Report and copies of underlying documents provided by the title company.
b. Copies of all current leases and all amendments thereto.
c. Copies of parking, engineering, leasing, management, and any and all other service and vendor agreements that affect the operation of the Project.
d. Status on any lease negotiations with existing or prospective tenants.
e. Surveys and investigations covering, but not limited to soils, engineering and environmental.
f. Copies of any notices received from the Department of Building and Safety.
g. ALTA Survey.
h. Phase I or Phase II Environmental Reports
i. Geological Reports
j. Development Conditions of Approval.
k. Declaration of CC&R's and REA's.
l. Current Tenant Rent Roll including Schedule of Security Deposits.
m. Current Aging/Delinquency Reports.
n. Parcel Map and Assessor's Map.
o. 2009 and 2010 Year to date Operating Statements and 2010 Budget.
p. 2008 and 2009 Annual CAM Reconciliation, Property Tax, & Insurance Billings to Tenants.
q. 2009/2010 Property Tax Bills.
r. Schedule of utility meters and latest 2 months utility bills.
s. The Existing Loan Documents (which are not a part of the Documents and Materials with respect to Paragraph 7(a)(i) of the Agreement of Purchase and Sale and Joint Escrow Instructions dated as of September 16, 2010)

SCHEDULE 13(a)(vi)

LITIGATION

None

SCHEDULE 14

8-K AND AUDIT REQUIREMENTS

For the period of time commencing on the date of full execution and delivery of this Agreement, 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 Project, 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 applic able 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 Schedule is attached):

1. Rent rolls for the calendar month in which the Closing Date occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing Date occurs;

2. Seller's written analysis of both: (a) scheduled increases in base rent required under the Leases of the Project 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 Project;

7. Seller's general ledger with respect to the Project, 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 Project (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 the 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 Date, 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 Date for a period of one (1) year and shall not be merged with any instrument of conveyance delivered at the Closing Date.

AGREEMENT OF PURCHASE AND SALE

AND JOINT ESCROW INSTRUCTIONS

EXHIBIT 10.4

CONVEYANCE IN LIEU OF FORECLOSURE AGREEMENT

THIS CONVEYANCE IN LIEU OF FORECLOSURE AGREEMENT (this "**Agreement**") is entered into as of September 20, 2010 (the "**Effective Date**"), by and between DKVCMT, LLC and DLVCMT, LLC, each a Delaware limited liability company having its principal place of business at 40941 Tonapah Road, Rancho Mirage, California 92270 (individually and collectively referred to, and jointly and severally obligated as, "**Borrower**"), DONALD P. KNAPP and DALE K. LENINGTON, each an individual having an address at 40941 Tonapah Road, Rancho Mirage, California 92270 (individually and collectively referred to, and jointly and severally obligated, as "**Guaran tor**"), and ROIC CLAREMONT CENTER, LLC, a Delaware limited liability company, having its principal place of business at c/o Retail Opportunity Investments Corp., 3 Manhattanville Road, 2nd Floor, Purchase, New York 10577 ("**Lender**").

R E C I T A L S:

A. Borrower is the owner of that certain real property (the "**Land**") located in the City of Claremont, County of Los Angeles, State of California, as more particularly described in Exhibit A attached hereto, and all buildings and other improvements (including fixtures) located on the Land (collectively, the "**Improvements**"). The Land and the Improvements, together with all rights and interests appurtenant to the Land and/or the Improvements, are sometimes referred to herein collectively as the "**Real Property**".

B. Borrower is also the owner of (a) all machinery, equipment, furniture, furnishings, supplies and other tangible personal property used in connection with the Real Property (the "**Personal Property**"), (b) all development rights, utility reservations and rights, sewer capacity, water rights, licenses, permits, warranties, plans and specifications, architectural and engineering drawings and other intangible property related to the Real Property (the "**Intangible Property**"), (c) all leases, subleases, licenses or concession agreements and all other agreements for occupancy of the Real Property (collectively, the "Leases"), and (d) rents, profits, issues, fees, deposits, fees and other income and revenues from the Real Property (collectively, the "**Rents**"). The Real Property, Personal Property and Intangible Property are collectively referred to herein as the "**Property**."

C. Lender's predecessor in interest made a loan ("**Loan**") to Borrower in the original maximum principal amount of Twenty-Five Million Dollars ($25,000,000.00), of which principal in the amount of Nineteen Million Fifty-Five Thousand Six Hundred Twenty-Two and 72/100 Dollars ($19,055,622.72) was disbursed to Borrower, which Loan is evidenced by that certain Promissory Note dated June 28, 2007(the "**Note**") in the face amount of the Loan. The Note is secured by, among other things, that certain (i) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trus t**") which encumbers the Property, dated June 28, 2007 and recorded on July 2, 2007 as Instrument No. 20071575477 in the Official Records of Los Angeles County, California ("**Official Records**"), and (ii) Assignment of Leases and Rents dated June 28, 2007 and recorded July 2, 2007 as Instrument No. 20071575478 in the Official Records (the "**Assignment of Leases**"). Certain

obligations of Borrower under the Loan Documents are guaranteed by the Guarantors. The Note, the Deed of Trust, the Assignment of Leases and any other documents and instruments executed by Borrower or Guarantors evidencing, securing or otherwise relating to the Loan are hereinafter collectively referred to as the "**Loan Documents**."

D. Borrower is currently in material default under the terms of the Loan Documents by, among other things, failing to pay the obligations evidenced by the Note on the Maturity Date (as defined in the Note)(collectively, the "**Default**"). Borrower and Guarantors acknowledge and agree that, as a result of the Default, Lender has the right to exercise any or all of its rights or remedies under the Loan Documents. All indebtedness evidenced or secured by the Loan Documents is presently due and owing to Lender by Borrower without any counterclaims, setoffs or defenses whatsoever.

E. As a result of the Default, Lender caused a Notice of Default ("**Notice of Default**") to be duly recorded on May 24, 2010 in the Official Records. Borrower has notified Lender that Borrower is unable or unwilling to cure the existing Default.

F. Borrower and Guarantor desires to obtain Lender's covenant not to maintain any suit or action against Borrower for payment of the indebtedness under the Loan Documents and against Guarantor for the guaranteed obligations, and, in consideration thereof, Borrower is willing to transfer the Property to Buyer (as defined below), subject to the Loan.

G. It is the intent of Lender, which intent Borrower acknowledges, that (i) the transfer of the Property and the Loan to Buyer as contemplated by this Agreement shall not cause a merger of Buyer's interest in the Property acquired hereunder with Lender's interest in the Property under the Deed of Trust, and (ii) Lender shall retain the ability and right to commence and to complete a judicial or nonjudicial foreclosure sale subsequent to the Closing (as defined below) under this Agreement and the transfer of the Property to Buyer, but Lender for itself and for Buyer and their respective successors and assigns, agrees not to seek a judgment for a deficiency or any other monetary judgment against Borrower and/or Guarantors.

H. Borrower understands and acknowledges that: (i) Borrower is not obligated to enter into this Agreement, but is doing so of Borrower's own free will without interference, influence or coercion by Lender; (ii) Borrower has had the opportunity to consult with attorneys, appraisers and accountants of Borrower's choice for advice concerning the terms of this Agreement, the fair value of Borrower's interest in the Property and the tax implications of the transaction contemplated herein; (iii) Lender has pursued a course of fair dealing and that the transaction contemplated herein is fair and equitable; (iv) income from the Property is insufficient to pay for the operating expenses of the Property and the amounts owing under the Loan Documents; and (v) Borrower and Guarantor are entering into this Agreement to avoid the time, delay, expense and publicity attendant to foreclosure, and to enjoy the benefits of Lender's promises and covenants contained herein.

A G R E E M E N T:

NOW, THEREFORE, for good and valuable consideration, the receipt, fairness and adequacy of which are hereby acknowledged, Borrower and Lender agree as follows:

1. Certain Definitions. In addition to the terms defined in the Recitals and in other Sections of this Agreement, the following terms shall have the meanings set forth below:

"**Bankruptcy Code**" means the Federal Bankruptcy Code, as amended from time to time (Title 11 of the United States Code).

"**Buyer**" means ROIC Claremont Center II, LLC, a Delaware limited liability company. Borrower hereby acknowledges and agrees that Buyer is an express, intended third-party beneficiary of this Agreement.

"**Lender's Policy**" means that certain lender's title insurance policy no. 71065372-X49 dated July 2, 2007, issued by the Title Company to Countrywide Commercial Real Estate, Inc., predecessor in interest to Lender.

"**Loan Agreement**" means that certain Loan Agreement dated as of June 28, 2007 between Borrower and Countrywide Commercial Real Estate, Inc., predecessor in interest to Lender.

"**Permissible Exceptions**" means (i) the rights of tenants under unrecorded Leases identified on the Rent Roll attached as Exhibit B hereto, as such tenants only, and (ii) those exceptions on Schedule B – Part 1 of the Lender's Policy.

"**Title Company**" means Chicago Title Insurance Company.

Capitalized terms appearing in this Agreement without definition shall have the respective meanings given to such terms in the Loan Agreement.

2. Representations, Warranties and Covenants. Borrower and each Guarantor hereby, jointly and severally, represents, warrants and covenants to Lender and Buyer, and each of them, which representations, warranties and covenants shall be true and correct as of the Effective Date and as of the Closing Date as if made on the Closing Date, that:

2.1 Authorization. This Agreement and the Closing Documents (as defined below) constitute valid and legally binding obligations of Borrower enforceable in accordance with their respective terms. The execution, delivery and performance of this Agreement and the other Closing Documents will not (a) violate or conflict with the organizational documents of Borrower, any agreement to which Borrower is a party or by which Borrower is bound, or any law, rule, regulation, judgment, court order or contractual restriction binding on or affecting Borrower; or (b) result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of t he Property. All consents and approvals which are required in connection with such conveyances, assignments, execution, delivery and performance have been duly obtained and given and are in full force and effect. There have been no changes, amendments or modifications to the organizational documents since the date of the closing of the Loan.

2.2 Claims. There are no claims, actions, suits or proceedings pending or to the knowledge of Borrower, contemplated, with respect to the Property or Borrower's ownership,

management, leasing or operations thereof (including claims of tort, breach of contract, violation of law or eminent domain).

2.3 Disclosure. Borrower has previously delivered to William J. Hoffman, as receiver for the Property (herein, the "**Receiver**"), in accordance with that certain Order Appointing Receiver entered August 25, 2010 in that certain action captioned ROIC Claremont Center, LLC, a Delaware limited liability company, Plaintiff, vs. DKVCMT, LLC, a Delaware limited liability company; DLVCMT, LLC, a Delaware limited liability company, and Does 1 through 100, inclusive, Superior Court of the State of California, for the County of Los Angeles, Central District, Case No. BC 439512, all files, correspondence, documents, agreements, instruments, written material s and written information pertaining to the Real Property which Borrower, Guarantor and/or their respective agents have in their possession or control, or can reasonably be obtained by Borrower, Guarantors and/or their respective agents, including complete copies of all Contracts (as defined below) (collectively, "**Disclosure Materials**"). Borrower is permitted to retain copies of the Disclosure Materials for Borrower's records. Borrower has disclosed to Lender all facts and information known to Borrower that are material to the Property or the transactions contemplated by this Agreement, including any adverse facts or information.

2.4 Existing Agreements. Exhibit C attached hereto contains a complete list of all contracts, arrangements, obligations, agreements or commitments pertaining to the Property, to which the Property or the owner thereof is subject, and all amendments thereof (collectively, "**Contracts**"). Except as otherwise disclosed in Exhibit C attached hereto (as to Contracts) and the Lender's Policy (as to Permissible Exceptions): (a) [Intentionally Deleted]; (b) none of the Contracts or Per missible Exceptions has been amended or modified except as disclosed by Borrower to Buyer in writing prior to Closing; (c) [Intentionally Deleted]; and (d) Borrower has not assigned or granted a security interest in any of the Property, Contracts or Permissible Exceptions to anyone other than Lender. Lender acknowledges and agrees that Borrower shall not be required to expend money to release any lien or encumbrance with respect to the Property unless such lien or encumbrance arises after September 1, 2010 as a result of any act of any Borrower, any Guarantor or any of their agents, or at the request of any Borrower, any Guarantor or any of their agents.

2.5 Leases and Rents.

2.5.1 Exhibit B attached hereto is a true, complete and accurate copy of Borrower's rent roll for the Real Property (the "**Rent Roll**") which has been generated in the ordinary course of Borrower's business. There are no leases, subleases, licenses or concession agreements or other agreements for occupancy of the Real Property other than the Leases on the attached Rent Roll. All of the information set forth on the attached Rent Roll is true, accurate and complete in all material respects. Except as set forth on the Rent Roll: (a) [Intentionally Deleted], (b) to Borrower's actual knowledge, without independent investigation, no default has occurred and no event has occurred that with notice or lapse of time or both would constitute a default under any of the Leases except as disclosed by Borrower to Lender in writing prior to the Closing, (c) none of the Leases has been amended or modified except as disclosed by Borrower to Lender in writing prior to Closing, (d) to Borrower's actual knowledge, without independent investigation, each of the Leases is in full force and effect, and (e) to Borrower's actual

knowledge, without independent investigation, all tenant improvement allowances and other concessions granted by Borrower under the Leases have been paid in full. Other than as specifically set forth in the Leases, no person or entity has an option or contractual right to purchase all or any portion of the Real Property, and no person or entity has an option or contractual right to lease any portion of the Real Property. All security deposits held or controlled by Borrower as of the Effective Date (collectively, the "**Security Deposits**") and paid by each tenant at the Property under the Leases currently held by, or under the control of, Borrower are set forth on the attached Rent Roll.

2.5.2 Without limiting the generality of the foregoing, with respect to that certain Prime Lease dated May ___, 2010 (sic) between Borrower and Chrysler Group Realty Company LLC (the "**Chrysler Lease**") that: (a) the Chrysler Lease has been terminated and is of no further force or effect, and (b) no party has any rights or obligations under the Chrysler Lease.

2.6 Environmental Condition. The Property does not contain any Hazardous Substances. Borrower (a) has not conducted or authorized the generation, transportation, storage, treatment or disposal at the Property, of any Hazardous Substances; (b) is not aware of any pending or threatened litigation or proceedings before any administrative agency in which any person or entity alleges the presence, release, threat of release, or placement on or in any portion of the Property any Hazardous Substances; and (c) has not received any written notice that any governmental authority or any employee or agent thereof is investigating whether there is, or has determined that there has been (i) a presence, release, threat of release, or placement on, under or in the Property of any Hazardous Substances, or (ii) any generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substances. Except as disclosed in the environmental report(s) delivered to Lender's predecessor in interest in connection with the making of the Loan, there have been no communications or agreements between Borrower and any governmental authority or agency (federal, state or local) or any private entity, including, without limitation, any prior owners of the Property, relating in any way to (i) the presence, release, threat of release, or placement on or in the Property of any Hazardous Substances, or (ii) any generation, transportation, storage, treatment, or disposal at the Property of any Hazardous Substances.

2.7 Value of Property; Financial Information. The fair market value of the Property is less than the indebtedness evidenced by the Note and secured by the Deed of Trust. All financial statements and information delivered to Lender or Buyer are full, true and correct in all material respects. Borrower does not intend to hinder, delay or defraud any of Borrower's creditors in anticipation of seeking relief under the Bankruptcy Code.

2.8 Confirmation. The recitals to this Agreement are true and correct. The Loan Documents are in full force and effect. Borrower and Guarantor do not have any defenses of any nature whatsoever to the Default, nor shall this Agreement or the transactions contemplated by this Agreement give rise to any such defenses.

2.9 Transfer of Security Deposits and Account.

2.9.1 Borrower has informed Lender that the current tenants of the Property delivered to Borrower the Security Deposits set forth on the Rent Roll, but that Borrower does not have funds to deliver those security deposits to Buyer. Borrower acknowledges and agrees that Borrower shall retain all liability to such tenants with respect to those Security Deposits, but Borrower shall not have any liability to Lender or Buyer with respect to such security deposits.

2.9.2 Concurrently with the execution of this Agreement, Borrower shall transfer to Lender or Buyer its interest in and to any and all bank, security deposit or real estate tax escrow accounts relating to the Property (collectively, the "**Account**") and Borrower hereby consents to the acceptance by the Lender of the assets contained in any such Account.

2.9.3 Notwithstanding the provisions of this Section 2.9 or any other Section of this Agreement or the Closing Documents, neither Lender nor Buyer hereby or thereby assumes the liability of Borrower to any tenant for the return of any Security Deposit.

2.10 No New Agreements. Borrower shall not enter into any new Leases or Contracts, nor amend or terminate any existing Leases or Contracts, without Lender's prior written consent. If Buyer has given Borrower written notice that Buyer disapproves any Contract, then Borrower shall, as of the Closing Date, terminate such Contract(s) and pay all sums due thereunder.

2.11 Termination of Management Agreement. Borrower shall, as of the Closing Date, terminate the management agreement for the Property. Borrower shall retain full responsibility for the payment of all sums due under such management agreement, and Lender and Buyer expressly disclaim any responsibility or liability for the payment of such sums.

2.12 Operation of the Property.

2.12.1 [Intentionally Omitted]

2.12.2 At Lender's request, Borrower and Guarantor shall cooperate with and assist Lender in matters pertaining to a transition in management and operation of the Property. Without limiting the foregoing, promptly following the Effective Date, to the extent that the same has not been previously delivered to the Receiver, Borrower shall deliver to Lender all information in the possession or control of Borrower concerning the use, operation, ownership, maintenance and repair of the Property, including, without limitation, all currently effective licenses, registrations, permits and other authorizations, all service and maintenance contracts and agreements, warranties, construction-related documents (including without limitation contracts, lien releases, payment re cords and documents related to actual or potential mechanic's lien claims), operating statements, and the most current real property tax bills relating to the Property. Borrower shall cooperate with the reasonable requests of Lender in obtaining and providing all such information not in the possession of Borrower. The foregoing shall in no way limit or condition Lender's right to rely on each of the representations and warranties set forth in this Agreement or any document or instrument executed in connection herewith. The obligations of Borrower and Guarantor under this Section 2.12.2 shall survive Closing.

3. Conditions Precedent.

3.1 Conditions Precedent to Obligations of Lender. The obligations of Lender under this Agreement are, at Lender's option, subject to the fulfillment of the following conditions:

3.1.1 Performance. As of the Closing Date, Borrower and Guarantor shall have performed and complied with each and all of the covenants and conditions to be performed and complied with by Borrower prior to and at the Closing pursuant to the provisions of this Agreement, and, without limitation, the representations and warranties set forth in Section 2 hereof shall be true and accurate in all material respects on the Closing Date as if made as of the Closing Date.

3.1.2 Title. On the Closing Date, the Title Company shall issue or commit to issue (a) to Lender, an endorsement to the Lender's Policy which adds no new exceptions to title and insures the Deed of Trust as a valid first lien on the Property, and an anti-merger of estates endorsement to the Lender's Policy (collectively, the "**Lender Title Endorsements**") and (b) to Buyer an owner's policy of title insurance with extended coverage in form and substance satisfactory to Buyer (the "**Buyer's Title Policy**").

3.1.3 [Intentionally Deleted]

3.1.4 [Intentionally Deleted]

3.1.5 UCC Search. Prior to the Closing Date, Lender shall have received a UCC search of the records of the Delaware Secretary of State showing that there exists no security interests in the Personal Property or the Intangible Property other than the liens of Lender pursuant to the Loan Documents.

3.1.6 Opinion. On the Closing Date, Lender shall have received an opinion from legal counsel to Borrower and Guarantor that this Agreement and each of the documents to be executed and delivered at the Closing by Borrower or any of Guarantors are valid and legally binding obligations of Borrower or such Guarantor, as applicable, and enforceable in accordance with their respective terms.

3.2 Failure of Conditions Precedent. If any of the conditions set forth in Section 3.1 hereof have not been satisfied by the date set forth therein for the satisfaction of such condition, and the condition has not been waived by Lender in writing shall have the right, by written notice to Borrower and Guarantor, to terminate this Agreement and the obligations of the parties hereunder, but such termination shall not release any party from liability for any breach of this Agreement occurring prior to such termination. No such termination of this Agreement shall affect or diminish in any way the liability and obligations o f Borrower and Guarantors under any Loan Document.

4. Closing of Transaction.

4.1 Closing. Subject to the terms and conditions hereof, the closing of the transactions contemplated by the Agreement (the "**Closing**") shall occur on the Closing Date.

The Closing shall occur on or before September 24, 2010 (the "**Closing Date**"). Time is expressly of the essence with respect to the Closing Date and if the Closing has not occurred on or before the Closing Date, this Agreement shall be null and void. The parties agree to execute such escrow instructions as Lender or the Title Company may reasonably require to carry out the Closing in accordance with this Agreement; provided, however, in the event of any conflict between the terms of this Agreement and the terms of such escrow instructions, the terms of this Agreement shall govern.

4.2 Monies to Borrower or Guarantors. At Closing, Lender shall deliver into escrow with the Title Company the sum of Seventy-Five Thousand Dollars ($75,000.00) on account of Borrower's attorney's fees, closing costs and related expenses (the "**Lender Payment**"). The Lender Payment shall be held in escrow pursuant to those certain escrow instructions of even date herewith among Lender, Borrower and Guarantor (the "**Lender Escrow Instructions**"). Except for the delivery of the Lender Payment into escrow, no monies, cash or amounts of any kind shall be received by or payable to Borrower or Guarantor at the Closing.

4.3 Delivery of Cash and Accounts. On the Closing Date, Borrower shall deliver to Lender (a) checks, if any, received from the tenants in payment of all Rents accruing on and after the Closing Date; and (b) a cashier's or certified check payable to Lender in the amount of the amounts of all Rents accruing on and after the Closing Date for which Borrower has previously received and deposited or cashed checks from the tenants, plus (iii) all amounts remaining in any operating accounts and any other bank accounts related to the Property, if any.

4.4 Casualty and Condemnation. In the event of any fire, casualty or other destruction of any Real Property or any condemnation or threatened condemnation relating to any part of the Property prior to Closing, Lender shall have the option to either (a) terminate this Agreement or (b) receive the proceeds of any casualty insurance or condemnation award, as the case may be, in which case such proceeds actually received shall be applied against the Loan in accordance with the terms and conditions of the Loan Documents and then this Agreement will continue in full force and effect.

4.5 Borrower's Insurance. In the event that either (a) a Borrower's casualty and liability insurance coverage related to the Property cannot be assigned to Buyer, or (b) Lender or Buyer elects to obtain separate insurance coverage and instructs Borrower to cancel its insurance related to the Property as of the Closing Date, Borrower shall assign to Lender all rights of Borrower to a refund, if any, of any prepaid insurance premiums refundable upon such cancellation.

4.6 Deliveries at Closing.

4.6.1 Borrower shall deliver, or cause to be delivered, to Lender and/or Buyer on or before the Closing Date:

(a) a grant deed in the form of Exhibit D attached hereto (the "**Deed**");

(b) a bill of sale and assignment in the form of Exhibit E attached hereto (the "**Bill of Sale**");

(c) a release in the form of Exhibit F-1 attached hereto executed by Borrower and Guarantor (the "**Release of Lender**");

(d) a request for dismissal in the form of Exhibit G attached hereto, signed by Borrower's counsel, which Borrower expressly authorizes Lender to file with the Superior Court of the State of California, for the County of Los Angeles;

(e) an estoppel affidavit in the form of Exhibit H attached hereto (the "**Estoppel Affidavit**");

(f) a certification of non-foreign status in the form of Exhibit H attached hereto and a California Franchise Tax Board Form 590 in the form of Exhibit I attached hereto (collectively, the "**FIRPTA/FTB Certificate**");

(g) such transfer declarations, disclosure statements, evidence of due formation and organization, evidence of due authorization, execution and delivery and other documentation that may be required by law or as may be reasonably required by Lender, the Title Company or Buyer;

(h) to the extent not previously delivered to the Receiver, the Disclosure Materials, the original Contracts and a current Rent Roll certified by Borrower and Guarantors to be true, correct and complete as of the business day immediately preceding the Closing Date;

(i) to the extent available and not previously delivered to the Receiver,, (i) plans and specifications and drawings for the improvements on the Real Property, stamped by appropriate governmental agencies to show approval thereby, (ii) a complete set of all building plans and specifications and other construction documents, together with all assignment and/or authorization documents and letters as may be necessary or requested by Lender with regard to any architect or engineer's work, and (iii) any other documents or instruments evidencing or constituting Intangible Property;

(j) all keys for the Property, including the keys for any machinery, equipment or other Personal Property and any individual space and any office, storage or other facilities used in connection with the Property, which keys shall be properly tagged for identification;

(k) any entry cards or opening devices for any security gates or garages in the Property;

(l) [Intentionally Deleted]

(m) a notice to each holder of a utility deposit in form satisfactory to Lender instructing such holder to pay any refund thereof to Buyer;

(n) if and only if applicable, a cashier's check payable to Buyer drawn on each bank with which the Account is maintained, or a confirmed wire transfer, in the amount payable to Buyer pursuant to Section 2.9 above, together with an accounting as required by Section 2.9 above;

(o) a notice to each tenant under a Lease in the form of Exhibit J attached hereto, executed by Borrower informing the tenant of the change of ownership;

(p) possession of all of the Property; and

(q) evidence that Borrower has terminated the Contracts disapproved by Buyer under Section 2.10 above and the management agreement referred to in Section 2.11 above, and has paid all sums due thereunder.

With respect to the following documents to be signed by Dale K. Lenington, Lender agrees to close on faxed or scanned signatures (i.e., portable document format (.pdf)) for Dale K. Lenington: this Agreement, Release of Lender, Estoppel Affidavit and Title Company owner's affidavit (collectively, the "**Lenington Documents**"). With respect to the following documents to be signed by Donald P. Knapp, Lender agrees to close on faxed or scanned signatures (i.e., portable document format (.pdf)) Donald P. Knapp: FIRPTA/FTB Certificates for each Borrower and Title Company owner's affidavits for each Borrower. For purposes of Closing, with respect to the signature of Dale K. Lenington on the Release of Lender and Estoppel Affidavit, Lender will accep t the Release of Lender and the Estoppel Affidavit without a notary acknowledgment. For purposes of Closing, with respect to the signature of Donald P. Knapp on the Release of Lender, Lender will accept the Release of Lender without a notary acknowledgment. For the avoidance of doubt, all of the Lenington Documents and the Release of Lender with respect to Donald P. Knapp shall be effective upon Closing although Lender may not have received original, notarized signatures for Dale K. Lenington and Donald P. Knapp. Borrower and Guarantor agree to deliver the original Lenington Documents and the aforementioned documents to be signed by Donald P. Knapp, except for the notary acknowledgment on the Release of Lender and the Estoppel Affidavit, to Lender or Lender's counsel within five (5) Business Days after the Effective Date.

4.6.2 As a condition precedent to the obligations of Borrower and Guarantor under this Agreement, Lender shall deliver the following into escrow with the Title Company to be held and released by the Title Company pursuant to the Lender Escrow Instructions:

(a) a release in the form of Exhibit F-2 attached hereto; and

(b) the Lender Payment.

4.7 Reserve/Escrow Account. Borrower acknowledges and agrees that any balance in any reserve or escrow account maintained by Lender in connection with the Loan

shall be retained by Lender to be applied on account of the Loan obligations as determined by Lender in Lender's sole and absolute discretion.

4.8 Recording and Delivery of Deed. Subject to the fulfillment of the terms and conditions set forth herein, the parties shall direct Title Company to immediately cause the Deed to be recorded in the Official Records and to deliver the Lender Title Endorsements to Lender and the Buyer Title Policy to Buyer concurrently therewith.

4.9 Closing Costs. Buyer shall pay (a) any documentary transfer tax with respect to the Deed, (b) the cost of recording the Deed, (c) any escrow fees or charges incurred in connection with this transaction; and (d) the cost of the Buyer Title Policy. Lender shall pay the cost of the Lender Title Endorsements. Except as set forth in the preceding sentences, each party shall bear their own costs in connection with this Agreement.

4.10 [Intentionally Deleted]

4.11 Obligations of Lender to Third Parties. Borrower acknowledges and agrees that acceptance by Lender or Buyer of title to the Property pursuant to the terms of this Agreement shall not create any obligations on the part of Lender or Buyer, or any of their respective successors and assigns, to third parties which may have claims, demands, or causes of action of any kind against Borrower or any portion of the Property, and except as provided herein and for the rights of any third parties under Contracts which Lender or Buyer elects to assume, Lender does not assume or agree to discharge any such claims, demands or causes of action which were made or arose prior to the Closing. Except as expressly set forth in this Agreement, no person or entity not a party to this Agreement shall have any "third party beneficiary" rights or any other rights hereunder. Moreover, Lender has not agreed, and will not agree, to assume or incur any liability or responsibility with respect to: (a) any expenses or income or sales taxes incurred or accrued by Borrower prior to the date of recording of the Deed or the completion of any Foreclosure Action (as defined below), or (ii) except as expressly set forth in the Closing Documents, any other obligation or liability of Borrower.

5. Covenant Not to Sue.

5.1 Covenant Not to Sue.

5.1.1 If and only if the Closing occurs and the Lenington Documents bearing original signatures and notary acknowledgments for Dale K. Lenington, are delivered to Lender, then, at such time, Lender, for itself and for Buyer and their respective successors and assigns, shall be deemed to have covenanted and agreed, except as expressly set forth herein, not to bring, file, commence or maintain any action, suit, claim or cause of action against Borrower and/or Guarantors with respect to any obligation under the Loan Documents including any deficiency (with the exception of mandatory counter or cross-claims); provided, however, that the foregoing co venant and agreement shall in no event extend to (x) the continuing liabilities and obligations of Borrower and Guarantors relating to, arising out of, or in connection with the breach of any representation, warranty, indemnity, covenant or agreement set forth in this Agreement or any of the documents or instruments delivered at Closing, (y) any Borrower indemnities in favor of Lender under any Loan Document for matters arising before the Closing,

or (z) the obligations of Guarantor under that certain Environmental Indemnity Agreement dated as of June 28, 2007 executed by Guarantor in favor of Lender's predecessor in interest, except to the extent solely relating to acts or omissions that first occur after Closing.; and, provided further, that the foregoing covenant and agreement in this Section 5.1.1 shall be void from its inception, if:

(a) Borrower and/or Guarantor shall take any act or make any claim of rescission of this Agreement or make any other claim which is inconsistent with this Agreement; or

(b) a court of competent jurisdiction determines that (or any claim is made by Borrower, Guarantor or any third party, other than Lender or Buyer in bankruptcy, that) the transfer of the Property to Buyer or the receipt of any funds by any party hereunder constitutes a preference or a fraudulent conveyance, or otherwise sets aside or holds ineffective such transfer of the Property or such funds; or

(c) Borrower and/or any Guarantor file for protection under the U.S. Bankruptcy Code within twelve (12) months after Closing; or

(d) Lender has not received the Lenington Documents bearing original signatures and notary acknowledgments for Dale K. Lenington, are delivered to Lender in accordance with the Lender Escrow Instructions on or before October 15, 2010.

The foregoing covenant and agreement shall not defeat, limit or otherwise affect any right of Lender to commence or complete foreclosure proceedings under the Deed of Trust or any of the other Loan Documents.

5.1.2 Borrower and Guarantors acknowledge and agree that, subject to the covenant not to sue set forth above, although Borrower will convey the Property to Buyer subject to the lien of the Deed of Trust, Borrower's obligations under the Note and the other Loan Documents remain in full force and effect, to enable Lender to foreclose the Deed of Trust if Lender elects to do so in Lender's sole and absolute discretion.

6. Bankruptcy.

6.1 Borrower and Guarantor hereby acknowledges and agrees that, in consideration of the recitals and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in the event Borrower and/or Guarantor shall (a) file a petition for relief with any bankruptcy court or otherwise be the subject of any petition filed under the Bankruptcy Code, (b) be the subject of any order for relief issued under the Bankruptcy Code, (c) file or be the subject of any petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for debts, (d) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conserv ator or liquidator, (e) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar

relief under any present or future federal or state act or law relating to bankruptcy, insolvency or relief for debts, then neither Borrower nor Guarantor shall raise any objection or defense of any kind or nature or otherwise prevent, hinder or delay (i) any attempt by Lender to obtain relief from any automatic stay imposed by Section 362 of the Bankruptcy Code, or otherwise, or (ii) the exercise by Lender of any or all of the rights and remedies otherwise available to Lender, as provided in the applicable Loan Documents, as hereby amended, and as otherwise provided by law.

6.2 Borrower and Guarantor hereby acknowledge and agree that: (i) this Agreement is of considerable benefit to Borrower and Guarantor; (ii) this Agreement allows Borrower and Guarantor to fully settle and resolve the obligations owed to the Lender, subject to the terms contained in this Agreement; (iii) Borrower and Guarantor have received substantial legal and financial accommodations from the Lender under this Agreement; (iv) the value of the Property is less than the debt that is secured by the Property; and (v) Lender is entering into this Agreement in reliance on representations of Borrower and Guarantor in this Agreement. Borrower and Guarantor also hereby represent and warrant to Lender and acknowledge and agree as follo ws: (a) Borrower and Guarantor do not currently intend to file a bankruptcy petition and have no intention of seeking a non-consensual plan of reorganization in any bankruptcy forum; (b) any attempt to sell the Property or otherwise reorganize Borrower's financial affairs and to pay and perform Borrower's obligations to Lender would be fruitless and impracticable to achieve; (c) any filing by Borrower of a voluntary petition in bankruptcy or the exercise of like or similar rights by Borrower prior to satisfaction in full of the indebtedness to Lender under the Loan Documents would be inconsistent with and contrary to the intentions of the parties hereto and made only with the intention of hindering or delaying Lender in the enforcement of Lender's rights as a secured creditor; (d) Borrower cannot formulate or implement a successful plan of reorganization in any such proceeding (whether in bankruptcy or under a like proceeding) which would adequately and sufficiently protect the rights of Lender or enable Borrower to satisfy Borrower's obligations to Lender; (e) in light of the foregoing, any such filing would be made in bad faith, as such term is used by courts in construing the Bankruptcy Code, as to Lender and only with the intention to hinder or delay Lender from exercising its rights and remedies as to the obligations of Borrower to Lender (whether hereunder or otherwise) and the Property (and/or other collateral) securing such obligations; (f) in light of the foregoing, if any voluntary or involuntary proceeding in bankruptcy or under like laws granting relief to Borrower is filed by or against Borrower, Lender shall, in addition to any other rights or remedies set forth in this Section 6 or otherwise in this Agreement, have the right to seek and obtain immediate relief from any stay and to have the exclusivity period for the filing of any plan of reorganization terminated, and Borrower hereby wai ves any objection or opposition in any manner to the relief requested by Lender or the termination of any such exclusivity period in a bankruptcy proceeding; and (g) Borrower shall not solicit, assist or encourage any third party to file an involuntary bankruptcy petition against Borrower. Lender is relying on, among other things, the representations, warranties and covenants contained in this Section 6.2 in entering into this Agreement.

7. Consent to Foreclosure.

7.1 General. Without in any way limiting the terms and provisions of Section 5.1 hereof, Borrower and Guarantor acknowledge and agree that Lender has commenced

a Foreclosure Action in connection with the Loan and the Property and that, at any time, if Lender, in Lender's sole and absolute discretion, determines that it is in Lender's best interest to do so, Lender shall be entitled under this Agreement, without any prior notice whatsoever to Borrower, to (a) prosecute through completion, in Lender's sole discretion, a judicial or non-judicial foreclosure action or public sale under applicable law pursuant to the Deed of Trust and Assignment of Leases (a "**Foreclosure Action**") and to have the Property sold in one or more foreclosure or public sales (as the case may be), and (b) obtain any judicial order confirming or approving any such sale(s), but in no event shall Lender or Buyer seek any monetary or deficiency judgment against Borrower or Guarantors. In connection with any Foreclosure Action, if requested by Lender, Borrower shall, as applicable (which applicability shall be determined by Lender in Lender's sole discretion): (i) accept service of process from Lender of a summons and complaint and/or notice of hearing or public sale; and (ii) execute and deliver to Lender any one or more of the following: (A) a notice and acknowledgement of receipt of summons and complaint and/or notice of hearing or public sale, (B) a waiver of right to notice and hearing and/or public sale, (C) a consent decree of foreclosure, (D) any acknowledgment that the sale(s) were commercially reasonable dispositions of the Property after sale(s) any waiving any rights in opposition thereto that might otherwise exist, (E) a consent order authorizing foreclosure, and (F) any other document, instrument, pleading, notice or writing Lender may deem necessary to prosecute to completion an d/or effectuate any Foreclosure Action or the purpose and intent of this Agreement (collectively, the "**Consensual Foreclosure Materials**"). Borrower shall raise no objection or defense and shall take no action to hinder, delay or otherwise interfere with (including, without limitation, the commencement of any action for injunctive relief), object to or appeal any Foreclosure Action or any sale(s) of the Property or Lender's prosecution of any Foreclosure Action, the entry of any judgment or the confirmation of any sale(s) of any of the Property. With respect to any such Foreclosure Action, Borrower agrees to cooperate in the submission, preparation or execution of any documents reasonably necessary or reasonably required for the expeditious prosecution of such Foreclosure Action as reasonably determined by the Lender. The covenant contained in this Section 7 shall survive the Closing or any termination of this Agreement, provided that the Covenant Not to Sue given by Lender in Section 5.1 of this Agreement remains in force.

7.2 Receivership.

7.2.1 Borrower and Guarantor acknowledge and agree that a receiver has been appointed with respect to and is in possession of the Property, that such receiver shall remain in possession of the Property, Borrower and Guarantors shall not object to the appointment of the receiver or commence any action seeking the removal or disqualification of the receiver.

7.2.2 Promptly after the Closing, Lender shall (a) cause the receivership that is currently in place at the Property to be terminated, and (b) dismiss that certain action captioned ROIC Claremont Center, LLC, a Delaware limited liability company, Plaintiff, vs. DKVCMT, LLC, a Delaware limited liability company; DLVCMT, LLC, a Delaware limited liability company, and Does 1 through 100, inclusive, Superior Court of the State of California, for the County of Los Angeles, Central District, Case No. BC 439512.

8. Acknowledgments. Borrower and Guarantors each acknowledge and agree that as of the date of this Agreement the Loan Documents are in full force and effect and are the valid and legally binding obligations of the Borrower, and Guarantors, as applicable, free from all legal and equitable defenses, offsets and counterclaims. Borrower and Guarantors each hereby ratify and confirm their respective liabilities, obligations and agreements under all of the Loan Documents, except as may be specifically and expressly modified by this Agreement, and the liens and security interests created thereby, and acknowledge that (a) Borrower is in default of its liabilities and obligations under the Loan Documents and that neither Borrower nor Guarantors have any defenses, claims, counterclaims or set-offs of any kind or nature whatsoever to the enforcement by Lender of the liabilities, obligations and agreements contained in the Loan Documents, and each hereby forever waive any right to assert any such defense, claim, counterclaims, or setoff, (b) Lender has fully performed all obligations to Borrower and/or the Guarantors that Lender may have had or has on and as of the Effective Date, and (c) Lender does not waive, diminish or limit any term or condition contained in any of the Loan Documents, except as specifically and expressly set forth in this Agreement.

9. Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by Federal Express or similar generally recognized overnight carrier regularly providing proof of delivery to the following addresses or at such other address as such party may specify from time to time by notice to the other parties:

To Buyer or Lender: ROIC Claremont Center, LLC
c/o Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Attention: Chief Financial Officer

With a copy to: Allen Matkins Leck Gamble Mallory & Natsis LLP
Three Embarcadero Center, 12th Floor
San Francisco, California 94111-4074
Attention: Stephen P. Lieske, Esq.

To Borrower or Guarantor:DKVCMT LLC

DLVCMT LLC
Donald P. Knapp
Dale K. Lenington
40941 Tonapah Road
Rancho Mirage, California 92270

For the avoidance of doubt, one notice addressed to each of the aforementioned Borrower and Guarantor parties shall be sufficient with respect to any notice to be sent to Borrower and Gurantor.

With a copy to: Soukup & Schiff, LLP
1801 Century Park East, Suite 470
Los Angeles, California 90067
Attention: John F. Soukup, Esq.

Any notice so given by overnight courier shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by the overnight carrier's proof of delivery. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

10. Miscellaneous.

10.1 Entire Agreement. This Agreement and the Closing Documents supersede any prior agreement, oral or written, and contain the entire agreement among Lender, Buyer and Borrower with respect to the subject matter hereof. No subsequent agreement, representation or promise made by or to any party hereto shall be of any effect unless made in writing by the party to be bound thereby. Any amendment to this Agreement shall be in writing signed by all parties hereto. Neither this Agreement nor any of the documents and instruments delivered at Closing shall create any rights in any third party (other than Buyer) and may be amended by the parties hereto as set forth herein wi thout liability to any third party.

10.2 Further Assurances. Borrower and Guarantor shall, whenever and as often as it shall be requested to do so by Lender or Buyer, cause to be executed, acknowledged or delivered any and all such further instruments and documents as may be necessary or proper, in the reasonable opinion of Lender or Buyer, in order to carry out the intent and purpose of this Agreement.

10.3 Construction. This Agreement and the Closing Documents shall be construed as a whole and in accordance with their fair meaning. Captions and organizations are for convenience only and shall not be used in interpreting this Agreement or the Closing Documents. Whenever the words "including", "include" or "includes" are used in this Agreement or the Closing Documents, they shall be interpreted in a non-exclusive manner as though the words "without limitation" immediately followed the same. Masculine, feminine, or neuter gender and the singular and the plural number, shall each be considered to include the other whenever the context so requires. If any pa rty consists of more than one person, each such person shall be jointly and severally liable.

10.4 No Waiver. The waiver by any party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be construed a waiver by any other party or of any other covenant, condition or promise. The waiver by any party of the time for performing any act shall not be considered a waiver of the time for performing any other act or an identical act required to be performed at a later time. No waiver shall be enforceable against any party unless signed by such party in writing.

10.5 Governing Law. This Agreement and the Closing Documents shall be construed in accordance with and governed by the laws of the State of California (without taking into account conflicts of law).

10.6 Counterparts. This Agreement and the Closing Documents may be executed in any number of counterparts so long as each signatory hereto or thereto executes at least one such counterpart. Each such counterpart shall constitute one original but all such counterparts taken together shall constitute one and the same instrument. The parties agree that faxed or scanned (i.e., portable document format (.pdf)) signatures may be used to expedite the transaction contemplated by this Agreement. Each party intends to be bound by its faxed or scanned signature and each is aware that the other will rely on the faxed or scanned signature and each acknowledges such reliance and waives any d efenses to the enforcement of the documents effecting the transaction contemplated by this Agreement based on a faxed or scanned signature.

10.7 Controversy. In the event of any controversy, claim or dispute between the parties hereto affecting or relating to the purposes or subject matter of this Agreement or the documents and instruments executed and delivered at Closing, the prevailing party or parties shall be entitled to recover from the nonprevailing party or parties all of the prevailing party's expenses, including, but not by way of limitation, attorneys' fees (including the value of in-house counsel services).

10.8 No Merger, etc. It is the intent of Lender, Buyer and Borrower that (a) the interests of Borrower conveyed to Buyer hereunder and the interests of Lender existing under the Deed of Trust shall not merge upon or after Closing, (b) the Deed of Trust and the Note shall continue in full force and effect and the Deed of Trust shall remain as a first priority lien against the Real Property notwithstanding the transfer of the Real Property to Buyer and Lender's covenant not to sue Borrower pursuant to Section 5.1 hereof, and (c) Lender shall retain the right to foreclose upon the Real Property, whether judicially or n on-judicially pursuant to its power of sale under the Deed of Trust, after the Closing but agrees not to seek a judgment for deficiency or any monetary judgment against Borrower or Guarantors.

10.9 Absolute Conveyance. Borrower acknowledges and agrees that (a) the conveyance to Lender or Buyer of the Property, according to the terms of this Agreement, is given voluntarily and is an absolute conveyance of all of Borrower's right, title and interest in and to the Property in fact as well as form and is not intended as a mortgage, trust conveyance, deed of trust or security instrument of any kind; and (b) the consideration for such conveyance is exactly as recited herein and Borrower has no further interest or claim of any kind (including but not limited to homestead rights and rights of redemption) in or to any portion of the Property, or to the proceeds and profits which may be d erived thereof, whether sold for more or less than the outstanding indebtedness due under the Loan Documents.

10.10 Indemnification. Borrower and Guarantors shall indemnify, defend, protect, and hold harmless Lender, Buyer, and their respective partners, officers, shareholders, directors, managers, members, agents, servants, contractors, employees, parent, affiliated and subsidiary corporations, partnerships and limited liability companies (collectively the "**Lender Released Parties**"), and each of them, from and against any and all Claims arising directly or indirectly from (a) any inaccuracy in any representation or warranty made by Borrower in this Agreement or any of the Closing Documents, (b) the failure of Borrower to observe or perform a ny agreement, covenant or provision of this Agreement or the Closing Documents, (c) [Intentionally Deleted], (d) any acts or events by or caused by Borrower or Borrower's agents, or of which the Borrower or Borrower's agents have knowledge, with respect to the Property,

which occur on or prior to the Closing Date, (e) [Intentionally Deleted], (f) any claim by any direct or indirect owner of Borrower in connection with the Property, the Loan, the Loan Documents, this Agreement or the documents and instruments executed and delivered at Closing, or (g) any cost, Claim or expense including, without limitation, legal fees and costs, incurred by Lender and/or Buyer if Borrower or Guarantor commence any action against Countrywide Commercial Real Estate Finance, Inc. or Bank of America, N.A. with respect to the Loan. The obligations of Borrower and Guarantor under this Section 10.10 shall survive Closing.

10.11 References. References in this Agreement to paragraphs or exhibits shall refer to paragraphs and exhibits to this Agreement unless the context requires otherwise. All exhibits are hereby incorporated into this Agreement in their entirety by this reference.

10.12 Confidentiality. Borrower and Guarantors shall keep the terms of this Agreement strictly confidential and shall not disclose or permit Borrower's employees or agents to disclose the terms of this Agreement (except for reasonably necessary disclosures to Borrower's attorneys, accountants and representatives).

10.13 Time of the Essence. Time is of the essence of this Agreement.

10.14 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

10.15 Effect on Loan Documents. Neither the provisions of, nor any performance under, this Agreement shall amend, modify, supplement, extend, delay, renew, terminate, waive, release or otherwise limit or prejudice Lender's rights and remedies or Borrower's obligations under the Loan Documents (including Lender's right to receive full payment as well as late charges, delinquent interest and all other charges provided for in the Loan Documents), subject, however, to Section 5.1 if, and only if, the Closing occurs.

10.16 Not an "Action". Borrower acknowledges that neither this Agreement, nor any remedy or other action taken pursuant to this Agreement, shall constitute an "action", violate the "one-form of action rule," the "security-first rule", or otherwise give rise to any application of California one-action or anti-deficiency rules which apply to notes secured by real property, and Borrower waives its rights under Sections 580a, 580b, 580c, 580d, 725a, 726, 728, 729.010, 729.060 and 729.070 of the California Code of Civil Procedure in connection with this Agreement and all payments to be made by Borrower hereunder.

10.17 [Intentionally Deleted]

10.18 Survival. All warranties, representations, covenants, obligations and agreements contained in this Agreement shall survive the Closing hereunder. All warranties and representations shall be effective regardless of any investigation made or which could have been made.

10.19 Waiver of Trial by Jury. To the maximum extent permitted by law, the parties hereby irrevocably waive their respective rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the Loan Documents. This waiver shall apply to any subsequent amendments, renewals, supplements or modifications to this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the Court.

10.20 Relationship. This Agreement is not intended, and shall not be construed to create a joint venture, partnership or agency relationship between Lender and Borrower.

10.21 Mortgagee in Possession. Borrower agrees that Lender is not a mortgagee-in-possession and that this Agreement does not create any obligation on the part of Lender to manage or operate the Property or give Lender any control over the Property until after the Closing Date.

10.22 1031 Exchange. Lender shall reasonably cooperate with Borrower to structure the conveyance of the Property to Buyer as an exchange under Section 1031 of the U.S. Internal Revenue Code, provided that: (a) Lender shall not incur any cost, expense or liability in connection with such cooperation, (b) such exchange shall not extend the outside date for closing as set forth in this letter, and (c) Borrower shall, and shall cause Borrower's exchange accommodator to execute and deliver such documents as Lender and/or Title Company may require with respect to such exchange.

10.23 Ownership of Loan. Lender represents and warrants to Borrower and Guarantor that Lender is the owner of the Loan and has not sold or transferred its interest in Loan.

[End of Text; Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Conveyance in Lieu of Foreclosure Agreement to be executed as of the Effective Date first above written.

LENDER:

ROIC CLAREMONT CENTER LLC,
a Delaware limited liability company

By: /s/ John Roche
Name: John Roche
Title: Chief Financial Officer

[Signatures Continue on Next Page]

BORROWER:

DKVCMT, LLC, a Delaware limited liability company

By: /s/ Donald P. Knapp
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: /s/ Donald P. Knapp
Donald P. Knapp, Manager

GUARANTOR:

/s/ Donald P. Knapp
Donald P. Knapp, an individual

/s/ Dale K. Lenington
Dale K. Lenington, an individual

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

PARCEL A:

THE SOUTH 20 FEET OF LOT 21 OF THE NORTHEAST POMONA TRACT, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 461 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION LYING WESTERLY OF THE EAST LINE OF PARCEL MAP NO. 12150, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 119 PAGES 57, 58 AND 59 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

INTENTIONALLY OMITTED.

PARCEL C:

THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 16408, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 178 PAGES 56 AND 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 48.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARCEL 1, NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 526.15 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 273.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 43 MINUTES 26 SECONDS, AN ARC DISTANCE OF 122.57 FEET TO A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 327.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 29 MINUTES 47 SECONDS, AN ARC DISTANCE OF 145.51 FEET; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 SOUTH 89 DEGREES 50 MINUTES 05 SECONDS EAST, 67.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAV ING A RADIUS OF 25.00 FEET;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 07 MINUTES 48 SECONDS, AN ARC DISTANCE OF 23.18 FEET; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 1, SOUTH 00 DEGREES 09 MINUTES 55 SECONDS WEST, 380.20 FEET; THENCE

ALONG THE SOUTHERLY LINE OF SAID PARCEL 1, SOUTH 89 DEGREES 56 MINUTES 16 SECONDS WEST, 871.02 FEET; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 00 DEGREES 03 MINUTES 44 SECONDS WEST, 450.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL D:

EASEMENTS FOR THE LOCATION, PLACEMENT, OPERATION AND MAINTENANCE OF A PYLON SIGN AND FOR UTILITY INSTALLATION AND FOR INGRESS AND EGRESS THERETO, OVER THAT PORTION OF PARCELS 2 AND 3 OF PARCEL MAP NO. 25647, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 296 PAGES 53 TO 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LOCATED ESSENTIALLY AS DEPICTED ON EXHIBIT "B" OF INSTRUMENT RECORDED SEPTEMBER 17, 2002 AS INSTRUMENT NO. 02-2176000, OFFICIAL RECORDS.

EXHIBIT B

RENT ROLL

[To be Attached]

EXHIBIT C

CONTRACTS

VENDOR	DATE	SUBJECT MATTER/PURPOSE
	NONE	

EXHIBIT D

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ROIC Claremont Center II, LLC
c/o Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Attention: Chief Financial Officer

MAIL TAX STATEMENTS TO:

ROIC Claremont Center II, LLC
c/o Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Attention: Chief Financial Officer

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, DKVCMT, LLC and DLVCMT, LLC, each a Delaware limited liability company (individually and collectively referred to, and jointly and severally obligated as, "**Grantor**"), hereby grant and assign to ROIC Claremont Center II, LLC, a Delaware limited liability company ("**Grantee**"), all that certain real property located in the City of Claremont, County of Los Angeles, State of California, as more particularly described in Exhibit A attached hereto and by this reference incorporated herein, together with all right, title and interest of Grantor in and to all buildings and improvements now located or hereafter constructed thereon (the "**Real Property**").

This Grant Deed is intended to be and is an absolute conveyance, and not a mortgage, trust conveyance or security instrument of any kind, Grantor having sold such Real Property to Grantee for a fair and adequate consideration, such consideration, in addition to that above recited, being the release of Grantor from all obligations secured by, among other things, that certain (i) Deed of Trust, Security Agreement and Financing Statement (the "**Deed of Trust**") executed by Grantor, as trustor, to Chicago Title Company, as trustee, for the benefit of Countrywide Commercial Real Estate Finance, Inc., a California corporation ("**Original Lender**") (the rights and obligations of which have been assigned to ROIC Claremont Center LLC, a Delaware corporation ("**Lender**")), as beneficiary, dated as of June 28, 2007 and recorded in the Official Records of Los Angeles County, California on July 2, 2007 as Instrument No. 20071575477, and (ii) that certain Assignment of Leases and Rents (the "**Assignment of Leases**") executed by Grantor, as assignor, in favor of Original Lender (the rights and obligations of which have been assigned to Lender), as assignee, dated as of June 28,

2007 and recorded in the Official Records of Los Angeles County, California on July 2, 2007 as Instrument No. 20071575478.

In executing this Grant Deed, it is the intention of Grantor to convey to Grantee, and by this Grant Deed Grantor does convey to Grantee, all of Grantor's right, title and interest absolutely in and to the Real Property, free of any right of reinstatement or equity of redemption, and possession of the Real Property is intended to be and hereby is surrendered to Grantee concurrently herewith.

In executing and delivering this Grant Deed, Grantor is not acting under misapprehension as to the effect hereof, and is acting freely and voluntarily and not under coercion or duress.

Grantor freely and voluntarily declares Grantor's belief that, at the time of the execution and delivery of this Grant Deed, the consideration recited above received by Grantor represents the fair value of the Real Property.

Grantor declares that, except for this Grant Deed, that certain Bill of Sale and Assignment of even date herewith executed by Grantor for the benefit of Grantee (the "**Bill of Sale**"), that certain Conveyance in Lieu of Foreclosure Agreement dated as of September 20, 2010 (the "**Agreement**"), executed by Grantor, Lender and the other parties named therein (to the extent that such Agreement states that it survives this conveyance), and the other documents and instruments executed pursuant to the Agreement, and except for the Deed of Trust, the Assignment of Leases and the other Loan Documents referred to in the Agreement, there are no agreements, oral or written, between Grantor and Grantee with respect to the Real Property.

It is the intention of Grantor that notwithstanding anything to the contrary herein or in the Deed of Trust, the Assignment of Leases, the Bill of Sale or the Agreement, or in any other document or instrument executed or delivered herewith or therewith, in no event shall there be a merger of the fee interest in the Real Property, on the one hand, with the beneficial interest under the Deed of Trust, on the other hand, by reason of the fact that title to the Real Property may at any time be vested in the same person or entity as is then beneficiary under the Deed of Trust (or an affiliate thereof), but the Deed of Trust is intended to, and shall, survive the conveyance of the Real Property effectuated hereby, and shall continue in full force and effect, until foreclosed or reconveyed by instrument duly executed by the beneficiary thereof in writing, as a lien encumbering the fee interest in the Real Property.

[End of Text; Signature on Next Page]

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of September ___, 2010.

DKVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

STATE OF _____ }
} SS.
COUNTY OF _____ }

On _____, before me, _____, personally appeared Donald P. Knapp who 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 _____ (Seal)

EXHIBIT A

DESCRIPTION OF THE LAND

PARCEL A:

THE SOUTH 20 FEET OF LOT 21 OF THE NORTHEAST POMONA TRACT, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 461 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION LYING WESTERLY OF THE EAST LINE OF PARCEL MAP NO. 12150, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 119 PAGES 57, 58 AND 59 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

INTENTIONALLY OMITTED.

PARCEL C:

THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 16408, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 178 PAGES 56 AND 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 48.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARCEL 1, NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 526.15 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 273.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 43 MINUTES 26 SECONDS, AN ARC DISTANCE OF 122.57 FEET TO A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 327.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 29 MINUTES 47 SECONDS, AN ARC DISTANCE OF 145.51 FEET; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 SOUTH 89 DEGREES 50 MINUTES 05 SECONDS EAST, 67.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAV ING A RADIUS OF 25.00 FEET;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 07 MINUTES 48 SECONDS, AN ARC DISTANCE OF 23.18 FEET; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 1, SOUTH 00 DEGREES 09 MINUTES 55 SECONDS WEST, 380.20 FEET; THENCE

ALONG THE SOUTHERLY LINE OF SAID PARCEL 1, SOUTH 89 DEGREES 56 MINUTES 16 SECONDS WEST, 871.02 FEET; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 00 DEGREES 03 MINUTES 44 SECONDS WEST, 450.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL D:

EASEMENTS FOR THE LOCATION, PLACEMENT, OPERATION AND MAINTENANCE OF A PYLON SIGN AND FOR UTILITY INSTALLATION AND FOR INGRESS AND EGRESS THERETO, OVER THAT PORTION OF PARCELS 2 AND 3 OF PARCEL MAP NO. 25647, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 296 PAGES 53 TO 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LOCATED ESSENTIALLY AS DEPICTED ON EXHIBIT "B" OF INSTRUMENT RECORDED SEPTEMBER 17, 2002 AS INSTRUMENT NO. 02-2176000, OFFICIAL RECORDS.

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 REVENUE AND TAXATION CODE AND LOS ANGELES COUNTY ORDINANCE

REGISTRAR/RECORDER

COUNTY OF LOS ANGELES

The request is hereby made in accordance with the provisions of the Documentary Transfer Tax Act that the amount of tax due NOT be shown on the original document which names:

DKVCMT, LLC and DKLCMT, LLC

and

ROIC CLAREMONT CENTER II, LLC

The property described in the attached document is located in the City of:

Claremont, CA
(Name of City or Unincorporated area)

The amount of tax due on the attached document is:

$ 82.50 County; $ _____ City of _____

_____ Computed on full value of property conveyed

OR

____XX_____ Computed on full value LESS liens and encumbrances remaining at the time of the sale.

[Signatures on Next Page]

Executed as of September __, 2010.

DKVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

EXHIBIT E

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE AND ASSIGNMENT (this "**Assignment**") is entered into as of September ___, 2010, by and between DKVCMT, LLC and DLVCMT, LLC, each a Delaware limited liability company (individually and collectively referred to, and jointly and severally obligated as, "**Assignor**"), and ROIC Claremont Center II, LLC, a Delaware limited liability company ("**Assignee**"), with reference to the following facts:

A. Assignor is the owner of that certain real property (the "**Land**") located in the City of Claremont, County of Los Angeles, State of California, as more particularly described in Exhibit A attached hereto, and all buildings and other improvements (including fixtures) located on the Land, together with all rights and interests appurtenant to the Land (collectively, the "**Improvements**"). The Land and the Improvements are sometimes referred to herein collectively as the "**Real Property**".

B. Assignor is the maker of that certain Promissory Note dated as of June 27, 2010 (the "**Note**") payable to Countrywide Commercial Real Estate Finance, Inc., a California corporation ("**Original Lender**")(the rights and obligations of which have been assigned to ROIC Claremont Center LLC, a Delaware corporation ("**Lender**")) in the face amount of Twenty-Five Million Dollars ($25,000,000.00).

C. Payment of the Note is secured by, among other things, that certain (i) Deed of Trust, Security Agreement and Financing Statement (the "**Deed of Trust**") executed by Assignor, as trustor, to Chicago Title Company, as trustee, for the benefit of Countrywide Commercial Real Estate Finance, Inc., a California corporation ("**Original Lender**")(the rights and obligations of which have been assigned to ROIC Claremont Center LLC, a Delaware corporation ("**Lender**")), as beneficiary, dated as of June 28, 2007 and recorded in the Official Records of Los Angeles County, California on July 2, 2007 as Instrument N o. 20071575477, and (ii) that certain Assignment of Leases and Rents executed by Assignor, as assignor, in favor of Original Lender (the rights and obligations of which have been assigned to Lender), as assignee, dated as of June 28, 2007 and recorded in the Official Records of Los Angeles County, California on July 2, 2007 as Instrument No. 20071575478. (the "**Assignment of Leases**" and, together with the Deed of Trust, collectively, the "**Security Agreements**").

D. The Note, the Security Agreements, and such other documents, indemnities, agreements, guarantees, certificates and instruments executed or delivered in connection with the Loan are sometimes hereinafter referred to collectively as the "**Loan Documents**".

E. Assignor is presently in default in its obligations under the Loan Documents, and by virtue of such default, Lender is entitled to exercise Lender's rights and remedies under the Loan Documents, including foreclosure of the Deed of Trust. In lieu of foreclosure by Lender of the Deed of Trust and enforcement of Lender's other liens and security interests under the Loan Documents, Assignor has proposed a transfer by deed and conveyance of the Property to Assignee. Assignee is willing to accept such transfer by deed and conveyance in lieu of foreclosure, subject to the terms and conditions of this Assignment.

F. Assignor acknowledges and agrees that, by virtue of Assignee's entering into this Assignment (i) Assignor does not intend to file for, or otherwise seek or acquiesce in, relief under title 11 of the United States Bankruptcy Code, as amended ("**Bankruptcy Code**") or under any other federal or state insolvency or debtor relief statute, (ii) no such proceedings under the Code or such other federal or state statute would serve any business or reorganization purpose, and (iii) Assignor's filing for, or otherwise seeking or acquiescing in, such relief shall be conclusive evidence of bad faith on Assignor's part.

G. Subject to all of the terms and conditions set forth in that certain Conveyance in Lieu of Foreclosure Agreement dated as of September __, 2010 by and between Assignor, Lender and the other parties named therein (the "**Agreement**"), Assignor agreed to convey, and Lender at its sole option agreed to cause Assignee to accept, all of Assignor's right, title and interest in and to all of the real and personal property encumbered by the Security Agreements. Initially capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Assignment. Assignor hereby transfers, conveys and assigns to Assignee all of the right, title and interest of Assignor in and to (a) the Personal Property, the Leases, the Intangible Property, the Disclosure Materials, and the Receivables.

The Personal Property, the Leases, the Intangible Property, the Disclosure Materials and the Receivables are sometimes collectively referred to as the "**Conveyed Property**".

2. Absolute Assignment. This Assignment is absolute. Assignee shall have all of the rights of Assignor under the Conveyed Property assigned, including, without limitation, the right to enforce any and all of the provisions of the Leases, the Intangible Property, the Disclosure Materials and the Receivables.

3. Further Documents. Assignor hereby covenants that Assignor will, at any time and from time to time, upon request therefor, execute and deliver to Assignee, Assignee's nominees, successors and assigns, any new and confirmatory instruments requested by Assignee and do and perform any other acts which Assignee, Assignee's nominees, successors and assigns request in order to fully convey, transfer and assign to Assignee all or any portion of the Conveyed Property intended to be conveyed, transferred, or assigned hereby.

4. No Assumption of Obligations. Assignor acknowledges and agrees that neither Assignee nor Lender is assuming any liabilities associated with or attributable to all or any portion of the Conveyed Property.

5. Successors and Assigns. This Assignment shall bind and benefit the parties hereto and their respective successors and permitted assigns.

6. Absolute Conveyance; No Merger.

(a) Absolute Conveyance. Assignor acknowledges and agrees that (a) the conveyance to Assignee of the Conveyed Property according to the terms of this Assignment, is

given voluntarily and is an absolute conveyance of all of Assignor's right, title and interest in and to the Conveyed Property in fact as well as form and is not intended as a mortgage, trust conveyance, deed of trust or security instrument of any kind; and (b) the consideration for such conveyance is exactly as recited herein and Assignor has no further interest or claim of any kind (including, but not limited to, homestead rights and rights of redemption) in or to any portion of the Conveyed Property, or to the proceeds and profits which may be derived thereof, whether sold for more or less than the outstanding indebtedness due under the Loan Documents.

(b) No Merger, etc. It is the intent of Assignor and Assignee that (a) the interests of Assignor conveyed to Assignee hereunder and the interests of Lender existing under the Deed of Trust shall not merge upon or after Closing, (b) the Deed of Trust and the Note shall continue in full force and effect and the Deed of Trust shall remain as a first priority lien against the Real Property notwithstanding the transfer of the Real Property to Assignee and Lender's covenant not to sue Assignor pursuant to Section 5.1 of the Agreement, and (c) Lender shall retain the right to foreclose upon the Real Property, whether judic ially or non-judicially pursuant to its power of sale under the Deed of Trust, after the Closing but agrees not to seek a monetary or deficiency judgment against Assignor or Assignor's constituent owners.

[End of Text; Signatures on Next Page]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Bill of Sale and Assignment as of the date first above written.

ASSIGNOR: DKVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

[Signatures Continued On Next Page]

[Signatures Continued From Previous Page]

ASSIGNEE: ROIC CLAREMONT CENTER II, LLC,
a Delaware limited liability company

By: ROIC CLAREMONT CENTER, LLC, a Delaware limited liability company, its sole member

By: _____

Name: John Roche
Title: Chief Financial Officer

EXHIBIT A

LEGAL DESCRIPTION

PARCEL A:

THE SOUTH 20 FEET OF LOT 21 OF THE NORTHEAST POMONA TRACT, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 461 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION LYING WESTERLY OF THE EAST LINE OF PARCEL MAP NO. 12150, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 119 PAGES 57, 58 AND 59 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

INTENTIONALLY OMITTED.

PARCEL C:

THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 16408, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 178 PAGES 56 AND 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 48.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARCEL 1, NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 526.15 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 273.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 43 MINUTES 26 SECONDS, AN ARC DISTANCE OF 122.57 FEET TO A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 327.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 29 MINUTES 47 SECONDS, AN ARC DISTANCE OF 145.51 FEET; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 SOUTH 89 DEGREES 50 MINUTES 05 SECONDS EAST, 67.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAV ING A RADIUS OF 25.00 FEET;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 07 MINUTES 48 SECONDS, AN ARC DISTANCE OF 23.18 FEET; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 1, SOUTH 00 DEGREES 09 MINUTES 55 SECONDS WEST, 380.20 FEET; THENCE

ALONG THE SOUTHERLY LINE OF SAID PARCEL 1, SOUTH 89 DEGREES 56 MINUTES 16 SECONDS WEST, 871.02 FEET; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 00 DEGREES 03 MINUTES 44 SECONDS WEST, 450.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL D:

EASEMENTS FOR THE LOCATION, PLACEMENT, OPERATION AND MAINTENANCE OF A PYLON SIGN AND FOR UTILITY INSTALLATION AND FOR INGRESS AND EGRESS THERETO, OVER THAT PORTION OF PARCELS 2 AND 3 OF PARCEL MAP NO. 25647, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 296 PAGES 53 TO 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LOCATED ESSENTIALLY AS DEPICTED ON EXHIBIT "B" OF INSTRUMENT RECORDED SEPTEMBER 17, 2002 AS INSTRUMENT NO. 02-2176000, OFFICIAL RECORDS.

EXHIBIT F

FORM OF ESTOPPEL AFFIDAVIT
(Conveyance-in-Lieu of Foreclosure)

STATE OF CALIFORNIA)
) SS.
COUNTY OF)

Donald P. Knapp and Dale K. Lenington, each an individual (each an "**Affiant**") for himself, deposes and says:

Affiant Donald P. Knapp is the manager and sole member of DKVCMT, LLC, a Delaware limited liability company, and Affiant Dale K. Lenington is the manager and sole member of DLVCMT, LLC, a Delaware limited liability company.

DKVCMT, LLC, a Delaware limited liability company, and DLVCMT, LLC, a Delaware limited liability company are collectively referred to herein as "**Grantor**".

Grantor is the identical party who made, executed, and delivered that certain Grant Deed in Lieu of Foreclosure (the "**Grant Deed**") to ROIC CLAREMONT CENTER II, LLC, a Delaware limited liability company, dated of even date herewith, conveying that certain Real property more particularly described on Exhibit A attached hereto (collectively, the "**Real Property**").

That the Grant Deed is intended to be and is an absolute conveyance of the title to the Real Property to the grantee named therein, and was not and is not now intended as a mortgage, trust conveyance, or security of any kind; that it is/was the intention of each Affiant, as manager and sole member of the applicable Grantor, as well as the intention of Grantor by the Grant Deed to convey, and by the Grant Deed, Grantor did convey to the grantee therein, all of Grantor's rights, title and interest absolutely in and to the Real Property; that possession of the Real Property has been surrendered to the grantee;

That in the execution and delivery of the Grant Deed, Grantor was not acting under any misapprehension as to the effect thereof, and acted freely and voluntarily and was not acting under coercion or duress;

That possession of the Real Property has been surrendered to the grantee named in the Grant Deed;

That the consideration to Grantor for the Grant Deed was and is the covenant not to sue and other consideration set forth in that certain Conveyance in Lieu of Foreclosure Agreement dated as of (the "**Agreement**"), executed by Grantor, ROIC Claremont Center LLC, Delaware limited liability company ("**Lender**"), and the other parties named therein; that at the time of making the Grant Deed, Affiant believed and now believes that the aforesaid consideration therefor represents the fair value of the Real Property so deeded;

This affidavit is made for the protection and benefit of the grantee in the Grant Deed, and such grantee's successors and assigns, and all other parties hereafter dealing with or who may acquire an interest in the Real Property herein described, and particularly for the benefit of Chicago Title Company which is about to insure the title to the Real Property in reliance thereon, and any other title company which may hereafter insure the title to the Real Property;

That Affiant will testify, declare, depose or certify under penalty of perjury before any competent tribunal, officer, or person, in any case now pending or which may hereafter be instituted, to the truth of the particular facts hereinabove set forth.

This Estoppel Affidavit may be executed in any number of counterparts so long as each signatory hereto or thereto executes at least one such counterpart. Each such counterpart shall constitute one original but all such counterparts taken together shall constitute one and the same instrument.

The Affiant agrees that faxed or scanned (i.e., portable document format (.pdf)) signatures may be used to expedite the transaction contemplated by this Estoppel Affidavit. Each party intends to be bound by its faxed or scanned signature and each is aware that the parties to whom this Estoppel Affidavit is delivered will rely on the faxed or scanned signature and each acknowledges such reliance and waives any defenses to the enforcement of the documents effecting the transaction contemplated by this Estoppel Affidavit based on a faxed or scanned signature.

The lack of a notary acknowledgment with respect to any signatory shall not alter or reduce the effectiveness of this Estoppel Affidavit.

_____

Donald P. Knapp, an individual

_____

Dale K. Lenington, an individual

STATE OF _____ }
} SS.
COUNTY OF _____ }

On _____, before me, _____, personally appeared Donald P. Knapp who 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 _____ (Seal)

STATE OF _____ }
} SS.
COUNTY OF _____ }

On _____, before me, _____, personally appeared Dale K. Lenington who 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 _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

PARCEL A:

THE SOUTH 20 FEET OF LOT 21 OF THE NORTHEAST POMONA TRACT, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 461 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION LYING WESTERLY OF THE EAST LINE OF PARCEL MAP NO. 12150, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 119 PAGES 57, 58 AND 59 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

INTENTIONALLY OMITTED.

PARCEL C:

THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 16408, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 178 PAGES 56 AND 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 48.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARCEL 1, NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 526.15 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 273.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 43 MINUTES 26 SECONDS, AN ARC DISTANCE OF 122.57 FEET TO A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 327.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 29 MINUTES 47 SECONDS, AN ARC DISTANCE OF 145.51 FEET; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 SOUTH 89 DEGREES 50 MINUTES 05 SECONDS EAST, 67.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAV ING A RADIUS OF 25.00 FEET;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 07 MINUTES 48 SECONDS, AN ARC DISTANCE OF 23.18 FEET; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 1, SOUTH 00 DEGREES 09 MINUTES 55 SECONDS WEST, 380.20 FEET; THENCE

ALONG THE SOUTHERLY LINE OF SAID PARCEL 1, SOUTH 89 DEGREES 56 MINUTES 16 SECONDS WEST, 871.02 FEET; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 00 DEGREES 03 MINUTES 44 SECONDS WEST, 450.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL D:

EASEMENTS FOR THE LOCATION, PLACEMENT, OPERATION AND MAINTENANCE OF A PYLON SIGN AND FOR UTILITY INSTALLATION AND FOR INGRESS AND EGRESS THERETO, OVER THAT PORTION OF PARCELS 2 AND 3 OF PARCEL MAP NO. 25647, IN THE CITY OF CLAREMONT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 296 PAGES 53 TO 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LOCATED ESSENTIALLY AS DEPICTED ON EXHIBIT "B" OF INSTRUMENT RECORDED SEPTEMBER 17, 2002 AS INSTRUMENT NO. 02-2176000, OFFICIAL RECORDS.

EXHIBIT F-1

FORM OF RELEASE OF LENDER

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, DKVCMT, LLC and DLVCMT, LLC, each a Delaware limited liability (individually and collectively referred and jointly and severally obligated as "**Borrower**"), and DONALD P. KNAPP and DALE K. LENINGTON, each an individual (individually and collectively referred and jointly and severally obligated as "**Guarantor**"), hereby agree as follows:

1. Borrower and Guarantor do hereby fully, forever and irrevocably release, discharge and acquit each and all of (i) ROIC Claremont Center, LLC, a Delaware limited liability company ("**Lender**"), and (ii) ROIC Claremont Center II, LLC, a Delaware limited liability company ("**Buyer**"), and each and all of Lender's and Buyer's respective past and present affiliates, and the respective past and present officers, directors, shareholders, agents, and employees of each and all of the foregoing entities, and each and all of their respective predecessors, successors, heirs, and assigns, and any other person or entity now, previously, or hereafter affiliated with any or all of the foregoing entities (Lender, Buyer and each and all said affiliates, officers, directors, shareholders, agents and employees shall be collectively referred to herein below as the "**Lender Released Parties**" and each such reference shall refer jointly and severally to Lender, Buyer and such other persons and entities), of and from any and all rights, claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or any relationship, acts, omissions, misfeasance, malfeasance, cause or causes of action, debts, sums of money, accounts, compensations, contracts, controversies, promises, damages, costs, losses and expenses of every type, kind, nature, description or character, and irrespective of how, why, or by reason of what facts, whether heretofore or now existing, or that could, might, or may be claimed to exist, of whatever kind or name, whether known or unknown, suspected or unsuspected, liquidated or unliqu idated, claimed or unclaimed, whether based on contract, tort, breach of any duty, or other legal or equitable theory of recovery, each as though fully set forth herein at length (collectively a "**Claim**" or the "**Claims**") which arise from, in respect of, in connection with, out of, or relate to the Loan or the Loan Documents or the administration thereof, or the Property or any other collateral for the Loan, as well as any action or inaction of the Released Parties or any of them with respect to the Loan or the administration thereof arising or occurring on or before the date hereof.

For the avoidance of doubt, the aforementioned Release shall not apply to any Claim Borrower or Guarantor may have against Bank of America, N.A. and/or Countrywide Commercial Real Estate, Inc., but such Release expressly includes any Claim that Borrower and Guarantor may have against Lender including, without limitation, Claims against Lender as successor in interest to Bank of America, N.A. and/or Countrywide Commercial Real Estate, Inc. with respect to the Loan.

2. Borrower and Guarantors irrevocably covenant and agree that they shall forever refrain from initiating, filing, instituting, maintaining, or proceeding upon, or encouraging,

advising or voluntarily assisting any other person or entity to initiate, institute, maintain or proceed upon any Claim of any nature whatsoever released in Paragraph 1 above.

3. Borrower and Guarantors represent and warrant that they are the owners of and have not assigned, sold, transferred, or otherwise disposed of any of the Claims released in paragraph 1 above.

4. Borrower and Guarantors represent and warrant that they have the authority and capacity to execute this Release.

5. As further consideration for this Release, Borrower and each Guarantor, for itself, its successors and its assigns, hereby agrees, represents, and warrants that the matters released herein are not limited to matters that are known or disclosed, and Borrower and each Guarantor hereby waives any and all rights and benefits that it now has, or in the future may have, conferred upon it by virtue of any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Section 1542 of the Civil Code of the State of California, which Section provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.
>
> BORROWER AND GUARANTOR ASSUME THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES AND OBLIGATIONS WHICH ARE RELEASED BY THIS RELEASE IN FAVOR OF THE LENDER RELEASED PARTIES, AND BORROWER AND GUARANTORS HEREBY EXPRESSLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE AND RELEASE ALL RIGHTS AND BENEFITS WHICH IT, HE OR SHE MIGHT OTHERWISE HAVE WITH REGARD TO THE RELEASE OF THE LENDER RELEASED PARTIES SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, AND OBLIGATIONS. TO THE EXTENT (IF ANY) SUCH LAWS MAY BE APPLICABLE, BORROWER AND GUARANTOR EXPRESSLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE AND RELEASE, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY RIGHT OR DEFENSE WHICH IT, HE OR SHE MIGHT OTHERWISE HAVE UNDER ANY OT HER LAW OR ANY APPLICABLE JURISDICTION, WHICH MIGHT LIMIT OR RESTRICT THE EFFECTIVENESS OR SCOPE OF ANY WAIVERS OR RELEASES UNDER THIS RELEASE.

6. It is understood and agreed that the acceptance of delivery of this Release by the Released Parties shall not be deemed or construed as an admission of liability by any Released Parties, and each such party hereby expressly denies liability of any nature whatsoever arising from or related to the subject of this Release.

7. Borrower and Guarantor hereby agrees, represents, and warrants that it has had advice of counsel of its own choosing in negotiations for and the preparation of this Release, that it has read this Release or has had the same read to them by its counsel, that it has had this Release fully explained by such counsel, and that it is fully aware of its content and legal effect. This Release may be pleaded as a full and complete defense to or be used as the basis for an injunction against any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Release. Borrower expressly agrees that the customary rule of contract interpretation to the effect that ambiguities are to be construed or resolved against the drafti ng party shall not be employed in the interpretation or construction of this Release.

8. In the event an action is brought arising out of an alleged breach of this Release, the prevailing party in said action will be entitled to recover from the breaching party, in addition to any other relief provided by the law, such costs and expenses as may be incurred by the prevailing party, including court costs and reasonable attorneys' fees and disbursements and other reasonable costs and expenses.

9. This Release will be binding upon and for the benefit of the parties hereto and their respective successors, heirs, devisees, executors, affiliates, representatives, assigns, officers, agents, and employees wherever the context requires or admits (but shall in no event extend to any owner of the Property of any part thereof).

10. This Release is governed by and shall be construed under the laws of the State of California.

11. This Release may be executed by facsimile or other electronic means, and in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. The lack of a notary acknowledgment with respect to any signatory shall not alter or reduce the effectiveness of this Release of Lender.

12. Initially capitalized terms not defined herein shall have the meaning ascribed to such terms in that certain Conveyance in Lieu of Foreclosure Agreement dated as of September ___, 2010 executed by Borrower, Guarantor and Lender.

[Signatures on Next Page]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Release as of the date and year first written above.

BORROWER:

DKVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

GUARANTOR:

_____
Donald P. Knapp, an individual

_____
Dale K. Lenington, an individual

STATE OF _____ }
} SS.
COUNTY OF _____ }

On _____, before me, _____, personally appeared Donald P. Knapp who 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 _____ (Seal)

STATE OF _____ }
} SS.
COUNTY OF _____ }

On _____, before me, _____, personally appeared Dale K. Lenington who 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 _____ (Seal)

EXHIBIT F-2

FORM OF RELEASE OF BORROWER PARTIES

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, ROIC CLAREMONT CENTER LLC, a Delaware limited liability company ("**Lender**") for itself and for its successors and assigns, hereby agrees as follows:

1. So long as no Triggering Event (as hereinafter defined) has occurred, Lender hereby fully, forever and irrevocably releases, discharges and acquits each and all of DKVCMT, LLC, a Delaware limited liability company, DLVCMT, LLC, a Delaware limited liability company, DONALD P. KNAPP, an individual, and DALE K. LENINGTON, an individual (individually and collectively, the "**Borrower Parties**", and each such reference shall refer individually and collectively to each and all of the Borrower Parties) and each and all of their respective past and present officers, directors, shareholders, agents, and employees, as applicable (the Borrower Parties and each and all said officers, directors, shareholders, agents and employees s hall be collectively referred to herein below as the "**Released Parties**" and each such reference shall refer jointly and severally to each and all of the Borrower Parties and such officers, directors, shareholders, agents and employees) of and from any and all rights, claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or any relationship, acts, omissions, misfeasance, malfeasance, cause or causes of action, debts, sums of money, accounts, compensations, contracts, controversies, promises, damages, costs, losses and expenses of every type, kind, nature, description or character, and irrespective of how, why, or by reason of what facts, whether heretofore or now existing, or that could, might, or may be claimed to exist, of whatever kind or name, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, claimed or unclaimed, whether based on contract, tort, breach of any duty, or other lega l or equitable theory of recovery, each as though fully set forth herein at length (collectively a "**Claim**" or the "**Claims**") which arise under or are evidenced by the Loan Documents. The aforementioned Release shall not apply to any Claims that Lender may have under (a) that certain Conveyance in Lieu of Foreclosure Agreement dated as of September__, 2010 executed by Borrower Parties and Lender (the "**Agreement**") and (b) that certain Environmental Indemnity Agreement dated as of June 28, 2007 executed by Donald P. Knapp, an individual, and Dale K. Lenington, an individual, in favor of Lender's predecessor in interest; provided, however, Lender acknowledges and agrees that Donald P. Knapp, an individual, and Dale K. Lenington, an individual, shall not have any liability under the aforementioned Environmental Indemnity Agreement with respect to matters solely relating to acts or omissions that first occur after Closing. For the avoidance of doubt, subject to the Lender's covenant not to sue set forth in Section 5.1 of the Agreement, the Borrower's obligations under the Note and the other Loan Documents remain in full force and effect, to enable Lender to foreclose the Deed of Trust if Lender elects to do so in Lender's sole and absolute discretion.

2. "**Triggering Event**" shall mean any or all of the following:

(a) (i) The occurrence of any voluntary Bankruptcy Action within twelve (12) months after the date hereof, or (ii) the occurrence of any Bankruptcy Action at any time that results in a rescission of the transfer of any interest, whether direct or indirect, in the Property to Buyer or any determination that any interest, whether direct or indirect, in the Property was fraudulently conveyed to Buyer. For the purposes hereof, "**Bankruptcy Action**" means (i) the filing by any Borrower Party of a voluntary petition for relief under any present or future, federal, state or other statute or law governing bankruptcy, insolvency or the rehabilitation or liquidation of insurers (collectively, the "**Bankruptcy Code**") or the adjudication of any Borrower Party as a debtor, bankrupt or insolvent, or (ii) the filing by any Borrower Party of any petition or answer seeking or consenting to or acquiescing in any order for relief, reorganization, rehabilitation, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Bankruptcy Code, or (iii) the filing by any Borrower Party of an answer admitting or failing to deny the material allegations of a petition against any Borrower Party for any such relief, or (iv) the failure within twenty (20) days after the commencement of any involuntary proceeding against any Borrower Party, whether commenced by the filing of a petition or otherwise, seeking any order for relief, reorganization, rehabilitation, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Bankruptcy Code, to have such proceeding discharged, stayed or dismissed, or (v) th e failure by any Borrower Party, within ninety (90) days after the appointment (without the consent or acquiescence of such Borrower Party) of any trustee, conservator, receiver or liquidator of or for any Borrower Party, to have such an appointment vacated or otherwise discharged;

(b) any Borrower Party or its affiliate shall file any complaint, cross complaint, answer or other pleading of any type or nature by which any Borrower Party or its affiliate or any successor-in-interest thereto seeks to enjoin, restrain or otherwise interfere with the completion of any sale under, or any power of sale contained in, the Deed of Trust;

(c) any Borrower Party violates the terms of Section 2 of that certain Release of Lender, dated as of the date hereof, executed by the Borrower Parties for the benefit of the Lender Parties by, among other things, bringing any claims or suits against a Lender Party; or

(d) the failure of any of representation or warranty made by any Borrower Party in the Agreement or any of the Closing Documents to be true and correct when made.

3. As further consideration for this Release, Lender, for itself, its successors and its assigns, hereby agree, represent, and warrant that the matters released herein are not limited to matters that are known or disclosed, and Lender hereby waives any and all rights and benefits that it now has, or in the future may have, conferred upon it by virtue of any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Section 1542 of the Civil Code of the State of California, which Section provides as follows:

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

LENDER ASSUMEs THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES AND OBLIGATIONS WHICH ARE RELEASED BY THIS RELEASE IN FAVOR OF THE RELEASED PARTIES, AND LENDER HEREBY EXPRESSLY, UNCONDITIONALLY AND IRREVOCABLY WAIVES AND RELEASE ALL RIGHTS AND BENEFITS WHICH IT, HE OR SHE MIGHT OTHERWISE HAVE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, AND OBLIGATIONS. TO THE EXTENT (IF ANY) SUCH LAWS MAY BE APPLICABLE, LENDER EXPRESSLY, UNCONDITIONALLY AND IRREVOCABLY WAIVES AND RELEASES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY RIGHT OR DEFENSE WHICH IT, HE OR SHE MIGHT OTHERWISE HAVE UNDER ANY OTHER LAW OR ANY APPLICABLE JURISDICTION, WHICH MIGHT LIMIT OR RESTRICT THE EFFECT IVENESS OR SCOPE OF ANY WAIVERS OR RELEASES UNDER THIS RELEASE.

4. The release set forth in Paragraph 1 above shall not constitute a waiver of, nor shall it apply to, any claim, demand, liability, indebtedness, breach of contract, breach of duty or any relationship, act, omission, misfeasance, malfeasance, cause of action, debt, sum of money, account, compensation, contract, controversy, promise, damage, cost, loss or expense not expressly identified in Paragraph 1. The release set forth in Paragraph 1 above shall be for the sole and exclusive benefit of the Borrower Parties and no other person or entity shall have any rights therein.

5. It is understood and agreed that the acceptance of delivery of this Release by the Released Parties shall not be deemed or construed as an admission of liability by any Released Parties, and each such party hereby expressly denies liability of any nature whatsoever arising from or related to the subject of this Release.

6. Lender hereby agrees, represents, and warrants that it has had advice of counsel of its own choosing in negotiations for and the preparation of this Release, that it has read this Release or has had the same read to them by their counsel, that it has had this Release fully explained by such counsel, and that it is fully aware of its content and legal effect. This Release may be pleaded as a full and complete defense to or be used as the basis for an injunction against any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Release. Each Lender expressly agrees that the customary rule of contract interpretation to the effect that ambiguities are to be construed or resolved against the drafting party sh all not be employed in the interpretation or construction of this Release.

7. In the event an action is brought arising out of an alleged breach of this Release, the prevailing party in said action will be entitled to recover from the breaching party, in addition to any other relief provided by the law, such costs and expenses as may be incurred by the

prevailing party, including court costs and reasonable attorneys' fees and disbursements and other reasonable costs and expenses.

8. This Release will be binding upon and for the benefit of the parties hereto and their respective successors, heirs, devisees, executors, affiliates, representatives, assigns, officers, agents, and employees wherever the context requires or admits.

9. This Release is governed by and shall be construed under the laws of the State of California.

10. This Release may be executed by facsimile or other electronic means, and in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

11. Initially capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Release of Borrower Parties on the date and year first written above.

LENDER:

ROIC CLAREMONT CENTER LLC,

a Delaware limited liability company

By: _____
Name: John Roche
Title: Chief Financial Officer

EXHIBIT G

FORM OF REQUEST FOR DISMISSAL

[TO BE ATTACHED]

EXHIBIT H

FORM OF FEDERAL CERTIFICATION OF NON-FOREIGN STATUS

To inform _____, a Delaware limited liability company (the "**Transferee**") that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("**Code**") will not be required upon the transfer of certain real property to Transferee by CM Stanford, LLC, a Delaware limited liability company (the "**Transferor**"), the undersigned hereby certifies the following on behalf of the Transferor:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Transferor's U.S. tax identification number is _____

3. The Transferor's office address is 40941 Tonapah Road, Rancho Mirage, California 92270.

4. The Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Code.

The Transferor understands that this Certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

The Transferor understands that the Transferee is relying on this Certification in determining whether withholding is required upon said transfer.

Under penalty of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Date: _____, 2010

_____

By: _____
Name: _____
Title: _____

EXHIBIT I

FORM OF CALIFORNIA FORM 590

[See Attached]

EXHIBIT J

FORM OF TENANT NOTIFICATION LETTER

_____, 2010

_____
_____
_____

Re: Lease Agreement dated _____ for Suite No. ___

Dear Sir or Madam:

You are hereby informed that the undersigned has today sold the above-described property in which you lease space, and has assigned its interest as lessor under the above-described lease ("**Lease**") to ROIC Claremont Center II, LLC, Attention: _____, Phone No. _____. Effective this date, all payments coming due under the Lease, and all notices or demands given or made pursuant to the Lease, should be delivered to at the following address:

ROIC Claremont Center II, LLC
c/o Retail Opportunity Investments Corp.
3 Manhattanville Road, 2nd Floor
Purchase, New York 10577
Attention: Chief Financial Officer

[Signatures on Next Page]

Very truly yours,

DKVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

DLVCMT, LLC, a Delaware limited liability company

By: _____
Donald P. Knapp, Manager

CONVEYANCE IN LIEU AGREEMENT

by and between

DKVCMT, LLC and DLVCMT, LLC, each a Delaware limited liability company,

and

ROIC CLAREMONT CENTER, LLC, a Delaware limited liability company

TABLE OF CONTENTS

LIST OF EXHIBITS

EXHIBIT 31.1

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: November 4, 2010

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

EXHIBIT 31.2

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: November 4, 2010

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

EXHIBIT 32.1

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 September 30, 2010 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 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 September 30, 2010 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2010

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

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

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