UNITED STATES
SECURITIES AND EXCHANGE COMMISSIONa
Washington, DC 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009
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	**10577**
Purchase, New York	(*Zip code*)
(Address of principal executive offices)	

Registrant's telephone number, including area code:
(914) 272-8080

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $0.0001 par value per share	**The NASDAQ Stock Market LLC**
Warrants, exercisable for Common Stock at an exercise price of $12.00 per share	**The NASDAQ Stock Market LLC**
Units, each consisting of one share of Common Stock and one Warrant	**The NASDAQ Stock Market LLC**

Securities Registered Pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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. (Check one):

Large accelerated filer	Accelerated filer	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 ☒

The aggregate market value of the common equity held by non affiliates of the registrant as of June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter, was $401,166,000 (based on the closing sale price of the registrant's common stock on that date as reported on the NYSE Amex).

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 March 11, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the registrant's 2010 Annual Meeting, to be filed within 120 days after the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

RETAIL OPPORTUNITY INVESTMENTS CORP.
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Statements Regarding Forward-Looking Information

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

- our ability to identify and acquire retail real estate and real estate-related debt investments that meet our investment standards in our target markets and the time period required for us to acquire our initial portfolio of its target assets;
- the level of rental revenue and net interest income we achieve from our target assets;
- the market value of our assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which we invest;
- the length of the current economic downturn;
- the conditions in the local markets in which we will operate, as well as changes in national economic and market conditions;
- consumer spending and confidence trends;
- our ability to enter into new leases or to renew leases with existing tenants at the properties we acquire at favorable rates;
- our ability to anticipate changes in consumer buying practices and the space needs of tenants;
- the competitive landscape impacting the properties we acquire and their tenants;
- our relationships with our tenants and their financial condition;
- our use of debt as part of our financing strategy and our ability to make payments or to comply with any covenants under any borrowings or other debt facilities we obtain;
- the level of our operating expenses, including amounts we are required to pay to our management team and to engage third party property managers;
- changes in interest rates that could impact the market price of our common stock and the cost of our borrowings; and
- legislative and regulatory changes (including changes to laws governing the taxation of real estate investment trusts ("REITs")).

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

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

In this Annual Report on Form 10-K, unless the context requires otherwise, all references to "our company," "we," "our," and "us" means Retail Opportunity Investments Corp.(f/k/a NRDC Acquisition Corp.) and one or more of our subsidiaries, including our operating partnership.

PART I

Item 1. *Business*

The Company

Retail Opportunity Investments Corp., 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. On August 7, 2009, we entered into the Framework Agreement (the "Framework Agreement") with NRDC Capital Management, LLC, which, among other things, sets forth the steps to be taken by us to continue our business as a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010. On October 20, 2009, our 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 our second amended and restated certificate of incorporation, as amended (our "certificate of incorporation").

Following the consummation of the Framework Transactions on October 20, 2009, our business has been primarily focused on investing in, acquiring, owning, leasing, repositioning and managing a diverse portfolio of necessity-based retail properties, including, primarily, well located community and neighborhood shopping centers, anchored by national or regional supermarkets and drugstores. Although not our primary focus, we may also acquire other retail properties, including power centers, regional malls, lifestyle centers and single-tenant retail locations, that are leased to national, regional and local tenants. We target properties strategically situated in densely populated, middle and upper income markets in the eastern and western regions of the United States. In addition, we may supplement our direct purchases of retail properties with first mortgages or second mortgages, mezzanine loans, bridge or other loans and debt investments related to retail properties, which are referred to collectively as "real estate-related debt investments," in each case provided that the underlying real estate meets our criteria for direct investment. Our primary focus with respect to real estate-related debt investments is to capitalize on the opportunity to acquire control positions that will enable us to obtain the asset should a default occur. These properties and investments are referred to as our target assets. We are organized in a traditional umbrella partnership real estate investment trust ("UpREIT") format pursuant to which Retail Opportunity Investments GP, LLC, our wholly-owned subsidiary, serves as the general partner of, and we conduct substantially all of our business through, our operating partnership subsidiary, Retail Opportunity Investments Partnership, LP, a Delaware limited partnership (our "operating partnership"), and its subsidiary.

Acquisitions; Subsequent Events

On December 22, 2009, we acquired a shopping center located in Paramount, Los Angeles County, California (the "Paramount Property") for $18.1 million. The Paramount Property is a 95,000 square foot, recently renovated, shopping center with an overall occupancy rate of approximately 95.0%. The Paramount Property has three major anchor tenants, Fresh & Easy Neighborhood Market (Tesco), Rite Aid and T.J. Maxx. The Paramount Property, which complements our acquisition strategy, is located in a densely populated area, with approximately 215,000 people living within a five-mile radius of the Paramount Property.

On January 26, 2010, we 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, with an overall occupancy rate of approximately 91.0%. The Santa Ana Property has two major anchor tenants, including Food 4 Less and FAMSA Furniture Store. The Santa Ana Property is located in a densely populated area, with over 660,000 people living within a five-mile radius.

On February 1, 2010, we 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 Meridian Valley Property is located in a densely populated area, with over 180,000 people living within a five-mile radius.

On February 2, 2010, we completed the acquisition of the Phillips Ranch Shopping Center, a neighborhood center located in Pomona, California (the "Phillips Ranch Property"), for an aggregate purchase price of approximately $7.4 million, a portion of the proceeds of which was used to extinguish an existing $18.5 million deed of trust on the Phillips Ranch Property. The Phillips Ranch Property was acquired by ROIC Phillips Ranch, LLC, pursuant to a purchase and sale agreement, dated February 2, 2010, by and among CMP Phillips Associates, LLC and MCC Phillips, LLC (the "Phillips Ranch Seller"), as seller, and ROIC Phillips Ranch, LLC, as purchaser. Our operating partnership holds a 99.97% and MCC Realty III, LLC, an affiliate of the Phillips Ranch Seller, a 0.03% Class A membership interest in ROIC Phillips Ranch, LLC. The Phillips Ranch Property is a 125,554 square foot neighborhood center.

On December 15, 2009, we entered into a purchase and sale agreement with PBS Associates, LLC (the "Aurora Seller") to acquire a property known as the Aurora Shopping Center, located in Seattle, Washington. The estimated total purchase price was to be $23 million which included the Company assuming $2.5 million of the Aurora Seller's obligation on an existing loan. In accordance with the terms of this agreement, $0.5 million was deposited into an interest-bearing escrow account with the Title Company during January 2010. On January 20, 2010, there was an amendment to the agreement dated December 15, 2009 to reduce the total purchase price to $22.9 million.

On March 11, 2010, we completed the acquisition of a shopping center located in Lake Stevens, Snohomish County, Washington (the "Lake Stevens Property"), for an aggregate purchase price of approximately $16.2 million. The Lake Stevens Property is a shopping center of approximately 74,130 square feet, is 100% occupied and anchored by Haggen Food & Pharmacy. The Lake Stevens Property is located in an area with over 96,000 people within a five mile radius having an average household income of approximately $79,000.

Investment Strategy

We believe that the current market environment in the retail real estate sector presents a significant and growing opportunity to acquire assets from owners and to aggressively reposition and manage the assets to profitable returns, offering us the potential to achieve attractive risk adjusted returns for our stockholders over time primarily through dividends and secondarily through capital appreciation. To identify attractive opportunities within our target assets, we rely on the expertise and experience of our management team. We utilize our management team's extensive contacts in the U.S. real estate market to source investment opportunities, in particular through access to both distressed and more conventional sellers such as banks, institutions, REITs, property funds, other companies and private investors.

In implementing our investment strategy, we utilize our management team's expertise in identifying undervalued real estate and real estate-related debt investments with a focus on the retail sector. We believe that the key factors to determining current value and future growth potential include the ability to identify the fundamental qualities of an individual asset, understand the inherent strengths and weaknesses of a market, utilize local market knowledge to identify sub-market drivers and trends, and understand how to mitigate appropriate risks prior to the acquisition of an asset. We seek to target assets where our management team believes there is an opportunity to lease-up vacant space, renew or release expiring leases and take advantage of economies of scale achieved in the management and leasing of properties acquired and developed within our target markets, and redesign and reposition properties that maximize rental revenues and property potential. We believe that our management team's, acquisition process and operational expertise provides us with the capability to identify and properly underwrite investment opportunities.

We also believe that in the current market, we may have opportunities to acquire properties from sellers not able to refinance maturing debt as well as acquire properties arising out of foreclosure sales or owned by lenders following foreclosures. In addition, we may find opportunities to acquire properties with deferred capital expenditures, design flaws or other perceived risks, such as tenancy issues or near-term lease expirations. Further,

we may find opportunities in incomplete projects held by undercapitalized and/or defaulting developers or partially leased complexes with inexperienced management unable to achieve market occupancy.

With respect to real estate-related debt investments, our primary focus is opportunities to acquire control positions that will enable us to obtain the asset should a default occur, provided that the underlying real estate meets our criteria for direct investment.

Our aim is to seek to provide a diversification of asset classes, tenant exposures, lease terms and locations as our portfolio expands. In order to capitalize on the changing sets of investment opportunities that may be present in the various points of an economic cycle, we may expand or refocus our investment strategy by emphasizing investments in different parts of the capital structure and different areas of the real estate sector. Our investment strategy may be amended from time to time, if approved by our board of directors. We are not required to seek stockholder approval when amending our investment strategy.

Our Operating Strategy

Enhancing rental and capital growth of real estate assets through active asset management

We intend to directly manage the condition of our retail properties and their relative attractiveness to tenants. We believe that the value of the real estate assets that we invest in should be relatively better able to withstand market downturns, and well placed to benefit from upwards valuations when the cycle recovers.

Our intention is to improve income profiles and add value to our real estate portfolio through our management team's proven asset management techniques, which include:

- Understanding tenants' needs, and restructure leases, for example, remove tenant break clauses to extend lease terms;
- Seeking opportunities to increase the likelihood of tenants remaining in occupancy when lease expirations occur by enhancing the experience of occupying a particular property wherever possible, for instance by improving parking and facilities;
- Making cost effective cosmetic and functional improvements; and
- Monitoring expenses and prudently carrying out capital expenditures.

Repositioning and Management of Real Estate Assets

We follow an approach of renovating, re-merchandising and re-tenanting real estate assets to their highest operating efficiency:

- *Renovation.* Renovate assets from unappealing strip malls to visually and functionally attractive retail centers that draw stable tenants and loyal consumers;
- *Re-merchandising.* Position the property to meet the needs of consumers, while creating a complementary offering of tenant merchandise;
- *Re-tenanting.* Utilize existing relationships with tenants to sign leases that optimize stable income patterns, high occupancy, tenant flexibility and opportunities for rent growth; and
- *Property and Risk Management.* Employ internal controls to achieve predictable revenues, monitor expenses and prudently carry out capital expenditures, ensuring short-term cash flows and long-term value.

Dispositions

There were no real estate dispositions during 2009.

Our Financing Strategy

During 2009, we did not incur any financing in connection with our operations or the acquisition of property. We purchased our property for cash. In the future, we intend, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of our target assets and the diversification of our portfolio. We intend to use traditional forms of financing, including mortgage financing and credit facilities. In addition, in connection with the acquisition of properties, we may assume all or a portion of the existing debt on such properties.

Business Segments

We operate in one industry segment which involves, investing in, acquiring, owning, and managing commercial real estate in the United States. Accordingly, we believe we have a single reportable segment for disclosure purposes.

Regulation

The following discussion describes certain material U.S. federal laws and regulations that may affect our operations and those of our tenants. However, the discussion does not address state laws and regulations, except as otherwise indicated. These state laws and regulations, like the U.S. federal laws and regulations, could affect our operations and those of our tenants.

Generally, real estate properties are subject to various laws, ordinances and regulations. Changes in any of these laws or regulations, such as the Comprehensive Environmental Response and Compensation Liability Act, increase the potential liability for environmental conditions or circumstances existing or created by tenants or others on the properties. In addition, laws affecting development, construction, operation, upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss of real estate property sites or other impairments to operations, which would adversely affect our cash flows from operating activities.

Under the Americans with Disabilities Act of 1990 (the "Americans with Disabilities Act") all places of public accommodation are required to meet certain U.S. federal requirements related to access and use by disabled persons. A number of additional U.S. federal, state and local laws also exist that may require modifications to properties, or restrict certain further renovations thereof, with respect to access thereto by disabled persons. Noncompliance with the Americans with Disabilities Act could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature and in substantial capital expenditures. To the extent our properties are not in compliance, we may incur additional costs to comply with the Americans with Disabilities Act.

Property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

Environmental Matters

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at or emanating from such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in connection with such releases. Certain of these laws have been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The failure to properly remediate the property may also adversely affect the owner's ability to lease, sell or rent the property or to borrow funds using the property as collateral.

In connection with the ownership, operation and management of our current properties and any properties that we may acquire and/or manage in the future, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we conduct an environmental assessment of each property prior to acquisition and manage our properties in accordance with environmental laws while we own or operate them. All of

our leases contain a comprehensive environmental provision that requires tenants to conduct all activities in compliance with environmental laws and to indemnify the owner for any harm caused by the failure to do so. In addition, we have engaged qualified, reputable and adequately insured environmental consulting firms to perform environmental site assessments of our properties and are not aware of any environmental issues that are expected to have materially impacted the operations of any property.

Competition

We believe that competition for the acquisition, operation and development of retail properties is highly fragmented. We compete with numerous owners, operators and developers for acquisitions and development of retail properties, including institutional investors, other REITs and other owner-operators of community and neighborhood shopping centers, some of which own or may in the future own properties similar to ours in the same markets in which our properties are located. We also face significant competition in leasing available space to prospective tenants at our operating and development properties. Recent economic conditions have caused a greater than normal amount of space to be available for lease generally and in the markets in which our properties are located. The actual competition for tenants varies depending upon the characteristics of each local market (including current economic conditions) in which we own and manage property. We believe that the principal competitive factors in attracting tenants in our market areas are location, demographics, price, the presence of anchor stores and the appearance of properties.

Many of our competitors are substantially larger and have considerably greater financial, marketing and other resources than we do. Other companies may raise significant amounts of capital, and may have investment objectives that overlap with ours, which may create additional competition for opportunities to acquire assets. In the future, competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. Further, as a result of their greater resources, such entities may have more flexibility than we do in their ability to offer rental concessions to attract tenants. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose potential tenants and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire.

Employees

As of December 31, 2009, we had six employees, including four executive officers, two of whom are also members of our board of directors. Our Executive Chairman is affiliated with other entities, including NRDC Real Estate Advisors, LLC and National Realty & Development Corp. Our Executive Chairman has entered into an employment agreement with us under which he has agreed that, during the period that he remains the Executive Chairman, he will not, nor will he permit any company under his control, to acquire or make any controlling equity investment in any retail property that is at least 70% occupied and otherwise fits our investment criteria, unless he first presents the opportunity to us for purchase. This commitment is not intended to extend to acquisitions or controlling investments in non-U.S. properties or national, regional or local retailers.

Available Information

We file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports with the Securities and Exchange Commission (the "SEC"). You may obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street N.E., Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our Website is www.roireit.net. Our reports on Forms 10-K, 10-Q and 8-K, and all amendments to those reports are available free of charge on our Website as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC. The contents of our Website are not incorporated by reference herein.

Item 1A. ***Risk Factors***

Risks Related to Our Business and Operations

We operate in a highly competitive market and competition may limit our ability to acquire desirable assets.

We operate in a highly competitive market. Our profitability depends, in large part, on our ability to acquire our target assets at favorable prices and on trends impacting the retail industry in general, national, regional and local economic conditions, financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends. Many of our competitors are substantially larger and have considerably greater financial, marketing and other resources than we do. Other companies may raise significant amounts of capital, and may have investment objectives that overlap with ours, which may create additional competition for opportunities to acquire assets.

We may change any of our strategies, policies or procedures without stockholder consent, which could adversely affect our business.

We may change any of our strategies, policies or procedures with respect to acquisitions, asset allocation, growth, operations, indebtedness, financing strategy and distributions, including those related to maintaining our REIT qualification, at any time without the consent of our stockholders, which could result in making acquisitions that are different from, and possibly riskier than, the types of acquisitions described in this Annual Report on Form 10-K. A change in our strategy may increase our exposure to real estate market fluctuations, financing risk, default risk and interest rate risk. Furthermore, a change in our asset allocation could result in us making acquisitions in asset categories different from those described in this Annual Report on Form 10-K. These changes could adversely affect our financial condition, results of operations, the market price of our common stock or warrants and our ability to make distributions to the stockholders.

Our executive officers and directors are subject to potential conflicts of interest.

Our executive officers and directors face conflicts of interest. Except for Messrs. Tanz, Roche and Schoebel, none of our executive officers or directors are required to commit his full time to our affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities. In addition, except for Messrs. Tanz, Roche and Schoebel, each of our executive officers and directors is engaged in several other business endeavors and they are not obligated to contribute any specific number of hours per week to our affairs. In the course of their other business activities, our executive officers and directors may become aware of investment and business opportunities that may be appropriate for presentation to us as well as the other entities with which they are affiliated. They may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

As a result of multiple business affiliations, our executive officers and directors may have legal obligations relating to presenting opportunities to acquire one or more properties, portfolios or real estate-related debt investments to other entities. In addition, conflicts of interest may arise when our board of directors evaluates a particular opportunity. Subject to the limitations described in the employment agreements applicable to Messrs. Tanz, Roche, Schoebel and Richard Baker, our executive officers and directors may present such opportunities to the other entities to which they owe a pre-existing fiduciary duty before presenting such opportunities to us.

We have limited operating history and may not be able to successfully operate our business or generate sufficient revenue to make or sustain distributions to our stockholders.

We commenced operations upon consummation of the Framework Transactions on October 20, 2009. We cannot assure you that we will be able to operate our business successfully or implement our policies and strategies as described in this Annual Report on Form 10-K. Our ability to provide attractive risk adjusted returns to our stockholders over time is dependent on our ability both to generate sufficient cash flow to pay an attractive dividend and to achieve capital appreciation, and we cannot assure you we will do either.` There can be no assurance that we will be able to generate sufficient revenue from operations to pay our operating expenses and make distributions to stockholders.

Capital markets and economic conditions can materially affect our financial condition and results of operations and the value of our assets.

There are many factors that can affect the value of our assets, including the state of the capital markets and economy. We are currently in an economic recession which has negatively affected consumer spending and retail sales, which has adversely impacted the performance and value of retail properties in most regions in the United States. In addition, compared to the first half of 2007, the number of banks advancing new loans against U.S. commercial property has fallen substantially and that decline, together with a tightening of lending policies, has resulted in a significant contraction in the amount of debt available to fund retail properties.

These conditions have contributed to volatility of unprecedented levels. Although we will factor in these conditions in acquiring our target assets, our long term success depends in part on improving economic conditions and the eventual return of a stable and dependable financing market for retail real estate. If market conditions do not eventually improve, our financial condition and results of operations and the value of our common stock will be adversely affected.

Bankruptcy or insolvency of tenants may decrease our revenues and available cash.

In the face of the current difficult economic conditions tenant bankruptcies are on the rise compared to recent prior periods and we anticipate that additional tenants may declare bankruptcy or become insolvent in the future. In the case of many retail properties, the bankruptcy or insolvency of a major tenant could cause us to suffer lower revenues and operational difficulties, and could allow other tenants to exercise so-called "kick-out" clauses in their leases and terminate their lease or reduce their rents prior to the normal expiration of their lease terms. As a result, the bankruptcy or insolvency of a major tenant could result in a lower level of net income and funds available for the payment of indebtedness or for distribution to stockholders.

Inflation or deflation may adversely affect our financial condition and results of operations.

Increased inflation could have a pronounced negative impact on our mortgages and interest rates and general and administrative expenses, as these costs could increase at a rate higher than our rents. Inflation could also have an adverse effect on consumer spending which could impact our tenants' sales and, in turn, our percentage rents, where applicable. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that a public building be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to stockholders.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether compliance with the requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

We expect to acquire additional properties and this may create risks.

We expect to acquire additional properties consistent with our investment strategies. We may not, however, succeed in consummating desired acquisitions on time or within budget. In addition, we may face competition in pursuing acquisition opportunities that could increase our costs. When we do pursue a project or acquisition, we may not succeed in leasing newly acquired properties at rents sufficient to cover our costs of acquisition or in operating the businesses we acquired. Difficulties in integrating acquisitions may prove costly or time-consuming and could result in poorer than anticipated performance. We may also abandon acquisition opportunities that we

have begun pursuing and consequently fail to recover expenses already incurred. Furthermore, acquisitions of new properties will expose us to the liabilities of those properties, some of which we may not be aware of at the time of acquisition.

Factors affecting the general retail environment could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our shopping centers, and in turn, adversely affect us.

We expect our properties and our real estate-related debt investments to be focused on the retail real estate market. This means that we will be subject to factors that affect the retail environment generally, including the level of consumer spending and consumer confidence, the threat of terrorism and increasing competition from online retail websites and catalog companies. We believe that retail real estate assets are currently exhibiting distress with weak fundamentals and a smaller and more conservative available capital pool. Consumers are spending less money, many tenants are credit impaired, rents are in decline, capitalization rates are expanding and transaction volume is down significantly. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our shopping centers, and in turn, adversely affect us.

As a result of current economic conditions, we may be limited in our ability to obtain financing on favorable terms.

After we invest the funds released to us from the trust account established in connection with our initial public offering (the "Trust Account") upon consummation of the Framework Transactions, we expect to depend primarily on external financing to fund the growth of our business. Our access to debt or equity financing depends on the willingness of third parties to lend or make equity investments and on conditions in the capital markets generally. As a result of current economic conditions, we may be limited in our ability to obtain financing on favorable terms and there can be no assurances as to when financing conditions will improve.

We do not have a formal policy limiting the amount of debt we may incur and our board of directors may change our leverage policy without stockholder consent, which could result in a different risk profile.

Although we are not required to maintain any particular leverage ratio, we intend, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of our target assets and the diversification of our portfolio. The amount of leverage we will deploy for particular investments in our target assets will depend upon our management team's assessment of a variety of factors, which may include the anticipated liquidity and price volatility of the target assets in our investment portfolio, the potential for losses, the availability and cost of financing the assets, our opinion of the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial mortgage markets, our outlook for the level, slope and volatility of interest rates, the credit quality of our target assets and the collateral underlying our target assets. Our certificate of incorporation will not limit the amount of indebtedness we can incur. Our board of directors may change our leverage policies at any time without the consent of our stockholders, which could result in an investment portfolio with a different risk profile.

Your investment return may be reduced if we are required to register as an investment company under the 1940 Act; if we are required to register under the 1940 Act, we will not be able to continue our business.

We conduct our operations so that neither we, nor our operating partnership nor any of our future other subsidiaries, are required to register as investment companies under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the "40% test." Excluded from the term "investment securities," among other things, are U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. Accordingly, under Section 3(a)(1) of the 1940 Act, in relevant part, a company is not deemed to be an "investment company" if: (i) it neither is, nor holds itself out as being, engaged primarily, nor proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or (ii) it

neither is engaged nor proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and does not own or propose to acquire "investment securities" having a value exceeding 40% of the value of its total assets on an unconsolidated basis. We believe that we and our operating partnership (which is initially wholly owned by us) will not meet either of the above definitions of investment company as we invest primarily in real property. We expect that a majority of our subsidiaries will be wholly or majority owned by us and will have at least 60% of their assets in real property. As these subsidiaries would be investing either solely or primarily in real property, they themselves would be outside of the definition of "investment company" under Section 3(a)(1) of the 1940 Act. As we are organized as a holding company that conducts its businesses primarily through our operating partnership, which in turn is a holding company conducting its business through its wholly or majority owned subsidiaries, both we and our operating partnership conduct our operations so that we and our operating partnership comply with the 40% test. We also do not believe that we will be considered to be an investment company under Section 3(a)(1)(A) of the 1940 Act because we will not engage primarily or hold ourself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, we will be primarily engaged in the non-investment company businesses of our subsidiaries. We will monitor our holdings to ensure continuing and ongoing compliance with this test.

In the event that the value of investment securities held by the subsidiaries of our operating partnership were to exceed 40%, we expect our subsidiaries to be able to rely on the exclusion from the definition of "investment company" provided by Section 3(c)(5)(C) of the 1940 Act. Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires each of our subsidiaries relying on this exception to invest at least 55% of its portfolio in "mortgage and other liens on and interests in real estate," which we refer to as qualifying assets and at least 80% of its assets in qualifying assets and other real estate- related assets. The remaining 20% of the portfolio can consist of miscellaneous assets. What we buy and sell is therefore limited to these criteria. How we determine to classify our assets for purposes of the 1940 Act will be based in large measure upon no-action letters issued by the SEC staff and other SEC interpretive guidance. No assurance can be given that the SEC staff will concur with our classification of our assets. Future revisions to the 1940 Act or further guidance from the SEC or its staff may cause us to lose our exclusion from registration or force us to re-evaluate our portfolio and our investment strategy. Such changes may prevent us from operating our business successfully.

To ensure that neither we, nor our operating partnership nor subsidiaries are required to register as an investment company, each entity may be unable to sell assets they would otherwise want to sell and may need to sell assets they would otherwise wish to retain. In addition, we, our operating partnership or our other future subsidiaries may be required to acquire additional assets that we might not otherwise acquire or forego opportunities to acquire interests in companies that we would otherwise want to acquire. Although we, our operating partnership and our other future subsidiaries intend to monitor our portfolio periodically and prior to each acquisition and disposition, any of these entities may not be able to maintain an exclusion from registration as an investment company. If we, our operating partnership or our other subsidiaries are required to register as an investment company but fail to do so, the unregistered entity would be prohibited from engaging in our business, and criminal and civil actions could be brought against such entity. In addition, the contracts of such entity would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the entity and liquidate its business.

Increasing vacancy rates for retail property assets resulting from recent disruptions in the financial markets and deteriorating economic conditions could adversely affect the value of the retail property assets we acquire.

We depend upon tenants for a majority of our revenue from real property investments. Recent disruptions in the financial markets and deteriorating economic conditions have resulted in a trend toward increasing vacancy rates for certain classes of commercial property, including retail properties, due to increased tenant delinquencies and/or defaults under leases, generally lower demand for rentable space, as well as potential oversupply of rentable space. Business failures and downsizings have led to reduced consumer demand for retail products and services, which in turn has led to retail business failures or downsizings and reducing demand for retail space. Reduced demand for retail space could require us to increase concessions, tenant improvement expenditures or reduce rental rates to maintain occupancies beyond those anticipated at the time we acquire the property. The continuation of disruptions in the financial markets and deteriorating economic conditions could impact certain of the retail properties we may acquire and such properties could experience higher levels of vacancy than anticipated at the time of our acquisition of such properties. The value of our retail property investments could decrease below the amounts

we paid for such properties. Revenues from properties could decrease due to lower occupancy rates, reduced rental rates and potential increases in uncollectible rent. We incur expenses, such as for maintenance costs, insurances costs and property taxes, even though a property is vacant. The longer the period of significant vacancies for a property, the greater the potential negative impact on our revenues and results of operations.

Real estate investments' value and income fluctuate due to conditions in the general economy and the real estate business, which may affect our ability to service our debt and expenses.

The value of real estate fluctuates depending on conditions in the general and local economy and the real estate business. These conditions may also limit our revenues and available cash. The rents we receive and the occupancy levels at our properties may decline as a result of adverse changes in conditions in the general economy and the real estate business. If rental revenues and/or occupancy levels decline, we generally would expect to have less cash available to pay indebtedness and for distribution to our stockholders. In addition, some of our major expenses, including mortgage payments, real estate taxes and maintenance costs, generally do not decline when the related rents decline.

It may be difficult to buy and sell our real estate quickly, which may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions.

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions.

We depend on leasing space to tenants on economically favorable terms and collecting rent from tenants, some of whom may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, if a substantial majority of our income comes from renting of real property, our income, funds available to pay indebtedness and funds available for distribution to our stockholders will decrease if a significant number of our tenants cannot pay their rent or if we are not able to maintain occupancy levels on favorable terms. If a tenant does not pay its rent, we may not be able to enforce our rights as landlord without delays and may incur substantial legal costs.

Some of our properties depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of or a store closure by one or more of these tenants.

Regional malls are typically anchored by department stores and other large, nationally recognized tenants. The value of some of the retail properties we acquire could be adversely affected if these tenants fail to comply with their contractual obligations, seek concessions in order to continue operations or cease their operations. Department store and larger store, also referred to as "big box," consolidations typically result in the closure of existing stores or duplicate or geographically overlapping store locations. We will not control the disposition of those department stores or larger stores nor will we control the vacant space that is not re-leased in those stores. Other tenants may be entitled to modify the terms of their existing leases in the event of such closures. The modification could be unfavorable to us as the lessor and could decrease rents or expense recovery charges. Additionally, major tenant closures may result in decreased customer traffic which could lead to decreased sales at other stores. If the sales of stores operating in our properties were to decline significantly due to closing of anchors, economic conditions or other reasons, tenants may be unable to pay their minimum rents or expense recovery charges. In the event of default by a tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties.

Our Common Area Maintenance (CAM) contributions may not allow us to recover the majority of our operating expenses from tenants, which may reduce operating cash flow from our properties.

CAM costs typically include allocable energy costs, repairs, maintenance and capital improvements to common areas, janitorial services, administrative, property and liability insurance costs and security costs. We may acquire properties with leases with variable CAM provisions that adjust to reflect inflationary increases or leases with a fixed CAM payment methodology which fixes our tenants' CAM contributions. With respect to both variable

and fixed payment methodologies, the amount of CAM charges we bill to our tenants may not allow us to recover or pass on all these operating expenses to tenants, which may reduce operating cash flow from our properties.

We may incur costs to comply with environmental laws.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls ("PCBs") and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties. Identification of compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to us.

Our investments in mezzanine loans are generally subject to losses, which may result in losses to us.

We may acquire mezzanine loans, which are loans made to property owners that are secured by pledges of the borrower's ownership interests, in whole or in part, in entities that directly or indirectly own the real property. The key distinction from mortgage loans is that the most senior portion of the loan with the least credit risk is owned by the senior lender. In the event a borrower defaults on a loan and lacks sufficient assets to satisfy our loan, we may suffer a loss of principal or interest. In the event a borrower declares bankruptcy, we may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. In addition, mezzanine loans are by their nature structurally subordinated to more senior property level financings. If a borrower defaults on our mezzanine loan or on debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the property level debt and other senior debt is paid in full. Significant losses related to our mezzanine loans would result in operating losses for us and may limit our ability to make distributions to our stockholders.

We may invest in loans to owners of net leased properties and these investments may generate losses.

We may invest in commercial mortgage loans to owners of net leased real estate assets. A net lease requires the tenant to pay, in addition to the fixed rent, some or all of the property expenses that normally would be paid by the property owner. The value of our investments and the income from our investments in loans to owners of net leased properties, if any, will depend upon the ability of the applicable tenant to meet its obligations to maintain the property under the terms of the net lease. If a tenant fails or becomes unable to so maintain a property, the borrower would have difficulty making its required loan payments to us. In addition, under many net leases the owner of the property retains certain obligations with respect to the property, including among other things, the responsibility for maintenance and repair of the property, to provide adequate parking, maintenance of common areas and compliance with other affirmative covenants in the lease. If the borrower were to fail to meet these obligations, the applicable tenant could abate rent or terminate the applicable lease, which may result in a loss of capital invested in, and anticipated profits from, the property to the borrower and the borrower would have difficulty making its required loan payments to us. In addition, the borrower may find it difficult to lease property to new tenants that may have been suited to the particular needs of a former tenant.

We may be subject to "lender liability" claims, which may subject us to significant liability, should a claim of this type arise.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. We cannot assure prospective investors that such claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

A prolonged economic slowdown, a lengthy or severe recession or declining real estate values could impair our assets and harm our operations.

Because we have only recently acquired assets, we are not burdened by the losses experienced by certain of our competitors as a result of the current recession and declines in real estate values. Although we will take current economic conditions into account in acquiring our target assets, our long term success depends in part on improving economic conditions and the eventual return of a stable and dependable financing market for retail real estate. If the current economic slowdown persists or worsens, our financial condition and results of operations and the value of our common stock will be adversely affected.

Loss of our key personnel could harm our operations and adversely affect the value of our common stock.

We are dependent on the efforts of our key personnel of our senior management team. While we believe that we could find replacements for these key personnel, the loss of their services could harm our operations and adversely affect the value of our common stock.

Risks Related to Financing

Our access to financing may be limited and thus our ability to potentially enhance our returns may be adversely affected.

We intend, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of our target assets and the diversification of our portfolio. To the extent market conditions improve and markets stabilize over time, we expect to increase our borrowing levels. We currently do not have any commitments for financing.

Our access to private sources of financing will depend upon a number of factors over which we have little or no control, including:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our eligibility to participate in and access capital from programs established by the U.S. government;
- our current and potential future earnings and cash distributions; and
- the market price of the shares of our common stock.

The current dislocation and weakness in the capital and credit markets could adversely affect one or more private lenders and could cause one or more private lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. In addition, if regulatory capital requirements imposed on our private lenders change, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price.

During times when interest rates on mortgage loans are high or financing is otherwise unavailable on a timely basis, we have and may continue to purchase certain properties for cash. Consequently, depending on market conditions at the relevant time, we may have to rely more heavily on additional equity issuances, which may be dilutive to our stockholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our stockholders and other purposes. We cannot assure you that we will have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our asset acquisition activities and/or dispose of assets, which could negatively affect our results of operations.

Interest rate fluctuations could reduce the income on our investments and increase our financing costs.

Changes in interest rates will affect our operating results as such changes will affect the interest we receive on our floating rate interest bearing investments and the financing cost of our debt, as well as our interest rate swaps that we may utilize for hedging purposes. Changes in interest rates may also, in the case of our real estate-related debt investments, affect borrower default rates, which may result in losses for us.

Any credit facilities that we may use to finance our assets may require us to provide additional collateral or pay down debt.

We intend, when appropriate, to use traditional forms of financing, including credit facilities. In the event we utilize such financing arrangements, they would involve the risk that the market value of our assets pledged to the provider of the credit facility may decline in value, in which case the lender may require us to provide additional collateral or to repay all or a portion of the funds advanced. We may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all. Posting additional collateral would reduce our liquidity and limit our ability to leverage our assets. If we cannot meet these requirements, the lender could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from them, which could materially and adversely affect our financial condition and ability to implement our business plan. In addition, in the event that the lender files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to credit facilities and increase our cost of capital. The providers of credit facilities may also require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on assets. In the event that we are unable to meet these collateral obligations, our financial condition and prospects could deteriorate rapidly. Currently, we have no credit facilities in place, and there can be no assurance that we will be able to utilize such arrangements on favorable terms, or at all.

We expect that certain of our debt instruments may contain covenants that could adversely affect our financial condition and our acquisitions and development activities.

To the extent we use mortgage financing on our properties, we expect that such mortgages will contain customary covenants and provisions that limit our ability to pre-pay such mortgages before their scheduled maturity date or to transfer the underlying property without lender consent. In addition, because a mortgage is secured by a lien on the underlying real property, mortgage defaults subject us to the risk of losing the property through foreclosure. Any unsecured credit facilities, unsecured debt securities and other loans that we may obtain in the future may contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including covenants that limit our ability to incur debt based upon the level of our ratio of total debt to total assets, our ratio of secured debt to total assets, our ratio of net operating income to our interest expense, and fixed charges, and that require us to maintain a certain level of unencumbered assets to unsecured debt. In addition, failure to comply with these covenants could cause a default under the applicable debt instrument, and we may then be required to repay such debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us, or be available only on unattractive terms. Additionally, our ability to satisfy prospective lenders' insurance requirements may be adversely affected if lenders generally insist upon greater insurance coverage against certain risks than is available to us in the marketplace or on commercially reasonable terms.

Risks Related to Our Organization and Structure

We depend on dividends and distributions from our direct and indirect subsidiaries. The creditors and preferred security holders of these subsidiaries, if any, are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us.

Substantially all of our assets are held through our operating partnership that holds substantially all of its properties and assets through subsidiaries. Our operating partnership's cash flow are dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of our cash flow is dependent on cash distributions to us by our operating partnership. The future creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders. Thus, our operating partnership's ability to make distributions to us and therefore our ability to make distributions to our stockholders will depend on its subsidiaries' ability first to satisfy their obligations to creditors and then to make distributions to our operating partnership.

In addition, our participation in any distribution of the assets of any of our direct or indirect subsidiaries upon the liquidation, reorganization or insolvency, is only after the claims of the creditors, including trade creditors, are satisfied.

The authorized but unissued shares of preferred stock and the ownership limitations contained in our certificate of incorporation may prevent a change in control.

Our certificate of incorporation authorizes us to issue authorized but unissued shares of preferred stock. In addition, our board of directors, without stockholder approval, has the authority to issue and classify or reclassify any preferred stock and set the terms of the classified or reclassified shares. As a result, our board of directors may establish a series of shares of preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for shares of our common stock or otherwise be in the best interests of our stockholders.

In addition, our certificate of incorporation contains restrictions limiting the ownership and transfer of shares of our common stock and other outstanding shares of capital stock. The relevant sections of our certificate of incorporation provide that, subject to certain exceptions described below, ownership of shares of our common stock by any person is limited to 9.8% by value or by number of shares, whichever is more restrictive, of our outstanding shares of common stock (the common share ownership limit), and no more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding capital stock (the aggregate share ownership limit). The common share ownership limit and the aggregate share ownership limit are collectively referred to herein as the "ownership limits." These provisions will restrict the ability of persons to purchase shares in excess of the relevant ownership limits.

Our failure to qualify as a REIT would subject us to U.S. federal income tax and potentially increased state and local taxes, which would reduce the amount of cash available for distribution to our stockholders.

We intend to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010. We have not requested and do not intend to request a ruling from the IRS that we will qualify as a REIT. The U.S. federal income tax laws governing REITs are complex. The complexity of these provisions and of the applicable U.S. Treasury Department regulations that have been promulgated under the Code ("Treasury Regulations") is greater in the case of a REIT that holds assets through a partnership, as we may at some point in the future, and judicial and administrative interpretations of the U.S. federal income tax laws governing REIT qualification are limited. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature of our assets and our income, the ownership of or outstanding shares, and the amount of our distributions. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. In addition, in order for us to qualify as a REIT for our taxable year ending December 31, 2010, we will be required to have 75% of our total assets invested in qualifying REIT real estate assets, cash, cash items and government securities by March 31, 2010. No assurance can be given that we will be able to invest the funds released to us from the Trust Account upon the approval of the Framework Transactions in such qualifying assets prior to such date. Thus, while we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules

governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year.

If we fail to qualify as a REIT in any taxable year, and do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax on our taxable income, and distributions to our stockholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money or sell assets in order to pay our taxes. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our net taxable income to our stockholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify.

The stock transfer restrictions in our certificate of incorporation may not be effective as to all stockholders, which could adversely affect our ability to qualify as a REIT.

Under Delaware law, a transfer restriction on a security of a corporation is not binding on the holder thereof unless the holder voted in favor of the restriction. Unless each of our stockholders voted in favor of the stock transfer restrictions contained in our certificate of incorporation, the transfer restrictions will not be effective against any stockholder that did not affirmatively approve the transfer restrictions or any transferee of such stockholder. Accordingly, despite certain transfer restrictions in our certificate of incorporation, a transfer of shares of our stock could result in our stock being beneficially owned by less than 100 persons and loss of our REIT qualification. We intend to monitor the beneficial owners of our stock to ensure that our stock is at all times beneficially owned by more than 100 persons, but no assurance can be given that we will be successful in this regard.

Failure to make required distributions would subject us to tax, which would reduce the cash available for distribution to our stockholders.

In order to qualify as a REIT, we must distribute to our stockholders, each calendar year, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we are subject to U.S. federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid the 4% nondeductible excise tax.

Our taxable income may exceed our net income as determined by the U.S. generally accepted accounting principles ("GAAP") because, for example, realized capital losses will be deducted in determining our GAAP net income, but may not be deductible in computing our taxable income. In addition, we may invest in assets that generate taxable income in excess of economic income or in advance of the corresponding cash flow from the assets. For example, we may be required to accrue interest income on mortgage loans or other types of debt securities or interests in debt securities before we receive any payments of interest or principal on such assets. Similarly, some of the debt securities that we acquire may have been issued with original issue discount. We will be required to report such original issue discount based on a constant yield method. As a result of the foregoing, we may generate less cash flow than taxable income in a particular year. To the extent that we generate such non-cash taxable income in a taxable year, we may incur corporate income tax and the 4% nondeductible excise tax on that income if we do not distribute such income to stockholders in that year. In that event, we may be required to use cash reserves, incur debt or liquidate assets at rates or times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal corporate income tax and the 4% nondeductible excise tax in that year.

To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of the our net taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our net taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than

the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to qualify as a REIT and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis, or possibly on a long-term basis, to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, a difference in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, the effect of non-deductible capital expenditures, the creation of reserves or required debt amortization payments.

Even if we qualify as a REIT, we may be required to pay certain taxes.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. In addition, we may hold some of our assets through taxable subsidiary corporations, including any taxable REIT subsidiaries ("TRSs"). Any TRSs or other taxable corporations in which we own an interest will be subject to U.S. federal, state and local corporate taxes. Payment of these taxes generally would reduce our cash flow and the amount available to distribute to our stockholders.

We may choose to pay dividends in our own stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive.

We may distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. Under IRS Revenue Procedure 2010-12, up to 90% of any such taxable dividend with respect to the taxable years 2010 and 2011 could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current or accumulated earnings and profits for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. Accordingly, U.S. stockholders receiving a distribution of our shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U.S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock, by withholding or disposing of part of the shares in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, such sale may put downward pressure on the trading price of our common stock.

Further, while Revenue Procedure 2010-12 applies only to taxable dividends payable by us in a combination of cash and stock with respect to the taxable years 2010 and 2011, it is unclear whether and to what extent we will be able to pay taxable dividends in cash and stock in later years. Moreover, various tax aspects of such a taxable cash/stock dividend are uncertain and have not yet been addressed by the IRS. No assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable cash/stock dividends, including on a retroactive basis, or assert that the requirements for such taxable cash/stock dividends have not been met.

Dividends payable by REITs generally do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our shares or warrants.

The maximum U.S. federal income tax rate for certain qualified dividends payable to domestic stockholders that are individuals, trusts and estates is 15% (through 2010). Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 35% maximum U.S. federal income tax rate on ordinary income. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our shares.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our shares of common stock or warrants.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our stockholders or warrantholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

The failure of a mezzanine loan to qualify as a real estate asset would adversely affect our ability to qualify as a REIT.

We may acquire mezzanine loans, which are loans secured by equity interests in a partnership or limited liability company that directly or indirectly owns real property. In Revenue Procedure 2003-65, the IRS provided a safe harbor pursuant to which a mezzanine loan, if it meets each of the requirements contained in the Revenue Procedure, will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75% gross income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may acquire mezzanine loans that do not meet all of the requirements for reliance on this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor, the IRS could challenge such loan's treatment as a real estate asset for purposes of the REIT asset and the interest generated by such a loan as qualifying income for purposes of the REIT income tests, and if such a challenge were sustained, we could fail to qualify as a REIT.

There may be uncertainties relating to the estimate of our accumulated non-REIT tax earnings and profits, which could result in our failing to qualify as a REIT.

In order to qualify as a REIT for our taxable year ending December 31, 2010, we will be required to distribute to our stockholders prior to the end of such calendar year all of our accumulated non-REIT tax earnings and profits, or E&P, incurred by us prior to such calendar year. Although we have not yet established any minimum distribution level in respect of 2010, we intend that the regular quarterly dividends we anticipate paying in respect of 2010 will be in sufficient amounts to enable us to satisfy this requirement, as well as our minimum REIT distribution requirements in respect of out 2010 taxable income. However, our ability to pay distributions is subject to the discretion of our board of directors and the requirements of Delaware law and may be adversely affected by a number of factors, including the risk factors described in this Annual Report on Form 10-K. Further, the determination of the amount to be distributed is a complex factual and legal determination. We may have less than complete information at the time we undertake our analysis or may interpret the applicable law differently than the IRS. The IRS could also successfully assert that our pre-2010 taxable income should be increased, which would increase our E&P. Thus, we might fail to satisfy the requirement that we distribute all of our E&P by the close of our first taxable year as a REIT. Although there are procedures available to cure a failure to distribute all of our E&P, we cannot now determine whether we will be able to take advantage of these procedures (which could result in us failing to qualify as a REIT) nor can we estimate the economic impact that any such steps would cause us to incur.

We could have potential deferred tax liabilities, which could delay or impede future sales of certain of our properties.

Under the Treasury Regulations, if, during the ten-year period beginning on the first day of the first taxable year for which we qualify as a REIT, which is expected to be January 1, 2010, we recognize gain on the disposition of any property that we held as of that date, then, to the extent of the excess of (i) the fair market value of such property as of that date over (ii) our adjusted income tax basis in such property as of that date, we will be required to pay a corporate level U.S. federal income tax on this gain at the highest regular corporate tax rate. Depending on the timing of our investments and the amount of any appreciation of such investments prior to January 1, 2010, there can be no assurance that a disposition triggering such gain will not occur and, if applicable, these Treasury Regulations could limit, delay or impede sale of our property acquired prior to January 1, 2010.

We have not established a minimum distribution payment level and we cannot assure you of our ability to pay distributions in the future.

We intend to pay quarterly distributions and to make distributions to our stockholders in an amount such that we distribute all or substantially all of our REIT taxable income in each year, subject to certain adjustments. We have not established a minimum distribution payment level and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors described in this Annual Report on Form 10-K. All distributions will be made, subject to Delaware law, at the discretion of our board of directors and will depend on our earnings, our financial condition, any debt covenants, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to pay distributions to our stockholders:

- the profitability of the assets acquired;
- our ability to make profitable acquisitions;
- margin calls or other expenses that reduce our cash flow;
- defaults in our asset portfolio or decreases in the value of our portfolio; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

We cannot assure you that we will achieve results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions in the future. In addition, some of our distributions may include a return in capital.

Your ability to exercise your warrants may be limited by the ownership limits contained in the terms of the Warrant Agreement and our certificate of incorporation.

Your ability to exercise your warrants may be limited by the ownership limits contained in the terms of the Warrant Agreement, dated as of October 17, 2009, as amended, between us and Continental Stock Transfer and Trust Company (the "Warrant Agreement"), and our certificate of incorporation. In particular, to assist us in qualifying as a REIT, ownership of shares of our common stock by any person is limited under the certificate of incorporation, with certain exceptions, to 9.8% by value or by number of shares, whichever is more restrictive, of our outstanding shares of common stock and no more than 9.8% by value or by number of shares, whichever is more restrictive, of our outstanding capital stock. Moreover, the terms of the warrants limit a holder's ability to exercise warrants to ensure that such holder's Beneficial Ownership or Constructive Ownership, each as defined in our certificate of incorporation, does not exceed the restrictions contained in our certificate of incorporation limiting the ownership of shares of our common stock. In addition, our certificate of incorporation contains various other restrictions limiting the ownership and transfer of our common stock. As a result, you may not be able to exercise your warrants if such exercise would cause you to own shares of our common stock in excess of these ownership limits.

You will not be able to exercise your warrants if an effective registration statement is not in place when you desire to do so.

No warrant will be exercisable and we will not be obligated to issue shares of common stock unless, at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrant is current. Under the terms of the Warrant Agreement, we are required to use our best efforts to meet these conditions and to maintain a current prospectus relating to the shares of common stock issuable upon exercise of the warrants until the expiration of the warrants. However, there can be no assurance that we will be able to do so, and if we do not maintain a current prospectus related to the shares of common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants. Additionally, we will have no obligation to settle the warrants for cash or "net cash settle" any warrant exercise. Accordingly, if the prospectus relating to the common stock issuable upon the exercise of the warrants is not current, the warrants may have no value, the market for the warrants may be limited and the warrants may expire worthless.

Our warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and dilute the ownership of our existing stockholders.

Outstanding warrants to purchase an aggregate of 49,400,000 shares of our common stock are currently exercisable at an exercise price of $12.00 per share. The warrant exercise price may be lowered under certain circumstances, including, among others, in our sole discretion at any time prior to the expiration date of the warrants for a period of not less than 20 business days; provided, however, that any such reduction shall be identical in percentage terms among all of the warrants. These warrants likely will be exercised if the market price of the shares of our common stock equals or exceeds the warrant exercise price. Therefore, as long as warrants remain outstanding, there will be a drag on any increase in the price of our common stock in excess of the warrant exercise price. To the extent such warrants are exercised, additional shares of our common stock will be issued, which would dilute the ownership of our existing stockholders. Further, if these warrants are exercised at any time in the future at a price lower than the book value per share of our common stock, existing stockholders could suffer substantial dilution of their investment, which dilution could increase in the event the warrant exercise price is lowered. Additionally, if we were to lower the exercise price in the near future, the likelihood of this dilution could be accelerated.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We maintain our executive office at 3 Manhattanville Road, Purchase, New York 10577. The cost for this space is included in the $7,500 per month fee we have agreed to pay NRDC Real Estate Advisors, LLC under the Transitional Shared Facilities and Services Agreement, pursuant to which NRDC Real Estate Advisors, LLC provides us with access to, among other things, their information technology, office space, personnel and other resources necessary to enable us to perform our business. As of December 31, 2009, we owned one property located in Paramount, Los Angeles County, California. The following table provides information regarding our property.

Property	Year Renovated	Year Completed	Year Acquired	Gross Leasable Sq. Feet	Acres[1]	Number of Tenants	% Leased	Principal Tenant
Los Angeles, CA	2009	1966	2009	95,000	6.31	11	95%	Fresh & Easy, Rite Aid and T.J. Maxx

(1) Includes Land

The following table sets forth a summary schedule of the annual lease expirations for leases in place at December 31, 2009.

Year of Expiration	Number of Leases Expiring	Square Footage	Minimum Base Rentals	Base Rent%
2010	1	3,290	$ 64,473	3.7%
2011	□	□	□	□
2012	4	7,905	171,702	9.7%
2013	□	□	□	□
2014	1	11,750	141,000	8.0%
Thereafter	5	66,907	1,386,192	78.6%
Total	11	89,852	$ 1,763,367	100.0%

Item 3. ***Legal Proceedings***

Upon consummation of the Framework Transactions, the shareholders no longer have rescission rights. There is no litigation currently pending or, to our knowledge, threatened against us or any of our officers or directors in their capacity as such.

Item 4. ***(Removed and Reserved)***

PART II

Item 5. ***Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

Our common stock trades on the NASDAQ Global Market ("NASDAQ") under the symbol "ROIC." Prior to November 3, 2009, our common stock traded on the NYSE Amex under the symbol "NAQ." The following table sets forth, for the period indicated, the high and low sales price for our common stock as reported by the NASDAQ and the NYSE Amex, as applicable, and the per share dividends declared:

Period	High	Low	Dividends Declared
2008			
First Quarter	$ 9.40	$ 9.01	$ —
Second Quarter	$ 9.47	$ 9.10	$ —
Third Quarter	$ 9.46	$ 8.95	$ —
Fourth Quarter	$ 9.34	$ 8.55	$ —
2009			
First Quarter	$ 9.64	$ 9.15	$ —
Second Quarter	$ 9.72	$ 9.52	$ —
Third Quarter	$ 11.04	$ 9.68	$ —
Fourth Quarter	$ 10.76	$ 10.01	$ —

On March 10, 2010, the closing price of our common stock as reported by the NASDAQ was $10.30.

We have not paid any dividends on our common stock to date. We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. We intend to pay regular quarterly dividends to stockholders in an amount not less than our net taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on debt. If our cash available for distribution is less than its net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

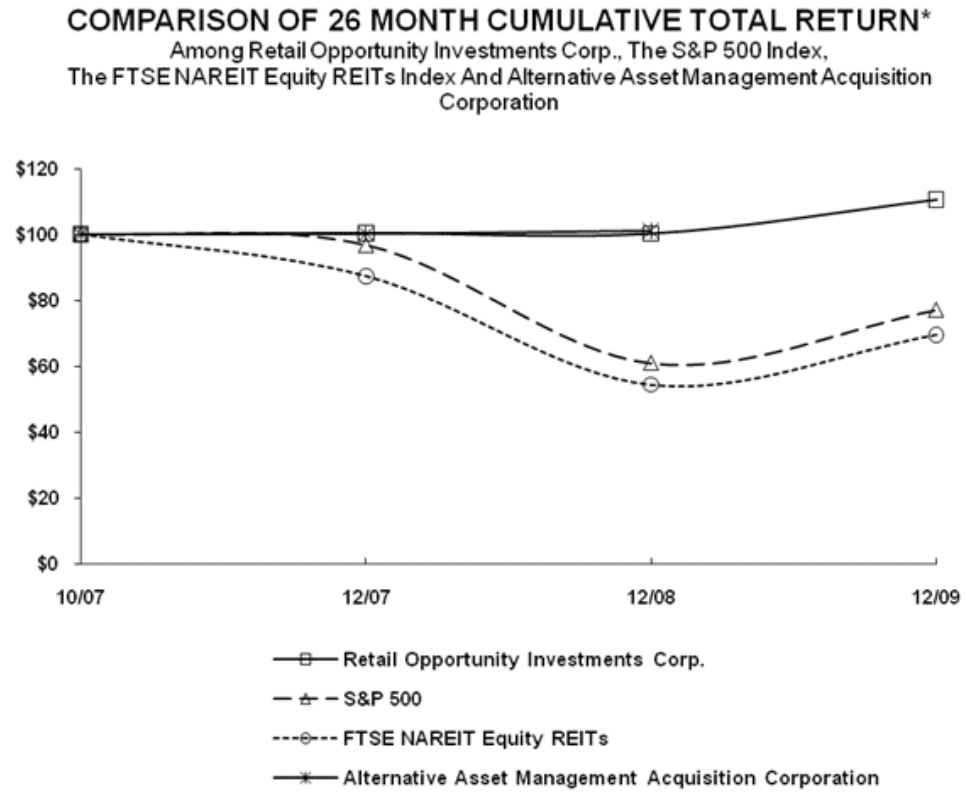
As of December 31, 2009, 100% of the outstanding interests in our operating partnership were owned by us.

Holders

As of March 11, 2010, we had 10 registered holders. Such information was obtained through our registrar and transfer agent.

Stockholder Return Performance

The following graph compares the cumulative total return on our common stock with that of the Standard and Poor's 500 Stock Index ("S&P 500 Index") and the National Association of Real Estate Investment Trusts Equity Index ("NAREIT Equity Index") from October 23, 2007 (the date that our common stock began to trade publicly) through December 31, 2009. We believe that such comparison with the NAREIT Equity Index, as opposed to a comparison with Alternative Asset Management Acquisition Corp., as in the previous year, is more appropriate to reflect the actions we have taken to continue our business as a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010. In addition, on August 5, 2009 Alternative Asset Management Acquisition Corp. was delisted from the NYSE Amex. The stock price performance graph assumes that an investor invested $100 in each of us and the indices, and the reinvestment of any dividends. The comparisons in the graph are provided in accordance with the SEC disclosure requirements and are not intended to forecast or be indicative of the future performance of our shares of common stock.



	Period Ending			
Index	**10/30/07**	**12/31/07**	**12/31/08**	**12/31/09**
Retail Opportunity Investments Corp..	100.00	100.44	100.22	110.51
S&P 500	100.00	96.67	60.90	77.02
FTSE NAREIT Equity REITs	100.00	87.33	54.38	69.60
Alternative Asset Management Acquisition Corp.	100.00	100.22	101.20	-

Except to the extent that we specifically incorporate this information by reference, the foregoing Stockholder Return Performance information shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act or under the Exchange Act. This information shall not otherwise be deemed filed under such acts.

Securities Authorized For Issuance Under Equity Compensation Plans

During 2009, we adopted the 2009 Plan. (For a description of the 2009 Plan, see Note 7 to the consolidated financial in this Annual Report on Form 10-K.)

The following table presents certain information about our equity compensation plans as of December 31, 2009:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column of this table)
Equity compensation plans approved by stockholders	235,000	$ 10.25	3,480,000
Equity compensation plans not approved by stockholders	-	-	-
Total	235,000	$ 10.25	3,480,000

Unregistered Sales of Equity Securities and Use of Proceeds

None of our securities sold by us within the past three years were not registered under the Securities Act.

On October 23, 2007, we consummated a private placement of 8,000,000 warrants with NRDC Capital Management, LLC, an entity owned and controlled by certain of our executive officers and directors, and our initial public offering of 41,400,000 units, including 5,400,000 units pursuant to the underwriters' over-allotment option. We received net proceeds of approximately $384 million and also received $8 million of proceeds from the private placement sale of 8,000,000 insider warrants to NRDC Capital Management, LLC. Banc of America Securities, LLC served as the sole bookrunning manager for our initial public offering. The securities sold in the initial public offering were registered under the Securities Act on a registration statement on Form S-1 (No. 333-144871). The SEC declared the registration statement effective on October 17, 2007.

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

As of December 31, 2009, we have applied approximately $5.6 million of the net proceeds of the initial public offering and the private placement toward consummating a "business combination," including the Framework Transactions and paid approximately $18.1 million to acquire the Paramount Property. For more information see Item 2, "Properties" in this Annual Report on Form 10-K.

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

Item 6. ***Selected Financial Data***

The following selected financial and operating information should be read in conjunction with "Item 7, Management Discussion and Analysis of Financial Conditions and Results of Operations" and our financial statements, including the notes, included elsewhere herein.

	Year Ended December 31, 2009	Year Ended December 31, 2008	Period from July 10, 2007 (inception) to December 31, 2007
Statement of Income Data:			
Base rents	$ 45,736	$ —	$ —
Operating expenses	11,385,270	1,566,294	672,187
Operating loss	(11,339,534)	(1,566,294)	(672,187)
Interest income	1,705,421	5,563,075	3,359,023
(Loss) Income before provision for income taxes	(9,634,113)	3,996,781	2,686,836
(Benefit) Provision for Income taxes	(268,343)	1,358,906	952,634
Net (loss) income for period	$ (9,365,770)	$ 2,637,875	$ 1,734,202
Weighted average shares outstanding Basic and diluted:	49,734,703	51,750,000	27,198,837
(Loss) earnings per share Basic and diluted	$ (0.19)	$ 0.05	$ 0.06
Balance Sheet Data:			
Net Real Estate investments, net	$ 16,544,905	$ —	$ —
Investments held in trust	$ —	$ 396,804,576	$ 395,323,737
Investments held in trust from underwriter	$ —	$ 14,490,000	$ 14,490,000
Cash	$ 383,217,881	$ 4,222	$ 198,570
Total assets	$ 403,873,513	$ 412,387,958	$ 410,273,506
Total liabilities	$ 5,678,738	$ 15,723,332	$ 16,266,860
Common stock subject to redemption	$ —	$ 117,590,055	$ 117,590,055
Total stockholders' equity .	$ 398,194,775	$ 279,074,571	$ 276,416,591

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with the Retail Opportunity Investments Corp. Consolidated Financial Statements and Notes thereto appearing elsewhere in this Annual Report on Form 10-K. The company makes statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Annual Report on Form 10-K entitled "Statements Regarding Forward-Looking Information." Certain risk factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the section in this Annual Report on Form 10-K entitled "Risk Factors."

Overview

The company was formed on July 10, 2007 as a special purpose acquisition corporation for the purpose of acquiring, through a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination, one or more assets or control of one or more operating businesses.

Through October 19, 2009, our efforts have been limited to organizational activities and activities relating to our initial public offering; we had neither engaged in any operations nor generated any revenues.

On October 20, 2009, we completed the transactions contemplated by the Framework Agreement. We

intend to continue our business as a REIT that invests in, acquires, owns, leases, repositions and manages a diverse portfolio of necessity-based retail properties, including, primarily, well located community and neighborhood shopping centers, anchored by national or regional supermarkets and drugstores. Although not our primary focus, we may also acquire other retail properties, including power centers, regional malls, lifestyle centers and single-tenant retail locations, that are leased to national, regional and local tenants. We will target properties strategically situated in densely populated, middle and upper income markets in the eastern and western regions of the United States. In addition, we may supplement our direct purchases of retail properties with first mortgages or second mortgages, mezzanine loans, bridge or other loans and debt investments related to retail properties, which are referred to collectively as "real estate-related debt investments," in each case provided that the underlying real estate meets our criteria for direct investment. Our primary focus with respect to real estate-related debt investments is to capitalize on the opportunity to acquire control positions that will enable it to obtain the asset should a default occur. The properties and investments we will target are referred herein as our target assets.

On December 22, 2009, we acquired a property located in Paramount, California. The property is a 95,000 square foot, recently renovated, shopping center with an overall occupancy rate of approximately 95.0%. The property has three major anchor tenants, including Fresh & Easy Neighborhood Market (Tesco), Rite Aid and T.J. Maxx. The property, which complements our acquisition strategy, is located in a densely populated area, with approximately 215,000 people living within a five-mile radius of the property.

FORWARD-LOOKING STATEMENTS

This Item 7 includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included in this Item 7 that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, including, among other things, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Many of these risks are discussed in Item 1A. Risk Factors. Any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

Factors Impacting Our Operating Results

Following consummation of the Framework Transactions, the results of our operations will be affected by a number of factors and will primarily depend on, among other things, the following:

- Our ability to identify and acquire retail real estate and real estate-related debt investments that meet our investment standards and the time period required for us to acquire our initial portfolio of our target assets;
- The level of rental revenue and net interest income we achieve from our target assets;
- The market value of our assets and the supply of, and demand for, retail real estate and real estate-related debt investments in which we invest;
- The length of the current economic downturn;
- The conditions in the local markets in which we will operate, as well as changes in national economic and market conditions;
- Consumer spending and confidence trends;

- Our ability to enter into new leases or to renew leases with existing tenants at the properties we acquire at favorable rates;
- Our ability to anticipate changes in consumer buying practices and the space needs of tenants;
- The competitive landscape impacting the properties we acquire and their tenants;
- Our relationships with our tenants and their financial condition;
- Our use of debt as part of our financing strategy and our ability to make payments or to comply with any covenants under any borrowings or other debt facilities we obtain;
- The level of our operating expenses, including amounts we are required to pay to our management team and to engage third party property managers and loan servicers; and
- Changes in interest rates that could impact the market price of our common stock and the cost of our borrowings.

Reporting on Operating Results

We held the newly acquired property for ten days during 2009 with minimal operational income and expenditures. As a result, we determined the reporting of Funds from Operations ("FFO") to not be useful to our investors and other interested parties to evaluate our performance. We intend to provide a complete report for 2010 consistent with the manner in which most public equity REITs report their operating results. We believe that FFO, which is a non-GAAP financial measure, will provide 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.

FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and real estate investments, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions, and many companies utilize different depreciable lives and methods. Because FFO excludes depreciation and amortization unique to real estate, gains and certain losses from depreciable property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, acquisition and development activities and interest costs. This will provide a perspective on our future financial performance not immediately apparent from net income determined in accordance with GAAP.

FFO is generally defined and calculated as net income, adjusted to exclude: (i) preferred share dividends, (ii) gains from disposition of depreciable real estate property, except for those sold through a company's merchant building program, which are presented net of taxes, (iii) extraordinary items and (iv) certain non-cash items. These non-cash items principally include real property depreciation, equity income from joint ventures and equity income from minority equity investments and adding our proportionate share of FFO from any unconsolidated joint ventures we establish in the future and any minority equity investments, determined on a consistent basis.

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, we neither engaged in any operations nor generated any revenues, other than interest income earned on the proceeds of the initial public offering. We had one property in our portfolio at December 31, 2009.

The majority of our operating income is derived from interest earned from the Trust Account previously held. General and administrative expenses consisted mainly of costs related to the framework, abandoned deals incurred during the pursuit of a viable business plan, legal fees and payroll. We believe, because of the location of the property in a densely populated area, the nature of our investment provides for relatively stable revenue flows even during difficult economic times. We have a strong capital structure with no debt as of the year just ended. We

expect to continue to explore acquisition opportunities that might present themselves during this economic downturn consistent with our business strategy.

Results of Operations for the year ended December 31, 2009 compared to year ended December 31, 2008

Net loss of $9.4 million and net income of $2.6 million reported for the years ended December 31, 2009 and December 31, 2008 respectively, consisted primarily of interest income of $1.7 million and $5.6 million respectively. Interest income decreased for the year ended December 31, 2009 due to declining interest rates beginning in late 2008. We incurred general and administrative expenses of $11.3 million and $1.6 million respectively. General and administrative expenses increased for the year ended December 31, 2009 due to the active pursuit of an initial business combination and transaction costs associated with the Framework Transactions. Included in general and administrative expenses are $5.6 million of costs related to the Framework Transactions, $1.3 million in payroll and related expenses, $1.2 million in costs related to abandoned deals incurred during the pursuit of an initial business combination, $1.2 million for general legal, advisory and accounting fees and $0.5 million in state income taxes. Approximately $0.2 million of costs related to the acquisition of properties was incurred. Other expenses included the issuance of restricted stock to newly appointed board members and board fees totaling $0.6 million.

Results of Operations for the year ended December 31, 2008 compared to the period from July 10, 2007 (inception) to December 31, 2007

For the year ended December 31, 2008 and the period from July 10, 2007 (inception) to December 31, 2007, the Company earned interest income of $5.6 million and $3.4 million respectively, and had general and administrative expenses of $1.6 million and $0.7 million respectively. The Company also had a provision for income taxes of $1.4 million and $1 million, respectively, resulting in net income for the period of $2.6 million and $1.7 million respectively. The increase from the period from July 10, 2007 (inception) to December 31, 2007 was due to a full year of operations in 2008.

Critical Accounting Policies

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

Revenue Recognition

We record base rents on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in tenant receivables on the accompanying balance sheets. Most leases contain provisions that require tenants to reimburse a pro-rata share of real estate taxes and certain common area expenses. Adjustments are also made throughout the year to tenant receivables and the related cost recovery income based upon our best estimate of the final amounts to be billed and collected.

Allocation for Doubtful Accounts

The allowance for doubtful accounts is established based on a quarterly analysis of the risk of loss on specific accounts. The analysis places particular emphasis on past-due accounts and considers information such as the nature and age of the receivables, the payment history of the tenants or other debtors, the financial condition of the tenants and any guarantors and management's assessment of their ability to meet their lease obligations, the basis for any disputes and the status of related negotiations, among other things. Management's estimates of the required allowance is subject to revision as these factors change and is sensitive to the effects of economic and market conditions on tenants, particularly those at retail properties. Estimates are used to establish reimbursements from tenants for common area maintenance, real estate tax and insurance costs. We analyze the balance of our estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of its properties by

comparing actual recoveries versus actual expenses and any actual write-offs. Based on our analysis, we may record an additional amount in our allowance for doubtful accounts related to these items.

Real Estate

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

The amounts to be capitalized as a result of an acquisition and the periods over which the assets are depreciated or amortized are determined based on estimates as to fair value and the allocation of various costs to the individual assets. We allocate the cost of an acquisition based upon the estimated fair value of the net assets acquired. We also estimate the fair value of intangibles related to 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. Differences in the amount attributed to the intangible assets can be significant based upon the assumptions made in calculating these estimates.

We are required to make subjective assessments as to the useful life of our properties for purposes of determining the amount of depreciation. These assessments have a direct impact on our net income.

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

Buildings	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 periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in our plans or market and economic conditions could result in recognition of impairment losses which could be substantial. Management does not believe that the value of its rental property is impaired at December 31, 2009.

Income Taxes

Deferred income taxes are provided for the differences between bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized

Our 2009 financial results reflect provisions for current and deferred income taxes. We believe that we will operate in a manner that will allow it to qualify for taxation as a REIT commencing with its taxable year ending December 31, 2010. As a result of our expected REIT qualification, we will not generally expect to pay U.S. federal corporate level taxes. Many of the REIT requirements, however, are highly technical and complex. If we were to fail to meet the REIT requirements, we would be subject to U.S. federal, state and local income taxes.

REIT Qualification Requirements

We are subject to a number of operational and organizational requirements to qualify and then maintain qualification as a REIT. If we do not qualify as a REIT, our income would become subject to U.S. federal, state and

local income taxes at regular corporate rates that would be substantial and we cannot re-elect to qualify as a REIT for four taxable years following the year we failed to quality as a REIT. The resulting adverse effects on our results of operations, liquidity and amounts distributable to stockholders would be material.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make distributions to our stockholders and other general business needs. We will use significant cash to purchase our target assets, repay principal and interest on any borrowings, make distributions to our stockholders and fund our operations. Our primary sources of cash generally consist of the funds released to us from the Trust Account upon consummation of the Framework Transactions, cash generated from our operating results and interest we receive on our portfolio of real estate-related debt investments. As a result of the release to us upon consummation of the Framework Transactions of the funds from the Trust Account, as of December 31, 2009, we had $383.2 million available in unrestricted cash.

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

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

Cash Flows

The Company expects to meet its short-term liquidity requirements primarily from the cash on hand of approximately $383.2 million. The Company believes the cash on hand will be sufficient to fund its short-term liquidity requirements for 2010 and to meet its dividend requirements necessary to qualify as a REIT. For the years ended 2009, 2008 and 2007, net cash flow used in operations amounted to $6.2 million, $5.2 million and $0.2 million, respectively. For the period, the Company derived substantially all of its revenues from interest earned from the Trust Account previously held. However, for 2010, the Company expects rents under existing leases to account for substantially all of its revenues.

Net Cash Flows from:

Operating Activities

Net cash flows used in operating activities amounted to $6.2 million in 2009, compared to $5.2 million in 2008 and $0.2 million in 2007. The changes in operating cash flows were primarily the result of:

Increase in cash flows used in operating activities from 2008 to 2009:

Increase in costs during 2009 associated with the pursuit of an initial business combination and transaction cost associated with our framework transactions.

Increase in cash flows used in operating activities from 2007 to 2008:

Increase in cash used from 2007 to 2008 was primarily due to the increase in net operating loss of $0.7 million in 2007 to $1.6 million in 2008 resulting from the payment of $1.3 million of income taxes accrued at December 31, 2007 and the increase in accrued interest on investments held in trust.

Investing Activities

Net cash flows provided by investing activities were $393.6 million in fiscal 2009, $5.0 million in fiscal 2008. Net cash flows used in investing activities were $406.5 million in fiscal 2007. The changes in investing cash flows were primarily the result of:

Increase in cash flows provided by investing activities from 2008 to 2009:

During 2009, investments of approximately $411.6 million previously held as restricted in the Trust Account was released and placed into U.S bank accounts and was available for investment activities. This increase was partially offset by the acquisition of the property for cash of approximately $18.1 million in December 2009.

Increase in cash flows provided by investing activities from 2007 to 2008:

During 2007, our initial year, approximately $406.5 million of the cash raised in our initial public offering was placed in the Trust Account. Usage of the cash was restricted and limited to the capital calls to fund operations. Investment activities were restricted and limited only to approval of a business plan by the stockholders.

Financing Activities

Net cash flows used in financing activities amounted to $4.3 million in 2009, $0.05 million in 2008. Net cash flows provided by financing activities in 2007 was $406.8 million in fiscal 2007. The changes in financing activities were primarily attributable to:

Increase in cash flows used in financing activities from 2008 to 2009:

During 2009, fees of $4.2 million were paid to underwriters relating to our initial public offering in 2007. These fees were to be paid upon consummation of the Framework Transactions which occurred in 2009.

Decrease in cash flows provided by financing activities from 2007 to 2008:

During 2007, the initial year, approximately $406.8 million of net proceeds was raised during the initial public offering and $406.5 million was placed in the Trust Account. Included in the net proceeds were $414.0 million from the sale of units to the public net of the payment of $15.2 million of related expenses (excluding deferred underwriter fees of $14.5 million) and $8.0 million from warrants purchased by NRDC Capital Management, LLC in a private placement simultaneously with the consummation of our initial public offering.

Contractual Obligations

As of December 31, 2009, we did not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities. We entered into a Transitional Shared Facilities and Services Agreement with NRDC Real Estate Advisors, LLC, pursuant to which NRDC Real Estate Advisors, LLC provides us with access to, among other things, their information technology, office space, personnel and other resources necessary to enable us to perform our business, including access to NRDC Real Estate Advisors, LLC's real estate teams, who will work with us to source, structure, execute and manage properties for a transitional period. As of December 31, 2009, we paid NRDC Real Estate Advisors, LLC a monthly fee of $7,500 pursuant to the Transitional Shared Facilities and Services Agreement. The Transitional Shared Facilities and Services Agreement has an initial one-year term, which will be renewable by us for an additional one-year term.

Off-Balance Sheet Arrangements

We have issued warrants in conjunction with our initial public offering and private placement, and have also granted incentive stock options. These options and warrants may be deemed to be equity linked derivatives and, accordingly, represent off balance sheet arrangements. See Note 3and 7 to the accompanying consolidated financial statements. We account for these warrants as stockholders' equity and not as derivatives.

Real Estate Taxes

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

Inflation

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

Leverage Policies

During 2009, we did not incur any financing in connection with our operations or the acquisition of our property. We purchased our properties for cash. In the future, we intend, when appropriate, to employ prudent amounts of leverage and use debt as a means of providing additional funds for the acquisition of our target assets and the diversification of our portfolio. We intend to use traditional forms of financing, including mortgage financing and credit facilities. In addition, in connection with the acquisition of properties, we may assume all or a portion of the existing debt on such properties. In addition, we may acquire retail property indirectly through joint ventures with institutional investors as a means of increasing the funds available for the acquisition of properties.

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

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

Dividends

We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. We intend to pay regular quarterly dividends to our stockholders in an amount not less than our net taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on debt. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

Recently Issued Accounting Standards

See Note 1 to the accompanying consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosure About Market Risk***

As of December 31, 2009, we had no debt outstanding and the Company has not engaged in any hedging activities since its inception on July 10, 2007. Prior to the consummation of the Framework Transactions, our efforts had been limited to organizational activities and activities relating to its initial public offering and the identification of a target business; we had neither engaged in any operations nor generated any revenues. As the

proceeds from our initial public offering held in trust had been invested in short term investments, our only market risk exposure related to fluctuations in interest rates.

As a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with its taxable year ending December 31, 2010, our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We will be exposed to interest rate changes primarily as a result of long-term debt used to acquire properties and make real estate-related debt investments. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we expect to borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. With regard to variable rate financing, we will assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. While we do not seek to avoid risk completely, the Company believes that risk can be quantified from historical experience and seeks to actively manage that risk, to earn sufficient compensation to justify taking those risks and to maintain capital levels consistent with the risks it undertakes, while, at the same time, seeking to provide an opportunity to stockholders to realize attractive risk-adjusted returns through ownership of our capital stock. We may use some derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings. We will not use derivatives for trading or speculative purposes and will only enter into contracts with major financial institutions based on their credit rating and other factors.

Item 8. ***Financial Statements and Supplementary Data***

The information required by Item 8 of Part II is incorporated by reference from the registrant's annual report to security holders for the fiscal year ended December 31, 2009 commencing on page F-1 to this Annual Report on Form 10-K

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control these entities, the Company's disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those the Company maintains with respect to its consolidated subsidiaries.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2009 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company concluded that its internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of internal control over financial reporting as of December 31, 2009, has been audited by McGladrey & Pullen, LLP, an independent registered public accounting firm, as stated in its report which is included below.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Retail Opportunity Investments Corp.

We have audited Retail Opportunity Investments Corp.'s internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Retail Opportunity Investments Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Retail Opportunity Investments Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of Retail Opportunity Investments Corp. at December 31, 2009 and 2008, and the related statements of income, stockholders' equity, and cash flows for the years ended December 31, 2009 and 2008 and the period from July 10, 2007 (inception) to December 31, 2007, and our report dated March 11, 2010 expressed an unqualified opinion.

/s/ McGladrey & Pullen, LLP

McGLADREY & PULLEN, LLP

New York, New York

March 11, 2010

Item 9B. ***Other Information***

On October 20, 2009, we held special meetings of stockholders and warrantholders. At the special meeting of stockholders, our stockholders approved (i) amendments to our certificate of incorporation to provide that the consummation of substantially all of the Framework Transactions would also constitute a "business combination" under the certificate of incorporation, (ii) the Framework Transactions, (iii) amendments to our certificate of incorporation to provide for our perpetual existence, (iv) amendments to our certificate of incorporation which eliminate certain provisions applicable only to special purpose acquisition corporations, add various provisions relating to our intention to elect to qualify to be taxed as a REIT and revise certain other provisions in anticipation of our existence as an operating company and (v) our 2009 Equity Incentive Plan (the "2009 Plan"). At the special meeting of warrantholders, our warrantholders approved amendments to our warrants to, among other things, increase the exercise and call price and extend the term of the warrants.

The following is a listing of the votes cast for, against or withheld, as well as the number of abstentions as to each of the proposals presented at the special meeting of stockholders:

(1) To approve an amendment to our certificate of incorporation to provide that the consummation of substantially all of the transactions contemplated by the Framework Agreement would also constitute a "business combination" under Article Sixth of the certificate of incorporation even though the Framework Agreement does not contemplate an acquisition by us of one or more assets or control of one or more operating businesses.

For **44,217,976** Against **1,739,375** Abstain **273,000**

(2) To approve the Framework Transactions and provide for our perpetual existence, consisting of the following sub-proposals:

- 2A — to approve the transactions contemplated by the Framework Agreement which, among other things, sets forth the steps to be taken by us to continue our business as a corporation that will elect to qualify as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010.

All outstanding shares:

For **44,182,126** Against **1,775,225** Abstain **273,000**

Shares we issued in our initial public offering:

For **33,877,126** Against **1,775,225** Abstain **273,000**

- Marked the box to convert shares.

  For **5,325**

- 2B — to approve an amendment to the certificate of incorporation to provide that our corporate existence will be perpetual instead of terminating on October 23, 2009.

  All outstanding shares:

  For **44,227,551** Against **1,729,800** Abstain **273,000**

  Shares we issued in our initial public offering:

  For **33,922,551** Against **1,729,800** Abstain **273,000**

(3) To approve amendments to the certificate of incorporation which (i) eliminate certain provisions applicable only to special purpose acquisition corporations, (ii) add various provisions relating to our intention to elect to qualify to be taxed as a REIT and (iii) revise certain other provisions in anticipation of our existence as an operating company, consisting of the following sub-proposals:

- 3A — to eliminate the provisions only applicable to us as a special purpose acquisition corporation prior to the completion of a "business combination," as defined in the certificate of incorporation after giving effect to Proposal 1.

  For **43,217,051** Against **1,740,300** Abstain **273,000**

- 3B — to change our name from "NRDC Acquisition Corp." to "Retail Opportunity Investments Corp."

  For **44,497,976** Against **1,739,375** Abstain **273,000**

- 3C — to add provisions setting forth REIT related ownership limitations and transfer restrictions on our stock, which, among other things, (i) provide that no person may generally own, or be deemed to own more than 9.8% by value or number of shares, whichever is more restrictive, of shares of our common stock or 9.8% by value or number of shares, whichever is more restrictive, of shares of our capital stock, (ii) prohibit any person from beneficially or constructively owning shares of our stock that would result in it being "closely held" under Section 856(h) of the Code, or otherwise cause us to fail to qualify as a REIT and (iii) prohibit any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons.

  For **44,188,626** Against **1,767,725** Abstain **274,000**

- 3D — to allow our board of directors to exempt a person from the REIT related limits on ownership of our stock unless the exemption would result in us being "closely held" within the meaning of Section 856(h) of the Code or otherwise would result in us failing to qualify as a REIT and to set forth requirements for the exemptions.

For **44,216,028** Against **1,740,323** Abstain **274,000**

- 3E — to provide that if any purported transfer of shares of our stock or any other event would otherwise result in any person violating the REIT related ownership limits or in us being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then that number of shares that would cause such person to violate such restrictions will be automatically transferred to a trust and the intended transferee will not acquire rights in such shares or we, at our option, may redeem such shares.

  For **44,215,051** Against **1,741,300** Abstain **274,000**

- 3F — to increase the number of authorized shares of our capital stock from 106,005,000 to 550,000,000.

  For **43,090,942** Against **2,866,409** Abstain **273,000**

- 3G — to eliminate the classified status of our board of directors so that all directors will be subject to re-election at each annual meeting.

  For **44,791,277** Against **1,085,212** Abstain **353,862**

(4) To adopt the 2009 Plan, effective upon completion of the Framework Transactions.

For **40,890,784** Against **4,985,705** Abstain **353,862**

(5) To adjourn the special meeting of stockholders to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, at the time of the special meeting, it appeared we could not consummate the Framework Transactions by October 23, 2009.

For **44,055,180** Against **1,822,309** Abstain **353,862**

(6) To amend our certificate of incorporation to extend the date our existence terminates from October 23, 2009 to December 4, 2009 if it appeared that, at the time of the special meeting of stockholders, we could not complete the Framework Transactions.

For **44,217,051** Against **1,740,300** Abstain **273,000**

The following is a listing of the votes cast for, against or withheld, as well as the number of abstentions as to each of the proposals presented at the special meeting of warrantholders:

(1) To approve amendments to the Warrant Agreement, which governs the terms of our outstanding warrants, in connection with the consummation of the Framework Transactions, which, among other things, sets forth the steps to be taken by us to continue our business as a corporation that will elect to qualify as a real estate investment trust for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2010, consisting of the following sub-proposals:

- 1A — to provide that the exercise price of our warrants would be increased to $12.00 per share.

  For **38,183,486** Against **31,900** Abstain **150,000**

- 1B — to provide that the expiration date of the warrants would be extended from October 17, 2011 to October 23, 2014.

  For **38,337,186** Against **28,200** Abstain **0**

- 1C — to provide that a warrantholder's ability to exercise warrants would be limited to ensure that such holder's "Beneficial Ownership" or "Constructive Ownership," each as defined in the certificate of incorporation, does not exceed the restrictions contained in the certificate of incorporation limiting the ownership of shares of our common stock.

  For **38,194,186** Against **20,500** Abstain **150,700**

- 1D — to provide that the price at which our common stock must trade before we are able to redeem the warrants we issued in our initial public offering would be increased from $14.25 to $18.75.

  For **38,341,186** Against **24,200** Abstain **0**

- 1E — to provide that the price at which our common stock must trade before we are able to redeem the warrants we issued to NRDC Capital Management, LLC prior to our initial public offering would be increased from $14.25 to (x) $22.00, as long as they are held by NRDC Capital Management, LLC or its members, members of its members' immediate families or their controlled affiliates, or (y) $18.75.

  For **38,341,986** Against **23,400** Abstain **0**

(2) To adjourn the special meeting of warrantholders to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, at the time of the special meeting, we were not authorized to consummate any of the foregoing proposals or it otherwise appeared that we could not consummate the Framework Transactions by October 23, 2009

  For **38,325,186** Against **39,500** Abstain **0**

Stockholders representing an aggregate of 5,325 shares of common stock that we issued in our initial public offering elected to exercise conversion rights, while holders representing an aggregate of 41,394,675 shares that we issued in our initial public offering did not exercise conversion rights, resulting in such shares remaining outstanding upon consummation of the Framework Transactions. As a result, we had approximately $405 million released to us (after payment of deferred underwriting fees) from the Trust Account to invest in our target assets and to pay expenses arising out of the Framework Transactions. The Framework Transactions were consummated on October 20, 2009.

PART III

Item 10. ***Directors, Executive Officers, and Corporate Governance***

Information required by this Item is hereby incorporated by reference to the material appearing in the Proxy Statement for our 2010 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2009.

Item 11. ***Executive Compensation***

Information required by this Item is hereby incorporated by reference to the material appearing in the Proxy Statement for our 2010 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2009.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information required by this Item is hereby incorporated by reference to the material appearing in the Proxy Statement for our 2010 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2009.

Item 13. ***Certain Relationships, Related Transactions, and Director Independence***

Information required by this Item is hereby incorporated by reference to the material appearing in the Proxy Statement for our 2010 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2009.

Item 14. ***Principal Accountant Fees and Services***

Information required by this Item is hereby incorporated by reference to the material appearing in the Proxy Statement for our 2010 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2009.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) and (2) Financial Statements and Schedules

Reference is made to the "Index to Consolidated Financial Statements and Financial Statement Schedules" on page F-1 of this Annual Report on Form 10-K and the consolidated financial statements included herein, beginning on page F-2.

(a)(3) 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, between Continental Stock Transfer & Trust Company and NRDC Acquisition Corp.[3]
4.5	Supplement and Amendment to Warrant Agreement, by and between NRDC Acquisition Corp. and Continental Stock Transfer & Trust Company, dated October 20, 2009[2]
10.1	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and NRDC Capital Management, LLC[3]
10.2	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and William L. Mack[4]
10.3	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Robert C. Baker[4]
10.4	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Richard A. Baker[4]
10.5	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Lee S. Neibart[3]
10.6	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Michael J. Indiveri[3]
10.7	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Edward H. Meyer[3]
10.8	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Laura Pomerantz[3]
10.9	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Vincent Tese[3]

10.10	Letter Agreement among NRDC Acquisition Corp., Banc of America Securities LLC and Ronald W. Tysoe[3]
10.11	Promissory Note issued by NRDC Acquisition Corp. to NRDC Capital Management, LLC[5]
10.12	Form of Registration Rights Agreement, between NRDC Acquisition Corp. and NRDC Capital Management, LLC[3]
10.13	Private Placement Warrant Purchase Agreement, between NRDC Acquisition Corp. and NRDC Capital Management, LLC[4]
10.14	Letter Agreement between NRDC Acquisition Corp. and Apollo Real Estate Advisors[4]
10.15	Framework Agreement, by and between NRDC Acquisition Corp. and NRDC Capital Management, LLC[6]
10.16	Letter Agreement between NRDC Acquisition Corp. and Banc of America Securities LLC[7]
10.17	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and NRDC Capital Management, LLC[8]
10.18	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and William L. Mack[8]
10.19	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Robert C. Baker[8]
10.20	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Richard A. Baker[8]
10.21	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Lee S. Neibart[8]
10.22	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Michael J. Indiveri[8]
10.23	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Edward H. Meyer[8]
10.24	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Laura Pomerantz[8]
10.25	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Vincent Tese[8]
10.26	Letter Agreement, dated August 10, 2009, among NRDC Acquisition Corp., Banc of America Securities LLC and Ronald W. Tysoe[8]
10.27	Letter Agreement between NRDC Acquisition Corp. and Ladenburg Thalmann & Co. Inc.[9]
10.28	Letter Agreement between NRDC Acquisition Corp. and Maxim Group LLC[10]
10.29	Letter Agreement between NRDC Acquisition Corp. and Gunnallen Financial, Inc.[11]
10.30	Amendment to Framework Agreement, by and between NRDC Acquisition Corp. and NRDC Capital Management, LLC[11]
10.31	Amendment to Placement Warrant Purchase Agreement, by and between NRDC Acquisition Corp. and NRDC Capital Management, LLC, dated as of October 20, 2009[2]

10.32	Transitional Shared Facilities and Services Agreement, by and between NRDC Acquisition Corp. and NRDC Real Estate Advisors, LLC, dated as of October 20, 2009[2]
10.33	Employment Agreement, by and between NRDC Acquisition Corp. and Stuart Tanz, dated as of October 20, 2009[2]
10.34	Employment Agreement, by and between NRDC Acquisition Corp. and John Roche, dated as of October 20, 2009[2]
10.35	Employment Agreement, by and between NRDC Acquisition Corp. and Richard A. Baker, dated as of October 20, 2009[2]
10.36	Restricted Stock Award Agreement, by and between Retail Opportunity Investments Corp. and Stuart Tanz, dated as of October 20, 2009[2]
10.37	Restricted Stock Award Agreement, by and between Retail Opportunity Investments Corp. and John Roche, dated as of October 20, 2009[2]
10.38	Restricted Stock Award Agreement, by and between Retail Opportunity Investments Corp. and Richard A. Baker, dated as of October 20, 2009[2]
10.39	Option Award Agreement, by and between Retail Opportunity Investments Corp. and Stuart Tanz, dated as of October 20, 2009[2]
10.40	Option Award Agreement, by and between Retail Opportunity Investments Corp. and John Roche, dated as of October 20, 2009[2]
10.41	Option Award Agreement, by and between Retail Opportunity Investments Corp. and Richard A. Baker, dated as of October 20, 2009[2]
10.42	Corporate Opportunity Agreement, by and between NRDC Acquisition Corp. and Robert C. Baker, dated as of October 20, 2009[2]
10.43	Corporate Opportunity Agreement, by and between NRDC Acquisition Corp. and William L. Mack, dated as of October 20, 2009[2]
10.44	Termination of Co-Investment Agreement, by and between NRDC Acquisition Corp. and NRDC Capital Management, LLC, dated as of October 20, 2009[2]
10.45	2009 Equity Incentive Plan[2]
10.46	Form of Restricted Stock Award Agreement under 2009 Equity Incentive Plan[2]
10.47	Form of Option Award Agreement under 2009 Equity Incentive Plan[2]
10.48	Agreement of Purchase and Sale and Joint Escrow Instructions, by and between Retail Opportunity Investments Corp. and PPSC, LLC and 15717 Downey Ave LLC, dated as of November 25, 2009
10.49	Purchase and Sale Agreement and Receipt for Earnest Money, between PBS Associates, LLC and Retail Opportunity Investments Corp., dated December 15, 2009
10.50	Purchase and Sale Agreement and Receipt for Earnest Money, between Meridian valley Properties, LLC and Retail Opportunity Investments Corp., dated December 24, 2009
10.51	Agreement of Purchase and Sale and Escrow Instructions, by and between Regency Centers, L.P. and Retail Opportunity Investments Corp., dated as of December 30, 2009

10.52	Employment Agreement, by and between Retail Opportunity Investment Corp. and Richard K. Schoebel, dated as of December 9, 2009
10.53	Restricted Stock Award Agreement, by and between Retail Opportunity Investments Corp. and Richard K. Schoebel, dated as of December 9, 2009
10.54	Option Award Agreement, by and between Retail Opportunity Investments Corp. and Richard K. Schoebel, dated as of December 9, 2009
10.55	Common Stock Award, by Retail Opportunity Investments Corp. to Melvin S. Adess, dated as of December 11, 2009 and effective as of October 20, 2009
10.56	Common Stock Award, by Retail Opportunity Investments Corp. to Charles J. Persico, dated as of December 11, 2009 and effective as of October 20, 2009
14.1	Code of Business Conduct and Ethics
21.1	List of Subsidiaries of Retail Opportunity Investments Corp.
23.1	Consent of McGladrey & Pullen, LLP
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certifications pursuant to Section 1350

(1) Incorporated by reference to Retail Opportunity Investments Corp's registration statement on Form S-1/A filed on September 7, 2007 (File No. 333-144871).
(2) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on October 26, 2009.
(3) Incorporated by reference to Retail Opportunity Investments Corp.'s registration statement on Form S-1/A filed on September 27, 2007 (File No. 333-144871).
(4) Incorporated by reference to Retail Opportunity Investments Corp.'s registration statement on Form S-1/A filed on October 10, 2007 (File No. 333-144871).
(5) Incorporated by reference to Retail Opportunity Investments Corp.'s registration statement on Form S-1 filed on July 26, 2007 (File No. 333-144871).
(6) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on August 10, 2009.
(7) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on August 12, 2009.
(8) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on August 14, 2009.
(9) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on August 21, 2009.
(10) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on August 31, 2009.
(11) Incorporated by reference to Retail Opportunity Investments Corp.'s current report on Form 8-K filed on September 16, 2009.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 11, 2010

By: /s/ Stuart A. Tanz
Stuart A. Tanz
President and Chief Executive Officer
(*Principal Executive Officer*)

Date: March 11, 2010

By: /s/ John B. Roche
John B. Roche
Senior Vice President and Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: March 11, 2010

/s/ Richard A. Baker
Richard A. Baker
Executive Chairman of the Board

Date: March 11, 2010

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

Date: March 11, 2010

/s/ Melvin S. Adess
Melvin S. Adess
Director

Date: March 11, 2010

/s/ Robert C. Baker
Robert C. Baker
Director

Date: March 11, 2010

/s/ Michael J. Indiveri
Michael J. Indiveri
Director

Date: March 11, 2010

/s/ William L. Mack
William L. Mack
Director

Date: March 11, 2010	/s/ Edward H. Meyer Edward H. Meyer *Director*
Date: March 11, 2010	/s/ Lee S. Neibart Lee S. Neibart *Director*
Date: March 11, 2010	/s/ Charles J. Persico Charles J. Persico *Director*
Date: March 11, 2010	/s/ Laura H. Pomerantz Laura H. Pomerantz *Director*
Date: March 11, 2010	/s/ Vincent S. Tese Vincent S. Tese *Director*

Retail Opportunity Investments Corp.
Index To Consolidated Financial Statements and Financial Statement Schedules

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Retail Opportunity Investments Corp.

We have audited the accompanying consolidated balance sheets of Retail Opportunity Investments Corp. and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended December 31, 2009 and 2008 and the period from July 10, 2007 (inception) to December 31, 2007. Our audits also included the financial statement schedules of Retail Opportunity Investments Corp. listed in Item 15(a). These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Retail Opportunity Investments Corp. and Subsidiaries as of December 31, 2009 and 2008 and the results of their operations and their cash flows for the year ended December 31, 2009 and 2008 and the period from July 10, 2007 (inception) to December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Retail Opportunity Investments Corp. and Subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 11, 2010 expressed an unqualified opinion on the effectiveness of Retail Opportunity Investments Corp.'s internal control over financial reporting.

/s/ McGladrey & Pullen, LLP

McGLADREY & PULLEN, LLP

New York, New York

March 11, 2010

RETAIL OPPORTUNITY INVESTMENTS CORP.

CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2008
ASSETS		
Real Estate Investments:		
Land	$ 6,346,871	$ —
Building and improvements	10,218,422	—
	16,565,293	—
Less: accumulated depreciation	20,388	—
Net Real Estate Investments, net	16,544,905	—
Cash	383,217,881	4,222
Restricted cash	22,946	—
Investments held in trust	—	396,804,576
Investments held in trust from underwriter	—	14,490,000
Acquired lease intangible asset, net of accumulated amortization of $7,510	1,820,151	—
Income taxes receivable	1,236,375	366,153
Prepaid expenses	147,634	47,254
Deferred tax asset	—	675,753
Deferred charges, net of accumulated amortization $2,147	870,769	—
Other	12,852	—
Total assets	$ 403,873,513	$412,387,958
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Acquired lease intangibles liability, net of accumulated amortization of $4,683	$ 1,121,187	$ —
Accrued expenses	4,434,586	272,684
Due to related party	5,556	—
Deferred interest payable	—	960,648
Deferred underwriting fee	—	14,490,000
Tenants' security deposits	22,946	—
Other liabilities	94,463	—
Total liabilities	5,678,738	15,723,332
Common Stock, subject to possible conversion of 12,419,999 shares	—	117,590,055
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, $.0001 par value 50,000,000 Authorized shares; none issued and outstanding	—	—
Common stock, $.0001 par value 500,000,000 shares Authorized; 41,569,675 and 51,750,000 shares respectively, issued and outstanding	4,156	5,175
Additional paid-in-capital	403,184,312	274,697,319
(Accumulated deficit) retained earnings	(4,993,693)	4,372,077
Total stockholders' equity	398,194,775	279,074,571
Total liabilities and stockholders' equity	$ 403,873,513	$412,387,958

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

RETAIL OPPORTUNITY INVESTMENTS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the period from July 10, 2007 (inception) to December 31, 2007
Revenues			
Base rents	$ 45,736	$ —	$ —
Operating Expenses			
Property operating	9,149	—	—
General & Administrative Expenses	11,347,257	1,566,294	672,187
Depreciation and amortization	28,864	—	—
Total operating expenses	11,385,270	1,566,294	672,187
Operating loss	(11,339,534)	(1,566,294)	(672,187)
Interest income	1,705,421	5,563,075	3,359,023
(Loss) Income before Provision for Income Taxes	(9,634,113)	3,996,781	2,686,836
(Benefit) Provision for Income Taxes	(268,343)	1,358,906	952,634
Net (Loss) Income for period	$ (9,365,770)	$ 2,637,875	$ 1,734,202
Weighted average shares outstanding Basic and diluted:	49,734,703	51,750,000	27,198,837
(Loss) earnings per share Basic and diluted:	$ (0.19)	$ 0.05	$ 0.06

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

RETAIL OPPORTUNITY INVESTMENTS CORP.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock				
	Shares	Amount	Additional paid-in capital	Retained earnings (accumulated deficit)	Stockholders' Equity
Issuance of shares to Founders on July 13, 2007 at approximately $.002 per share	10,350,000	$ 1,035	$ 23,965	$ —	$ 25,000
Sale of Private Placement Warrants	—	—	8,000,000	—	8,000,000
Sale of 41,400,000 units through public offering (net of underwriter's discount and offering expenses) including 12,419,999 shares subject to possible conversion	41,400,000	4,140	384,243,304	—	384,247,444
Proceeds subject to possible conversion	—	—	(117,590,055)	—	(117,590,055)
Net Income	—	—	—	1,734,202	1,734,202
Balance at December 31, 2007	51,750,000	5,175	274,677,214	1,734,202	276,416,591
Adjustment to expenses incurred in initial public offering	—	—	20,105	—	20,105
Net Income	—	—	—	2,637,875	2,637,875
Balance at December 31, 2008	51,750,000	5,175	274,697,319	4,372,077	279,074,571
Reduction of deferred underwriting fee	—		10,267,778	—	10,267,778
Shares of 5,325 exercised during conversion	(5,325)	(1)	(52,172)		(52,173)
Shares of 12,414,674 unexercised previously subject to possible conversion	—	—	117,590,055	—	117,590,055
Cancellation of shares issued to Founders on July 13, 2007	(10,225,000)	(1,023)	1,023		—
Issuance of common shares to directors	50,000	5	512,495	—	512,500
Compensation expense related to restricted stock grants	—	—	138,400	—	138,400
Compensation expense related to options granted	—	—	29,414	—	29,414
Net Loss	—	—	—	(9,365,770)	(9,365,770)
Balance at December 31, 2009	41,569,675	$ 4,156	$ 403,184,312	$ (4,993,693)	$ 398,194,775

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

RETAIL OPPORTUNITY INVESTMENTS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the period from July 10, 2007 (inception) through December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (9,365,770)	$ 2,637,875	$ 1,734,202
Adjustments to reconcile net (loss) income to cash provided by operating activities:			
Depreciation and amortization	28,864	—	—
Amortization of above and below market rent	(2,827)	—	—
Amortization relating to stock based compensation	680,314	—	—
Net income earned in acquisition	(29,641)	—	—
Change in operating assets and liabilities			
Restricted cash	(22,946)	—	—
Prepaid expenses	(100,380)	80,876	(128,130)
Interest on investments held in trust	(352,407)	(6,522,954)	(3,356,856)
Income taxes receivable	(870,222)	(366,153)	—
Deferred tax asset	675,753	(542,684)	(133,069)
Accounts payable	—	(26,310)	26,310
Income taxes payable	—	(1,311,589)	1,311,589
Due to related party	5,556	—	—
Deferred interest payable	(960,648)	960,648	—
Accrued expenses	4,161,902	(97,277)	369,961
Other assets	(13,528)	—	—
Other liabilities	9,751	—	—
Net cash used in operating activities	(6,156,229)	(5,187,568)	(175,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Withdrawal of funds from investments placed in trust	411,646,984	5,042,115	—
Investments placed in trust	—	—	(406,456,881)
Acquisition of real estate investments	(18,002,923)	—	—
Net cash provided by (used in) investment activities	393,644,061	5,042,115	(406,456,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the sale of units to public	—	—	414,000,000
Proceeds from private placement warrants	—	—	8,000,000
Proceeds from sale of units to Founders	—	—	25,000
Proceeds from notes payable to affiliates of Founders	—	—	200,000
Repayment of notes payable to affiliates of Founders	—	—	(200,000)
Payments for shares redeemed during conversion	(52,173)	—	—
Payments of offering costs	(4,222,000)	(48,895)	(15,193,556)
Net cash (used in) provided by financing activities	(4,274,173)	(48,895)	406,831,444
Net increase (decrease) in cash	383,213,659	(194,348)	198,570
Cash at Beginning of Period	4,222	198,570	—
Cash at End of Period	$ 383,217,881	$ 4,222	$ 198,570
Cash paid for Federal and New York state income taxes	$ —	$ 4,345,144	$ —
Supplemental disclosure of non-cash financing activities:			
Accrual of offering costs	$ —	$ —	$ 69,000
(Reduction) accrual of deferred underwriting fee	$ (10,267,778)	$ —	$ 14,490,000

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

RETAIL OPPORTUNITY INVESTMENTS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 ("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 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").

All activity from the Company's inception through October 20, 2009 relates solely to the Company's formation, a private placement of its securities, the initial public offering ("Public Offering") of its securities and the Company's efforts to identify a target business and transactions related to the Framework agreement. Following the consummation of the Framework Transactions on October 20, 2009, 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. Although not its 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 is targeting properties strategically situated in densely populated, middle and upper income markets in the eastern and western regions of the United States.

On December 22, 2009, the Company acquired a shopping center located in Paramount, Los Angeles County, California (the "Paramount Property"). The acquisition is consistent with the Company's business plan to acquire properties in well located communities and densely populated areas. As a result of the acquisition, the Company has deemed its business to no longer be in the development stage at year ended December 31, 2009.

As of December 31, 2009, the Company owned one property containing a total of 95,000 square feet of gross leasable area ("GLA").

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

Principles of Consolidation and Use of Estimates

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the consolidated

accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, valuation allowance on its deferred tax asset and the valuation of options and warrants. Actual results could differ from these estimates.

Income Taxes

Deferred income taxes are provided for the differences between bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized

Commencing with the Company's taxable year ending December 31, 2010, the Company intends to be treated as a REIT under Sections 856-860 of the Internal Revenue Code ("Code"). Under those sections, a REIT that, among other things, distributes at least 90% of real estate trust 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 Financial Accounting Standards Board's ("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. For the years ended December 31, 2009, 2008 and 2007, the Company did not incur any interest and penalties related to income taxes. As of December 31, 2009, the tax years 2007 through and including 2009 remain open to examination by the Internal Revenue Service and state taxing authorities. There are currently no examinations in progress.

Real Estate Investments

All capitalizable costs related to the improvement or replacement of real estate properties are capitalized. Additions, renovations and improvements that enhance and/or extend the useful life of a property are also capitalized. Expenditures for ordinary maintenance, repairs and improvements that do not materially prolong the normal useful life of an asset are charged to operations as incurred.

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and building improvements), and acquired intangible assets and liabilities (consisting of above-market and below-market leases and acquired in-place leases). Acquired lease intangible assets include above market leases and acquired in-place leases in the accompanying consolidated balance sheet. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the relative fair values of these assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs. The fair value of acquired assets is considered a level 3 input in accordance with the fair value measurement topic in the FASB clarification. 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 leases 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 non-cancelable terms of the respective leases. 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.

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 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 $2,147 and $0 as of December 31, 2009 and 2008, respectively.

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.

Revenue Recognition

Management has determined that all of the Company's leases with its various tenants are operating leases. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. Percentage rent is recognized when a specific tenant's sales breakpoint is achieved. Property operating expense recoveries from tenants of common area maintenance, real estate taxes and other recoverable costs are recognized in the period the related expenses are incurred. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms. Lease termination amounts received by the Company from its tenants are recognized as income in the period received. Interest income is recognized as it is earned. Gains or losses on disposition of properties are recorded when the criteria for recognizing such gains or losses under generally accepted accounting principles have been met.

The Company must make estimates as to the collectibility 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 historical bad debts, tenant creditworthiness, current economic trends, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable.

Restricted Cash

Restricted cash consists of tenant security deposits.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash in excess of insured amounts with high quality financial institutions. The Company has not experienced any losses in connection with these accounts through December 31, 2009.

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.

Earnings per share are computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period.

In 2008 and 2007, the effect of the 41,400,000 warrants to purchase the Company's common stock issued in connection with the Public Offering and the 8,000,000 outstanding warrants purchased by the Sponsor simultaneously with the consummation of the Public Offering ("Private Placement Warrants") were not considered in diluted EPS since such warrants were contingently exercisable.

In 2009, the effect of the 41,400,000 warrants issued in connection with the Public Offering, the 8,000,000 Private Placement Warrants, and the restricted stock and option grants 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 7.

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

Segment Reporting

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

Accounting Standards Updates

In July 2009, the FASB issued the Codification as the source of authoritative GAAP to be applied by nongovernmental entities including public companies, in the preparation of their financial statements in accordance with GAAP. This guidance was effective for financial statements issued for interim and annual periods ending after September 15, 2009. Prior to the issuance of the Codification, all GAAP pronouncements were issued in separate topical pronouncements and referred to as such. As a public company, the Company will still follow rules and interpretive releases of the Securities and Exchange Commission ("SEC") under federal securities laws. The SEC rules and regulations generally rank one level higher than GAAP for public companies in the preparation of their financial statements. During the year ended December 31, 2009 the Company adopted the Codification.

In May 2009, the FASB issued a new standard on subsequent events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. It requires the Company to consider subsequent events through the date the financial statements were issued. The required disclosure is included in Note 14 to these consolidated financial statements.

The Company adopted the updated accounting guidance related to business combinations, which (i) establishes the acquisition-date fair value as the measurement objective for all assets acquired, liabilities assumed, and any contingent consideration, (ii) requires expensing of most transaction costs that were previously capitalized, and (iii) requires the acquiror to disclose the information needed to evaluate and understand the nature and financial effect of the business combination to investors and other users. The principal impact of the adoption of this guidance

on the Company's financial statements, is that the Company has expensed transaction costs relating to its acquisition activities ($0.2 million for the year ended December 31, 2009).

The Company adopted the updated accounting guidance related to determining whether instruments granted in share-based payment transactions are participating securities, which states that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share. The adoption of this guidance had no impact on the Company's consolidated financial statements.

The Company adopted the updated accounting guidance related to interim disclosures about fair value of financial instruments (the prior guidance had required annual disclosures of the fair value of all instruments, recognized or unrecognized, except for those specifically excluded, when practical to do so). The updated guidance requires a publicly-traded company to include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. The updated guidance must be applied prospectively and does not require disclosures for earlier periods presented for comparative periods at initial adoption. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

The Company adopted additional updated accounting guidance relating to fair value measurements and disclosures, which clarifies the guidance for fair value measurements when the volume and level of activity for the asset or liability have significantly decreased, and includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued new accounting 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 guidance will be effective for the Company on January 1, 2010. The Company is currently evaluating the impact that the guidance will have on its financial condition and results of operations.

In June 2009, the FASB issued new accounting guidance which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance. The guidance requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. The guidance also requires additional disclosures about a company’s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. The guidance will be effective for the Company on January 1, 2010. The Company is currently evaluating the impact that the guidance will have on its financial condition and results of operations.

The FASB issued an update that all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under Fair Value Measurements. The guidance requires certain new disclosures and clarifies two existing disclosure requirements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

The Company does not believe that any other recently issued, but not yet effective, accounting standards will have a significant effect on its consolidated financial condition or results of operations.

2. REAL ESTATE INVESTMENTS

In December 2009, the Company purchased the Paramount Property for $18.1 million in cash. The Paramount Property is a 95,000 square foot, recently renovated, shopping center with an overall occupancy rate of approximately 95%. The Paramount Property has three major anchor tenants, Fresh & Easy Neighborhood Market

(Tesco), Rite Aid and T.J. Maxx. The acquisition of the property was funded from available cash. The results of operations of the Paramount Property are included in the accompanying consolidated statement of operations from the date of acquisition through December 31, 2009.

Pro forma information has not been included since this acquisition was not considered significant.

Upon acquisitions of real estate, the Company assesses the fair value of acquired assets (including land, buildings and improvements, and identified intangibles such as above and below market leases, acquired in-place leases). The intangibles are amortized over the remaining non-cancelable terms of the respective leases. During 2009, the Company completed its evaluation of the acquired assets at the Paramount Property. As a result of its evaluations, the Company has allocated the purchase price as follows:

Land	$	6,346,871
Building		9,884,334
Tenant improvements		334,088
Acquired lease intangible assets		1,827,661
Acquired lease intangible liabilities		(1,125,870)
Lease origination costs		872,916
Total	$	18,140,000

Future minimum rentals to be received under non-cancelable tenant leases at December 31, 2009 are approximately as follow:

Year ending December 31:		
2010	$	1,585,354
2011		1,535,542
2012		1,446,402
2013		1,370,424
2014		1,279,882
Thereafter		12,572,108
	$	19,789,712

The scheduled amortization of acquired lease intangible assets as of December 31, 2009 is as follows:

Year ending December 31:		
2010	$	260,977
2011		210,850
2012		177,876
2013		159,123
2014		128,350
Thereafter		882,975
	$	1,820,151

The intangible assets are being amortized over a weighted average life of 12.2 years.

The scheduled amortization of acquired lease intangible liabilities as of December 31, 2009 is as follows:

Year ending December 31:		
2010	$	(174,236)
2011		(174,236)
2012		(151,187)
2013		(146,252)
2014		(62,293)
Thereafter		(412,983)
	$	(1,121,187)

The intangible liabilities are being amortized over a weighted average life of 10.1 years.

3. INITIAL PUBLIC OFFERING AND FRAMEWORK TRANSACTIONS

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 proceeds of $8 million were placed in a trust account (the "Trust Account"). The Private Placement Warrants were identical to the warrants sold in the Public Offering except that the Private Placement Warrants are exercisable on a cashless basis as long as they are still held by the Sponsor or its permitted transferees. The purchase price of the Private Placement Warrants approximated the fair value of such warrants at the purchase date.

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

In accordance with the warrant agreement relating to the warrants sold and issued in the Public Offering and the Private Placement Warrants, the Company is only required to use its best efforts to maintain an effective registration statement covering the warrants. The Company will not be obligated to deliver shares securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Consequently, the warrants may expire unexercised and unredeemed. Additionally, in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the exercise of a warrant issued in the Public Offering.

As a result of the Framework Transactions that were consummated on October 20, 2009, certain terms of the warrants were amended as follows:

- The exercise price of the warrants was increased to $12.00 from $7.50 per share.
- The expiration date of the warrants was extended from October 17, 2011 to 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 increased from $14.25 to $18.75.
- The price at which the Company's common stock must trade before the Company is able to redeem the Private Placement Warrants increased from $14.25 to (x) $22.00, as long as they are held by the Sponsor or its members, members of its members' immediate families or their controlled affiliates, or (y) $18.75.
- To provide that a 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.

Upon the closing of the Public Offering and the concurrent private placement, $406.5 million including $14.5 million of the underwriters' deferred discounts and commissions described below were 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 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 until the earlier of (i) the consummation of its Business Combination and (ii) liquidation of the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Upon consummation of the Framework Transactions, the funds were released to the company from the Trust Account.

In connection with the Public Offering, the Company paid Banc of America Securities LLC, Maxim Securities Inc., Gunnallen Financial Inc. and Ladenburg Thalmann & Co. Inc., the underwriters of the Public Offering, an underwriting discount of 7.0% of the gross proceeds of the Public Offering, of which 3.5% of the gross proceeds ($14.5million) was held in the Trust Account and payable only upon the consummation of a Business Combination. The underwriters waived their right to receive such payment upon the Company's liquidation if the Company was unable to complete a Business Combination. In August 2009, the Company renegotiated with the underwriters of the Public Offering, reducing the fee to $4.2 million, which was paid prior to December 31, 2009.

With respect to a Business Combination which was approved and consummated, any stockholder who purchased securities offered in the Public Offering or in the secondary market (each a "public stockholder") who voted against such Business Combination could demand that the Company convert his or her shares. The per share conversion price equaled the amount on deposit in the Trust Account, calculated as of two business days prior to the consummation of the proposed Business Combination, divided by the number of shares of common stock held by public stockholders at the consummation of the Public Offering. Accordingly, public stockholders holding 12,419,999 shares sold in the Public Offering could seek conversion of their shares in the event of a Business Combination. Such public stockholders were entitled to receive their per share interest in the Trust Account computed without regard to the shares of common stock held prior to the consummation of the Public Offering. Accordingly, a portion of the net proceeds from the Public Offering (29.99% of the amount placed in the Trust Account, including the deferred portion of the underwriters' discount and commission) was classified as common stock subject to possible conversion and a portion (29.99%) of the interest earned on the Trust Account, after deducting the amounts permitted to be utilized for tax obligations and working capital purposes, was recorded as deferred interest on the December 31, 2008 balance sheet. Pursuant to letter agreements, the Company's stockholders prior to the Public Offering waived their right to receive distributions with respect to their founding shares upon the Company's liquidation.

An aggregate of 10,230,325 shares of the Company's common stock were cancelled in connection with the completion of the Framework Transactions, consisting of the cancellation of 10,125,000 shares that were held by the Sponsor, 100,000 shares that were held by five of the Company's independent directors, and 5,325 shares of public stockholders who elected to exercise conversion rights with respect to the proposal to approve the Framework Transactions. The conversion by the public stockholders resulted in a net payment of $52,173 and the remaining balance previously included in common stock subject to redemption was reclassed to additional paid-in capital and the balance in the deferred interest payable was recognized as interest income.

Under the terms of a registration rights agreement, the Sponsor has the right to make up to three demands that the Company register 125,000 shares of common stock held by the Company's independent directors and the 8,000,000 Private Placement Warrants and the shares for which they are exercisable. Under this agreement the Sponsor can elect to exercise its registration rights at any time beginning on the date three months prior to the expiration of the applicable transfer restrictions. Under this agreement, the restricted transfer period for the shares expires on the date that is one year after the consummation of the Framework Transactions, which constituted the Company's initial Business Combination, and the restricted transfer period for the Private Placement Warrants and the shares for which they are exercisable expired on the consummation of the Company's initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any registration statement. Pursuant to the registration rights agreement, the Sponsor and the Company's executive officers and directors will waive any claims to monetary damages for any failure by the Company to comply with the requirements of the registration rights agreement.

4. INVESTMENTS HELD IN TRUST

At December 31, 2008, the Company had investments in treasury bills which it considered a trading security. The investments were carried at market value, which approximated cost plus accrued interest. Upon the consummation

of the Framework Transactions the funds held in trust were released to the Company and placed in U.S. bank accounts which are reflected in Cash in the accompanying consolidated balance sheet.

The following table reconciles the amount of net proceeds from the Public Offering and the concurrent private placement in the Trust Account to the balance at December 31, 2009:

	December 31, 2009	December 31, 2008
Contribution to trust	$ 406,456,881	$ 406,456,881
Underwriters discounts and commissions	(4,222,000)	(14,490,000)
Interest income received	10,232,218	9,879,810
Withdrawals to fund tax payments	(4,670,144)	(4,345,144)
Withdrawal for working capital purposes	(2,779,280)	(696,971)
Total investments held in trust	405,017,675	396,804,576
Less: Payment to dissenting stockholders	(52,637)	—
Less: Transfer to cash accounts	(404,965,038)	—
Total investments held in trust	$ —	$ 396,804,576

5. 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. In connection with the consummation of the Framework Transaction, on October 20, 2009, the Company's certificate of incorporation was amended to increase the number of authorized shares of the Company's preferred stock from 5,000 to 50,000,000.

6. COMMON STOCK

On September 4, 2007, the Company's Board of Directors authorized a 6 for 5 stock split with respect to all outstanding shares of the Company's common stock. On October 17, 2007, the Company's Board of Directors authorized an additional 6 for 5 stock split with respect to all outstanding shares of the Company's common stock. All references in the accompanying financial statements to the number of shares of stock have been retroactively restated to reflect these transactions.

On September 4, 2007, the Company's certificate of incorporation was amended to increase the authorized shares of common stock from 70,000,000 to 106,000,000 shares of common stock. In connection with the consummation of the Framework Transactions, on October 20, 2009, the Company's certificate of incorporation was amended to increase the number of authorized shares of the Company's common stock from 106,000,000 to 500,000,000.

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

7. 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 year ended December 31, 2009, the Company awarded a total of 235,000 shares of restricted stock from the 2009 Plan. As of December 31, 2009 there remained a total of $2.3 million of unrecognized restricted stock compensation related to outstanding nonvested restricted stock grants awarded under the plan. Restricted stock

compensation is expected to be expensed over a remaining weighted average period of 3 years. For the year ended December 31, 2009, amounts charged to compensation expense totaled $138,400. Nothing was incurred in prior years.

A summary of the status of the Company's nonvested restricted stock awards as of December 31, 2009, and changes during the year ended December 31, 2009 are presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2008	—	—
Granted	235,000	$ 10.27
Vested	—	—
Forfeited	—	—
Nonvested at December 31, 2009	235,000	$ 10.27

Stock Options

During the year ended December 31, 2009, the Company awarded a total of 235,000 options to purchase shares under the 2009 Plan. The shares vest over an average period of 3.5 years. The Company has used the Monte Carlo method for purposes of estimating the fair value in determining compensation expense for options granted for the year ended December 31, 2009. The assumption for expected volatility has a significant effect on the grant fair value. Volatility is determined based on the historical volatilities of REITs similar to the Company. The Company used the simplified method to determine the expected life which is calculated as an average of the vesting period and the contractual term. The fair value for the options issued by the Company was estimated at the date of the grant using the following weighted-average assumptions:

	Year ended December 31, 2009
Weighted-average volatility at a range of 34% to 39%	35.0%
Expected dividends at a range of 7.3% to 7.5%	7.3%
Expected life (in years) at a range of 6.0 to 6.5	6.1
Risk-free interest rate	2.6%

A summary of option activity as of December 31, 2009, and changes during the year then ended is presented below:

	Shares	Weighted Average Exercise Price	Weighted Remaining Contractual Term	Weighted Average Fair Value
Outstanding at December 31, 2008	—	—	—	
Granted	235,000	$ 10.25	10	$ 2.18
Exercised	—	—	—	
Expired	—	—	—	
Outstanding at December 31, 2009	235,000	$ 10.25	10	$ 2.18
Exercisable at December 31, 2009	—	—	—	—

The fair value of the stock options at the date of grant was $0.5 million. For the year ended December 31, 2009, amounts charged to compensation expense totaled $29,414. Nothing was incurred in prior years. The total unearned compensation at December 31, 2009 was $0.5 million. There were no options granted during the year ended December 31, 2008 and 2007.

8. INCOME TAXES

The components of the provision for income taxes are as follows:

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the period from July 10, 2007 (inception) to December 31, 2007
Current:			
Federal	$ (944,096)	$ 1,901,590	$ 1,026,445
State	—	—	59,258
Deferred:			
Federal	675,753	(542,684)	(133,069)
State	—	—	—
Total provision for income taxes	$ (268,343)	$ 1,358,906	$ 952,634

The components of the deferred tax asset are as follows:

	December 31, 2009	December 31, 2008
Assets deferred for income tax purposes	$ 1,120,109	$ 407,664
Deferred interest income	—	381,377
Valuation allowance	(1,120,109)	(113,288)
Deferred tax asset	—	$ 675,753

For the year ended December 31, 2008, the Company recorded a valuation allowance against the state deferred tax asset since it cannot determine realizability for tax purposes and therefore cannot conclude that the deferred tax asset is more likely than not recoverable at this time. However, at December 31, 2009, the Company recorded a full valuation allowance against the deferred tax asset as a result of the impending REIT status in 2010.

The Company's effective tax rate differs from the effective tax rate of 34.0% for the year ended December 31, 2008 principally due to the following:

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the period from July 10, 2007 (inception) to December 31, 2007
Federal statutory rate	34.0%	34.0%	34.0%
Permanent differences	-19.8%	—	—
State taxes	-1.0%	-2.3%	0.6%
Valuation allowance	-10.5%	2.3%	0.8%
Effective tax rate	2.7%	34.0%	35.4%

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

10. ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2009	December 31, 2008
Framework Transactions costs	$ 2,440,060	$ —
Payroll and related costs	521,598	—
Professional fees	896,928	60,012
Other	576,000	212,672
	$ 4,434,586	$ 272,684

11. 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.

In September 2009, the Company entered into an agreement with CSCA Capital Advisors LLC. The agreement states that after consummation of the Framework Transactions the Company is liable to pay an Asset Transaction Fee ("Asset Transaction Fee"). The Asset Transaction Fee is equal to 0.65% of total purchase price paid by the Company for real estate assets or related debt or equity investments including all cash, notes, contingent payments, securities and other property paid together with the assumption of indebtedness. The Company's obligation to pay the Asset Transaction Fee will end at such at time as the cumulative transaction value of properties acquired and/or investments made exceeds the amount of the Trust Account proceeds. For the year ended December 31, 2009, the Company has incurred $2.4 million of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations.

12. RELATED PARTY TRANSACTIONS

Prior to the consummation of the Framework Transactions, the Company has paid up to $7,500 a month in total for office space and general and administrative services to the Sponsor. In connection with the consummation of the Framework Transactions, on October 20, 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 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 December 31, 2009, 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 years ended December 31, 2009, 2008, and 2007 the Company has incurred $62,661, $90,000, and 16,451, respectively, of expenses relating to this agreement which is included in general and administrative expenses in the accompanying consolidated statements of operations.

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

13. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended December 31, 2009 and 2008 are as follows (In thousands, except per share data):

	Year Ended December 31, 2009				Year Ended December 31, 2008			
	Quarter Ended				Quarter Ended			
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31
Base rents	$ —	$ —	$ —	$ 46	$ —	$ —	$ —	$ —
Interest Income	$ 74	$ 83	$ 64	$ 1,484	$ 2,277	$ 888	$ 1,507	$ 891
Net Income (Loss)	(220)	(739)	(2,337)	(6,070)	1,089	465	833	250
Basic and diluted (loss) income per share	$ (0.00)	$ (0.01)	$ (0.05)	$ (0.14)	$ 0.02	$ 0.01	$ 0.02	$ —

The fourth quarter 2009 results reflects the consummation of the Framework Transactions on October 20, 2009 and the purchase of the Paramount Property.

14. SUBSEQUENT EVENTS

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

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 99.7% interest in Phillips Ranch Shopping Center, (the "Phillips Ranch Property") a neighborhood center located in Pomona, California for an aggregate purchase price of approximately $7.4 million. A portion of the proceeds were used to extinguish an existing $18.5 million deed of trust on the Phillips Ranch Property The Phillips Ranch Property is a 125,554 square foot neighborhood center. The acquisition of the property was funded from available cash.

On December 15, 2009, the Company entered into a purchase and sale agreement with PBS Associates, LLC (the "Seller") to acquire a property known as the Aurora Shopping Center, located in Seattle, Washington. The estimated total purchase price was to be $23 million which included the Company assuming $2.5 million of the Sellers obligation on an existing loan. In accordance with the terms of this agreement, $0.5 million was deposited into an interest-bearing escrow account with the Title Company on January 4, 2010. On January 20, 2010, there was an amendment to the agreement dated December 15, 2009 to reduce the total purchase price to $22.9 million.

On March 11, 2010, the Company completed the acquisition of a shopping center located in Lake Stevens, Snohomish County, Washington (the "Lake Stevens Property"), for an aggregate purchase price of approximately $16.2 million. The Lake Stevens Property is a shopping center of approximately 74,130 square feet, is 100% occupied and anchored by Haggen Food & Pharmacy. The acquisition of the property was funded from available cash.

The Company has not yet determined the purchase price allocations for the above property acquisitions.

RETAIL OPPORTUNITY INVESTMENTS CORP.

SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2009

(in thousands)

Description and Location	Encumbrances	Initial Costs to Company Land	Initial Costs to Company Buildings & Improvements	Cost Capitalized Subsequent to Acquisition Land	Cost Capitalized Subsequent to Acquisition Buildings & Improvements	Amount at Which Carried at Close of Period Land	Amount at Which Carried at Close of Period Building & Improvements	Total	Accumulated Depreciation(1)	Date of Acquisition
Paramount Plaza Paramount, CA	$ —	$6,347	$ 10,218	$ —	$ —	$6,347	$ 10,218	$16,565	$ 20	12/22/2009

(1) Depreciation and investments in buildings and improvements reflected in the consolidated statements of operations is calculated over the estimated useful life of the assets as follows:

Buildings: 40 years
Property Improvements: 10-20 years
Tenant Improvements: Shorter of lease term or their useful life

The changes in real estate and accumulated depreciation for the three years ended December 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Cost			
Balance, beginning of year	$ —	$ —	$ —
Properties acquired	16,565	—	—
Improvements and betterments	—	—	—
Write off of fully-depreciated assets	—	—	—
Balance, end of year	$ 16,565	$ —	$ —
Accumulated Depreciation			
Balance, beginning of year	$ —	$ —	$ —
Depreciation expenses	20	—	—
Write off of fully-depreciated assets	—	—	—
Balance, end of year	$ 20	$ —	$ —
Net book value	$ 16,545	$ —	$ —

RMRG

AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into as of the date last written below the signatures of the parties hereto **("Effective Date"),** by and between Retail Opportunity Investments Corp and/or assignee **("Buyer")** and PPSC, LLC and 15717 Downey Ave LLC **("Seller"),** collectively, the **"Parties"** and individually, a **"Party".** Buyer shall deposit the sum of Two Hundred Fifty Thousand Dollars ($250,000) **("Earnest Money Deposit")** with Escrow Holder within three (3) calendar days following the signing of the Purchase and Sale Agreement **("Agreement").** This sum is a deposit (including any increases pursuant to Paragraphs 3 (Prorations) collectively referred to as the **"Deposit"**) to be applied to the purchase price of the approximately 95,072 square foot shopping center, whose legal description will be made a part as "Exhibit A" hereafter referred to as (the **"Property"**), located in the City of Paramount, County of Los Angeles, State of California, and more particularly described as follows:

ADDRESS: NWC Downey Avenue & Alondra Boulevard, Paramount, California

APN: 6270-020-040, 6270-020-041, 6270-020-042, 6270-020-043, 6270-020-044, 6270-020-045, 6270-020-

046. 6270-020-046, 6270-020-047, 6270-020-048, 6270-020-049

TERMS AND CONDITIONS

Seller agrees to sell the Property, and Buyer agrees to purchase the Property, on the following terms and conditions:

1) **PURCHASE PRICE:** The purchase price for the Property is Eighteen Million One Hundred Forty Thousand Dollars ($18,140,000) (the **"Purchase Price"**). The balance of the Purchase Price shall be payable in immediately available funds at close of escrow pursuant to the terms stated below.

2) **ESCROW:** Upon signing of the Agreement, Seller and Buyer shall open escrow **("Opening of Escrow")** withLawyers Title, 4100 Newport Place Drive, Suite #120, Newport Beach, CA 92660, attention: Joy Eaton telephone (949) 724-3145 facsimile (949) 271-5762 **("Escrow Holder")** by the deposit of a copy of this Purchase Agreement **("Agreement")** with the Escrow Holder. Seller and Buyer agree to prepare and execute such escrow instructions as may be necessary and appropriate to close the transaction based on all terms and conditions of this Agreement. Should said instructions fail to be executed as required, Escrow Holder shall and is hereby directed to cancel escrow pursuant to the terms and conditions of this Agreement. Close of escrow (or the **"Closing Date"**), which shall mean the date on which the deed transferring title is recorded in the office of the County Recorder of Los Angeles shall occur on or before seven (7) days from the expiration of the **"Due Diligence Period"** or December 22, 2009 whichever comes first. Escrow fees shall be shared equally by Buyer and Seller. Unless otherwise set forth herein, all other closing costs shall be paid in accordance with the custom in the county in which the Property is located. Contemporaneous with Buyer's execution and delivery of this Agreement, Buyer has delivered to Seller and Seller hereby acknowledges the receipt of One Hundred Dollars ($100.00) **("Independent Contract Consideration"),** which amount the parties bargained for and agreed as consideration for Buyer's exclusive right to inspect and purchase the Property pursuant to this Agreement and for Seller's execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, and is fully earned and shall be retained by Seller notwithstanding any other provision of this Agreement.

3) **PRORATIONS:** Real Property ad valorem taxes, rents, NNN & CAM reconciliation shall be prorated on a calendar year basis as of the Closing Date. All utility accounts shall be closed as of the Closing Date and Seller shall be responsible for all charges for service through the Closing Date. Buyer shall be responsible for reopening and reinstituting utility service following the Closing Date. Within one hundred eighty (180) days following the Closing Date (or such earlier date after the Closing Date when such figures are available), Seller and Buyer shall reprorate real and personal property taxes and other items of income and expenses based upon actual bills or invoices received after the Closing Date (if original prorations were based upon estimates) and any other items necessary to effectuate the intent of the parties that all income and expense items be prorated as provided above in this Section 3. Any reprorated items shall be promptly paid to the party entitled thereto

4) **TITLE:** Within five (5) days from the signing of the Agreement, Seller shall procure and cause to be delivered to Buyer, at Seller's cost, a current commitment for title insurance report **("Preliminary Title Report")** issued by Lawyers Title, 4100 Newport Place Drive, Suite #120, Newport Beach, CA 92660, attention: Barbie Herndon telephone (949) 724-3161 facsimile (949) 930-9392, (the **"Title Company"**) on the Property together with complete and legible copies of all underlying documents which will remain as exceptions to Buyer's policy of title insurance, including but not limited to, conditions, covenants and restrictions, agreements, deed restrictions, and easements along with a plat map drawn by the title company reflecting the location of all easements and other exceptions affecting the Property which are located of record drawn and identified on the plat map. Buyer shall have ten (10) days from receipt to either approve in writing the exceptions contained in said title report or specify in writing any exceptions to which Buyer reasonably objects. If Buyer objects to any exceptions, Seller shall, within five (5) calendar days after receipt of Buyer's objections, deliver to Buyer written notice that either (i) Seller will, at Seller's expense, remove the exception(s) to which Buyer has objected before the Closing Date or (ii) Seller is unwilling or unable to eliminate said exception(s). If Seller fails to so notify Buyer or states in such notice that it is unwilling or unable to remove any such exception by the Closing Date, Buyer may elect to terminate this Agreement and receive back the entire Deposit, in which event Buyer and Seller shall have no further obligations under this Agreement; or, alternatively, Buyer may elect to purchase the Property subject to such exception(s). Notwithstanding any provision herein to the contrary, Seller shall cause all judgments, deeds of trust, mechanics liens or other financial encumbrances to be removed prior to (or upon) the Closing Date, without the requirement of any notice of objection by Buyer.

Seller shall convey by Grant Deed to Buyer or to such other person or entity as Buyer may specify prior to the Closing Date marketable fee title subject only to the exceptions approved by Buyer in accordance with this Agreement. Title shall be insured by an owner's standard Title Policy issued by the Title Company in the amount of the Purchase Price with premium paid by Seller. Buyer reserves the right to upgrade the title insurance to acquire endorsements to the title policy at Buyer's expense. Buyer further reserves the right to have the legal description resulting from Buyer's ALTA survey substituted for Exhibit A (attached hereto and made an integral part hereof) and utilize the ALTA legal description for any other forms or documents Buyer requires to complete and record this transaction. Prior to the Closing Date, Seller shall deliver fully executed originals of the Grant Deed and Bill of Sale and General Assignment in form and substance as set forth on Schedule 1.

Buyer reserves the right to assign this Agreement to a newly formed LLC or other legal entity provided Buyer retains a majority ownership interest, in which case Buyer shall be released from its obligations hereunder.

5) FINANCING CONTINGENCIES: NOT APPLICABLE — ALL CASH.

6) INSPECTION CONTINGENCIES:

6.1) **BOOKS AND RECORDS:** To the extent they are in Sellers possession, within three (3) days from the signing of this Agreement, Seller agrees to provide Buyer with legible copies of the rent roll, all leases ("Leases"), service and other contracts ("Contracts"), latest tax bills, CC&R's, Seller Certified Operating Statements for, 2008, and ytd 2009, construction and equipment warranties, Natural Hazard Disclosure (Seller shall procure and cause to be delivered to Buyer from a professional provider the "Natural Hazards Disclosures" which shall mean whether the Property is located within: (1) Special Flood Hazard Area; (2) Dam Failure Inundation Area; (3) Earthquake Fault-Zone; (4) Seismic Hazard Zone; (5) High Fire Severity Area; and/or (6) Wildland Fire Area. Seller represents and warrants that, unless otherwise noted by Seller to Buyer in writing, Seller is unaware of any inaccuracies in the Natural Hazard Disclosures); available environmental reports, available surveys, available building plans and available real estate related documents in Sellers' possession or control (collectively, the **"Books and Records").**

Buyer shall acknowledge receipt, in writing, of legible copies of the items provided by Seller.

6.2) **INSPECTION:** Buyer shall have twenty-one (21) calendar days from the signing of this Agreement and the receipt of all the Books and Records defined in 6.1 above to inspect the Property **("Due Diligence Period"),** including, but not limited to the title, soil conditions and the presence or absence of hazardous materials on or about the Property and the feasibility of Buyer's intended use of the Property. If Buyer notifies Seller, in writing, on or before the end of the Due Diligence Period that the Property in unsuitable to Buyer for any reason, in its sole discretion, then this Agreement shall be null and void, Buyer's Earnest Money Deposit, net of cancellation fees, if any, shall be returned, and Buyer and Seller shall have no further obligations hereunder. Buyer's failure to remove inspection contingencies will be deemed unapproved and this Agreement will be null and void, Buyer and Seller will have no further obligations to one another and Buyer's Earnest Money Deposit will be returned to Buyer.

During the Due Diligence Period, Buyer shall be permitted the opportunity to conduct any reasonable inspection which Buyer deems necessary upon the Property, at Buyer's sole risk and cost at a reasonable time upon at least one (1) business day prior notice to Seller. Seller shall have the right to have a representative present at all such inspections on the Property. Buyer shall not disturb or interfere with any tenants and all such rights to study, evaluate, inspect, test or investigate any leased premises shall be subject to any applicable tenants' rights pursuant to any Leases. Buyer shall treat all information obtained by Buyer pursuant to the terms of this Agreement as strictly confidential and such obligations shall survive Closing or termination hereof. Buyer acknowledges that Buyer shall inspect, test and investigate or have the opportunity to study, evaluate, inspect, test and investigate the Property during the Due Diligence Period. Buyer shall indemnify and hold Seller harmless from any losses or damages to the Property or to Buyer and its agents arising out of or in connection with any such inspection conducted (the "Inspection Risks") including, without limitation, actions or claims for any damage to any property and any injuries or death to any persons resulting therefrom and reasonable attorney's fees and expenses.

At the conclusion of the Due Diligence Period provided Buyer has approved the inspection and reviewed and approved the Books and Records, Buyer shall deposit an additional $250,000 into escrow (additional Earnest Money Deposit).

6.3) **STATE AND LOCAL LAWS:** During the Due Diligence Period, Buyer may investigate State and local laws to determine whether the Property must be brought into compliance with minimum energy conservation or safety standards or similar retrofit requirements as a condition of sale or transfer and the cost thereof.

To the best of Seller's actual knowledge, Seller represents and warrants to Buyer that Seller has no actual knowledge, without independent inquiry, of any such conditions, requirements and/or obligations as of the Effective Date of this Agreement.

6.4) **CLOSING CONTINGENCIES:** If one or more of the following Closing Conditions are not satisfied or waived by Buyer prior to the Closing Date, Buyer may elect to cancel this Agreement and terminate the Escrow upon written notice by Buyer to Seller of such election, whereupon Escrow Holder shall promptly refund to Buyer the Deposit, including any interest:

(a) There shall have occurred no material adverse change in the physical condition of the Property (defined as a loss exceed $500,000 to repair);
(b) Seller shall not enter into any new Leases, Contracts or agreements for the Property without Buyer's written consent. Buyer shall approve or disapprove any new Leases, Contracts or agreements submitted by Seller within five (5) calendar days. Buyer shall not unreasonably withhold their consent;
(c) The Title Company shall be committed to issue to Buyer at the Closing a CLTA Title Policy insuring title to the Property vested in Buyer in the aggregate amount of the Purchase Price subject only to the requirements and title exceptions shown on the title commitment delivered pursuant to Paragraph 4 to which Buyer has not objected. All endorsements thereto are at the sole cost of Buyer, unless purchased by Seller to cure a title exception to which Buyer has objected; and
(d) Seller shall have performed all of the obligations required to be performed by Seller under this Agreement.

If any of the foregoing conditions have not been satisfied or performed or waived in writing by Buyer during the Due Diligence Period (or, with respect to 6.4(a) through 6.4(d), prior to Closing), Buyer shall have the right, at Buyer's option, either: (i) to terminate this Agreement by giving written notice to Seller on or before the end of the Due Diligence Period, in which event all rights and obligations of Seller and Buyer under this Agreement shall expire, and this Agreement shall become null and void; or (ii) if such failure of condition constitutes a breach of representation or warranty by Seller, constitutes a failure by Seller to perform any of the terms, covenants,

conditions, agreements, requirements, restrictions or provisions of this Agreement, or otherwise constitutes a default by Seller under this Agreement, to exercise such rights and remedies as may be provided for by law or in equity.

7) **ESTOPPEL CERTIFICATE CONTINGENCY:** Buyer hereby instructs Seller to use Sellers standard Estoppel Certificate (attached as "Exhibit B").

Within five (5) days following the Effective Date , Seller shall complete and deliver Estoppel Certificates to Buyer for approval. Buyer's failure to disapprove any Estoppel Certificate within two (2) days after receipt shall be deemed Buyer's approval thereof. Upon the timely disapproval of this condition, the Agreement shall terminate and Buyer's Earnest Money Deposit shall be returned to Buyer. Within two(2) days following Seller's receipt of the completed Estoppel Certificates (the "Final Estoppel Certificates") from Buyer, Seller shall deliver Final Estoppel Certificates to each tenant at the Property. Within two (2) days of the Closing Date, Seller shall collect and return to Buyer executed Final Estoppel Certificates (i) from all anchor tenants (any tenant leasing 10,000 or more rented square footage of the Property) and (ii) representing no less than seventy-five percent (75%) of the remaining rented square footage of the Property. As a Closing condition for Buyer's Benefit: (A) Buyer shall have received the executed Final Estoppel Certificates in at least the percentage referenced above in the form delivered or in such other form as specified by the applicable lease ; and (B) none of the executed Final Estoppel Certificates shall have disclosed any materially adverse information.

If either (a) Seller fails to timely deliver Final Estoppel Certificates from the all anchor tenants and seventy five percent (75%) of the remaining tenants at the Property, or (b) Buyer reasonably disapproves any Final Estoppel Certificate, and Seller cannot cause such tenant(s) to execute substitute Final Estoppel Certificates which are reasonably satisfactory to Buyer prior to the Closing Date, Buyer may either (i) terminate this Agreement by delivering written notice to the Seller and the Escrow Holder of its election of the same, or (ii) delay the Closing Date for up to thirty (30) days to allow Seller additional time to obtain Final Estoppel Certificates from all Property tenants. If either (x) Seller has not delivered Final Estoppel Certificates to Buyer by the end of additional thirty (30) day period, or (y) Buyer reasonably disapproves any Final Estoppel Certificate, and Seller cannot cause such tenant to execute a substitute Final Estoppel Certificate which is reasonably satisfactory to Buyer prior to the Closing Date (as the same may have been extended), Buyer shall have the right to either (AA) terminate this Agreement by delivering written notice to the Seller and the Escrow Holder of its election of the same, or (BB) proceed to the Closing notwithstanding Seller's failure to deliver the missing Final Estoppel Certificates (provided that Seller shall execute and deliver a substitute Final Estoppel Certificates for any such non delivering tenant). If Buyer terminates this Agreement in accordance with the foregoing, the entire Deposit shall be immediately returned to Buyer (without the need for any additional instructions by either party hereto), and thereafter neither party shall have any further rights or obligations hereunder, except as specifically provided in this Agreement.

8) **DEPOSIT TRANSFER:** Buyer's deposit shall remain with Escrow Holder until removal of the Inspection Contingencies set forth in Paragraph(s) 4 and 6 hereof. Upon removal of said contingencies, Buyer's deposit of Five Hundred Thousand Dollars ($500,000) **("Earnest Money Deposit")** shall become immediately non-refundable and applicable to the Purchase Price. Buyer acknowledges and agrees that, in the event Buyer defaults on this Agreement after removal of contingencies, Buyer's Deposit is non-refundable and is forfeited to Seller. Seller shall hold Buyer's Deposit subject to the remaining terms and conditions of this Agreement. If the Property is made unmarketable by Seller, or acts of God, or Seller should default on this Agreement, the Deposit shall be returned to Buyer.

9) **CONDITION OF PROPERTY:** Seller shall maintain the Property in the same manner as it has maintained the Property prior to the date hereof pursuant to its normal course of business, subject to reasonable wear and tear and further subject to destruction by casualty or other events beyond the control of Seller.

It is understood and agreed that the Property is being sold "as is"; that Buyer has, or will have prior to the Closing Date, inspected the Property; and that Seller makes no representation or warranty as to the physical condition or value of the Property or its suitability for Buyer's intended use.

Buyer's initials _/s/ ST_____ **Seller's Initials _/s/ MB___**

10) **RISK OF LOSS:** Risk of loss to the Property, including without limitation, physical damage or actual or threatened taking, shall be borne by Seller until title has been conveyed to Buyer. In the event that the improvements on the Property are materially destroyed or materially damaged between the Effective Date of this Agreement (defined as a loss exceed $500,000 to repair) and the date title is conveyed to Buyer, or if any portion of the property is taken (or threatened to be taken) by eminent domain, act of terrorism or deed in lieu thereof, Buyer shall have the option of demanding and receiving back the entire Deposit and being released from all obligations hereunder, or alternatively, taking such portion of the Property and improvements as Seller can deliver. Upon Buyer's physical inspection and approval of the Property, Seller shall maintain the Property through close of escrow in the same condition and repair as approved, reasonable wear and tear excepted.

11) **POSSESSION:** Exclusive possession of the Property shall be delivered to Buyer on Closing Date

12) REMEDIES:

Liquidated Damages; Seller's Remedies. IN THE EVENT THE CLOSING AND THE CONSUMMATION OF THE TRANSACTION HEREIN CONTEMPLATED DO NOT OCCUR AS HEREIN PROVIDED BY REASON OF ANY BREACH OF BUYER, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND

EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER AS A RESULT THEREOF. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER BREACHES THIS AGREEMENT AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AND SHALL BE, AS SELLER'S SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY), AND AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR SUCH BREACH, AN AMOUNT EQUAL TO THAT PORTION OF THE DEPOSIT WHICH HAS BEEN DEPOSITED BY BUYER INTO ESCROW AT THE TIME OF THE BUYER'S BREACH.

/s/ MB	/s/ ST
SELLER'S INITIALS	**BUYER'S INITIALS**

Buyer's Remedies. In the event Seller fails to perform its obligations pursuant to this Agreement for any reason, then Buyer shall elect, as its sole remedy, either to: (i) terminate this Agreement by giving Seller written notice of such election on or prior to the Closing Date, in which case (a) the entire Deposit shall be promptly delivered to Buyer and thereafter neither party shall have any further rights or obligations hereunder, except as specifically provided in this Agreement, and (b) Seller shall pay to Buyer an amount equal to its actual out-of-pocket third party costs and expenses incurred in connection with its contemplated acquisition of the Property in an amount not to exceed Fifty Thousand Dollars($50,000); or (ii) enforce specific performance of this Agreement. The remedies set forth in subclauses (i) and (ii) hereinabove are Buyer's sole and exclusive remedies with respect to Seller's default, and Buyer waives any and all other remedies as may be available at law or in equity in connection with such Seller's default (subject, however, to Buyer's right to recover its reasonable attorneys' fees and court costs pursuant to Section 17 below).

/s/ MB	/s/ ST
SELLER'S INITIALS	**BUYER'S INITIALS**

13) **SELLER EXCHANGE:** Buyer agrees to cooperate should Seller elect to sell the Property as part of a like-kind exchange under IRC Section 1031. Seller's contemplated exchange shall utilize a qualified intermediary and shall not impose upon Buyer any additional liability or financial obligation, nor shall Buyer be obligated to enter into any other contracts or agreements (other than acknowledging Seller's assignment of this contract to the qualified intermediary for the purpose of completing the exchange) and Seller agrees to hold Buyer harmless from any liability that might arise from such exchange. Seller shall not be relieved from any of its obligations hereunder as a result of its entering into the exchange or assigning its rights to the qualified intermediary, nor shall any time periods hereunder be extended as a result of Seller's exchange. This Agreement is not subject to or contingent upon Seller's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.

14) **BUYER EXCHANGE:** Seller agrees to cooperate should Buyer elect to purchase the Property as part of a like-kind exchange under IRC Section 1031. Buyer's contemplated exchange shall not impose upon Seller any additional liability or financial obligation, and Buyer agrees to hold Seller harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Buyer's ability to dispose of its exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.

15) **AGENCY DISCLOSURE:** Seller shall pay Capital Real Estate Advisors a real estate commission per their separate agreement at the close of escrow. Each party indemnifies the other with respect to any claim made by any broker, and the party so incurring or causing such claims shall indemnify, defend and hold harmless the other party from any loss or damage, including attorney's fees which said other party suffers because of said claims.

16) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and assigns of the parties hereto.

17) **ATTORNEYS' FEES:** In any litigation, arbitration or other legal proceeding which may arise between any of the parties hereto, the prevailing party shall be entitled to recover its costs, including court costs, and reasonable attorneys' fees in addition to any other relief to which such party may be entitled up to $50,000. Each party shall be responsible for its own fees and costs above $50,000.

18) **TIME:** Time is of the essence of this Agreement.

19) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing at their respective addresses as set forth below. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or holiday, the time for performance shall be extended to the next business day.

20) FOREIGN INVESTOR DISCLOSURE: Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out the provisions of this Foreign Investment in Real Property Tax Act and regulations promulgated there under as well as any comparable statutes pertaining to sales of real property by non-residents.

21) ADDENDA: Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof. This Agreement, including addenda, if any, expresses the entire agreement of the parties and supersedes any and all previous agreements between the parties with regard to the Property. There are no other understandings, oral or written, which in any way alter or enlarge its terms, and there are no warranties or representations of any nature whatsoever, either express or implied, except as set forth herein. Any future modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.

22) ACCEPTANCE AND EFFECTIVE DATE: Buyer's signature hereon constitutes an offer to Seller to purchase the Property on the terms and conditions set forth herein. Unless acceptance hereof is made by Seller's execution of this Agreement and delivery of a fully executed copy to Buyer, either in person or by nationally-recognized overnight delivery service at the address shown below or by facsimile, this offer shall be null and void, the Deposit shall be returned to Buyer, and neither Seller nor Buyer shall have any further rights or obligations hereunder.

The **"Effective Date"** of this Agreement shall be the date last written below the signatures of the parties hereto.

23) GOVERNING LAW: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

24) OTHER TERMS AND CONDITIONS:

24.1) All parties to this Agreement agree that a facsimile signature and signing in counterpart are legally binding.

24.2) Buyer and Seller hereby appoint Escrow Agent as, and Escrow Agent agrees to act as, "the person responsible for closing" the transaction which is the subject of this Agreement pursuant to Internal Revenue Code Section 6045(e). Escrow Agent shall prepare and file all informational returns, including without limitation, IRS form 1099-S and shall otherwise comply with the provisions of Internal Revenue Code Section 6045(e). Escrow Agent shall indemnify, protect, hold harmless and defend Seller, Buyer and their respective attorneys for, from and against any and all claims, actions, costs, losses, liabilities or expenses arising out of or in connection with the failure of Escrow Agent to comply with the provisions of this paragraph section 24.2.

24.3) If any term or provision of this Agreement is determined to be invalid, such invalid term or provision shall be
deleted, and the remainder of this Agreement shall continue in full force and effect to the same extent as though the invalid term or provision were not contained herein.

24.4) The parties hereto agree to execute acknowledge and deliver such other documents and instruments as may be reasonably necessary or appropriate to carry out the full intent and purpose of this Agreement.

24.5) Buyer represents and warrants to Seller, with the understanding that Seller is relying on said representations and warranties in entering into this Agreement, that Buyer has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Buyer's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of Buyer's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets; (v) admitted in writing Buyer's inability to pay its debts as they come due; or (vi) made an offer of settlement, extension, or composition to its creditors generally.

Buyer's initials _/s/ ST_____ **Seller's Initials _/s/ MB___**

24.6) Seller Representations and Warranties:

In consideration of Buyer entering into this Agreement and as an inducement to Buyer to acquire the Property, Seller hereby represents and warrants to Buyer as follows

A. Seller is not in monetary default or material non-monetary default under any of such Leases that remains uncured.

B. To the best of Seller's knowledge there is no pending action, litigation, condemnation or other proceeding against the Property or against Seller (or any of its partners or principals) with respect to the Property. There are no written threats or demands of any litigation, condemnation or other proceeding against the Property or against Seller (or any of its partners or principals) with respect to the Property. To the best of Seller's knowledge, there are no threatened or contemplated actions, suits, arbitrations, claims or proceedings, at law or in equity, affecting the Property or in which Seller is, or will be, a party by reason of Seller's ownership of the Property.

C. To the best of Seller's knowledge Seller has received no written notice from any governmental authority having jurisdiction over the Property to the effect that the Property is not currently in compliance with applicable laws and ordinances, and Seller has no knowledge that the Property is not currently in compliance with all applicable laws and ordinances.

D. Other than those which are either (a) cancelable on thirty (30) days' notice without payment of any fees, or (b) expressly assumed by Buyer in writing at the Closing, there are no Contracts or other agreements relating to the Property which will be in force on the Closing Date, and Seller is not in monetary default or material non-monetary default thereunder that remains uncured.

E. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Seller are and on the Closing Date will be duly authorized, executed and delivered by and are binding upon Seller. Seller has the legal capacity and authority to enter into this Agreement and consummate the transactions herein provided without the consent or joinder of any other party.

F. The rent roll and operating statements that will be provided to Buyer by Seller are complete, true and correct in all material respects. At Closing, Seller will deliver to Buyer an updated, certified rent roll (current to within five (5) days of the Closing Date) that will be complete, true and correct in all material respects.

G. Neither the execution and delivery of this Agreement and documents referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Seller is a party or affecting the Property.

H. To the best of Seller's knowledge, there is not any plan, study or effort of any governmental agency which in any way would materially affect the use of the Property for its intended uses or any intended public improvements which will result in any charge being levied against, or any lien assessed upon, the Property.

I. To the best of Seller's knowledge, (i) Seller has disclosed any and all notices of violations received by the Seller with respect to the Property, (ii) all licenses, approvals, permits and certificates from all applicable governmental authorities or private parties necessary for all Property alterations completed by the Seller were obtained prior to the commencement of such alterations, and (iii) the Property is in compliance with all recorded covenants, conditions, restrictions, easements and agreements affecting the Property.

J. Seller is not currently obligated to sell the Property to any party or entity other than Buyer, nor do there exist any rights of first refusal or options to purchase the Property.

For the purposes of this Agreement the terms "to the best of Seller's knowledge" shall mean the actual knowledge of Michael H. Mugel, in his sole capacity as Manager of Seller, without any duty of independent investigation and or confirmation. Seller's representations and warranties set forth herein shall be continuing and shall be true and correct as of the Closing Date with the same force and effect as if remade by Seller in a separate, certificate at that time. The truth and accuracy of Seller's representations and warranties made herein shall constitute a condition for the benefit of Buyer to the Closing Date and shall survive, and shall not merge into, the Closing Date and the recording of the Deed for a period of six (6) months. Seller shall indemnify, defend and hold Buyer harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including attorney's fees, that may be suffered by or incurred by Buyer if any representation or warranty set forth in this Agreement is untrue or incorrect in any material respect.

24.7) Patriot Act Compliance. **To the extent applicable to Seller, to the best of Seller's knowledge, Seller has complied in all material respects with the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, which comprises Title Ill of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act") and the regulations promulgated thereunder, and the rules and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), to the extent such Laws are applicable to Seller. Seller is not included on the List of Specially Designated Nationals and Blocked Persons maintained by the OFAC, or is a resident in, or organized or chartered under the laws of, (A) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns or (B) any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur.**

The undersigned Buyer hereby offers and agrees to purchase the above described Property for the price and upon the terms and conditions herein stated.

This offer is made by Buyer to Seller on this 25 day of Nov., 2009. The undersigned Buyer hereby acknowledges receipt of an executed copy of this Agreement.

SELLER'S ACCEPTANCE

The undersigned Seller accepts the foregoing offer and agrees to sell the Property to Buyer for the price and on the terms and conditions stated herein. Seller acknowledges receipt of an executed copy of this Agreement and authorizes Agent to deliver an executed copy to Buyer.

SELLER:

By: /s/ Michelle Bell

Date

ADDRESS: Michelle Bell
C/O Robert Clifford
Capital Real Estate Advisors
11755 Wilshire Blvd., Suite 1800
Los Angeles, CA 90025
310.231.1270 x 233
racwh@earthlink.net

BUYER:

By: /s/ Stuart Tanz
Stuart Tanz
CEO

Date 11/25/09

ADDRESS: Retail Opportunity Investments Corp.
3 Manhattanville Road
2nd Floor
Purchase, New York 10577

ASSOCIATION OF REALTORS® PORTLAND/VANCOUVER

PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY
(Washington-Commercial Form)

Dated: December 15, 2009

BETWEEN: PBS ASSOCIATES, LLC ("Seller")

AND: RETAIL OPPORTUNITY INVESTMENTS CORP.,

a Delaware corporation ("Buyer")

Buyer agrees to buy and Seller agrees to sell, on the following terms and conditions, the real property and all improvements thereon (including an approximately 124,231 square foot shopping center (the "Property") commonly known as the Aurora Shopping Center, located at SR-99 (Aurora Avenue North) and North 130th Street in Seattle, Washington consisting of approximately ten (10) acres. The legal description of the Property for this transaction shall be the legal description contained in the Preliminary Commitment (defined below), subject to Buyer's and Seller's reasonable approval. The Property also includes all personal property related to the use or operation of the Property (the "Personal Property").

1. Purchase Price. The total purchase price is TWENTY-THREE MILLION AND NO/100 DOLLARS ($23,000,000.00) payable as follows: At closing, Buyer will assume Seller's obligations on an existing loan with an interest rate of six percent (6.00%) per annum secured by the Property with a total current balance of approximately TWO MILLION FOUR HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($2,450,000.00). The total balance of such loan assumed by Buyer at closing shall be applied to the Purchase Price, and Buyer will pay the remainder of the Purchase Price in cash at closing.

2. Earnest Money Receipt. Within three (3) days after mutual execution of this Agreement (the "Execution Date"), Buyer shall deposit with the Title Company (defined below) the sum of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00) as earnest money (the "Earnest Money") in the form of ☒cash or ☐ check or ☐ promissory note not to exceed 5% of the purchase price. Upon removal of the conditions referred to in Section 3 and Buyer's receipt of Seller's Closing Notice referred to in Section 8, the Earnest Money

shall be increased to FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00) and shall be non-refundable except as otherwise provided in this Agreement. If the Earnest Money is in the form of a promissory note, it is due and payable: ☐ no later than 5 PM Pacific Time one day after execution of this Agreement by Buyer and Seller or ☐ upon satisfaction or waiver by Buyer of the conditions to Buyer's obligation to purchase the Property set forth in this Agreement or ☐ other: _____. If the Earnest Money promissory note is not redeemed and paid in full when due, then (i) the Earnest Money promissory note shall be delivered and endorsed to Seller (if not already in Seller's possession), (ii) Seller may collect the Earnest Money from Buyer, either pursuant to an action on the promissory note or an action on this Agreement, and (iii) this Agreement shall be of no further force or effect. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon, (the "Title Company") at the following branch: 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attn: Rachael Bushnell. The Earnest Money shall be applied to the payment of the purchase price for the Property at closing. The Earnest Money shall be deposited in an interest bearing account. Any interest earned on the Earnest Money shall be considered to be part of the Earnest Money. The Earnest Money shall be returned to Buyer in the event any condition to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation or default by Seller hereunder.

3. Conditions to Purchase. Buyer's obligation to purchase the Property is conditioned on the following: (a) Buyer's satisfaction with the Property and Buyer's financing, including without limitation the terms and conditions of Seller's loan to be assumed by Buyer, (b) the approval of Seller's lender to Buyer's assumption of the Seller's loan in accordance with the terms of such loan, and (c) Buyer's review and approval of Seller's Documents (as defined in Section 5 below) and approval of the results of its property inspection described in Section 4 below. If Buyer has not given written waiver of these conditions, or stated in writing that these conditions have been satisfied, by written notice given to Seller ("Notice of Intent to Close") within twenty-one (21) days after the Execution Date (the "Due Diligence Period"), the Agreement shall automatically terminate, and the Earnest Money shall be promptly returned to Buyer. If Buyer shall require additional time to satisfy the above conditions or to

complete its due diligence related to the environmental condition of the Property or to complete Buyer's ALTA survey of the Property, then, upon written notice to Seller, given upon or prior to the then end of the Due Diligence Period, Buyer shall have the right to extend the Due Diligence Period until the close of business on January 31, 2010. If a Notice of Intent to Close is given by Buyer prior to expiration of the Due Diligence Period, then the conditions set forth in clauses (a)-(c) above shall be deemed satisfied. Seller shall reasonably cooperate and assist with obtaining the consent of its lender to such loan assumption by Buyer. It shall be a condition to Buyer's obligation to close this transaction that Seller's lender is ready, willing and able to allow Buyer to assume Seller's loan referenced in Section 1 above on the Closing Date. It shall be a condition to Buyer's obligation to close this transaction that Seller shall have delivered to Buyer prior to the closing an estoppel certificate from all tenants of the Property occupying 5,000 or more s.f. of the Property certifying that such tenants' leases is in full force and effect and there is no breach or default thereunder, and other information as Buyer shall reasonably require. Seller will use reasonable efforts to provide estoppel certificates from eighty percent (80%) of tenants of the Property occupying less then 5,000 s.f. and, if Seller is unable to provide such estoppel certificates, Seller will provide a landlord's form of estoppel certificate for such tenants certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder, and other information as Buyer shall reasonably require. At all times before the Closing Date, Seller shall cooperate with Buyer in connection with obtaining governmental approvals, entitlements, consents, and permits in connection with Buyer's purchase and operation of the Property, without cost or expense to Seller. This includes, without limitation, joining in proceedings for and/or the execution of petitions, applications, zone changes, easements, permits, approvals, conditional uses, licenses, dedications, and other land use-related matters as reasonably approved by Seller and provided that the same are not effective unless the purchase and sale closes as contemplated herein, and further provided that the obtaining of the same shall not be a condition precedent to Buyer's obligation to close.

4. Property Inspection. From the Execution Date through closing, 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 the tenants of the Property as required by the tenants' leases, to conduct inspections, tests, surveys and other investigations including (i) environmental review including independent third party review of any

environmental and geotechnical reports provided by Seller; (ii) preparation of design, planning or density studies; (iii) third party engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey and geotechnical report; (v) review of historic preservation issues; (vi) review of City of Seattle files and documents, as well as applications and correspondence (if any) of Seller with the City; and (vii) other matters pertaining to title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss the Property and this Agreement with third parties, including lenders, contractors and governmental officials and representatives. Buyer shall indemnify, hold harmless, and defend Seller from all liens, costs, and expenses, including reasonable attorneys' fees and experts' fees, arising from or relating to Buyer's entry on and inspection of the Property. This agreement to indemnify, hold harmless, and defend Seller shall survive closing or any termination of this Agreement. The Buyer and Seller understand that the information provided is confidential in nature, and the Buyer and the Seller covenant not to disclose any information the use of which in any manner may be detrimental to any party, except as reasonably necessary in connection with the transactions contemplated by this Agreement, or as required by applicable law. Seller hereby agrees from and after the Execution Date until the Closing Date (as hereinafter defined), or the termination of this Agreement, that (i) Seller will take no action that will adversely affect title to the Property; and (ii) Seller will not enter into any written or oral contracts, leases, or agreements or amendments or modification thereto, with respect to the operation, use or occupancy of the Property that would be binding upon Buyer following the closing without the prior written consent of Buyer, which consent shall not be unreasonably withheld.

Buyer may obtain an ALTA survey of the Property during the Due Diligence Period and Seller shall promptly cooperate with Buyer with regard to obtaining such survey.

Buyer, at its expense, shall be entitled to engage an environmental consultant of its choice and obtain a Phase I environmental site assessment of the Property during the Due Diligence Period, and, if recommended by such consultant, Buyer shall be entitled to obtain a Phase II environmental site assessment and perform any testing recommended in the assessment. Seller agrees to provide Buyer and its consultant with copies of any environmental reports, assessments or other information in Seller's possession or of which Seller has knowledge, concerning the Property, or any portion thereof, and to cooperate in the completion of Buyer's environmental site assessment.

Buyer, at its expense, shall be entitled to engage a consultant of its choice to review and inspect the Property and all of the buildings on the Property, including, but not limited to, the structural and roof components of the buildings and compliance with building codes and the Americans With Disabilities Act. If in the possession of Seller, Seller agrees to provide Buyer with as-built plans and specifications for the Property and to facilitate access to the Property by Buyer's consultants and representatives.

5. Seller's Documents. Within five (5) days after the Execution Date, Seller shall deliver to Buyer, at Buyer's address shown below, legible and complete copies of the following documents and other items relating to the ownership, operation, and maintenance of the Property, to the extent now in existence and to the extent such items are within Seller's possession or control ("Seller's Documents"):

(a) Real and personal property tax bills for the most recent tax year.

(b) All environmental reports, studies and assessments concerning the Property.

(c) All soils, geotechnical, drainage, seismological, and engineering reports, studies and assessments concerning the Property.

(d) Any CC&R's or other agreements relating to all of any portion of the Property.

(e) All tenant leases and any amendments thereto (the "Leases") along with copies of any tenant financial statements, and a current rent roll for the Property.

(f) Operating statements, copies of sales reports and CAM details for the Property for the years 2006, 2007, 2008 and 2009 to date.

(g) All certificates of occupancy for the Property.

(h) All construction and equipment warranties.

(i) All documents related to Seller's loan on the Property.

In the event Seller does not deliver the foregoing documents within the five (5) day period, the Due Diligence Period shall be extended one day for each day that Buyer has not received all of the foregoing documents.

6. Title Insurance. Within five (5) days after the Execution Date, Seller shall deliver to Buyer a preliminary title report from the Title Company (the "Preliminary Commitment"), together with complete and legible copies of all documents shown therein as exceptions to title, showing the status of Seller's title to the Property. Buyer shall have ten (10) days after receipt of a copy of the Preliminary Commitment within which to give notice in writing to Seller of any objection to such title or to any liens or encumbrances affecting the Property. Within five (5) days after the date of such notice from Buyer, Seller shall give Buyer written notice of whether it is willing and able to remove the objected-to exceptions. Within five (5) days after the date of such notice from Seller, Buyer shall elect whether to purchase the Property subject to the objected-to exceptions which Seller is not willing or able to remove or terminate this Agreement. On or before the Closing Date (defined below), Seller shall remove all exceptions to which Buyer objects and which Seller agrees Seller is willing and able to remove. Excepting the loan to be assumed by Buyer described in Section 1 above, Seller agrees to remove all exceptions to title that consist of monetary liens against the Property, including, but not limited to, mortgages, trust deeds, delinquent taxes and assessments, federal and state tax liens, judgments, equitable liens and other exceptions of a similar nature unless Buyer has agreed to assume such exceptions. All remaining exceptions set forth in the Preliminary Commitment and agreed to by Buyer shall be "Permitted Exceptions." The title insurance policy to be delivered by Seller to Buyer at closing shall contain no exceptions other than the Permitted Exceptions and the usual preprinted exceptions in an ALTA owner's standard form title insurance policy, unless Buyer purchases extended coverage, in which event, such preprinted exceptions shall be deleted from the title insurance policy.

7. Default, Remedies. If the conditions, if any, to Buyer's obligation to close this transaction are timely satisfied or waived by Buyer and Buyer nevertheless fails, through no fault of Seller, to close the purchase of the Property, Seller's sole remedy shall be to retain the Earnest Money paid by Buyer. In the event Seller defaults in its obligation to close under this Agreement, Buyer, as its sole remedies, shall be entitled either to (i) the return of the Earnest Money, or (ii) the remedy of specific performance.

8. Closing of Sale. Within sixty (60) days after the receipt by Seller of Buyer's Notice of Intent to Close, Seller shall give written notice to Buyer of Seller's intent to close this transaction (the "Seller's Closing Notice") and designating a date not more than fourteen (14) days after the date of Seller's Closing Notice (or as soon as possible thereafter to allow Buyer's assumption of Seller's loan) that the sale shall be closed in escrow at the Title Company (the "Closing Date"), provided Seller shall have performed all of Seller's obligations set forth in this Agreement up through Closing Date. If Seller does not give Seller's Closing Notice within the above sixty-day period, this transaction shall automatically terminate, all Earnest Money shall be immediately refunded to Buyer, and Seller shall reimburse Buyer on demand for all of Buyer's out-of-pocket due diligence costs paid to third parties in an amount not to exceed TWENTY THOUSAND AND NO/100 DOLLARS ($20,000.00). Copies of the paid invoices evidencing such out-of-pocket costs shall also be delivered to Seller. The sale shall be "closed" when the document conveying title and the documents evidencing the loan assumption are recorded and funds are disbursed to Seller. At closing, Buyer and Seller shall deposit with the Title Company all documents and funds required to close the transaction in accordance with the terms of this Agreement. At closing, Seller shall deliver a certification in a form reasonably approved by Buyer that Seller is not a "foreign person" as such term is defined in the Internal Revenue Code and the Treasury Regulations promulgated under the Internal Revenue Code. If Seller is a foreign person and this transaction is not otherwise exempt from FIRPTA regulations, the Title Company shall be instructed by the parties to withhold and pay the amount required by law to the Internal Revenue Service. At closing, Seller shall convey fee simple title to the Property to Buyer by statutory special warranty deed subject only to the Permitted Exceptions (the "Deed"). At closing, Buyer and Seller shall each also execute and deliver an Assignment and Assumption of Leases, and an Assignment and Assumption of Contracts related to the Property for those contracts that Buyer chooses to assume, provided the same are assumable. Seller shall also deliver to Buyer a Bill of Sale conveying to Seller all Personal Property and warranties, if any, related to the use and operation of the Property free and clear of all liens, claims, and encumbrances. The form of each of these Assignment and Assumption agreements and the Bill of Sale reasonably drafted and consistent with this Agreement shall be agreed upon in good faith by Buyer and Seller during the Due Diligence Period. At closing, Seller shall pay for and deliver to Buyer a standard form owner's policy of title insurance in the amount of the purchase price insuring fee simple title to the Property in Buyer subject only to the Permitted Exceptions and the standard preprinted exceptions in a standard

form policy. Buyer may obtain an extended ALTA owner's policy, with such endorsements as Buyer may require at Buyer's cost, and Seller shall execute an owners title affidavit in commercially reasonable form to facilitate the issuance thereof. In such event, the preprinted standard exceptions shall be removed from such title policy.

9. Closing Costs, Prorates. Seller shall pay the premium and any sales tax on the premium for the title insurance policy that Seller is required to deliver pursuant to the above paragraph. Seller and Buyer shall each pay one-half of the escrow fees and applicable sales tax charged by the Title Company. Seller shall pay any loan assumption fees of Seller's lender, and Seller shall pay any other fees and charges assessed by its lender in connection with the loan assumption. Seller shall deliver to escrow prior to closing a Real Estate Excise Tax Affidavit and shall pay any applicable real estate excise tax and transfer taxes. Real property taxes for the tax year in which the transaction is closed, assessments (if a Permitted Exception), personal property taxes, rents on existing tenancies paid for the month of closing, interest on assumed obligations, and utilities shall be prorated as of the Closing Date. Prepaid rents, security deposits, and other unearned refundable deposits regarding the tenancies shall be assigned and delivered to Buyer at closing, or, at Seller's option, a credit for the same shall be given to Buyer against the purchase price at closing. The Property ☐ does ☒ does not qualify for a special tax assessment or deferral program as follows: _____
_____
_____. ☐ Seller ☐ Buyer ☒ N/A shall be responsible for payment of all taxes, interest, and penalties, if any, upon removal of the Property from such special assessment or program. ☐ Prior to closing, Buyer shall sign the Notice of Continuation on the Real Estate Excise Tax Affidavit or otherwise file for continuation of the specified assessment or program to avoid removal of the Property upon closing of the sale.

10. Possession. Buyer shall be entitled to exclusive possession (subject to the Leases and Permitted Exceptions of the Property ☒ on the Closing Date or ☐ _____
_____.

11. Representations and Warranties. Seller represents and warrants that, to the best of Seller's knowledge,

(a) Seller has the authority to enter into this Agreement and, subject to the provisions of this Agreement, to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) Seller is, or on the Closing Date shall be, the sole owner of the entire right, title and interest in and to the Property, subject to the Leases and the Permitted Exceptions.

(c) To Seller's actual knowledge, (without independent investigation or duty to investigate), there are no hazardous materials on the Property or current violations of Environmental Laws with respect to the Property.

(d) Except for the Leases, there are no agreements or contracts, whether written or oral, express or implied, for lease or purchase of all or a portion of the Property to which Seller is a party.

(e) Except as disclosed in Seller's Documents, Seller has received no written notice of any violation (nor, to Seller's actual knowledge, without independent investigation or duty to investigate, is the Property in violation) of any applicable law, ordinance, order or regulation of any governmental or quasi-governmental agency having jurisdiction over the Property or any portion thereof.

(f) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending against Seller.

(g) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, or applicable Washington law.

(h) Except for the Leases, there are no options to purchase or options to lease, or contracts for sale or management, maintenance, service or similar agreement (whether oral or written) affecting or relating to the Property, or any portion thereof, to which Seller is a party, that will survive closing.

(i) There is no litigation, claim or proceeding pending against Seller or the Property.

(j) There are no current or pending condemnation proceedings against all or any portion of the Property. Seller has no actual knowledge (without independent investigation or duty to investigate) of any plan or study by any governmental authority which in any way would materially adversely affect the use of the Property, or any portion thereof for its intended uses or any intended public improvements which will result in any charge being levied against, or any lien assessed upon, the Property. Seller has no actual knowledge (without independent investigation or duty to investigate) of any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Property.

Risk of loss or damage to the Property shall be Seller's until closing and Buyer's at and after closing. Except for Seller's representations set forth in this Section 11 or elsewhere 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. It shall be a condition of Buyer's obligation to close, and of Seller's right to retain the Earnest Money as of closing, that all of the Seller's representations and warranties stated in this Agreement are materially true and correct on the Closing Date. All representations, warranties, and indemnity and hold harmless obligations stated in this Agreement shall survive closing for a period of one year only following closing.

12. Personal Property. This sale includes the following personal property: ☐ None or ☒ the personal property located on and used in connection with the Property and owned by Seller which Seller shall itemize in a schedule. Seller shall deliver to Buyer such schedule within five (5) days after the Execution Date. The parties agree that the personal property conveyed herein shall not be allocated to any of the purchase price.

13. Agency Disclosure. At the signing of this Agreement, the Seller's brokers are Paul Sleeth and Billy Sleeth of Colliers International. Buyer is not represented by a broker in this transaction. Each party signing this document confirms that prior oral and/or written disclosure of agency was provided to him/her in this transaction. Seller shall be solely responsible for paying its brokers in connection with this transaction pursuant to the terms of a separate agreement. Each party will indemnify, defend, and hold the other party harmless of and from any claim for a fee or compensation by any other broker claiming by or through the indemnifying party.

14. Notices. Unless otherwise specified, any notice required or permitted in, or related to, this Agreement must be in writing and signed by the party to be bound. Any notice or payment will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given on the day following delivery of the notice by reputable overnight courier or through mailing in the U.S. mails, postage prepaid, by the applicable party to the address of the other party shown in this Agreement, unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day. If the deadline under this Agreement for delivery of a notice or payment is a Saturday, Sunday, or legal holiday, such last day will be deemed extended to the next following business day.

15. Assignment. Buyer ☐ may assign ☐ may not assign ☒ may assign, if the assignee is an entity owned or controlled by Buyer (**may not assign, if no box is checked**) this Agreement or Buyer's rights under this Agreement without Seller's prior written consent.

16. Attorneys' Fees. In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained, to interpret or enforce any provision of this Agreement or with respect to any dispute relating to this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, or other proceeding, the amount thereof shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

17. Miscellaneous. Time is of the essence of this Agreement. The facsimile transmission of any signed document including this Agreement shall be the same as delivery of an original. At the request of either party, the party delivering a document by facsimile will confirm facsimile transmission by signing and delivering a duplicate original document. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them with respect thereto. Without limiting the provisions of Section 15 of this Agreement, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. The person signing this Agreement on behalf of Buyer and the person signing this Agreement on behalf of Seller each represents, covenants and warrants that such person has full right and authority to enter into this Agreement and to bind the party for whom such person signs this Agreement to the terms and provisions of this Agreement. This Agreement shall not be recorded unless the parties otherwise agree.

18. Addendums, Exhibits. The following named addendums and exhibits are attached to this Agreement and incorporated within this Agreement: NONE.

19. Time for Acceptance. Seller has until 5:00 p.m. Pacific Time on December 31, 2009, to accept this offer. Acceptance is not effective until a copy of this Agreement which has been signed and dated by Seller is actually received by Buyer. If this offer is not so accepted, it shall expire and the Earnest Money shall be promptly refunded to Buyer.

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

21. Execution Date. The Execution Date is the later of the two dates shown beneath the parties' signatures below.

22. Governing Law. This Agreement is made and executed under, and in all respects shall be governed and construed by the laws of the State of Washington.

23. Leases. Seller shall provide Buyer with copies of all Leases, tenant correspondence and such other records and documents as Buyer reasonably deems necessary for its due diligence review of the Property. Seller will also provide Buyer with copies of all management agreements and such other agreements and contracts pertinent to the operation of the Property. Subsequent to the Execution Date, all leases, agreements and/or contracts entered into with respect to the Property, which would be binding upon Buyer following closing, will require Buyer's prior written consent and approval, which consent and approval shall not be unreasonably withheld.

CONSULT YOUR ATTORNEY. THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR REVIEW AND APPROVAL PRIOR TO SIGNING. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE COMMERCIAL ASSOCIATION OF REALTORS® PORTLAND/VANCOUVER OR BY THE REAL ESTATE LICENSEES INVOLVED WITH THIS DOCUMENT AS TO THE LEGAL SUFFICIENCY OR TAX CONSEQUENCES OF THIS DOCUMENT.

Buyer:	Seller:
RETAIL OPPORTUNITY INVESTMENTS CORP.	PBS ASSOCIATES, LLC
By: /s/ Stuart A. Tanz	By: /s/ Ezra Genauer
Name: Stuart A. Tanz	Name: Ezra Genauer
Title: CEO	Title: Manager
Execution Date: 12-30-09	Execution Date: 12/30/09
Office Telephone: 1-914-272-8080	Office Telephone: 206-658-3104
Address: 3 Manhattanville Road, 2nd Floor Purchase, New York 10577	Address: 650 S. Orcas Street Suite 210 Seattle, WA 98108
Fax No.: 1-914-272-8088	Fax No.: 206-254-2566

[Notary Blocks on Following Page]

State of New York)
) ss
County of Westchester)

Before me, a Notary Public in and for said County and State, personally appeared the above-named Stuart Tanz in his or her capacity as CEO of Retail Opportunity Investments Corp., who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of said entity.

In testimony whereof, I have hereunto set my hand and official seal at Purchase, New York, this 30 day of December, 2009.

/s/ Wayne E. Heller

Notary Public of NY

State of Washington)
) ss
County of King)

Before me, a Notary Public in and for said County and State, personally appeared the above-named Ezra Genauer, in his or her capacity as Manager of PBS Associates, LLC, who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of said entity.

In testimony whereof, I have hereunto set my hand and official seal at Seattle ,WA, this _____ day of _____, 2009.

/s/ An E Hoffman
Notary Public of Seattle, WA

COMMERCIAL ASSOCIATION OF REALTORS® PORTLAND/VANCOUVER

PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY
(Washington-Commercial Form)

Dated: December 24, 2009

BETWEEN: MERIDIAN VALLEY PROPERTIES, LLC ("Seller")

AND: RETAIL OPPORTUNITY INVESTMENTS CORP.,

a Delaware corporation ("Buyer")

Buyer agrees to buy and Seller agrees to sell, on the following terms and conditions, the real property and all improvements thereon (including an approximately 51,566 square foot shopping center (the "Property") commonly known as the Meridian Valley Plaza, located at 13304 SE 240th Street in Kent, Washington. The legal description of the Property for this transaction shall be the legal description contained in the Preliminary Commitment (defined below), subject to Buyer's and Seller's reasonable approval. The Property also includes all personal property related to the use or operation of the Property (the "Personal Property").

1. Purchase Price. The total purchase price is a sum equal to (a) SEVEN MILLION ONE HUNDRED TEN THOUSAND AND NO/100 DOLLARS ($7,110,000.00), payable as follows: At closing, Buyer will assume Seller's obligations on an existing loan with an interest rate of five and one-half percent (5.50%) per annum secured by the Property with a total current balance of approximately ONE MILLION SEVEN HUNDRED FIFTY-EIGHT THOUSAND AND NO/100 DOLLARS ($1,758,000.00) (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 cash purchase price, that is, approximately FIVE MILLION THREE HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS ($5,385,000.00), at closing.

2. Earnest Money Receipt. Within three (3) days after mutual execution of this Agreement (the "Execution Date"), Buyer shall deposit with the Title Company (defined below) the sum of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($150,000.00) as earnest money (the "Earnest Money") in the form of

☒ cash or ☐check or opromissory note not to exceed 5% of the purchase price. Upon removal of the conditions referred to in Section 3, the Earnest Money shall be increased to THREE HUNDRED THOUSAND AND NO/100 DOLLARS ($300,000.00) and shall be non-refundable except as otherwise provided in this Agreement. If the Earnest Money is in the form of a promissory note, it is due and payable: ono later than 5 PM Pacific Time one day after execution of this Agreement by Buyer and Seller or oupon satisfaction or waiver by Buyer of the conditions to Buyer's obligation to purchase the Property set forth in this Agreement or oother: _____. If the Earnest Money promissory note is not redeemed and paid in full when due, then (i) the Earnest Money promissory note shall be delivered and endorsed to Seller (if not already in Seller's possession), (ii) Seller may collect the Earnest Money from Buyer, either pursuant to an action on the promissory note or an action on this Agreement, and (iii) this Agreement shall be of no further force or effect. The Earnest Money shall be deposited with First American Title Insurance Company of Oregon, (the "Title Company") at the following branch: 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attn: Rachael Bushnell. The Earnest Money shall be applied to the payment of the purchase price for the Property at closing. The Earnest Money shall be deposited in an interest bearing account. Any interest earned on the Earnest Money shall be considered to be part of the Earnest Money. The Earnest Money shall be returned to Buyer in the event any condition to Buyer's obligation to purchase the Property shall fail to be timely satisfied or waived by Buyer or in the event this transaction fails to close as a result of a casualty, condemnation or default by Seller hereunder.

3. Conditions to Purchase.

(a) Buyer's obligation to purchase the Property is conditioned on the following: (a) Buyer's satisfaction with the Property and Buyer's financing, including without limitation the terms and conditions of Seller's loan to be assumed by Buyer, (b) the approval of Seller's lender to Buyer's assumption of the Seller's loan on terms acceptable to Buyer in Buyer's sole discretion, and (c) Buyer's review and approval of Seller's Documents (as defined in Section 5 below) and approval of the results of its property inspection described in Section 4 below. If Buyer has not given written waiver of these conditions, or stated in writing that these conditions have been satisfied, by written notice given to Seller within twenty-one (21) days after the Execution Date (the "Due Diligence

Period"), the Agreement shall automatically terminate, and the Earnest Money shall be promptly returned to Buyer. Seller shall reasonably cooperate and assist with obtaining the consent of its lender to such loan assumption by Buyer. It shall be a condition to Buyer's obligation to close this transaction that Seller shall have delivered to Buyer prior to the closing an estoppel certificate from all tenants of the Property certifying that such tenants' leases are in full force and effect and there is no breach or default thereunder, and other information as Buyer shall reasonably require. At all times before the Closing Date, Seller shall cooperate with Buyer in connection with obtaining governmental approvals, entitlements, consents, and permits in connection with Buyer's purchase and operation of the Property, without cost or expense to Seller. This includes, without limitation, joining in proceedings for and/or the execution of petitions, applications, zone changes, easements, permits, approvals, conditional uses, licenses, dedications, and other land use-related matters as reasonably approved by Seller and provided that the same are not effective unless the purchase and sale closes as contemplated herein.

(b) Seller's obligation to sell the Property is conditioned upon being released from all liability arising under or in connection with the Assumed Loan after the Closing Date. Buyer's obligation to purchase the Property is conditioned on completing the assumption of the Assumed Loan at Closing. In the event that either of these conditions is not satisfied, this Agreement shall immediately terminate and the Earnest Money shall be promptly returned to Buyer.

4. Property Inspection. From the Execution Date through closing, 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 the tenants of the Property as required by the tenants' leases, to conduct inspections, tests, surveys and other investigations including (i) environmental review including independent third party review of any environmental and geotechnical reports provided by Seller, that is, a Phase I environmental site assessment as that term is generally used, but no drilling or other invasive action at the Property without Seller's prior written consent, which shall not be unreasonably conditioned, delayed or denied; (ii) preparation of design, planning or density studies; (iii) third party engineering reviews, including review of building structure and mechanical systems; (iv) preparation of an independent market survey and geotechnical report; (v) review of historic preservation issues; (vi) review of City of Kent files and documents, as well as applications and correspondence (if any) of Seller with the

City; and (vii) other matters pertaining to title, physical condition or any other aspect of the Property. Buyer shall also have the right to discuss the Property and this Agreement with third parties, including lenders, contractors and governmental officials and representatives. Buyer shall indemnify, hold harmless, and defend Seller from all liens, costs, and expenses, including reasonable attorneys' fees and experts' fees, arising from or relating to Buyer's entry on and inspection of the Property. This agreement to indemnify, hold harmless, and defend Seller shall survive closing or any termination of this Agreement. The Buyer and Seller understand that the information provided is confidential in nature, and the Buyer and the Seller covenant not to disclose any information the use of which in any manner may be detrimental to any party, except as reasonably necessary in connection with the transactions contemplated by this Agreement, or as required by applicable law. Seller hereby agrees from and after the Execution Date until the Closing Date (as hereinafter defined), or the termination of this Agreement, that (i) Seller will take no action that will adversely affect title to the Property; and (ii) Seller will not enter into any written or oral contracts, leases, or agreements or amendments or modification thereto, with respect to the operation, use or occupancy of the Property without the prior written consent of Buyer.

Buyer may obtain an ALTA survey of the Property during the Due Diligence Period and Seller, without incurring any cost or expense to it, shall promptly cooperate with Buyer with regard to obtaining such survey.

Buyer, at its expense, shall be entitled to engage an environmental consultant of its choice and obtain a Phase I environmental site assessment of the Property during the Due Diligence Period, and, if recommended by such consultant, Buyer shall be entitled to obtain a Phase II environmental site assessment and perform any testing recommended in the assessment. Seller agrees to provide Buyer and its consultant with copies of any environmental reports, assessments or other information in Seller's possession or of which Seller has knowledge, concerning the Property, or any portion thereof, and to cooperate in the completion of Buyer's environmental site assessment.

Buyer, at its expense, shall be entitled to engage a consultant of its choice to review and inspect the Property and all of the buildings on the Property, including, but not limited to, the structural and roof components of the buildings and compliance with building codes and the Americans With Disabilities Act. If in the possession of Seller, Seller

agrees to provide Buyer with as-built plans and specifications for the Property and to facilitate access to the Property by Buyer's consultants and representatives.

5. Seller's Documents. Within five (5) days after the Execution Date, Seller shall deliver to Buyer, at Buyer's address shown below, legible and complete copies of the following documents and other items relating to the ownership, operation, and maintenance of the Property, to the extent now in existence and to the extent such items are within Seller's possession or control ("Seller's Documents"):

(a) Real and personal property tax bills for the most recent tax year.

(b) All environmental reports, studies and assessments concerning the Property.

(c) All soils, geotechnical, drainage, seismological, and engineering reports, studies and assessments concerning the Property.

(d) Any CC&R's or other agreements relating to all of any portion of the Property.

(e) All tenant leases and any amendments thereto (the "Leases") along with copies of any tenant financial statements, and a current rent roll for the Property.

(f) Operating statements, copies of sales reports and CAM details for the Property for the years 2006, 2007, 2008 and 2009 to date.

(g) All certificates of occupancy for the Property.

(h) All construction and equipment warranties.

(i) All documents related to Seller's loan on the Property.

In the event Seller does not deliver the foregoing documents within the five (5) day period, the Due Diligence Period shall be extended one day for each day that Buyer has not received all of the foregoing documents.

6. Title Insurance. Within five (5) days after the Execution Date, Seller shall deliver to Buyer a preliminary title report from the Title Company (the "Preliminary Commitment"), together with complete and legible copies of all documents shown therein as exceptions to title, showing the status of Seller's title to the Property. Buyer shall have ten (10) days after receipt of a copy of the Preliminary Commitment within which to give notice in writing to Seller of any objection to such title or to any liens or encumbrances affecting the Property. Within five (5) days after the date of such notice from Buyer, Seller shall give Buyer written notice of whether it is willing and able to remove the objected-to exceptions. Within five (5) days after the date of such notice from Seller, Buyer shall elect whether to purchase the Property subject to the objected-to exceptions which Seller is not willing or able to remove or terminate this Agreement. On or before the Closing Date (defined below), Seller shall remove all exceptions to which Buyer objects and which Seller agrees Seller is willing and able to remove. Excepting the loan to be assumed by Buyer described in Section 1 above, Seller agrees to remove all exceptions to title that consist of monetary liens against the Property, including, but not limited to, mortgages, trust deeds, delinquent taxes and assessments, federal and state tax liens, judgments, equitable liens and other exceptions of a similar nature unless Buyer has agreed to assume such exceptions. All remaining exceptions set forth in the Preliminary Commitment and agreed to by Buyer shall be "Permitted Exceptions." The title insurance policy to be delivered by Seller to Buyer at closing shall contain no exceptions other than the Permitted Exceptions and the usual preprinted exceptions in an ALTA owner's standard form title insurance policy, unless Buyer purchases extended coverage, in which event, such preprinted exceptions shall be deleted from the title insurance policy.

7. Default, Remedies. If the conditions, if any, to Buyer's obligation to close this transaction are timely satisfied or waived by Buyer and Buyer nevertheless fails, through no fault of Seller, to close the purchase of the Property, Seller's sole remedy shall be to retain the Earnest Money paid by Buyer. In the event Seller defaults in its obligation to close under this Agreement, Buyer shall be entitled to (i) the return of the Earnest Money and (ii) pursue any remedies provided for in this Agreement as well as any remedies available at law or in equity, including without limitation, the remedy of specific performance.

8. Closing of Sale. Within seven (7) days after the expiration of or Buyer’s waiver of the Due Diligence Period or as soon as possible thereafter to allow Buyer’s assumption of the Assumed Loan, the sale shall be closed

in escrow at the Title Company (the “Closing Date”), provided Seller shall have performed all of Seller’s obligations set forth in the Agreement up through Closing Date. If Seller’s lender is not ready, willing and able to allow Buyer to assume Seller’s loan referenced in Section 1 above within thirty (30) days after the expiration of or Buyer’s waiver of the Due Diligence Period, Buyer shall have the right to terminate this transaction at any time thereafter by written notice to Seller in which event all Earnest Money shall be immediately refunded to Buyer. The sale shall be "closed" when the document conveying title and the documents evidencing the loan assumption are recorded and funds are disbursed to Seller. At closing, Buyer and Seller shall deposit with the Title Company all documents and funds required to close the transaction in accordance with the terms of this Agreement. At closing, Seller shall deliver a certification in a form reasonably approved by Buyer that Seller is not a "foreign person" as such term is defined in the Internal Revenue Code and the Treasury Regulations promulgated under the Internal Revenue Code. If Seller is a foreign person and this transaction is not otherwise exempt from FIRPTA regulations, the Title Company shall be instructed by the parties to withhold and pay the amount required by law to the Internal Revenue Service. At closing, Seller shall convey fee simple title to the Property to Buyer by statutory warranty deed subject only to the Permitted Exceptions (the "Deed"). At closing, Buyer and Seller shall each also execute and deliver an Assignment and Assumption of Leases, and an Assignment and Assumption of Contracts related to the Property for those contracts that Buyer chooses to assume. Seller shall also deliver to Buyer a Bill of Sale conveying to Seller all Personal Property and warranties related to the use and operation of the Property free and clear of all liens, claims, and encumbrances. The form of each of these Assignment and Assumption agreements and the Bill of Sale reasonably drafted and consistent with this Agreement shall be agreed upon by Buyer and Seller during the Due Diligence Period. At closing, Seller shall pay for and deliver to Buyer a standard form owner's policy of title insurance in the amount of the purchase price insuring fee simple title to the Property in Buyer subject only to the Permitted Exceptions and the standard preprinted exceptions in a standard form policy. Buyer may obtain an extended ALTA owner’s policy, with such endorsements as Buyer may require at Buyer’s cost, plus payment by Buyer of any survey or other associated cost, and Seller shall execute an owners title affidavit reasonably satisfactory to Seller to facilitate the issuance thereof. In such event, the preprinted standard exceptions for a standard owner’s policy shall be removed from such title policy.

9. Closing Costs, Prorates. Seller shall pay the premium and any sales tax on the premium for the title insurance policy that Seller is required to deliver pursuant to the above paragraph. Seller and Buyer shall each pay one-half of the escrow fees and applicable sales tax charged by the Title Company. Seller shall pay any loan assumption fees of Seller's lender, and Seller shall pay any other fees and charges assessed by its lender in connection with the assumption of the Assumed Loan. Seller shall pay an existing loan on the Property from Columbia Bank, which currently has a balance of approximately ONE HUNDRED TEN THOUSAND AND NO/100 DOLLARS ($110,000.00). Seller shall deliver to escrow prior to closing a Real Estate Excise Tax Affidavit and shall pay any applicable real estate excise tax and transfer taxes. Real property taxes for the tax year in which the transaction is closed, assessments (if a Permitted Exception), personal property taxes, rents on existing tenancies paid for the month of closing, interest on assumed obligations, and utilities shall be prorated as of the Closing Date. Prepaid rents, security deposits, and other unearned refundable deposits regarding the tenancies shall be assigned and delivered to Buyer at closing. The Property ☐does ☒does not qualify for a special tax assessment or deferral program as follows:
_____
_____
_____.

☐Seller ☐Buyer ☒N/A shall be responsible for payment of all taxes, interest, and penalties, if any, upon removal of the Property from such special assessment or program. ☐Prior to closing, Buyer shall sign the Notice of Continuation on the Real Estate Excise Tax Affidavit or otherwise file for continuation of the specified assessment or program to avoid removal of the Property upon closing of the sale.

10. Possession. Buyer shall be entitled to exclusive possession (subject to the Leases and Permitted Exceptions of the Property ☒ on the Closing Date or ☐_____
_____.

11. Representations and Warranties. Except as disclosed to or known by Buyer prior to the satisfaction or waiver of the conditions or contingencies stated in Sections 3(a) and 4 above, including in the books, records, and

documents made available to Buyer, or in the title report or any supplemental report or documents referenced therein, Seller represents and warrants that, to the best of Seller's actual knowledge,

(a) Seller has the authority to enter into this Agreement and, subject to the provisions of this Agreement, to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) Seller is, or on the Closing Date shall be, the sole owner of the entire right, title and interest in and to the Property, subject to the Leases and the Permitted Exceptions.

(c) There are no hazardous materials on the Property or current violations of Environmental Laws with respect to the Property.

(d) There are no agreements or contracts, whether written or oral, express or implied, for lease or purchase of all or a portion of the Property to which Seller is a party; except for the tenants occupying buildings B and C on the Property which have certain purchase rights with respect to their buildings.

(e) Seller has received no written notice of any violation (nor, to Seller's actual knowledge, without independent investigation or duty to investigate, is the Property in violation) of any applicable law, ordinance, order or regulation of any governmental or quasi-governmental agency having jurisdiction over the Property or any portion thereof.

(f) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending against Seller.

(g) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, or applicable Washington law.

(h) There are no options to purchase (except as noted in item (d) above) or options to lease, or contracts for sale or management, maintenance, service or similar agreement (whether oral or written) affecting or relating to the Property, or any portion thereof, to which Seller is a party, that will survive closing.

(i) There is no litigation, claim or proceeding pending against Seller or the Property.

(j) There are no current or pending condemnation proceedings against all or any portion of the Property. Seller has no knowledge of any plan or study by any governmental authority which in any way would materially affect the use of the Property, or any portion thereof for its intended uses or any intended public improvements which will result in any charge being levied against, or any lien assessed upon, the Property. Seller has no knowledge of any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Property.

If prior to closing, Seller or Buyer discovers any information that would cause any of the representations or warranties above to be false or otherwise breached if the same were deemed made as of the date of such discovery, then the party discovering the same shall promptly notify the other party in writing. If the newly-discovered information would result in costs or liability to Buyer in excess of the lesser of ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00) or five percent (5%) of the Purchase Price, or will materially adversely affect Buyer's intended use of the Property, then Buyer shall have the right to terminate this Agreement and receive a refund of the Earnest Money, provided that Buyer elects to do so within five (5) days of discovering or receiving written notice of the new information. Nothing in this paragraph shall prevent Buyer from pursuing its remedies against Seller if Seller had actual knowledge of the newly discovered information such that a representation or warranty provided for above was false or otherwise breached when made. The parties agree that in all events Seller's liability on any claim by Buyer for breach of warranty shall be limited to those circumstances where Seller had actual knowledge of the breach at the time the warranty was made.

Risk of loss or damage to the Property shall be Seller's until closing and Buyer's at and after closing.

Except for those representations and warranties of Seller specifically included in this Agreement: (i) Seller makes no representations or warranties regarding the Property; (ii) Seller hereby disclaims, and Buyer hereby waives, any and all representations or warranties of any kind, express or implied, concerning the Property or any portion thereof, as to its condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous material on site, dimensions, size or boundaries of the Property, zoning or the ability to develop the Property, occupancy rate or any other matter of similar or dissimilar nature relating in any way to the Property, including the warranties of fitness of a particular purpose, tenantability, habitability and use; (iii) Buyer otherwise takes the Property "AS IS," and (iv) Buyer represents and warrants to Seller that Buyer has sufficient experience and expertise such that it is reasonable for Buyer to rely on its own pre-closing inspections and investigations.

It shall be a condition of Buyer's obligation to close, and of Seller's right to retain the Earnest Money as of closing, that all of the Seller's representations and warranties stated in this Agreement are materially true and correct on the Closing Date. All representations, warranties, and indemnity and hold harmless obligations stated in this Agreement shall survive closing for a period of two (2) years.

12. Personal Property. This sale includes the following personal property: ☐ None or ☒ the personal property located on and used in connection with the Property and owned by Seller which Seller shall itemize in a schedule. Seller shall deliver to Buyer such schedule within five (5) days after the Execution Date. The parties agree that the personal property conveyed herein shall not be allocated to any of the purchase price.

13. Agency Disclosure. At the signing of this Agreement, the Seller's brokers are Paul Sleeth and Billy Sleeth of Colliers International. Buyer is not represented by a broker in this transaction. Each party signing this document confirms that prior oral and/or written disclosure of agency was provided to him/her in this transaction. Seller shall be solely responsible for paying its brokers in connection with this transaction pursuant to the terms of a separate agreement. Each party will indemnify, defend, and hold the other party harmless of and from any claim for a fee or compensation by any other broker claiming by or through the indemnifying party.

14. Notices. Unless otherwise specified, any notice required or permitted in, or related to, this Agreement must be in writing and signed by the party to be bound. Any notice or payment will be deemed given when personally

delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given on the day following delivery of the notice by reputable overnight courier or through mailing in the U.S. mails, postage prepaid, by the applicable party to the address of the other party shown in this Agreement, unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day. If the deadline under this Agreement for delivery of a notice or payment is a Saturday, Sunday, or legal holiday, such last day will be deemed extended to the next following business day.

15. Assignment. Buyer omay assign ☐ may not assign ☒may assign, if the assignee is an entity owned or controlled by Buyer (**may not assign, if no box is checked**) this Agreement or Buyer's rights under this Agreement without Seller's prior written consent. No assignment shall relieve Buyer of its obligations under this Agreement.

16. Attorneys' Fees. In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained, to interpret or enforce any provision of this Agreement or with respect to any dispute relating to this Agreement, the prevailing party shall be entitled to recover from the losing party its attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, or other proceeding, the amount thereof shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

17. Miscellaneous. Time is of the essence of this Agreement. The facsimile transmission of any signed document including this Agreement shall be the same as delivery of an original. At the request of either party, the party delivering a document by facsimile will confirm facsimile transmission by signing and delivering a duplicate original document. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them with respect thereto. Without limiting the provisions of Section 15 of this Agreement, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

The person signing this Agreement on behalf of Buyer and the person signing this Agreement on behalf of Seller each represents, covenants and warrants that such person has full right and authority to enter into this Agreement and to bind the party for whom such person signs this Agreement to the terms and provisions of this Agreement. This Agreement shall not be recorded unless the parties otherwise agree.

18. Addendums, Exhibits. The following named addendums and exhibits are attached to this Agreement and incorporated within this Agreement: NONE.

19. Time for Acceptance. [intentionally deleted]

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

21. Execution Date. The Execution Date is the later of the two dates shown beneath the parties' signatures below.

22. Governing Law. This Agreement is made and executed under, and in all respects shall be governed and construed by the laws of the State of Washington.

23. Leases. Seller shall provide Buyer with copies of all Leases, tenant correspondence and such other records and documents as Buyer deems necessary for its due diligence review of the Property. Seller will also provide Buyer with copies of all management agreements and such other agreements and contracts pertinent to the operation of the Property. Subsequent to the Execution Date, all leases, agreements and/or contracts entered into with respect to the Property will require Buyer's prior, written consent and approval.

24. Property Manager. At closing, on terms and conditions of an assignment and assumption agreement agreed upon during the Due Diligence Period, Buyer shall assume Seller's obligations under the management agreement with the Property's current property manager and Buyer will not terminate such agreement without cause for a

period of twelve months after closing on the condition that such manager performs each of its obligations under such management agreement in a timely, professional and competent manner reasonably satisfactory to Buyer.

25. Purchase Rights. Immediately after the Execution Date, Seller shall give the tenants occupying buildings B and C on the Property all written notices to which they are entitled notifying them of and requiring such tenants to exercise or waive their purchase rights with respect to their buildings in accordance with their respective leases, and copies of such notices shall be provided to Buyer. Seller shall exercise its best efforts to obtain and provide to Buyer during the Due Diligence Period written confirmation reasonably acceptable to Buyer executed by the tenants occupying buildings B and C that they have waived any option or other right to purchase any portion of the Property arising from or relating to this transaction (the "Waiver Confirmation"). Unless Buyer receives the Waiver Confirmation during the Due Diligence Period, it shall be a condition to Buyer's obligation to close this transaction that Buyer shall be satisfied, in Buyer's sole discretion, with the status of the purchase rights held by the tenants occupying buildings B and C.

26. Broker Disclosure. Buyer acknowledges that Richard S. Pasko is a member of Seller and is a Washington licensed real estate broker acting in his own behalf and is or may be receiving compensation in connection with this transaction, which shall be the sole responsibility of Seller.

EACH PARTY NEEDS TO CONSULT ITS OWN ATTORNEY. THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO THE PARTY'S ATTORNEY FOR REVIEW AND APPROVAL PRIOR TO SIGNING. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE COMMERCIAL ASSOCIATION OF REALTORS® PORTLAND/VANCOUVER OR BY THE REAL ESTATE LICENSEES INVOLVED WITH THIS DOCUMENT AS TO THE LEGAL SUFFICIENCY OR TAX CONSEQUENCES OF THIS DOCUMENT.

Buyer:

RETAIL OPPORTUNITY INVESTMENTS CORP.

By: /s/ Stuart Tanz
Name: Stuart Tanz
Title: CEO
Execution Date: December 30, 2009
Office Telephone: 914-272-8080
Address: 3 Manhattanville Road
Purchase, NY 10577
Fax No.: 914-272-8088

Seller:

MERIDIAN VALLEY PROPERTIES, LLC

By:/s/ Richard S. Pasko
Name: Richard S. Pasko
Title: Managing Partner
Execution Date: January 2, 2010
Office Telephone: _____
Address: _____
_____
Fax No.: _____

State of New York_____)
) ss
County of Westchester_____)

Before me, a Notary Public in and for said County and State, personally appeared the above-named __Stuart Tanz__ in his or her capacity as __CEO__ of Retail Opportunity Investments Corp., who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of said entity.

In testimony whereof, I have hereunto set my hand and official seal at __Purchase__, __NY__, this __4th__ day of __January__, 2010.

__/s/ Steven V. Krauss__
Notary Public of __State of New York__

State of Washington_____)
) ss
County of King_____)

I certify that I know or have satisfactory evidence that __Richard S. Pasko_____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as a _managing partner__ of Meridian Valley Properties, L.L.C., to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

DATED this __2__ day of __January_____ 2010.

/s/ Mark T. Thorne
NOTARY PUBLIC in and for the State of
Washington.
My appointment expires 02-09-2012.

AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS

By and Between

REGENCY CENTERS, L.P.,
a Delaware limited partnership

as Seller

and

RETAIL OPPORTUNITY INVESTMENTS CORP.,

a Delaware corporation

as Buyer

Dated as of December 30, 2009

Santa Ana Downtown Plaza Santa Ana, California

AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS
(Regency - Santa Ana Downtown Plaza)

THIS AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("Agreement") is made as of December 30, 2009 **("Agreement Date"),** by and between REGENCY CENTERS, L.P., a Delaware limited partnership **("Seller"),** and RETAIL OPPORTUNITY INVESTMENTS CORP., a Delaware corporation **("Buyer").**

RECITALS

A. Seller is the current owner of the Property (as defined in Section 2).

B. Buyer desires to purchase and Seller is willing to sell the Property on the terms and conditions of this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

AGREEMENT

1. Certain Basic Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

1.1"Additional Deposit" means the amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00), to be deposited with Escrow Holder pursuant to Section 2.2.2. The Additional Deposit shall be non-refundable to Buyer subject to the terms of this Agreement.

1.2"Agreement Date" means the date first set forth above in this Agreement.

1.3"Buyer's Address" means:

Retail Opportunity Investments Corp.
3 Manhattanville Road, Second Floor
Purchase, New York 10577
Attn: Mr. Richard Schoebel
Telephone No.: (914) 272-8080
Facsimile No.: (914)272-8088
Email: rschoebel@roireit.net

With copies to:

Bouza, Klein & Kaminsky
950 S. Flower Street, Suite 100

Los Angeles, California 90015
Attention: Michael J. Kaminsky, Esq.
Telephone No.: (213) 488-0675, ext. 6
Facsimile No.: (213) 488-1361
E-Mail: mkaminsky@b2klaw.com

1.4"Closing" means the date the Grant Deed to Buyer is recorded in the Official Records of the County in which the Real Property is located.

1.5"Closing Date" means the date on which Closing actually occurs.

1.6"Due Diligence Period" means that period commencing on the Opening of Escrow and expiring at 5:00 p.m. (Pacific time) on the twenty-first (21st) day following the earlier to occur of (a) the Agreement Date, or (b) the date on which the Due Diligence Items were delivered to Buyer, which date is hereby acknowledged and agreed to be December 29, 2009. If the Due Diligence Period expires on a weekend or legal holiday, it shall automatically be extended to the next business day).

1.7"Escrow Holder" means First American Title Insurance Company.

1.8"Escrow Holder's Address" means:

First American Title Insurance Company
National Commercial Services
777 South Figueroa Street, 4th Floor
Los Angeles, CA 90017
Attention: Ms. Carolyn J. Marcial
Telephone No.: (213) 271-1728
Facsimile No.: (818) 450-0132
E-mail: cmarcial@firstam.com

1.9"Estoppel Certificates" is defined in Section 3.3.7.

1.10 "Excluded Items" means all proprietary, privileged or confidential information of Seller relating to the Property, including but not limited to, Seller's internal financial analysis, Seller's credit analysis and collection plans, materials relating to Seller's cost to acquire the Property and any documents or communications subject to the attorney/client privilege.

1.11 "Initial Deposit" means the amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00), to be deposited with Escrow Holder pursuant to Section 2.2.1.

1.12 "Leases" means those certain lease agreements set forth in **Schedule 1.14.**

1.13 **"Outside Closing Date"** means January 28, 2010.

1.14 **"Purchase Price"** means the sum of Nineteen Million and No/100 Dollars ($19,000,000.00).

1.15 **"Scheduled Closing Date"** means that date which is five (5) days after the expiration of the Due Diligence Period.

1.16 **"Seller's Address"** means:

Regency Centers, L.P.
c/o Regency Centers, Inc.
915 Wilshire Boulevard, Suite 2200
Los Angeles, California 90017
Attention: Mr. T.R. Gregory
Telephone No.: (213) 553-2200
Facsimile No.: (213) 624-2280
E-mail Address: TRGregory@regencycenters.com

With copies to:
Kennerly, Lamishaw & Rossi LLP
707 Wilshire Boulevard, Suite 1400
Los Angeles, California 90017
Attention: Robert L. Madok, Esq.
Telephone No.: (213) 426-2090
Facsimile No.: (213) 312-1266
E-Mail: robertmadok@klrfirm.com

1.17 **"Shopping Center"** means the shopping center located at 301 – 431 East First Street, Santa Ana, California, commonly known as the Santa Ana Downtown Plaza, which is located within the Real Property is located.

1.18 **"Tenants"** mean those certain tenants under the Leases.

1.1 **"Title Company"** means First American Title Insurance Company.

1.2 **"Title Company Address"** means:

First American Title Insurance Company
National Commercial Services
777 South Figueroa Street, 4th Floor
Los Angeles, California 90017
Attn: Mr. Jimmy B. Morada
Telephone No.: (213) 271-1700 ext. 1770

Facsimile No.: (818) 337-7155
Email: jbmorada@firstam.corn

2. Sale of Property: Purchase Price.

2.1 Sale of Property. Subject to the terms, covenants and conditions of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller:

(a) that certain real property located in the City of Santa Ana, County of Orange, State of California which is more particularly described in **Exhibit "A"** (the **"Real Property"**);

(b) all buildings and other improvements located on the Real Property (the **"Improvements"**); and

(c) all right, title and interest of Seller in and to the Real Property including, without limitation, the Leases and all other agreements demising space in or providing for the use or the occupancy of the land or Improvements and any permits, approvals, operating permits, plans, specifications, licenses, entitlements, surveys, warranties, guaranties and all other contracts and agreements and all intangible property and rights relating to the Real Property, Improvements or personal property, if any (collectively, the **"Contracts"),** to the extent the Contracts are assignable (the Real Property, the Improvements and the Contracts are collectively referred to herein as the **"Property"**).

2.2 Purchase Price. The Purchase Price shall be payable as follows:

2.2.1 Initial Deposit. The Initial Deposit shall be delivered by Buyer to Escrow Holder within three (3) business days of Buyer's and Seller's mutual execution of this Agreement and delivery of a fully executed copy thereof to Escrow Holder. Such Initial Deposit shall be made in the form of a wire transfer made payable to the order of Escrow Holder, and shall be deposited by Escrow Holder pursuant to the provisions of Section 3.1 below (**"Opening of Escrow"**). In the event that the Initial Deposit is not timely delivered to Escrow Holder as provided above, this Agreement shall, at the option of Seller, be deemed to be null and void and of no further force or effect.

2.2.2 Additional Deposit. Unless Buyer terminates this Agreement prior to the expiration of the Due Diligence Period pursuant to Section 3.5 below, the Additional Deposit shall be delivered by Buyer to Escrow Holder by 5:00 p.m. Pacific time on the day on which the Due Diligence Period expires. The Additional Deposit shall be deposited by Escrow Holder pursuant to the provisions of Section 3.1 below. By making the Additional Deposit, Buyer shall be deemed to have waived its right to terminate this Agreement during the Due Diligence Period pursuant to Section 3.5 below. The Initial and Additional Deposits shall collectively be referred to as the **"Deposit."** The Deposit shall be applicable to the Purchase Price at Closing.

2.2.3 Refundability of Deposit. In the event that Buyer terminates this Agreement prior to the expiration of the Due Diligence Period pursuant to Section 3.5 below, the Initial Deposit shall be refunded to Buyer in accordance with said Section 3.5. If Buyer does not terminate this Agreement prior to the expiration of the Due Diligence Period prior to the expiration of the Due Diligence Period, the Initial Deposit and the Additional Deposit shall become non-refundable to Buyer and shall be retained by Seller if this Agreement is terminated on account of a default by Buyer or a failure of Buyer's condition to Close hereunder or if the Close of Escrow does not occur by the Scheduled Closing Date for any reason, subject to the terms of Section 9.2 hereof or any other provisions of this Agreement which specifically provide for the return of the Deposit to Buyer.

2.2.4 Closing Payment at Closing. On or before the Closing Date as required by the Escrow Holder to Close Escrow on the Closing Date, Buyer shall pay to Escrow Holder a sum equal to (a) the Purchase Price, less (b) the Deposit, plus (c) the amount of any items chargeable to Buyer under this Agreement (including Buyer's share of closing costs, fees and expenses) (the **"Closing Payment"**).

2.2.5 Interest on Deposits. All funds received from or for the account of Buyer shall be deposited by Escrow Holder in an interest-bearing account with a federally insured state or national bank (**"Account"**) located in California. All interest accrued on the Initial and Additional Deposits shall be credited to Buyer.

2.2.6 Independent Consideration. Contemporaneous with Buyer's execution and delivery of this Agreement, Buyer has delivered to Seller and Seller hereby acknowledges the receipt of One Hundred Dollars ($100.00) (**"Independent Contract Consideration"**), which amount the parties bargained for and agreed as consideration for Buyer's exclusive right to inspect and purchase the Property pursuant to this Agreement and for Seller's execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, and is fully earned and shall be retained by Seller notwithstanding any other provision of this Agreement.

3. Escrow; Closing Conditions.

3.1 Escrow. Upon the execution of this Agreement by Buyer and Seller, and the acceptance of this Agreement by Escrow Holder in writing, this Agreement shall constitute the joint escrow instructions of Buyer and Seller to Escrow Holder to open an escrow (**"Escrow"**) for the consummation of the sale of the Property to Buyer pursuant to the terms of this Agreement. Upon Escrow Holder's receipt of the Deposit and Escrow Holder's written acceptance of this Agreement, Escrow Holder is authorized to act in accordance with the terms of this Agreement. Upon the Close of Escrow, Escrow Holder shall pay any sum owed to Seller with immediately available federal funds. Escrow Holder shall pay any sum owed to Buyer or Seller with

immediately available federal funds. Escrow Holder is designated the **"real estate reporting person"** for purposes of Section 6045 of the Internal Revenue Code of 1986, as amended and Treasury Regulation 1.6045-4, and any instructions or settlement statement prepared by Escrow Holder shall so provide. Escrow Holder shall be responsible for filing Form 1099-S with the Internal Revenue Service.

3.2Closing Date. The Escrow shall occur (**"Close of Escrow"**) on the Scheduled Closing Date, provided that all conditions to the Close of Escrow set forth in this Agreement have been satisfied or waived in writing by the party intended to be benefited thereby. In the event that the Closing does not occur by the Outside Closing Date, this Agreement shall automatically terminate and be of no further force or effect, except with respect to any provisions of this Agreement that expressly survive the Close of Escrow and/or termination of this Agreement.

3.3Buyer's Conditions to Closing. The Close of Escrow is subject to and contingent on the satisfaction of the following conditions or the waiver of the same by Buyer in writing:

3.3.1 Inspection. Buyer's approval, in its sole discretion, of the physical condition of the Property at Buyer's sole cost and expense prior to the expiration of the Due Diligence Period. Notwithstanding the foregoing, Buyer's right to inspect the Property pursuant to the terms of this Agreement shall, at all times, be subject to Seller's inspection rights under the Leases.

(a) Buyer shall have the right to commence Buyer's physical inspection of the Property immediately: (i) after Buyer's and Seller's execution of this Agreement; (ii) after Seller has confirmed to Buyer that the Tenants have been notified of Buyer's commencement of the physical inspection of the Property; and (iii) after Seller's receipt of written evidence that Buyer has procured the insurance required by Section 3.3.1(c) of this Agreement. Buyer's physical inspection of the Property shall be conducted during normal business hours at times mutually acceptable to Buyer and Seller, but in all events upon no less than one (1) business days' written request from Buyer to Seller. No invasive testing or boring with respect to the Property shall be conducted by Buyer or Buyer's representatives. Seller shall provide to Buyer copies of all environmental reports relating to the Property in Seller's possession.

(b) Buyer acknowledges that prior to the expiration of the Due Diligence Period: (i) Buyer has or will have conducted such surveys and inspections, and made such percolation, geologic, environmental and soils tests and other studies of the Property; and (ii) Seller shall provide Buyer with adequate opportunity to make such inspection of the Property (including an inspection for zoning, land use, environmental and other laws, regulations and restrictions) as Buyer shall, in Buyer's discretion, deem necessary or advisable as a condition precedent to Buyer's purchase of the Property and to determine the physical, environmental and land use characteristics of the Property (including, without limitation, its subsurface) and its suitability for Buyer's

intended use.

(c) Buyer shall obtain or cause its consultants to obtain, at Buyer's sole cost and expense prior to commencement of any investigative activities on the Property, a policy of commercial general liability insurance covering any and all liability of Buyer and Seller with respect to or arising out of any investigative activities. Such policy of insurance shall be an occurrence policy and shall have liability limits of not less than One Million Dollars and No/100 ($1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability. Such insurance policy shall name Seller, its successors and assigns and such other entities as Seller shall designate as additional insureds including, without limitation, the Tenants, and shall be in form and substance and issued by an insurance company reasonably satisfactory to Seller.

Buyer shall protect, indemnify, defend and hold the Property, Seller and Seller's officers, directors, partners, members, fiduciaries, participants, affiliates, employees, representatives, invitees, agents and contractors free and harmless from and against any and all claims, damages, liens, stop notices, liabilities, losses, costs and expenses, including reasonable attorneys' fees and court costs (collectively, "Liabilities"), resulting from Buyer's inspection and testing of the Property, including, without limitation, repairing any and all damages to any portion of the Property, arising out of or related (directly or indirectly) to Buyer's conducting such inspections, surveys, tests, and studies, even if such Liabilities are caused by the concurrent negligence of Seller. Notwithstanding anything to the contrary contained in this Agreement, Buyer's indemnification obligations as set forth herein shall not apply to any claims, costs, losses, liabilities, damages or expenses, to the extent incurred by Seller as a result of a condition existing at the Property prior to any entry by Buyer onto the Property, except to the extent such pre-existing condition was worsened by any act or omission of Buyer, its agents or contractors.

(d) Buyer shall keep the Property free and clear of any mechanics' liens or materialmen's liens related to Buyer's right of inspection and the activities contemplated by Section 3.3.1 of this Agreement. Buyer's indemnification obligations set forth herein shall survive the Close of Escrow and shall not be merged with the Deed, and shall survive the termination of this Agreement and the Close of Escrow.

(e) Buyer hereby covenants that it shall comply with all the terms and conditions set forth in the Leases and shall use its commercial reasonable efforts not to interfere or disturb the Tenants or the Tenants' rights, duties and obligations under the Leases.

(f) It is understood by the parties that, except to the extent otherwise specifically provided herein, Seller does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information contained in Seller's files or in the documents produced by Seller, including, without

limitation, any environmental audit. Buyer acknowledges, except to the extent otherwise specifically provided herein, that Seller and Seller's affiliates shall have no responsibility for the contents and accuracy of such disclosures, and Buyer agrees that the obligations of Seller in connection with the purchase of the Property shall be governed by this Agreement irrespective of the contents of any such disclosures or the timing or delivery thereof.

3.3.2 Title Policy. The Title Company's issuance of the Buyer's Title Policy (or mark-up thereof with promise of delivery within thirty (30) days) complying with the requirements of Section 3.7.2 below; provided, however, the issuance of endorsements requested by Buyer shall not be a condition precedent to Buyer's obligation to proceed with the Close of Escrow unless such endorsements are for the purpose of removing disapproved title exceptions that Seller has agreed to attempt to remove at or prior to the Close of Escrow.

3.3.3 Covenants. Seller having performed and satisfied all agreements and covenants required hereby to be performed by Seller prior to or at the Close of Escrow.

3.3.4 Title Commitment. Buyer's approval, in its sole discretion, by the expiration of the Due Diligence Period of the following (collectively, **"Commitment"**): (i) a current title commitment for the Real Property issued by the Title Company; (ii) copies of all underlying title documents described in such title commitment; and (iii) the Existing Survey (defined below), if any, or any update thereto obtained by Buyer if Buyer so elects, prior to the expiration of the Due Diligence Period.

(a) Seller shall deliver (or cause to be delivered) to Buyer the Commitment and, if possessed by Seller, an ALTA Property survey (**"Existing Survey"**). Buyer, at its sole discretion, cost and expense, shall have the right to commission an updated survey (the **"Updated Survey"**). In the event Buyer timely objects in writing to matters on the Commitment, the Existing Survey and the Updated Survey in accordance with the approval procedures set forth in Section 3.4 herein, Seller shall have the right, but not the obligation, to notify Buyer in writing within five (5) calendar days after the date of Seller's receipt of the Buyer's notice that Seller desires to have until Closing in which to remove or to cure, or to agree to remove or to cure some or all of the disapproved items to Buyer's reasonable satisfaction. Seller's notice may limit such attempts to cure or remove to exclude payment of money or taking any judicial action. Seller's failure to deliver such notice to Buyer within such five (5) day period with respect to any disapproved item shall be deemed to be an election by Seller not to attempt to remove or to cure such items. Notwithstanding the foregoing, Seller agrees to remove prior to or concurrently with the Close of Escrow any mortgages or deeds of trust encumbering the Real Property, any liens for delinquent taxes, judgment liens, or mechanic's liens arising out of work performed or materials supplied to the Real Property by Seller, but in all events excluding the lien for taxes, not yet due and payable. In connection therewith, Seller shall have the option, in Seller's sole discretion and without

Buyer's consent, of curing Buyer's objection to any mechanic's lien encumbering the Property or a portion thereof in the face amount of Fifty Thousand and No/100 Dollars ($50,000.00) or less by the posting of a bond by a reputable bonding company reasonably acceptable to Buyer, provided that Buyer shall have reasonable approval rights with respect to the form, terms, and amount of the bond so posted. Buyer shall be deemed to have approved all exceptions not objected to by Buyer or to which objections have been waived by Buyer pursuant to Section 3.3.4(b) below.

(b) If Seller elects not to attempt to remove or to cure some or all of the disapproved items pursuant to Section 3.3.4 (a) to Buyer's reasonable satisfaction, or if Seller has agreed to attempt to remove or cure some or all of such disapproved items and is unable to or has failed to remove or cure the same, then Buyer shall have, as Buyer's sole and exclusive remedy, the right exercisable on or before three (3) business days after Seller's election or deemed election (or prior to Close of Escrow if Seller elects but is unable or fails to remove or cure such disapproved item) either (i) to waive such exceptions to title, and proceed to take title to the Property without any deduction or offset in the Purchase Price, or (ii) to terminate this Agreement and the Escrow by giving written notice of such termination to Seller and to Escrow Holder in which event Buyer and Seller shall have no further liability to the other hereunder except for those provisions that specifically survive the termination of this Agreement and the Deposit shall be returned to Buyer. Buyer's failure to provide Seller or Escrow Holder with written notice of termination within said three (3) business day period shall constitute Buyer's election under clause (i) above.

3.3.5 Due Diligence Items. Seller shall deliver to Buyer the due diligence items set forth in **Schedule 3.3.5** (the **"Due Diligence Items"**). Seller acknowledges Buyer may desire to discuss or otherwise inquire about the Due Diligence Items with various governmental entities and utilities, any contracts with Tenants and third parties. In this regard, Buyer is permitted to contact all necessary third parties and discuss with such third parties governmental records, contracts with Tenants and other Due Diligence Items; provided, however, that (a) Buyer first obtains Seller's reasonable consent and Seller is first given a reasonable opportunity to be present at such contact or discussions at a time and location specified by Buyer in writing, and (b) Buyer shall take no action or enter into any agreement, document, dealing, cooperation or any other matter without Seller's prior written consent (to be withheld in Seller's sole discretion) that: (i) would create liability on Seller; (ii) would be binding on Seller prior to the Close of Escrow; or (iii) would be binding on Seller if the Close of Escrow does not occur.

3.3.6 Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and correct as of the date made and as of the Close of Escrow with the same effect as though such representations and warranties were made at and as of the Close of Escrow.

3.3.7 Tenant Estoppel Certificates. During the Due Diligence Period, Seller shall deliver to each Tenant under the Leases, other than the "Default

Tenants" (defined below) a tenant estoppel certificate substantially in the form either: (i) attached **Exhibit "G";** or (ii) as required to be delivered by a tenant under the subject Lease (the **"Tenant Estoppel Certificates"**). The **"Default Tenants"** are those known as "Grace's Flowers," "Panderia Ensenada," and "Chiqui's Beauty." Seller shall use its commercially reasonable efforts (at no expense to Seller unless the subject Lease specifically requires Seller to pay for an estoppel processing fee) to procure from each Tenant an executed Tenant Estoppel Certificate, provided that Seller shall have no liability whatsoever to Buyer if for any reason it is unable to procure an executed Tenant Estoppel Certificate from one or more Tenants. Without limiting the foregoing, in the event Seller is unable to obtain a Tenant Estoppel Certificate from those Tenants identified as "Food For Less," "FAMSA," McDonald's, Taco Bell, and not less than fifty percent (50%) of the Tenants identified on **Schedule 3.3.7,** expressly excluding the Default Tenants (said 50% of the Tenants listed on **Schedule 3.3.7,** along with Food For Less, FAMSA, McDonald's, and Taco Bell, collectively the **"Estoppel Tenants"**), Buyer shall have the right to terminate this Agreement by written notice to Seller delivered prior to the expiration of the Due Diligence Period. In no event shall Seller be in default hereunder for its failure to obtain Tenant Estoppel Certificates from any Tenants, but the delivery of Tenant Estoppel Certificates from all of the Estoppel Tenants shall be a condition precedent to Buyer's obligation to purchase the Property pursuant to this Agreement (which may be waived by Buyer in writing prior to the expiration of the Due Diligence Period; failure of Buyer to terminate this Agreement or permit this Agreement to terminate prior to the expiration of the Due Diligence Period shall be deemed Buyer's waiver of the aforesaid condition precedent). If, by the end of the Due Diligence Period (a) Seller fails to timely deliver Tenant Estoppel Certificates from all of the Estoppel Tenants, or (b) Buyer reasonably disapproves any Tenant Estoppel Certificate from any of the Estoppel Tenants, and Seller cannot cause such tenant(s) to execute substitute Tenant Estoppel Certificate which is reasonably satisfactory to Buyer prior to the expiration of the Due Diligence Period, Buyer may either (i) terminate this Agreement by delivering written notice to the Seller and the Escrow Holder of its election of the same, or (ii) waive the requirement that Seller obtain Tenant Estoppel Certificates from those Estoppel Tenants from whom Seller has not yet obtained the same and proceed to the Closing notwithstanding Seller's failure to deliver the subject Tenant Estoppel Certificates. If Buyer terminates this Agreement in accordance with the foregoing, the entire Deposit shall be immediately returned to Buyer (without the need for any additional instructions by either party hereto), and thereafter neither party shall have any further rights or obligations hereunder, except as specifically provided in this Agreement. Notwithstanding the foregoing, to the extent Seller is unable, despite the exercise of reasonable diligence, to obtain a Tenant Estoppel Certificate from one or more of the Estoppel Tenants, and any other Tenant that is not a Default Tenant, on or before the expiration of the Due Diligence Period, Seller shall execute and deliver to Buyer Seller estoppel certificates substantially in the form of **Exhibit "H" ("Seller Estoppel Certificates")** at Closing for all such Tenants which are not Default Tenants and from which Seller was not able timely to obtain a Tenant Estoppel Certificate. To the extent Seller receives Tenant Estoppel Certificates from any such Tenants after the Close of Escrow and delivers such certificates to Buyer, or Buyer receives an estoppel certificate

from any such Tenant, the Seller Estoppel Certificate previously delivered by Seller for such Tenant shall be deemed null and void as to each such Tenant Estoppel Certificate received by Buyer after the Close of Escrow. The provisions of this Section 3.3.7 shall survive the Close of Escrow.

3.3.8 Damage or Destruction. Buyer shall not have elected, pursuant to the terms of Section 6, to terminate this Agreement.

3.4 Approval Procedure. Buyer shall notify Seller of Buyer's approval, if at all, of the matters described in Sections 3.3.1, 3.3.4, 3.3.5, and 3.3.7 by written notice delivered to Seller and Escrow Holder by the expiration of the Due Diligence Period. Buyer's failure to approve any of the matters described in Sections 3.3.1, 3.3.4, 3.3.5, and 3.3.7 by the expiration of the Due Diligence Period in the manner described shall be deemed Buyer's disapproval of such matters, this Agreement shall automatically terminate and Escrow Holder shall immediately release the Deposit to Buyer without the need for any further instructions. Provided Buyer provides the foregoing approval notice prior to the expiration of the Due Diligence Period, in no event shall Buyer have the right to disapprove any such item(s) after the expiration of the Due Diligence Period.

3.5 Termination Upon Disapproval. If Buyer disapproves, in its sole discretion, of any aspect of its review of the Property pursuant to Section 3.3.1, 3.3.4, 3.3.5, or 3.3.7 above, Buyer shall have the right to terminate this Agreement by written notice delivered to Seller no later than the expiration of the Due Diligence Period. Upon termination of this Agreement pursuant to this Section 3.5 or pursuant to Section 6: (a) each party shall promptly execute and deliver to Escrow Holder such documents as Escrow Holder may reasonably require to evidence such termination; (b) Escrow Holder shall return all documents to the respective parties who delivered such documents to Escrow; (c) Escrow Holder shall remit the Deposit to Buyer; (d) Buyer and Seller shall each pay one-half (½) of Escrow Holder's escrow cancellation fees, if any; (e) Buyer shall return to Seller all Due Diligence Items in Buyer's possession relating to the Property; and (f) the respective obligations of Buyer and Seller under this Agreement shall terminate; provided, however, notwithstanding the foregoing, Buyer's indemnity obligations under Section 3.3.1(d) shall survive any such termination of this Agreement, and the termination of this Agreement shall not release any other indemnity obligation of Buyer **("Surviving Indemnity").**

3.6 Seller's Conditions to Closing. The obligations of Seller to consummate the transactions provided for herein are subject to and contingent upon the satisfaction of the following conditions or the waiver of same by Seller in writing:

3.6.1 Covenants. Buyer having performed and satisfied all agreements and covenants required hereby to be performed by Buyer prior to or at the Close of Escrow.

3.6.2 Representations and Warranties. All representations and

warranties of Buyer contained in this Agreement shall be materially true and correct as of the date made and as of the Close of Escrow with the same effect as though such representations and warranties were made at and as of the Close of Escrow.

3.6.3 Payment of Purchase Price. Buyer shall have timely deposited into Escrow the Additional Deposit and the Cash Payment.

3.7 Title and Title Insurance.

3.7.1 Deed. Seller shall convey title to the Real Property to Buyer by grant deed in the form of **Exhibit "B"** attached hereto **("Deed").**

3.7.2 Buyer's Title Policy. At the Close of Escrow, Escrow Holder shall cause the Title Company to issue an ALTA 1992 Owner's Policy of Title Insurance with an insured amount equal to the Purchase Price containing no exceptions other than as approved by Buyer pursuant to this Agreement **("Buyer's Title Policy").** Notwithstanding the foregoing, if Buyer does not provide the Title Company with a current ALTA Survey, Buyer's Title Policy shall be a CLTA 1992 Owner's Policy of Title Insurance.

3.8 Closing Costs and Charges.

3.8.1 Seller's Costs. Seller shall pay: (a) one-half (½) of Escrow Holder's fees in connection with the Escrow; (b) all documentary transfer taxes, other taxes; and (c); the premium for a standard coverage CLTA Owner's Title Policy insuring Buyer's title in an amount equal to the Purchase Price.

3.8.2 Buyer's Costs. Buyer shall pay: (a) one-half (½) of the Escrow Holder's fees in connection with the Escrow; (b) the portion of the premium for Buyer's Title Policy equal to the premium attributable to the ALTA extended coverage; (c) all recording fees payable in connection with the transfer of the Property; and (d) all costs associated with any endorsements to Buyer's Title Policy.

3.8.3 Other Costs. All other costs, if any, shall be apportioned in the customary manner for real property transactions in Orange County.

3.9 Deposit of Documents and Funds by Seller. Not later than one (1) business day prior to the Closing Date, Seller shall deposit the following items into Escrow each of which shall be duly executed and acknowledged by Seller where appropriate:

3.9.1 The Deed;

3.9.2 Three (3) counterparts of the Assignment and Assumption of Leases, a form of which is attached hereto as **Exhibit "C"** (the **"Assignment and Assumption of Leases"**);

3.9.3 Three (3) counterparts of the General Assignment and Assumption, a form of which is attached hereto as **Exhibit "D"** (the **"General Assignment and Assumption"**);

3.9.4 The Certification of Non-Foreign Status in the form of **Exhibit "E"** **("FIRPTA");**

3.9.5 Notice to Tenants in the form of **Exhibit "F"** **("Notice to Tenants");**

3.9.6 Seller's closing statement prepared by Escrow Holder; and

3.9.7 Other documents that may reasonably be required by Escrow Holder to close the Escrow in accordance with this Agreement.

Additionally, outside of Escrow, in connection with the Closing, Seller shall deliver or cause to be delivered to Buyer, to the extent that Seller possesses the same, original copies of all Leases and all other licenses, permits, and governmental certificates and approvals relating to the Property, keys, if any, in Sellers possession to locks on the Property.

3.10 Deposit of Documents and Funds by Buyer. Not later than one (1) business day prior to the Closing Date, Buyer shall deposit the following items into Escrow each of which shall be duly executed and acknowledged by Buyer where appropriate:

3.10.1 The Closing Payment;

3.10.2 Three (3) counterparts of the Assignment and Assumption of Leases;

3.10.3 Three (3) counterparts of the General Assignment and Assumption;

3.10.4 Buyer's closing statement prepared by Escrow Holder;

3.10.5 Notice to Tenants; and

3.10.6 All other funds and documents including all appropriate authority documents and certificates as may reasonably be required by Escrow Holder to close the Escrow in accordance with this Agreement.

3.10.7 The parties hereto shall jointly deposit any required transfer declarations or declarations of value and mutually agreed closing statements.

3.11 Delivery of Documents and Funds at Closing. Provided that all conditions to closing set forth in this Agreement have been satisfied or, as to any

condition not satisfied, waived by the party intended to be benefited thereby, on the Scheduled Closing Date Escrow Holder shall conduct the Closing by recording or distributing the following documents and funds in the following manner:

3.11.1 Recorded Documents. Record the Deed in the Official Records of Orange County.

3.11.2 Buyer's Documents. Deliver to Buyer: (a) the original Buyer's Title Policy; (b) the original FIRPTA; (c) an original counterpart of the Assignment and Assumption of Leases; (d) an original counterpart of the General Assignment and Assumption executed by Seller and Buyer; and (e) a counterpart copy of the Buyer's closing statement.

3.11.3 Seller's Documents. Deliver to Seller a counterpart or original (as applicable) of every document delivered to Buyer, and the Seller's closing statement.

3.11.4 Purchase Price. Deliver to Seller the Purchase Price and such other funds, if any, as may be due to Seller by reason of credits under this Agreement, less all items chargeable to Seller under this Agreement and less the Holdback Amounts as defined in Section 3.12.5 below.

3.12 Prorations and Adjustments.

3.12.1 Generally. If any expenses are not determinable on the Close of Escrow, at the earliest possible opportunity following the Close of Escrow, Seller and Buyer shall make any interim and final adjustments. The provisions of this Section 3.12 shall survive the Close of Escrow.

3.12.2 Taxes. Escrow Holder shall prorate real property taxes and assessments on the Property as of the Close of Escrow for the current fiscal year based on the most current official real property tax information available from the County Assessor's office where the Real Property is located or other assessing authorities. If real property tax and assessment figures for the current fiscal year are not available, real property taxes shall be prorated based on the real property taxes for the previous fiscal year. Seller shall pay any real property taxes attributable to the period of Seller's ownership of the Property and, if appropriate, reprorate taxes when the actual tax bills are available. Seller reserves the right to meet with governmental officials and to contest any reassessment concerning or affecting Seller's obligations under this Section 3.12.2.

3.12.3 Utility Costs and Deposits. Seller shall notify all water, gas, electric and other utility companies servicing the Property (collectively, **"Utility Companies"**) of the sale of the Property to Buyer and shall request that all Utility Companies send Seller a final bill for the period ending on the last day prior to the Close of Escrow. Buyer shall notify all Utility Companies servicing the Property that as of the Close of Escrow, Buyer shall own the Property and that all utility bills for the period

commencing on the Close of Escrow are to be sent to Buyer. If any of the Utility Companies sends Seller or Buyer a bill for a period in which the Close of Escrow occurs, Buyer and Seller shall prorate such bills outside the Escrow. In connection with such proration, it shall be presumed that utility charges were uniformly incurred during the billing period.

3.12.4 Rentals. Rent and other payments, including without limitation any additional rent and percentage rent, which are payable pursuant to the Leases, applicable to the time period in which the Close of Escrow occurs, and have been received by Seller prior to the Closing Date, shall be pro-rated on a per diem basis as of the Closing Date. Seller shall use its commercially reasonable efforts to resolve, prior to the Closing Date, any rent arrearages arising under Leases for the period prior to the Closing Date; however, if any such arrearages exist at Closing, Buyer shall pay to Seller any rent actually collected after Closing which is applicable to the period preceding the Closing Date in accordance with this Section 3.12.4. All rent, including any delinquent rent, collected by Buyer after Closing shall be applied first to the current month's rent, second to unpaid, past due rent accruing after the Closing Date, and third to the unpaid rent accruing prior to the Closing Date (and such pre-Closing rent collected by Buyer shall be paid to Seller within ten (10) days after Buyer's receipt thereof). In no event shall delinquent rent be prorated. During the twelve (12) month period following Closing, Buyer shall bill tenants for any rent arrearages in respect of the period prior to the Closing Date and shall use its commercially reasonable efforts to collect same, provided that Buyer shall not be required to incur any other cost or commence any legal proceeding in order to collect such arrearage. Any prepaid rentals including with respect to operating expenses shall be credited to Buyer as of the Close of Escrow. Buyer shall be credited and Seller shall be debited with an amount equal to all rent abatements and rent concessions applicable to periods after the Close of Escrow. Seller shall retain the right to take action to collect any delinquent rents or other amounts owing Seller applicable to the period prior to the Closing Date, except with to the extent Seller is deemed to have waived its right to do so with respect to that Tenant commonly known as "Sports Plus" pursuant to Section 3.12.5 below.

3.12.5 Security Deposits. At the Close of Escrow, Buyer shall receive a credit against the Purchase Price in an amount equal to the aggregate of Tenant security deposits identified in **Schedule 1.14** attached hereto or such lesser amount as is set forth in a Tenant Estoppel Certificate delivered by the subject Tenant pursuant to this Agreement, subject to the offsets for Grace's Flowers, Panaderia Ensenada, Chiquis Beauty, and Sports Plus as outlined below. Seller and Buyer acknowledge that, as of the Agreement Date, the following Tenants are delinquent in the payment of rent: (i) Grace's Flowers; (ii) Panaderia Ensenada; (iii) Chiquis Beauty; and (iv) Sports Plus. With respect Grace's Flowers, Seller shall be permitted to apply the entire security deposit paid by such Tenant to pre-Closing delinquent rents, so long as the space leased to such Tenant is vacant and Seller has legal rights to such space at the time of Closing. With respect to each of Panaderia Ensenada and Chiquis Beauty, Seller shall have the option of (A)

delivering the space leased to each such Tenant vacant at Closing with Seller having legal rights to such space at the time of Closing, and retaining such Tenant's security deposit to the extent necessary to cover such Tenant's delinquencies, (B) if the space occupied by such Tenant is not vacant as of the Closing Date, so long as Seller has filed or caused to be filed unlawful detainer actions against such Tenant prior to Closing, retaining such Tenant's security deposit to the extent necessary to cover such Tenant's delinquencies, in which event, upon Closing, Seller shall assign its rights in any such actions to Buyer and shall remain responsible for all actual, reasonable out-of-pocket costs incurred by Buyer in completing such eviction process following the Closing, or (C) crediting Buyer at Closing with the full amount of the security deposits for such Tenant as set forth on **Schedule 1.14** attached hereto, in which event Seller shall have no further obligation whatsoever with respect to any eviction process relating to such Tenant. With respect to Sports Plus, Seller shall have the option of (I) delivering the space leased to Sports Plus vacant at Closing and retaining Sports Plus' security deposit to the extent necessary to cover Sports Plus' delinquencies or completely settling any ongoing rent dispute with Sports Plus by the Closing, or (II) crediting Buyer at Closing with the full amount of the security deposit set forth in Sports Plus' Lease and waiving all further rights to proceed against Sports Plus for any pre-Closing delinquent rental amounts following the Closing. As of the Agreement Date, the amount of Tenant security deposits which are set forth in the Leases and other written agreements between Seller and the subject Tenant, along with the portions thereof that have been applied by Seller against Tenant delinquencies, are set forth on **Schedule 1.14** attached hereto.

3.12.6 Adjustments for Common Area Expenses.

(a) The phrase **"Common Area Expenses"** shall mean all costs, expenses and other amounts (including, but not limited to, taxes and insurance costs) incurred in connection with the repair, maintenance and operation of the common areas of the Shopping Center. All Common Area Expenses for the calendar year 2010 shall be prorated as of the Close of Escrow based upon amounts budgeted by Seller for such calendar year, and there shall be no additional post-closing reconciliation of such amounts following the Close of Escrow.

(b) To the extent that payments by Tenants to reimburse Seller for Common Area Expenses are adjusted under the terms of the Leases at the end of calendar year 2009 **("Adjustment Period")** to reflect the actual Common Area Expenses incurred for such Adjustment Period, the following provisions shall apply:

(i) Within ninety (90) days following the end of the Adjustment Period and following the Close of Escrow, Seller shall compute the actual Common Area Expenses for such Adjustment Period. Seller shall submit the adjustment statements required by the Leases to the Tenants, with Buyer's cooperation as reasonably requested by Seller.

(ii) Seller shall promptly remit to applicable

Tenants the total amount of any overpayments by such Tenants attributable to the Adjustment Period. Seller shall be responsible for collecting any underpayments of Common Area Expenses for the Adjustment Period, provided that to the extent that Buyer receives any underpayments of Common Area Expenses from Tenants attributable to the Adjustment Period, Buyer shall promptly remit the same to Seller. Buyer covenants to use its commercially reasonable efforts to enforce, and to cooperate with Seller in enforcing, the provision in the Leases requiring reimbursement of Common Area Expenses during the Adjustment Period but shall not be required to give any notices to pay/perform or quit (provided that demand letters are expressly not excluded) or otherwise terminate any Lease or litigate for the recovery of such sums. Notwithstanding the foregoing, nothing herein shall preclude Seller from, and Seller hereby reserves the right to, seek to makes demands upon (including, without limitation, threats of litigation) Tenants for amounts owing under any Lease relating to claims arising prior to the Closing Date, provided that Seller shall only pursue litigation with respect to any Tenant (i) with respect to which Tenant has commenced such litigation prior to the Closing Date, or (ii) which has vacated its Premises in the Shopping Center prior to the Closing Date, and Buyer shall cooperate with Seller's efforts to so recover, provided that Buyer shall not be required to incur any out-of-pocket cost or expense in connection with any such cooperation.

3.12.7 Leasing Commissions. Seller shall be responsible for the payment of all leasing commissions and the costs of all tenant improvement work and all other tenant concessions with respect to Leases executed prior to the expiration of the Due Diligence Period. Buyer shall be responsible for the payment of leasing commissions and the cost of all tenant improvement work and all other tenant concessions for leases executed on and after the expiration of the Due Diligence Period. In addition, Buyer shall receive a credit to the Purchase Price at Closing in the amount equal to any unpaid leasing commissions or tenant improvements for any unleased space at the Property as of the Closing Date.

3.12.8 Prorations. All prorations shall be made as of the Closing Date on the basis of the actual days of the month in which the Close of Escrow occurs. Such date shall be an income and expense day for Buyer. Seller shall be responsible for all expenses of the Property applicable to the period prior to the Close of Escrow and Buyer shall be responsible for all expenses applicable to the period from and after the Close of Escrow.

4. Delivery and Possession. Seller shall deliver possession of the Property to Buyer at the Close of Escrow, subject to the rights of the Tenants under the Leases and their sublessee(s) and occupant(s), if any.

5. Commissions. Except for James J. Manarino of James Manarino and Associates, Inc., representing Buyer (whose commission Buyer covenants to pay pursuant to separate agreement between Buyer and such broker), Buyer and Seller each represent and warrant to the other that there are no commissions, finder's fees or

brokerage fees arising out of the transactions contemplated by this Agreement. Each party shall indemnify and hold the other party harmless from and against any and all liabilities, claims, demands, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and court costs, in connection with claims for any such commissions, finders' fees or brokerage fees arising out of each such party's conduct or the inaccuracy of the foregoing representation and/or warranty of such party. Seller's representations and warranties in this Section 5 are not subject to the limitations of Section 7 of this Agreement. This Section 5 shall survive the Closing.

6. Damage or Destruction: Condemnation.

6.1 Major Damage. Buyer shall have the right to terminate thisAgreement if all or a material part of the Property is destroyed without fault of Buyer or a material part of the Property is taken by eminent domain. For purposes of this Section 6, (a) a taking by eminent domain of a portion of the Property shall be deemed to affect a **"material part"** of the Property if the estimated value of the portion of the Property taken exceeds $300,000, and (b) the destruction of a **"material part"** of the Property shall be deemed to mean an insured or uninsured casualty to the Property following Buyer's inspection of the Property and prior to the Close of Escrow having an estimated cost of repair which equals or exceeds $300,000. If Buyer does not terminate this Agreement and the transaction closes hereunder, any insurance proceeds or condemnation proceeds shall be payable to Buyer, whether or not the "material part" threshold is met.

6.2Definitions. The phrase **"estimated value"** shall mean an estimate obtained from a M.A.I. appraiser, who has at least five (5) years experience evaluating property located in the County where the Real Property is located, similar in nature and function to that of the Property, selected by Seller and approved by Buyer, and the phrase **"estimated cost of repair"** shall mean an estimate obtained from an independent contractor selected by Seller and reasonably approved by Buyer.

6.3Notice; Credit to Buyer. Buyer shall give written notice of Buyer's election to terminate or proceed with this Agreement under the Act within ten (10) days after Buyer's receipt of written notice from Seller of any damage to or condemnation of the Property which entitles Buyer to terminate this Agreement. Upon timely delivery of such termination notice, Escrow Holder shall remit the Deposit to Buyer. If Buyer does not give such notice, then this Agreement shall not terminate. If Buyer elects to proceed with this Agreement and purchase the Property, there shall be no reduction in the Purchase Price, but Seller shall, at Close of Escrow, assign to Buyer (a) any insurance proceeds payable with respect to such damage plus an amount equal to the applicable deductible, or (b) the entire award payable with respect to such condemnation proceeding, whichever is applicable.

7. Seller's Representations and Warranties.

7.1.1 Representations and Warranties. It is expressly

understood and agreed that all liability of Seller for breach of the representations and warranties contained in this Section 7 shall terminate if no written claim of breach, specifying the representation or warranty allegedly breached and the supporting evidence for the alleged breach, shall be delivered to Seller on or prior to the date which is twelve (12) months following the Closing Date. Seller represents and warrants to Buyer that as of the date of this Agreement and as of the Closing Date:

7.1.2 Seller is duly organized, validly existing, and in good standing under the laws of the State of its formation.

7.1.3 Seller has the full power and authority to execute, deliver and perform its obligations under this Agreement.

7.1.4 This Agreement and all agreements, instruments and documents herein provided to be executed by Seller are and as of the Closing will be duly authorized, executed and delivered by and are and will be binding upon Seller.

7.1.5 Seller has received no notice of any pending or threatened proceedings, eminent domain or condemnation which would affect the Property, or a portion thereof, and Seller has not been involved, and has no current actual knowledge of any other party being involved, in any settlement discussion with any governmental agency regarding a sale of the Property in lieu of condemnation.

7.1.6 Except as otherwise set forth in **Schedule 7.1.6,** attached hereto, Seller has no additional knowledge as to the environmental or geotechnical condition of the Property and Seller lacks any actual knowledge of any Hazardous Materials on the Property. **"Hazardous Materials"** shall mean any hazardous substance, pollutant or contaminant regulated under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq. **("CERCLA");** oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas, and synthetic gas useable for fuel; pesticides regulated under Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq. **("FIFRA");** asbestos, PCBs and other substances regulated under TSCA; source material, special nuclear material and byproduct materials regulated under the Atomic Energy Act; and industrial process and pollution control wastes whether or not hazardous within the meaning of RCRA.

7.1.7 Except as otherwise set forth in **Schedule 7.1.7** attached hereto, Seller has not received notice that it is nor to its actual knowledge is now a party to any litigation, arbitration or other proceedings **("Litigation")** with respect to the Property and Seller shall give to Buyer prompt notice of the institution of any Litigation prior to the Closing Date after Seller has received written notice of the same.

7.1.8 Neither the execution of this Agreement and the instruments to be executed or delivered by Seller pursuant to this Agreement nor the consummation by Seller of the transactions contemplated by this Agreement will: (i)

conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default, or result in a termination of any agreement or instrument to which Seller is a party; (ii) violate any restriction to which Seller is subject; (iii) constitute a violation of any applicable code, resolution, law, statute, regulation, ordinance, judgment, rule, decree or order; or (iv) result in the creation of any lien, charge or encumbrance upon the Property or any part thereof, except as provided herein and the Continuing Obligations described in Section 34 below.

7.1.9 Seller has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Seller's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of Seller's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets; or (v) admitted in writing its inability to pay its debts as they come due.

7.1.10 The Leases described on **Schedule 1.14** constitute all of the leases affecting the Property as of the Agreement Date, and Seller has received no notice from any Tenant under any of the Leases that Seller is in monetary default or material non-monetary default under any of such Leases that remains uncured as of the Agreement Date. To the extent that Seller has delivered a default notice to any Tenant under any of the Leases which remains uncured as of the Agreement Date, such Tenants in default are set forth on **Schedule 1.1.4.**

7.1.11 Except as set forth on **Schedule 7.1.11** attached hereto, Seller has received no written notice from any governmental authority having jurisdiction over the Property stating that Seller is currently not in compliance with applicable laws and ordinances that remains uncorrected or uncured as of the Agreement Date.

7.1.12 Other than those which are either (a) cancelable on thirty (30) days' notice without payment of any fees, or (b) expressly assumed by Buyer in writing at the Closing, other than the Leases or instruments appearing in the public records, there are no Contracts or other agreements relating to the Property which will be in force on the Closing Date, and Seller is not in monetary default or material non-monetary default thereunder that remains uncured.

7.1.13 The rent roll applicable as of the Agreement Date delivered to Buyer, and the operating statements that have been/will be provided to Buyer by Seller pursuant to this Agreement for the calendar years 2007, 2008, and 2009, are to Seller's actual knowledge true and correct in all material respects. At Closing, Seller will deliver to Buyer an updated certified rent roll (current to within five (5) days of the Closing Date) that will be true and correct in all material respects.

7.1.14 To Seller's actual knowledge, (i) the documents and files delivered or made available to Buyer contain any and all notices of violations received by the Seller with respect to the Property from and after January 1, 2007, and (ii) all licenses,

approvals, permits and certificates from all applicable governmental authorities or private parties necessary for all Property alterations completed by the Seller costing in excess of twenty-five thousand dollars ($25,000) in any single instance from and after January 1, 2007 were obtained prior to the commencement of such alterations (expressly excluding any alterations performed by any Tenant or other occupant of the Property.

7.1.15 Seller is not currently obligated to sell the Property to any party or entity other than Buyer, nor do there exist any rights of first refusal or options to purchase the Property.

7.2 Limitations on Seller's Representations and Warranties.

Except as expressly herein otherwise provided, the representations and warranties of Seller set forth in this Agreement shall be true in all material aspects on and as of the Closing Date as if those representations and warranties were made on and as of such time, subject to any qualifications thereof made by Seller in a written notice delivered to Buyer within five (5) days after Seller obtains new knowledge or information with respect thereto that would cause Seller to change such representations or warranty but no later than three (3) days prior to the Closing Date. The representations and warranties made to "Seller's current actual knowledge" or "Seller's actual knowledge" in this Agreement, or in any certificate or document executed and delivered by Seller pursuant to this Agreement, are (i) limited to the actual knowledge of TR Gregory, Doug Schaffer and Steve Hargrave without any obligation or duty to inquire or make any independent investigation regarding the subject matter of such representations and warranties, and (ii) do not encompass any imputed or constructive knowledge. Buyer acknowledges that TR Gregory, Doug Schaffer and Seller's property or asset manager responsible for the Property are named solely for the purpose of defining and narrowing the scope of Seller's knowledge and not for the purpose of imposing any liability on such individuals or creating any duties running from such individuals or any of Seller's members to Buyer. Buyer covenants that it will bring no action of any kind against such individuals related to or arising out of the representations and warranties set forth in Section 7.1 of this Agreement provided the foregoing will not preclude an action by Buyer against Seller for breach of the foregoing representations or warranties. Except for those set forth in this Section 7, there are no other representations or warranties of Seller, express or implied.

7.3 Buyer's Remedies For Seller's Breach of Representations and Warranties.

7.3.1 Pre-Closing Remedies. If at or prior to the Closing, (A) Buyer shall become aware (whether through its own efforts, by written notice from Seller or any other third party) that any of the representations or warranties made herein by Seller are untrue, inaccurate or incorrect and shall give Seller notice thereof at or prior to the Closing, or (B) Seller shall notify Buyer that a representation or warranty made herein by Seller is untrue, inaccurate or incorrect, then Seller may, in its sole discretion, elect by notice to Buyer to adjourn the Closing one or more times for up to ten (10) days in the aggregate in order to cure or correct such untrue, inaccurate or incorrect representation or

warranty. If Buyer's damages as a result of such representations or warranties being untrue, inaccurate or incorrect are, in the aggregate, less than $50,000, and such misrepresentations or breaches of warranty are not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), Buyer shall nevertheless be deemed to, and shall, waive such misrepresentations or breaches of warranty and shall consummate the transactions contemplated hereby without any reduction of or credit against the Purchase Price. If Buyer's damages as a result of such representations or warranties being untrue, inaccurate or incorrect are, in the aggregate, greater than $50,000, and such misrepresentations or breaches of warranty are not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), then Buyer, as its sole remedy for any and all such untrue, inaccurate or incorrect representations or warranties, shall elect either (x) to waive such misrepresentations or breaches of warranties and consummate the transactions contemplated hereby without any reduction of or credit against the Purchase Price, or (y) to terminate this Agreement by notice given to Seller on or before the Closing Date, in which event, this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the surviving Indemnities.

7.3.2 Post-Closing Remedies. Notwithstanding anything contained in this Agreement to the contrary, in the event the Closing occurs, Buyer hereby expressly waives, relinquishes and releases any right or remedy available to it at law, in equity or under this Agreement to make a claim against Seller for damages that Buyer may incur, or to rescind this Agreement and the transactions contemplated hereby, as the result of any of Seller's representations or warranties being untrue, inaccurate or incorrect if (1) Buyer knew that such representation or warranty was untrue, inaccurate or incorrect at the time of the Closing and Buyer nevertheless closes title hereunder, or (2) Buyer's damages as a result of such representations or warranties being untrue, inaccurate or incorrect are, in the aggregate, less than $50,000. Buyer shall be **"deemed to have known"** that a representation or warranty was untrue, inaccurate or incorrect at the time of the Closing if any Property Information furnished or made available to or otherwise obtained by Buyer contains express information which is inconsistent with such representation or warranty.

7.4 Ceiling on Liability. Notwithstanding anything contained herein to the contrary, if the Closing shall have occurred and Buyer or Seller shall not have waived, relinquished and released all rights or remedies available to it at law, in equity or otherwise as provided hereunder, the aggregate liability of either party arising pursuant to or in connection with the representations, warranties, covenants and other obligations (whether express or implied) of such party in this Agreement and/or any documents executed by such party in connection with this Agreement (including, without limitation, the Deed, the Assignment and Assumption of Leases, and the General Assignment), shall not exceed $1,000,000 in the aggregate. The provisions of this Section 7.4 shall survive the Closing.

8. Buyer's Representations and Warranties. Buyer represents and warrants to

Seller that as of the date of this Agreement and as of the Closing Date:

8.1 Buyer is duly organized, validly existing, and in good standing under the laws of the state of its formation;

8.2 Buyer has the full power and authority to execute, deliver and perform Buyer's obligations under this Agreement;

8.3 This Agreement and all agreements, instruments and documents herein provided to be executed by Buyer are and as of the Closing will be duly authorized, executed and delivered by and are and will be binding upon Buyer; and

8.4 The execution and delivery of this Agreement and the performance of its obligations hereunder by Buyer will not conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which the Buyer is a party or by which it is bound, or any order or decree applicable to Buyer.

9. Default.

9.1 LIQUIDATED DAMAGES - DEPOSIT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IF BUYER HAS NOT TERMINATED THIS AGREEMENT PRIOR TO THE EXPIRATION OF THE DUE DILIGENCE PERIOD AND IF THE SALE OF THE PROPERTY TO BUYER IS NOT CONSUMMATED FOR ANY REASON OTHER THAN SELLER'S DEFAULT UNDER THIS AGREEMENT OR AS OTHERWISE EXPRESSLY CONTEMPLATED TO RESULT IN THE RETURN OF THE DEPOSIT TO BUYER, SELLER SHALL BE ENTITLED TO RETAIN THE DEPOSIT AS SELLER'S LIQUIDATED DAMAGES. THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH FAILURE, PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHTS TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES, NOR WAIVE OR AFFECT SELLER'S RIGHTS AND BUYER'S INDEMNITY OBLIGATIONS UNDER OTHER SECTIONS OF THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677. THE PARTIES HAVE SET FORTH THEIR INITIALS BELOW TO INDICATE THEIR AGREEMENT

WITH THE LIQUIDATED DAMAGES PROVISION CONTAINED IN THIS SECTION. SELLER AGREES ITS RIGHT TO OBTAIN THE DEPOSIT AS LIQUIDATED DAMAGES SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY HEREUNDER AT LAW OR EQUITY ON ACCOUNT OF BUYER'S DEFAULT HEREUNDER.

/s/ EB	/s/ ST
SELLER'S INITIALS	BUYER'S INITIALS

9.2 Buyer's Pre-Closing Remedies. In the event Seller fails to perform any act required to be performed by Seller pursuant to this Agreement on or before the Closing or a condition to Closing has not been satisfied before the Closing, then Buyer shall execute and deliver to Seller written notice of such breach or non-satisfaction of condition, which notice shall set forth complete information about the nature of the breach or non-satisfaction of condition. Seller shall have a period of (10) days to cure such breach or satisfy such condition if such non-satisfaction can be completed by Seller. If such breach or non-satisfaction remains uncured beyond the ten (10) day period described above, then Buyer's sole and exclusive remedy shall be either: (i) to terminate this Agreement and the Escrow, in which event the Deposit shall be returned to Buyer; (ii) commence and pursue an action for specific performance; or (iii) give Seller notice that Buyer elects to waive such breach or failure of condition and to Close Escrow; provided, however, if Seller's breach resulted from the willful act or omission of Seller, in connection with such termination, Seller shall be obligated to reimburse Buyer an amount equal to Buyer's actual reasonable out-of-pocket third party costs and expenses incurred in connection with its contemplated acquisition of the Property, not to exceed Fifty Thousand Dollars ($50,000).

9.3 Post-Closing Remedies of Seller. If after the Closing, Buyer fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, then Seller may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages. In such event, the liquidated damages provisions contained in Section 9.1 shall not limit Seller's damages.

9.4 Post-Closing Remedies of Buyer. If after the Closing, Seller fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, then, subject to the limitations contained in Section 7.3.2, Buyer may exercise any remedies available to it at law or in equity in any order it deems appropriate in its sole and absolute discretion including, but not limited to, seeking specific performance or damages.

10. Attorneys' Fees. If any action or proceeding is commenced by either party to enforce their rights under this Agreement or to collect damages as a result of the breach of any of the provisions of this Agreement, the prevailing party in such action or proceeding, including any bankruptcy, insolvency or appellate proceedings, shall be

entitled to recover all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and court costs, in addition to any other relief awarded by the court.

11. Notices. All notices, demands, approvals, and other communications provided for in this Agreement shall be in writing and shall be effective upon the earliest of the following to occur: (a) when delivered to the recipient; (b) one (1) business day after deposit with a nationally recognized overnight-guaranteed delivery service; (c) by facsimile with delivery of an original to the other party by overnight mail, but effective upon fax; or (d) upon receipt or refusal of receipt after deposit in a sealed envelope in the United States mail, postage prepaid by registered or certified mail, return receipt requested, addressed to the recipient as set forth below. All notices to Seller shall be sent to Seller's Address. All notices to Buyer shall be sent to Buyer's Address. All notices to Escrow Holder shall be sent to Escrow Holder's Address. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. The foregoing addresses may be changed by written notice given in accordance with this Section.

12. Amendment; Complete Agreement. All amendments and supplements to this Agreement must be in writing and executed by Buyer and Seller. This Agreement contains the entire agreement and understanding between Buyer and Seller concerning the subject matter of this Agreement and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by Buyer or Seller concerning the Property or the other matters which are the subject of this Agreement. This Agreement has been drafted through a joint effort of the parties and their counsel and, therefore, shall not be construed in favor of or against either of the parties.

13. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

14. Severability. If any provision of this Agreement or application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement (including the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable) shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

15. Counterparts, Headings and Defined Terms. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement. The headings to sections of this Agreement are for convenient reference only and shall not be used in interpreting this Agreement.

16. Time of the Essence. Time is of the essence of this Agreement.

17. Waiver. No waiver by Buyer or Seller of any of the terms or conditions of this Agreement or any of their respective rights under this Agreement shall be effective unless such waiver is in writing and signed by the party charged with the waiver.

18. Third Parties. This Agreement is entered into for the sole benefit of Buyer and Seller and their respective permitted successors and assigns. No party other than Buyer and Seller and such permitted successors and assigns shall have any right of action under or rights or remedies by reason of this Agreement.

19. Additional Documents. Each party agrees to perform any further acts and to execute and deliver such further documents which may be reasonably necessary to carry out the terms of this Agreement.

20. Independent Counsel. Buyer and Seller each acknowledge that: (i) they have been represented by independent counsel in connection with this Agreement; (ii) they have executed this Agreement with the advice of such counsel; and (iii) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared by Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Seller because Seller's counsel prepared this Agreement in its final form.

21. Condition of Property. Buyer represents and warrants that, as specified in Section 3.3.1 hereof, Buyer has, or shall have inspected and conducted tests and studies of the Property, and that Buyer is familiar with the general condition of the Property. Buyer understands and acknowledges that the Property may be subject to earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions, hazardous materials and similar occurrences that may alter its condition or affect its suitability for any proposed use. Except to the extent otherwise specifically provided herein, Seller shall have no responsibility or liability with respect to any such occurrence. Except to the extent otherwise specifically provided herein, Buyer represents and warrants that Buyer is acting, and will act only, upon information obtained by Buyer directly from Buyer's own inspection of the Property. Seller hereby makes no claims, representations or warranties as to the suitability or lack of suitability of the Property for any proposed or intended use, or availability or lack of availability of (a) permits or approvals of governmental or regulatory authorities, or (b) easements, licenses or other rights with respect to any such proposed or intended use of the Property shall not affect the rights or obligations of the Buyer hereunder.

22. Property "AS IS."

22.1 No Side Agreements or Representations. No person acting on behalf of Seller is authorized to make, and by execution hereof, Buyer acknowledges that no person has made any representation, agreement, statement, warranty, guarantee or promise regarding the Property or the transaction contemplated herein or the zoning, construction, physical condition or other status of the Property except as may be

expressly set forth in this Agreement. No representation, warranty, agreement, statement, guarantee or promise, if any, made by any person acting on behalf of Seller which is not contained in this Agreement will be valid or binding on Seller.

22.2 AS IS CONDITION. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 7 HEREIN, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) VALUE; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PROPERTY; (IV) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (V) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (VI) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY; (VII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (VIII) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (IX) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH & SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, THE TOXIC SUBSTANCE CONTROL ACT, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING; (X) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (XI) THE CONTENT, COMPLETENESS OR ACCURACY OF THE DUE DILIGENCE ITEMS OR PRELIMINARY REPORT REGARDING TITLE; (XII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PROPERTY, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO BUYER; (XIII) THE CONFORMITY OF THE PROPERTY TO PAST,

CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (XIV) DEFICIENCY OF ANY UNDERSHORING; (XV) DEFICIENCY OF ANY DRAINAGE; (XVI) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; (XVII) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; OR (XVIII) WITH RESPECT TO ANY OTHER MATTER. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, BUYER IS, EXCEPT FOR SELLER'S REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 7 HEREIN, RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION MADE AVAILABLE TO BUYER OR PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF SELLER WITH RESPECT TO THE PROPERTY, BY A THIRD PARTY INCLUDING, WITHOUT LIMITATION, THE PROPERTY EVALUATION REPORT, WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. BUYER AGREES TO FULLY AND IRREVOCABLY RELEASE ALL SUCH SOURCES OF INFORMATION AND PREPARERS OF INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY WHICH WERE RETAINED BY SELLER FROM ANY AND ALL CLAIMS THAT THEY MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SUCH SOURCES AND PREPARERS OF INFORMATION FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM SUCH INFORMATION OR DOCUMENTATION (EXCEPT FOR CLAIMS BASED ON A DIRECT RELATIONSHIP WITH ANY SUCH SOURCES OR PREPARERS). EXCEPT FOR SELLER'S REPRESENTATIONS AND WARRANTIES AS SET FORTH IN SECTION 7 HEREIN, SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS, AND THAT SELLER HAS NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED HEREIN. BUYER REPRESENTS, WARRANTS AND COVENANTS TO SELLER THAT, EXCEPT FOR SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES AND COVENANTS SPECIFIED IN THIS AGREEMENT, BUYER IS RELYING SOLELY UPON BUYER'S OWN

INVESTIGATION OF THE
PROPERTY.

/s/ EB	/s/ ST
SELLER'S INITIALS	BUYER'S INITIALS

23. Governmental Approvals. Nothing contained in this Agreement shall be construed as authorizing Buyer to apply for a zone change, variance, subdivision maps, lot line adjustment, or other discretionary governmental act, approval or permit with respect to the Property prior to the Close of Escrow, and Buyer agrees not to do so without Seller's prior written approval, which approval may be withheld in Seller's sole and absolute discretion. Buyer agrees not to submit any reports, studies or other documents, including, without limitation, plans and specifications, impact statements for water, sewage, drainage or traffic, environmental review forms, or energy conservation checklists to any governmental agency, or any amendment or modification to any such instruments or documents prior to the Close of Escrow unless first approved by Seller, which approval Seller may withhold in Seller's sole discretion other than reports mandated by law based upon any discovery of facts or conditions by Buyer at the Property. Buyer's obligation to purchase the Property shall not be subject to or conditioned upon Buyer's obtaining any variances, zoning amendments, subdivision maps, lot line adjustment or other discretionary governmental act, approval or permit.

24. Release. Buyer shall rely solely upon Buyer's own knowledge of the Property based on its investigation of the Property and its own inspection of the Property in determining the Property's physical condition. Except as may relate to any breach of a representation or warranty made by Seller contained in Section 7 herein, or the fraudulent act or omission of Seller or any partner, officer, director, employee or agent of Seller, Buyer and anyone claiming by, through or under Buyer hereby waives its right to recover from and fully and irrevocably releases Regency Centers, L.P. and Regency Centers Corporation and their respective members, employees, officers, directors, partners, shareholders, fiduciaries, representatives, agents, servants, attorneys, affiliates, parent, subsidiaries, successors and assigns, and all persons, firms, corporations and organizations acting in their behalf **("Released Parties")** from any and all claims that it may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to any construction defects, errors, omissions or other conditions, latent or otherwise, including environmental matters, affecting the Property, or any portion thereof. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist which, if known by Buyer, would materially affect Buyer's release to Seller. Buyer specifically waives the provision of California Civil Code Section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM

MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR."

In this connection and to the fullest extent permitted by law, Buyer hereby agrees, represents and warrants that Buyer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Buyer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that, as a material portion of the consideration given to Seller by Buyer in exchange for Seller's performance hereunder, Buyer nevertheless hereby intends to release, discharge and acquit Seller from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included.

Seller has given Buyer material concessions regarding this transaction in exchange for Buyer agreeing to the provisions of this Section 24. Seller and Buyer have each initialed this Section 24 to further indicate their awareness and acceptance of each and every provision hereof.

/s/ ST	/s/ EB
BUYER'S INITIALS	SELLER'S INITIALS

25. No Partnership Relationship. The relationship between Seller and Buyer arising from this Agreement shall not constitute in any manner or form a partnership or joint venture relationship between the parties hereto.

26. Assignment. Buyer shall neither assign its rights nor delegate its obligations hereunder without obtaining Seller's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, by written notice to Seller delivered no later than three (3) business days prior to the Scheduled Closing Date, Buyer shall have the right to assign this Agreement to an affiliate which is wholly owned or controlled by, or controls, or is under common control with Buyer provided, however, Buyer shall provide Seller with a true and correct copy of such assignment prior to the Close of Escrow evidencing the assignment and the relationship between Buyer and Buyer's assignee. In no event shall any assignment relieve Buyer from its obligations under this Agreement. Any other purported or attempted assignment or delegation without obtaining Seller's prior written consent shall be void and of no effect.

27. Successors and Assigns. Subject to the restrictions on transfer set forth in Section 26 hereof, this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto. In no event shall Buyer have any right to delay or postpone the Close of Escrow to create a partnership, corporation or other form of business association or to obtain financing to acquire title to the Property or to coordinate with any other sale, transfer, exchange or conveyance.

28. Exhibits. Each reference to a Section or Exhibit in this Agreement shall mean the sections of this Agreement and the exhibit attached to this Agreement, unless the context requires otherwise. Each such exhibit is incorporated herein by this reference.

29. No Reservation of Property. The preparation and/or delivery of unsigned drafts of this Agreement shall not create any legally binding rights in the Property and/or obligations of the parties, and Buyer and Seller acknowledge that this Agreement shall be of no effect until it is duly executed by both Buyer and Seller. Buyer understands and agrees that Seller shall have the right to continue to market the Property and/or to negotiate with other potential purchasers of the Property until the expiration of the Due Diligence Period and the satisfaction or waiver in writing of all conditions to the obligations of Buyer under this Agreement.

30. Counterparts and Facsimile. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together, shall constitute on and the same instrument. This Agreement will be considered to be executed and delivered by a party when an original or facsimile copy of the Agreement, bearing every signature indicated for that party, has been received by the other party. A party delivering this Agreement by facsimile transmission will promptly deliver an original, bearing the party's original signature, to the other party.

31. Business Day. If the day for performance of any act required under this Agreement falls on a Saturday, Sunday or legal holiday, then the day for such performance shall be the next following regular business day.

32. Indemnifications.

32.1 Buyer's Indemnifications. Buyer shall hold harmless, indemnify and defend Seller and its affiliates from and against: (i) any and all obligations, liabilities, claims, liens or encumbrances whether direct, contingent or consequential, in any way related to the Property and arising or accruing on or after the Closing Date or in any way related to or arising from any negligent act by Buyer at any time or times on or after the Closing Date, including, without limitation, any claim arising or accruing under the Leases on or after the Closing Date; (ii) any loss or damage to Seller resulting from any breach or default of Buyer under this Agreement or any of the documents described herein; and (iii) all costs and expenses, including attorneys' fees, related to an action, suits or judgments incident to any of the foregoing.

32.2 Seller's Indemnifications. Seller shall hold harmless, indemnify and defend Buyer and its affiliates from and against: (i) any and all obligations, liabilities, claims, liens or encumbrances whether direct, contingent or consequential, in any way related to the Property and arising or accruing prior to the Closing Date or in any way related to or arising from any negligent act by Seller at any time or times prior to the Closing Date, including, without limitation, any claim arising or accruing under the Leases prior to the Closing Date; (ii) any loss or damage to Buyer resulting from any breach or default of Seller under this Agreement or any of the documents described

herein; and (iii) all costs and expenses, including attorneys' fees, related to an action, suits or judgments incident to any of the foregoing.

33. Operations of Property. Seller, from the date hereof through the Closing Date, shall continue to manage and maintain the Property in the same manner as it does as of the date hereof. From and after the expiration of the Due Diligence Period, Seller shall not, except as required pursuant to the Leases, without Buyer's prior written consent, which consent may be withheld in Buyer's sole and absolute discretion, make any alterations, improvements, additions or capital expenditures, amend or enter into any new contracts or agreements pertaining to the Property which would survive the Closing.

34. Natural Hazard Disclosure Statement. Buyer shall have the right to obtain from the Title Company, at Buyer's sole cost and expense, a Natural Hazard Disclosure Statement (the **"Natural Hazards Disclosures Statement").** As of the Close of Escrow, to the extent permitted by Law, Buyer shall be deemed to have knowingly, voluntarily and intentionally waived the right to the disclosures **("Natural Hazards Disclosures")** set forth in: (a) California Government Code Section 8589.3 (a special flood area); (b) California Government Code Section 8589.4 (dam failure inundation area); (c) California Government Code Section 51183.5 (earthquake fault zone); (d) California Public Resources Code Section 2621.9 (seismic hazard zone); (e) California Public Resources Code Section 4136 (wildland fire area); and (f) California Public Resources Code Section 2694 (high fire severity area). Buyer acknowledges and represents that it has extensive experience acquiring and conducting due diligence for commercial properties. This waiver by Buyer includes, to the extent permitted by Law, any remedies Buyer may have for Seller's nondisclosure of the Natural Hazards Disclosures. Seller has not verified, and Seller is not obligated to verify, the information contained in the Natural Hazards Disclosures. Seller makes no representation or warranty, express or implied, as to the truth or accuracy of any information contained in the Natural Hazards Disclosures. ANY NATURAL HAZARDS DISCLOSED BY THE NATURAL HAZARDS DISCLOSURES OR THE NATURAL HAZARDS DISCLOSURES STATEMENT MAY LIMIT THE 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 ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT THE PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. BUYER MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THESE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY

35. Notices. From and after the date hereof, Seller covenants and agrees to promptly deliver to Buyer true, correct and complete copies of any and all notices, correspondence or other written communication received by Seller from Tenants under the Leases.

36. Survival. The covenants, agreements, representations and warranties made herein shall, subject to Section 7.1, survive the Closing and the delivery of the Deed and this Agreement and shall, subject to Section 26 hereof, extend to the respective successors, heirs and assigns of Seller and Buyer.

37. Confidentiality. Prior to the Closing, all information and documents delivered or furnished by Seller to Buyer regarding the Property including, but not limited to the Due Diligence Items and the Leases, and all information obtained by Buyer with respect to this transaction shall be held in strictest confidence by Buyer and shall not be released to any party except the advisor to Buyer and its attorneys, consultants, and contractors engaged by Buyer with respect to the potential purchase of the Property.

38. Tax Deferred Exchange. Buyer and Seller hereby agree to cooperate with each other and shall execute any and all documents reasonably necessary, in the form reasonably approved by the both parties, which shall assign all of such party's right, title and interest in and to this Agreement to an intermediary, which intermediary shall complete the sale/purchase of the Property, in order to accommodate a tax-deferred exchange for such party pursuant to the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended provided, however neither party shall incur additional costs, expenses or liabilities in assisting the party with the tax-deferred exchange other than for review of the exchange documents, such exchange shall not delay the Closing, neither party shall be released or relieved of or from its obligations under this Agreement by reason of any assignment to an intermediary pursuant to this Section 38, and neither party be required to take title to other real property.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, Buyer and Seller do hereby execute this Agreement as of the date first written above.

SELLER:

REGENCY CENTERS, LP., a Delaware
limited partnership

By: Regency Centers Corporation,
a Florida corporation,
its general partner

By: /s/ Erwin Bucy

Name: Erwin Bucy
Its: SVP

BUYER:

RETAIL OPPORTUNITY INVESTMENT CORP.,
a Delaware corporation

By: /s/ Stuart Tanz
Name: Stuart Tanz
Its: C.E.O.

Acceptance by Escrow Holder

Escrow Holder acknowledges receipt of the foregoing Agreement and accepts the instructions contained therein.

Dated: January 4, 2010

FIRST AMERICAN TITLE INSURANCE COMPANY

By: /s/ Carolyn Marcial
Name: Carolyn Marcial
Its: National Escrow Department, Escrow Officer

Retail Opportunity Investment Corp./Regency
Santa Ana Downtown Plaza.P&S Agt
(v8 -- Final)

Execution Version

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of December 9, 2009, by and between Retail Opportunity Investments Corp. (formerly known as NRDC Acquisition Corp.), a Delaware corporation (the "Company"), and Richard K. Schoebel, residing at the address set forth on the signature page hereof (the "Executive").

WHEREAS, the Company wishes to offer employment to the Executive, and the Executive wishes to accept such offer on the terms set forth below.

Accordingly, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1 . Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for an initial term commencing on November 30, 2009 (the "Commencement Date") and continuing for a three-year (3) period, unless sooner terminated in accordance with the provisions of Section 4 or Section 5; with such employment to continue for successive one-year (1) periods in accordance with the terms of this Agreement (subject to termination as aforesaid) unless the Company notifies the Executive of non-renewal in writing six (6) months prior to the expiration of the initial term and each annual renewal, as applicable (the period during which the Executive is employed hereunder being hereinafter referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Chief Operating Officer, and, as such, the Executive shall faithfully perform for the Company the duties of said office and shall perform such other duties of an executive, managerial or administrative nature as shall be specified and designated from time to time by the Chief Executive Officer of the Company. The Executive shall devote substantially all of his business time and effort to the performance of his duties

hereunder; provided, however, that the Executive may engage in other activities for the Executive's own account while employed hereunder, including, without limitation, charitable, community and other business activities, provided that such other activities do not materially interfere with the performance of the Executive's duties hereunder.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the rate of $275,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives. At least annually, the Board of Directors of the Company (the "Board") shall review the Executive's Annual Salary and may provide for increases therein as it may in its discretion deem appropriate (such annual salary, as increased, the "Annual Salary").

3.2 Bonus. During the Term, in addition to the Annual Salary, for each fiscal year of the Company ending during the Term, the Executive shall receive an annual bonus of between 0% and 100% of Annual Salary, as determined in the sole discretion of the Board and based on both the Executive's performance and the performance of the Company (the "Annual Bonus"). Each Annual Bonus shall be paid in the fiscal year following the year for which such bonus is awarded, and in any event shall be paid within 30 days after the financial statements for such prior fiscal year are finalized.

3.3 Benefits - In General. Except with respect to benefits of a type otherwise provided for under Section 3.4, the Executive shall be permitted during the Term to participate in any group life, hospitalization or disability insurance plans, health programs, equity incentive plans, retirement plans, fringe benefit programs and similar benefits that may be available to other senior executives of the Company generally, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

3.4 Specific Benefits. Without limiting the generality of Section 3.3, the Executive shall be entitled to vacation of twenty (20) business days per year (to be taken at reasonable times in accordance with the Company's policies) and an automobile allowance of $1,500 per month. In addition,

for a period of six months beginning on the Commencement Date, the Executive shall receive a living allowance of $5,000 per month.

3.5 Equity Incentive Compensation. As of the Commencement Date, the Executive shall be granted an award consisting of 35,000 shares of restricted stock and 35,000 stock options under the Company's Equity Incentive Plan. In accordance with the terms of the Company's Equity Incentive Plan, the exercise price of such stock options shall be at fair market value of the shares of the Company's common stock on the date on which the options are granted. The stock options and restricted stock shall each vest in equal installments on the first five anniversaries of the grant date thereof.

3.6 Expenses. The Company shall pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the Executive submits proof of such expenses, with the properly completed forms as prescribed from time to time by the Company in accordance with the Company's policies, plans and/or programs. In addition, the Company shall reimburse the Executive for up to $20,000 in moving and travel expenses actually paid or incurred in the Executive's relocation to the New York metropolitan area ("Relocation Expenses"), provided, however, that in the event the Executive voluntarily terminates his employment (other than under Section 5.2 or Section 5.3 herein) during the twenty-four (24) month period beginning on the Commencement Date, the Executive shall refund to the Company the portion of his Relocation Expenses equal to the ratio that the number of whole months remaining thereafter, of the twenty-four (24) month period, bears to twenty-four (24).

4. Termination upon Death or Disability. If the Executive dies during the Term, the Term shall terminate as of the date of death, and the obligations of the Company to or with respect to the Executive shall terminate in their entirety upon such date except as otherwise provided under this Section 4. If there is a determination by the Company that the Executive has become physically or mentally incapable of performing his duties under the Agreement and such disability has disabled the Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period (a "Disability"),

the Company shall have the right, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive. Upon termination of employment due to death or Disability, (i) the Executive (or the Executive's estate or beneficiaries in the case of the death of the Executive) shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within thirty (30) days following the Executive's termination of employment, (A) Annual Salary, Annual Bonus and other benefits earned and accrued under this Agreement prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination), (B) (x) the Executive's Annual Salary and (y) an amount equal to the average of the Annual Bonuses awarded to the Executive for the last two years immediately preceding the year in which the Executive's employment is terminated, provided, however, that if no Annual Bonus is awarded to the Executive for the year (or two years) preceding the year in which the Executive's employment is terminated, the Executive will be entitled to a minimum bonus equal to 50% of the Executive's Annual Salary (i.e., initially $137,500), and (C) the Executive's car allowance for one (1) year; (ii) all outstanding unvested equity-based incentives and awards held by the Executive shall thereupon vest and become free of restrictions and be exercisable in accordance with their terms; and (iii) the Executive (or, in the case of his death, his estate and beneficiaries) shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5. Certain Terminations of Employment.

5 . 1 Termination by the Company for Cause; Termination by the Executive without Good Reason.

(a) For purposes of this Agreement, "Cause" shall mean the Executive's:

(i) deliberate misrepresentation in connection with, or willful failure to cooperate with, a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials;

(ii) failure to perform his material duties hereunder (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) which failure

continues for a period of thirty (30) business days after written demand for corrective action is delivered by the Company specifically identifying the manner in which the Company believes the Executive has not performed his duties;

(iii) conduct by the Executive constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company other than the occasional, customary and de minimis use of the Company's property for personal purposes;

(iv) public disparagement of the Company, its officers, trustees, employees or partners;

(v) soliciting any existing employee of the Company above the level of an administrative assistant to work at another company; or

(vi) the commission by the Executive of a felony or misdemeanor involving moral turpitude, deceit, dishonesty or fraud.

provided that the Company shall not be permitted to terminate the Executive for Cause except on written notice given to the Executive at any time following the occurrence of any of the events described in clause (i), (ii), (iii) or (vi) above and on written notice given to the Executive at any time not more than 30 days following the occurrence of any of the events described in clause (iv) or (v) above (or, if later, the Company's knowledge thereof).

(b) The Company may terminate the Executive's employment hereunder for Cause, and the Executive may terminate his employment on at least thirty (30) days' written notice. If the Company terminates the Executive for Cause, or the Executive terminates his employment and the termination by the Executive is not covered by Section 4, 5.2 or 5.3, (i) the Executive shall receive Annual Salary, Annual Bonus for the preceding fiscal year (if unpaid), and other benefits (but, in all events, and without increasing the Executive's rights under any other provision hereof, excluding any bonuses not yet paid) earned and accrued under this Agreement prior to the termination of employment (and reimbursement under this Agreement for expenses incurred prior to the termination of employment), and (ii) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason; Expiration/Non-Renewal of the Agreement by the Company.

(a) For purposes of this Agreement, "Good Reason" shall mean the following, unless consented to by the Executive:

(i) any material breach of the employment agreement by the Company which shall include, but not be limited to, a material, adverse alteration in the nature of the Executive's duties, responsibilities or authority;

(ii) a material reduction in the Executive's Annual Salary as in effect at the time in question, or a failure to pay such amounts when due which is not cured within thirty (30) days after written notice;

(iii) if the Company relocates the Executive's office to any place other than Westchester County, New York or Manhattan (New York, New York); or

(iv) a change in the Executive's direct reporting to anyone other than the Chief Executive Officer of the Company.

Notwithstanding the foregoing, (i) Good Reason shall not be deemed to exist unless notice of termination on account thereof is given no later than thirty (30) days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises; and (ii) if there exists (without regard to this clause (ii)) an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

(b) The Company may terminate the Executive's employment at any time for any reason or no reason. The Executive may terminate the Executive's employment with the Company at any time for any reason or no reason, and for Good Reason under this Section 5.2. If the Company terminates the Executive's employment and the termination is not covered by Section 4, 5.1 or 5.3, or the Executive terminates his employment for Good Reason and the termination by the Executive is not covered by Section 5.3, or upon expiration of the Term if the Company has notified the Executive of non-renewal of this Agreement under Section 1, above, (i) the Executive shall be entitled to receive, in a lump sum payment (subject to Section 7.16 of this Agreement) within thirty (30) days following the Executive's termination of employment, (A) Annual Salary, Annual Bonus and other benefits earned and accrued under this Agreement prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination), (B) (x) two times Annual Salary and (y) two times the

average of the Annual Bonuses awarded to the Executive for the last two years immediately preceding the year in which the Executive's employment is terminated (to the extent applicable), provided, however, that if no Annual Bonus is awarded to the Executive for the year (or two years) preceding the year in which the Executive's employment is terminated, the Executive will be entitled to a minimum bonus equal to 50% of the Executive's Annual Salary (i.e., initially $137,500 x 2), and (C) the Executive's car allowance for one (1) year; (ii) all outstanding unvested equity-based incentives and awards shall thereupon vest and become free of restrictions and be exercisable in accordance with their terms; and (iii) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

5.3 Change in Control.

(a) Within the twelve (12) month period following a Change in Control (as defined under Section 5.3(b)), in addition to (but without duplicating) his rights under Section 5.2, above, the Executive may voluntarily terminate his employment with the Company, for any or no reason, in which event he will receive the payments set forth in Section 5.2(b).

(b) For purposes of this Agreement, "Change in Control" means the occurrence of any of the following events:

(i) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act (irrespective of any vesting or waiting periods) of (A) common shares in an amount equal to thirty percent (30%) or more of the sum total of the common shares issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; provided, however, that in determining whether a Change in Control has occurred, outstanding shares or voting securities which are acquired in an acquisition by (x) the Company or any of its subsidiaries or (y) an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any of its subsidiaries shall not constitute an acquisition which can cause a Change in Control;

(ii) the approval of the dissolution or liquidation of the Company;

(iii) the approval of the sale or other disposition of all or substantially all of its assets in one (1) or more transactions; or

(iv) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the majority of the members of the Board as to the appointment of the new Board members.

For the avoidance of doubt, in the event the Company merges with or into another entity, such merger (or similar corporate transaction) shall not be deemed to constitute a Change in Control of the Company under this Agreement if the Executive continues, or has the opportunity to continue, in his employment with the merged companies as Chief Operating Officer (or an equivalent title thereto) with the same terms and conditions as provided herein, unless the Executive agrees otherwise.

6. Covenants of the Executive.

6.1 Covenant Against Competition; Other Covenants. The Executive acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6 (and any related enforcement provisions hereof), its successors and assigns) is to invest in, acquire (either directly or through debt acquisitions), own, lease, reposition and manage a diverse portfolio of necessity-based retail properties, including, but not limited to, well located community and neighborhood shopping centers, anchored by national or regional supermarkets and drugstores (such businesses, and any and all other businesses in which, at the time of the Executive's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is national in scope; (iv) the Executive's work for the Company has given and will continue to give him access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Executive contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Executive covenants and agrees that:

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees

that, during the period commencing on the date hereof and ending six (6) months following the date upon which the Executive shall cease to be an employee of the Company and its affiliates, he shall not directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (i) engage in any element of the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its affiliates, (ii) render any services related to the Business to any person, corporation, partnership or other entity (other than the Company or its affiliates) engaged in any element of the Business, or (iii) render services related to the Business to any person, corporation, partnership or other entity (other than the Company or its affiliates) as a partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity; provided, however, that, notwithstanding the foregoing, the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (A) such securities are traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System, (B) the Executive is not a controlling person of, or a member of a group which controls, such entity and (C) the Executive does not, directly or indirectly, own 1% or more of any class of securities of such entity.

(b) During and after the Term, the Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except with the Company's express written consent and except for Confidential Company Information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement. Notwithstanding the foregoing, the Executive may disclose Confidential Company Information to his attorneys (for the

purpose of seeking legal advice), to his accountants (for the purposes of seeking professional advice), to his immediate family members whom the Executive agrees will not divulge such information to any other party, and in response to a subpoena; court, regulatory, or arbitral order; or other valid legal process.

(c) During the period commencing on the date hereof and ending one (1) year following the date upon which the Executive shall cease to be an employee of the Company and its affiliates, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company, or any of its affiliates, any employee, agent or independent contractor thereof or (ii) hire (on behalf of the Executive or any other person or entity) any employee who has left the employment of the Company or any of its affiliates within the one-year period which follows the termination of such employee's employment with the Company and its affiliates. During the period commencing on the date hereof and ending one (1) year following the date upon which the Executive shall cease to be an employee of the Company and its affiliates, the Executive shall not, whether for his own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its affiliates' relationship with, or endeavor to entice away from the Company or any of its affiliates for a competing business, any person who during the Term is or was a customer, client, agent, or independent contractor of the Company or any of its affiliates.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Executive or made available to the Executive containing Confidential Company Information (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Executive's termination of employment, shall be immediately returned to the Company. This section shall not apply to materials that the Executive possessed prior to his business relationship with the Company, to the Executive's personal effects and documents, and to materials prepared by the Executive for the purposes of seeking legal or other professional advice.

(e) While the Executive's non-compete obligations under Section 6.1(a) are in effect, neither the Company nor the Executive shall publish any statement or make any statement under circumstances reasonably likely to become public that (i) with respect to statements by the Executive, is critical of the Company or any of its affiliates, or in any way otherwise maligning the Business or reputation of the Company or any of its affiliates or (ii) with respect to statements by the Company, is critical of the Executive or in any way otherwise maligning the reputation of the Executive, in either of the foregoing instances unless otherwise required by applicable law or regulation or by judicial order.

6.2 Rights and Remedies upon Breach.

(a) The Executive acknowledges and agrees that any breach by him of any of the provisions of Section 6.1 or any subparts thereof (individually or collectively the "Restrictive Covenants") would result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if the Executive breaches, or threatens to commit a breach of, any of the provisions of Section 6.1 or any subpart thereof, the Company and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the Company and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to have the Restrictive Covenants specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants.

(b) The Executive agrees that the provisions of Section 6.1 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Executive from obtaining gainful employment should his employment with the Company end. The Executive agrees that in any action seeking specific performance or other equitable relief, he will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of

action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

7. Other Provisions.

7.1 Severability. The Executive acknowledges and agrees that (i) he has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects as drafted. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

7 . 2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction; Arbitration.

(a) The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 upon the courts of any jurisdiction within the geographical scope of the Restrictive Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where

appropriate, to the doctrine of res judicata. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

(b) Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 6, to the extent necessary for the Company (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 6.2) that is not resolved by the Executive and the Company (or its affiliates, where applicable) shall be submitted to arbitration in New York, New York in accordance with New York law and the employment arbitration rules and procedures of the American Arbitration Association, before an arbitrator experienced in employment disputes who is licensed to practice law in the State of New York. The determination of the arbitrator(s) shall be conclusive and binding on the Company (or its affiliates, where applicable) and the Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction.

7 . 4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission or, if mailed, five days after the date of deposit in the United States mails as follows:

(i) If to the Company, to:

Retail Opportunity Investments Corp.
3 Manhattanville Road
Purchase, New York 10577

with a copy to:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019-6131
Attention: Jay Bernstein

(ii) If to the Executive, to:
Richard K. Schoebel

24857 SE 200th Street
Maple Valley, WA 98038

with a copy to:

Judith Lockhart, Esq.
Carter Ledyard & Milburn LLP
2 Wall Street
New York, NY 10005

Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

7.5 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

7.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

7.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company

may assign this Agreement and its rights hereunder, provided that the successor or purchaser agrees, as a condition of such transaction, to assume all of the Company's obligations hereunder.

7.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

7.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

7.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 6, 7.3, 7.9 and 7.14, and the other provisions of this Section 7 (to the extent necessary to effectuate the survival of Sections 6, 7.3, 7.9 and 7.14), shall survive termination of this Agreement and any termination of the Executive's employment hereunder.

7.13 Existing Agreements. The Executive represents to the Company that he is not subject or a party to any employment or consulting agreement, non-competition covenant or other agreement, covenant or understanding which might prohibit him from executing this Agreement or limit his ability to fulfill his responsibilities hereunder.

7.14 Indemnification. The Company shall cause the Executive (together with other officers and directors) to be indemnified for any actions taken or omissions made within the scope of his employment to the fullest extent provided under the Company's bylaws, operating agreements, and directors and officers liability insurance (which the Company agrees to maintain throughout the Term), with coverage in such amounts as are generally provided by similarly situated employers in the Business. The Company shall continue to indemnify the Executive as provided above and maintain such liability insurance coverage for the Executive, after the Term has ended for any claims that may be made against

him with respect to actions taken or omissions made within the scope of the Executive's employment or service as an officer or trustee of the Company.

7.15 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7.16 Section 409A Compliance. Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code, are intended to comply with the requirements of Section 409A. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of the Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) the Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to the Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six (6) months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within ten (10) days after the end of such deferral period. If the Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of the Executive's estate within sixty (60) days after the date of the Executive's death.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP.

By: /s/ Stuart A. Tanz

Name: Stuart A. Tanz
Title: President and Chief Executive Officer

/s/ Richard K. Schoebel
Richard K. Schoebel

RETAIL OPPORTUNITY INVESTMENTS CORP.
2009 EQUITY INCENTIVE PLAN

OPTION AWARD AGREEMENT

THIS OPTION AWARD AGREEMENT is by and between Retail Opportunity Investments Corp., a Delaware corporation (the "Company") and Richard K. Schoebel (the "Optionee"), dated as of the 9th day of December, 2009.

WHEREAS, the Company maintains the Retail Opportunity Investments Corp. 2009 Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Optionee is an Eligible Person; and

WHEREAS, the Committee and the Board have determined that it is in the best interests of the Company and its stockholders to grant an Option to the Optionee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Optionee an option (the "Option") to purchase thirty-five thousand (35,000) shares of Common Stock, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the Code.

2. Option Price.

The Option Price per Share shall be $10.40.

3. Initial Exercisability.

Subject to paragraph 5 below, the Option, to the extent that there has been no Termination of Service and the Option has not otherwise expired or been forfeited, shall first become exercisable in equal installments on the first five anniversaries of the date hereof.

4. Exercisability Upon and After Termination of Optionee.

(a) Subject to clauses (b) and (c) below, if the Optionee has a Termination of Service, then no exercise of an Option may occur after the expiration of the three-month period to follow the Termination of Service, or if earlier, the expiration of the term of the Option as provided under paragraph 5 below; provided that, if the Optionee has a Termination of Service by a Participating Company for Cause or by the Optionee for any reason other than Good Reason (as defined in the employment agreement by and between Retail Opportunity Investments Corp. and the Grantee dated December 9, 2009 (the

"Employment Agreement")), any Option not exercised in full prior to such termination shall be cancelled.

(b) In the event the Optionee has a Termination of Service on account of death or Disability, or on account of Termination of Service by the Company for any reason other than for Cause or upon expiration of the Optionee's term of employment due to the non-renewal of the Employment Agreement by the Company or by the Optionee for Good Reason, any then unvested Option shall immediately vest and become exercisable by the Successor of the Optionee or by the Optionee until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with paragraph 5 below.

(c) In the event the Grantee has a Termination of Service (other than a Termination of Service by the Company for Cause) within 12 months following a Change of Control, any then unvested Option shall immediately vest and become exercisable; provided that such Option shall only be exercisable until the date on which the term of the Option expires in accordance with paragraph 5 below.

(d) Notwithstanding the foregoing, no Option (or portion thereof) which had not become exercisable at or before the time of Termination of Service shall ever be or become exercisable. No provision of this paragraph 4 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable upon Termination of Service.

5. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety upon the tenth anniversary of the date hereof. The Option shall also expire and be forfeited at such earlier times and in such circumstances as otherwise provided hereunder or under the Plan.

6. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Optionee, shall be delivered personally, sent by facsimile transmission or mailed to the Optionee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(b).

(c) The failure of the Optionee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Optionee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(d) The Optionee agrees that, at the request of the Committee, the Optionee shall represent to the Company in writing that the Shares being acquired are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Act or if there is an available exemption for such disposition. The Optionee expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Shares upon exercise of the Option.

(e) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(f) Nothing in this Agreement shall confer on the Optionee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Optionee's employment or other service at any time.

(g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Optionee have executed this Agreement as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP.

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

/s/ Richard K. Schoebel
Richard K. Schoebel

RETAIL OPPORTUNITY INVESTMENTS CORP.
2009 EQUITY INCENTIVE PLAN

OPTION AWARD AGREEMENT

THIS OPTION AWARD AGREEMENT is by and between Retail Opportunity Investments Corp., a Delaware corporation (the "Company") and Richard K. Schoebel (the "Optionee"), dated as of the 9th day of December, 2009.

WHEREAS, the Company maintains the Retail Opportunity Investments Corp. 2009 Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Optionee is an Eligible Person; and

WHEREAS, the Committee and the Board have determined that it is in the best interests of the Company and its stockholders to grant an Option to the Optionee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Optionee an option (the "Option") to purchase thirty-five thousand (35,000) shares of Common Stock, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the Code.

2. Option Price.

The Option Price per Share shall be $10.40.

3. Initial Exercisability.

Subject to paragraph 5 below, the Option, to the extent that there has been no Termination of Service and the Option has not otherwise expired or been forfeited, shall first become exercisable in equal installments on the first five anniversaries of the date hereof.

4. Exercisability Upon and After Termination of Optionee.

(a) Subject to clauses (b) and (c) below, if the Optionee has a Termination of Service, then no exercise of an Option may occur after the expiration of the three-month period to follow the Termination of Service, or if earlier, the expiration of the term of the Option as provided under paragraph 5 below; provided that, if the Optionee has a Termination of Service by a Participating Company for Cause or by the Optionee for any reason other than Good Reason (as defined in the employment agreement by and between Retail Opportunity Investments Corp. and the Grantee dated December 9, 2009 (the

"Employment Agreement")), any Option not exercised in full prior to such termination shall be cancelled.

(b) In the event the Optionee has a Termination of Service on account of death or Disability, or on account of Termination of Service by the Company for any reason other than for Cause or upon expiration of the Optionee's term of employment due to the non-renewal of the Employment Agreement by the Company or by the Optionee for Good Reason, any then unvested Option shall immediately vest and become exercisable by the Successor of the Optionee or by the Optionee until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with paragraph 5 below.

(c) In the event the Grantee has a Termination of Service (other than a Termination of Service by the Company for Cause) within 12 months following a Change of Control, any then unvested Option shall immediately vest and become exercisable; provided that such Option shall only be exercisable until the date on which the term of the Option expires in accordance with paragraph 5 below.

(d) Notwithstanding the foregoing, no Option (or portion thereof) which had not become exercisable at or before the time of Termination of Service shall ever be or become exercisable. No provision of this paragraph 4 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable upon Termination of Service.

5. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety upon the tenth anniversary of the date hereof. The Option shall also expire and be forfeited at such earlier times and in such circumstances as otherwise provided hereunder or under the Plan.

6. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Optionee, shall be delivered personally, sent by facsimile transmission or mailed to the Optionee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(b).

(c) The failure of the Optionee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Optionee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(d) The Optionee agrees that, at the request of the Committee, the Optionee shall represent to the Company in writing that the Shares being acquired are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Act or if there is an available exemption for such disposition. The Optionee expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Shares upon exercise of the Option.

(e) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(f) Nothing in this Agreement shall confer on the Optionee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Optionee's employment or other service at any time.

(g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Optionee have executed this Agreement as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP.

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

/s/ Richard K. Schoebel
Richard K. Schoebel

EXECUTION VERSION

RETAIL OPPORTUNITY INVESTMENTS CORP.
2009 EQUITY INCENTIVE PLAN

COMMON STOCK AWARD

THIS AWARD is made by Retail Opportunity Investments Corp., a Delaware corporation (the "Company") to Melvin S. Adess (the "Grantee"), dated as of the 11th day of December, 2009 and effective as of October 20, 2009.

WHEREAS, the Company maintains the Retail Opportunity Investments Corp. 2009 Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee is an Eligible Person; and

WHEREAS, in accordance with the Plan, the Committee and the Board have determined that it is in the best interests of the Company and its stockholders to grant Shares of Common Stock of the Company (the "Shares") to the Grantee.

NOW, THEREFORE, IT IS HEREBY GRANTED AS FOLLOWS:

The Company hereby grants the Grantee twenty-five thousand (25,000) Shares in accordance with the provisions of the Plan. The Shares granted to the Grantee hereunder shall not be considered to be Restricted Stock under the Plan. The holding of the Shares is subject to all federal, state and/or local securities law restrictions imposed generally upon the Grantee with respect to the Shares. The Shares have not been registered under the Securities Act of 1933, as amended. Unless they are registered, the Shares may only be offered or sold in transactions that are exempt from registration under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. To the extent relevant, the Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

IN WITNESS WHEREOF, the Company has granted this Award to the Grantee as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP.

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

Acknowledged:

/s/ Melvin S. Adess
Melvin S. Adess

EXECUTION VERSION

RETAIL OPPORTUNITY INVESTMENTS CORP.
2009 EQUITY INCENTIVE PLAN

COMMON STOCK AWARD

THIS AWARD is made by Retail Opportunity Investments Corp., a Delaware corporation (the "Company") to Charles J. Persico (the "Grantee") dated as of the 11th day of December, 2009 and effective as of October 20, 2009.

WHEREAS, the Company maintains the Retail Opportunity Investments Corp. 2009 Equity Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee is an Eligible Person; and

WHEREAS, in accordance with the Plan, the Committee and the Board have determined that it is in the best interests of the Company and its stockholders to grant Shares of Common Stock of the Company (the "Shares") to the Grantee.

NOW, THEREFORE, IT IS HEREBY GRANTED AS FOLLOWS:

The Company hereby grants the Grantee twenty-five thousand (25,000) Shares in accordance with the provisions of the Plan. The Shares granted to the Grantee hereunder shall not be considered to be Restricted Stock under the Plan. The holding of the Shares is subject to all federal, state and/or local securities law restrictions imposed generally upon the Grantee with respect to the Shares. The Shares have not been registered under the Securities Act of 1933, as amended. Unless they are registered, the Shares may only be offered or sold in transactions that are exempt from registration under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. To the extent relevant, the Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

IN WITNESS WHEREOF, the Company has granted this Award to the Grantee as of the day and year first above written.

RETAIL OPPORTUNITY INVESTMENTS CORP.

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

Acknowledged:

/s/ Charles J. Persico
Charles J. Persico

RETAIL OPPORTUNITY INVESTMENTS CORP.

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

It is the policy of Retail Opportunity Investments Corp. (the "**Company**") that its business shall be conducted in accordance with the highest moral, legal and ethical standards. The Company's reputation for integrity is of the utmost importance and each officer, director and employee must contribute to the care and preservation of that asset.

This Code of Business Conduct and Ethics (the "**Code of Conduct**") sets forth basic principles to guide all officers, directors and employees of the Company (collectively, "**Company Personnel**"). No code of business conduct or ethics can, however, effectively substitute for the thoughtful behavior of an ethical officer, director or employee. This Code of Conduct is presented to assist Company Personnel in guiding their conduct to enhance the reputation of the Company.

This Code of Conduct has been drafted broadly. In that respect, it is the Company's intent to exceed the minimum requirements of the law and industry practice. Mere compliance with the letter of the law is not sufficient to attain the highest ethical standards. Good judgment and great care must also be exercised to comply with the spirit of the law and of this Code of Conduct.

This Code of Conduct is intended to meet the standards for a code of ethics under the Sarbanes-Oxley Act of 2002, as amended, and the listing standards of the NASDAQ Stock Market ("**NASDAQ**"). Any waiver of this Code of Conduct for any Company Personnel may be made only upon the affirmative vote of the Company's Board of Directors (the "**Board**") and must be promptly disclosed to stockholders, as required by applicable law.

The Company intends to enforce the provisions of this Code of Conduct vigorously. Violations could lead to sanctions, including dismissal in the case of an employee, as well as, in some cases, civil and criminal liability.

Upholding this Code of Conduct is the responsibility of every officer, director and employee of the Company. Executive officers of the Company are responsible for enforcement of this Code of Conduct among the employees who report to them.

QUESTIONS ABOUT THE CODE; REPORTING SUSPECTED VIOLATIONS

Any questions about how to interpret this Code of Conduct should be raised with the compliance officer (the "**Compliance Officer**") for this Code of Conduct. John Roche, the Company's Chief Financial Officer has been designated as the Compliance Officer for purposes of enforcing this Code of Conduct and he may be contacted by telephone at (914) 272-8067 or by e-mail at jroche@roireit.net.

If any Company Personnel knows of or suspects any illegal or unethical conduct, or any other violation of this Code of Conduct, they should promptly report this to the Compliance Officer. In dealing with any issues arising under, or relating to, this Code of Conduct, the Compliance Officer shall, to the extent necessary or appropriate, report to and/or confer with the members of the Board and/or any of its committees. If any Company Personnel are not comfortable in doing so for any reason, or if they feel appropriate action is not being taken, they should contact the Company's Chief Executive Officer or the Chair of the Board's Nominating and Corporate Governance Committee or Audit Committee, as appropriate. No Company Personnel shall be required to identify themselves when reporting a violation.

To the extent possible, the Company will endeavor to keep confidential the identity of anyone reporting a violation of this Code of Conduct. The Company will also keep confidential the identities of Company Personnel about whom allegations of violations are brought, unless or until it is established that a violation has occurred. It is the Company's policy that retaliation against employees who report actual or suspected violations of this Code of Conduct is prohibited; anyone who attempts to retaliate will be subject to disciplinary action, up to and including dismissal.

COMPLIANCE WITH APPLICABLE LAWS

The Company is committed to conducting its business in strict compliance with all applicable governmental, state and local laws, rules and regulations, including, but not limited to, laws, rules and regulations related to securities, labor, employment and workplace safety matters. As a public reporting company with its stock trading on NASDAQ, the Company is also subject to regulation by the Securities and Exchange Commission ("**SEC**") and to the applicable listing standards of NASDAQ. All Company Personnel are expected at all times to conduct their activities on behalf of the Company in accordance with this principle. Any violation of applicable laws, rules and regulations by any Company Personnel should be reported to the Compliance Officer. Company Personnel should seek guidance whenever they are in doubt as to the applicability of any law, rule or regulation or regarding any contemplated course of action.

CONFLICTS OF INTEREST

The Company relies on the integrity and undivided loyalty of its officers, directors and employees to maintain the highest level of objectivity in performing their duties. Company Personnel are expected to avoid any situation in which their personal interests conflict, or have the appearance of conflicting, with those of the Company. Company Personnel must not allow personal considerations or relationships to influence them in any way when representing the Company in business dealings.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board. A conflict situation can arise when an officer, director or employee takes actions or has interests that may make it difficult to perform work on behalf of the Company objectively and effectively. Conflicts also arise when Company Personnel, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company.

Company Personnel must exercise great care any time their personal interests might conflict with those of the Company. The appearance of a conflict often can be as damaging as an actual conflict. Prompt and full disclosure is always the correct first step towards identifying and resolving any potential conflict of interest. Non-employee directors are expected to make appropriate disclosures to the Board and to take appropriate steps to recuse themselves from Board decisions with respect to transactions or other matters involving the Company as to which they are interested parties or with respect to which a real or apparent conflict of interest exists.

The following sections review several common problems involving conflicts of interest. The list is not exhaustive. Company Personnel have a special responsibility to use his or her best judgment to assess objectively whether there might be even the appearance of acting for reasons other than to benefit the Company and to discuss any conflict openly and candidly with the Company. Conflicts of interest may not always be evident and Company Personnel should consult with the Compliance Officer if they are uncertain about any situation.

Payments and Gifts

Company Personnel who deal with the Company's lenders, suppliers or other third parties are placed in a special position of trust and must exercise great care to preserve their independence. As a general rule, no Company Personnel should ever receive a payment or anything of value in exchange for a decision involving the Company's business. Similarly, no Company Personnel should ever offer anything of value to government officials or others to obtain a particular result for the Company. Bribery, kickbacks or other improper payments have no place in the Company's business.

The Company recognizes exceptions for token gifts, which are not excessive in value or are consistent with customary business practices, and customary business entertainment when a clear business purpose is involved. If you are in doubt about the policy's application, the Compliance Officer should be consulted.

Personal Financial Interests; Outside Business Interests

Company Personnel should avoid any outside financial interests that might be in conflict with the interests of the Company. No officer or employee of the Company may have any significant direct or indirect financial interest in, or any business relationship with, a person or entity that does business with the Company or is a competitor of the Company. A financial interest includes any interest as an owner, creditor or debtor. Indirect interests include those through an immediate family member or other person acting on his or her behalf. This policy does not apply to an employee's arms-length purchases of goods or services for personal or family use or to the ownership of shares in a publicly held corporation.

Except as otherwise approved by the Board, officers and employees of the Company should not engage in outside jobs or other business activities that compete with the Company in any way. Further, any outside or secondary employment (i.e., moonlighting) by full-time employees may interfere with the job being performed for the Company and is discouraged. Under no circumstances may Company Personnel have outside interests that are in any way detrimental to the best interests of the Company.

Company Personnel must disclose to the Compliance Officer any personal activities or financial interests that could negatively influence, or give the appearance of negatively influencing, your judgment or decisions with respect to the Company. The Compliance Officer will then determine if there is a conflict and, if so, how to resolve it without compromising the Company's interests.

Corporate Boards

The director of an organization has access to confidential and sensitive information and charts the course of the entity. If Company Personnel are invited to serve as a director of an outside organization, the Company must take safeguards to shield both the Company and such individuals from even the appearance of impropriety. For that reason, any employee invited to join the board of directors of another organization (including a nonprofit or other charitable organization) must obtain the prior approval of the Chief Executive Officer or the Compliance Officer. Directors who are invited to serve on other the boards of directors of another organization should promptly notify the Executive Chairman of the Board.

Corporate Opportunities

Company Personnel must not divert for personal gain any business opportunity available to the Company. The duty of loyalty to the Company is violated if any Company Personnel personally profits from a business opportunity that rightfully belongs to the Company. This problem could arise, for example, if any Company Personnel becomes aware through the use of corporate property, information or position of

an investment opportunity (either a loan or equity transaction) in which the Company is or may be interested, and then participates in the transaction personally or informs others of the opportunity before the Company has the chance to participate in the transaction. Company Personnel also are prohibited from using corporate property, information or position for personal gain. Company Personnel owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises and, in the case of a non-employee director, such director is aware of the Company's possible interest through use of corporate property, information or position.

Loans to Company Personnel

The Company will not make any loans to, or guarantee any personal loans of, Company Personnel.

COMPLIANCE WITH SECURITIES LAWS

As a public reporting company with its stock trading on NASDAQ, the Company is subject to regulation by the SEC and to the applicable listing standards of NASDAQ and to compliance with federal, state and local securities laws, rules and regulations (collectively, "**Securities Laws**"). As detailed in the Company's "Statement of Corporate Policy Regarding Equity Transactions," the Company insists on strict compliance with the spirit and letter of these Securities Laws and Company Personnel must pay particular attention to potential violations thereof.

USE AND PROTECTION OF COMPANY ASSETS

Proper use and protection of the Company's assets is the responsibility of all Company Personnel. Company facilities, materials, equipment, information and other assets should be used only for conducting the Company's business and are not to be used for any unauthorized purpose. Company Personnel should guard against waste and abuse of Company assets in order to improve the Company's productivity.

CONFIDENTIALITY

One of the Company's most important assets is its confidential corporate information. The Company's legal obligations and its competitive position often mandate that this information remain confidential.

Confidential corporate information relating to the Company's financial performance (e.g., quarterly financial results of the Company's operations) or other transactions or events can have a significant impact on the value of the Company's securities. Premature or improper disclosure of such information may expose the individual involved to onerous civil and criminal penalties.

Company Personnel must not disclose confidential corporate information to anyone outside the Company, except for a legitimate business purpose (such as contacts with the Company's accountants or its outside lawyers). Even within the Company, confidential corporate information should be discussed only with those who have a need to know the information. Company Personnel's obligation to safeguard confidential corporate information continues even after they leave the Company.

The same rules apply to confidential information relating to other companies with which the Company does business. In the course of the many pending or proposed transactions that this Company has under consideration at any given time, there is a great deal of non-public information relating to other companies to which Company Personnel may have access. This could include "material" information that is likely to affect the value of the securities of the other companies.

Company Personnel who learn material information about lenders, customers, venture partners, acquisition targets or competitors through their work at the Company must keep it confidential and must not buy or sell stock in such companies until after the information becomes public. Company Personnel must not give tips about such companies to others who may buy or sell the stocks of such companies.

The Company has issued a detailed "Statement of Corporate Policy Regarding Equity Transactions" regarding the use of confidential information in connection with trading in securities. You should become familiar with this policy and the procedures it requires. If you have any questions regarding trading in the Company's securities or on the basis of confidential information, you should contact the Compliance Officer.

DEALINGS WITH THE PRESS AND COMMUNICATIONS WITH THE PUBLIC

The Company's Chief Executive Officer, Executive Chairman and Chief Financial Officer are the Company's principal public spokesmen. If someone outside the Company asks Company Personnel questions or requests information regarding the Company, its business or financial results, do not attempt to answer. All requests for information - from reporters, securities analysts, stockholders or the general public - should be referred to the Chief Executive Officer or Executive Chairman, who will handle the request or delegate it to an appropriate person.

ACCOUNTING MATTERS

Internal Accounting Controls

The Company places the highest priority on "best practices" disclosure. The Company's annual reports, quarterly reports and press releases, and other public disclosure of the Company's financial results, reflect how seriously it takes this responsibility.

Company Personnel share this responsibility with senior management and the Board and must help maintain the integrity of the Company's financial records. The Company trusts that every employee understands that protecting the integrity of its information gathering, information quality, internal control systems and public disclosures is one of the highest priorities it has as a firm.

Any Company Personnel who observes conduct that causes them to question the integrity of the Company's internal accounting controls and/or disclosure, or if they otherwise have reason to doubt the accuracy of Company's financial reporting, it is imperative that such concerns are brought to the Company's attention immediately. In accordance with the Company's "Whistleblowing Procedures for Accounting and Auditing Matters" policy, Company Personnel should promptly report any concerns to any member of the Audit Committee of the Board. If any Company Personnel are not comfortable providing their name, they may report anonymously. Any kind of retaliation against Company Personnel for raising these issues is strictly prohibited and will not be tolerated.

Improper Influence on the Conduct of Audits

It is unlawful for Company Personnel, or any other person acting under the direction of any such persons, to take any action to fraudulently influence, coerce, manipulate, or mislead the independent accountants engaged in the performance of an audit of the Company's financial statements for the purpose of rendering such financial statements materially misleading. Any such action is a violation of this Code of Conduct. Any Company Personnel who engages in such conduct will be subject to sanctions under this Code of Conduct, including dismissal in the case of an employee, in addition to potential civil and criminal liability.

RECORDS RETENTION

Company Personnel should retain documents and other records for such period of time as they and their colleagues will reasonably need such records in connection with the Company's business activities. All documents not required to be retained for business or legal reasons, including draft work product, should not be retained and should be destroyed in order to reduce the high cost of storing and handling the vast amounts of material that would otherwise accumulate. However, under unusual circumstances, such as litigation, governmental investigation or if required by applicable state and federal law and regulations, the Compliance Officer may notify Company Personnel if retention of documents or other records is necessary.

FAIR DEALING

It is the Company's policy to deal fairly with its customers, lenders, suppliers, competitors and Company Personnel. In the course of business dealings on behalf of the Company, no Company Personnel should take advantage of another person or party through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair business practice.

DISCRIMINATION AND HARASSMENT

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate illegal discrimination or harassment of any kind. Company Personnel are encouraged to report any acts of discrimination or harassment to the Chief Executive Officer, President or Compliance Officer or to any member of the Nominating and Corporate Governance of the Board. If any Company Personnel are not comfortable providing their name, they may report anonymously. Any kind of retaliation against Company Personnel for raising these issues is strictly prohibited and will not be tolerated.

HEALTH AND SAFETY

The Company strives to provide Company Personnel with a safe and healthy work environment. Company Personnel have a responsibility for maintaining a safe and healthy workplace for all other Company Personnel by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices and conditions.

Violence and threatening behavior are not permitted. Company Personnel should report to work in a condition to perform their duties, free from the influence of illegal drugs and alcohol. The use of illegal drugs in the workplace will not be tolerated.

ENFORCEMENT

The conduct of each Company Personnel matters vitally to the Company. A misstep by a single Company Personnel can cost the Company dearly; it undermines all of the reputations of all parties concerned. For these reasons, violations of this Code of Conduct may lead to significant penalties, including dismissal.

WAIVERS

Any waiver of this Code of Conduct for executive officers or directors of the Company may be made only by the Board, or by a Committee of the Board specifically authorized for this purpose, and must be promptly disclosed to the Company's stockholders. Waivers of this Code of Conduct for non-officer

employees may be made by the Chief Executive Officer or President, but only upon such employee making full disclosure in advance of the transaction in question. This Code of Conduct may be amended or modified at any time by the Board.

ACKNOWLEDGEMENT

Company Personnel will be asked annually to sign a statement affirming that they have read and understood this Code of Conduct and that they are in compliance with this Code of Conduct.

Adopted: March 4, 2010

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF RETAIL OPPORTUNITY INVESTMENTS CORP.

Company	Jurisdiction of Organization
Retail Opportunity Investments Partnership, LP	Delaware
ROIC Paramount Plaza, LLC	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement (No. 333-163866) on Form S-3 of Retail Opportunity Investments Corp. of our reports dated March 11, 2010, relating to our audits of the consolidated financial statements, the financial statement schedules and internal control over financial reporting, which appear in this Annual Report on Form 10-K of Retail Opportunity Investments Corp. for the year ended December 31, 2009.

/s/ McGLADREY & PULLEN, LLP

McGLADREY & PULLEN, LLP

New York, New York

March 11, 2010

EXHIBIT 31.1

CERTIFICATIONS

I, Stuart A. Tanz, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 11, 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 Annual Report on Form 10-K 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: March 11, 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 Annual Report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"), 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 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 Annual Report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"), 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2010

By: /s/ John B. Roche
Name: John B. Roche
Title: Chief Financial Officer

Pursuant to the Securities and Exchange Commission Release 34-47551, dated March 21, 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 be 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.