

LEASE AMENDMENT
COURTYARD ASSOCIATES OF CHAPEL HILL
PENANG MALAYSIAN CUISINE OF N.C., INC.

Penang

This Lease Amendment dated the 24th day of October, 2002 by and between COURTYARD ASSOCIATES OF CHAPEL HILL, a North Carolina Limited Partnership, party of the first part, hereinafter referred to as "Landlord", and PENANG MALAYSIAN CUISINE OF N.C., INC., a North Carolina corporation, party of the second part hereinafter referred to as "Tenant":

WITNESSETH

WHEREAS, the Parties entered into a Lease dated May 24, 2002; and the Parties wish to make an amendment to the Lease; and,

WHEREAS, the Parties wish to amend Section (ee) the Basic Information at Commencement Of Lease and Exhibit D of said lease; and,

WHEREAS, the Parties wish to put the Amendment in writing.

NOW THEREFORE in consideration of the sum of Ten Dollars (\$10.00) paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the promises hereinafter made, the parties hereto agree and covenant as follows:

1. The Parties hereby agree to amend Exhibit D of the Lease "Landlord's and Tenant's Work" as follows:

Landlord's Work

1. The Tenant agrees to construct and the Landlord agrees to reimburse Tenant for the improvements described in (a), (b), and (d) below to the leased premises described in Section (dd) and Exhibit A of the Lease. The Tenant shall be provided a credit against the minimum rent for the costs of the improvements as described in subparagraphs (a), (b), and (d) below equally divided over twenty-four (24) monthly rental payments as fully described and set forth in Section 2 below. The Tenant agrees to construct and pay for the improvements as set forth in subparagraphs (a), (b), and (d) below, and the Landlord agrees to supervise and pay for the improvement set forth in subparagraph (c) below.

- a. The installation of a grease trap to municipal code, however the Landlord will contribute no more than the following toward a grease interceptor as required by OWASA:

1	3000 gallons	\$16,200.00
2	2000 gallons	\$15,164.00
3	1500 gallons	\$14,667.00

These costs shall include all associated costs in the installation of a grease interceptor, including but not limited to equipment purchase, installation, and repair of the landscaping. The Tenant agrees to return all areas outside of the leased premises that they cause to be disturbed to their original condition.

- b. The purchase and installation of thirty-five (35) tons of heating and air conditioning unit or units, however the Landlord's cost shall not exceed \$45,000.00, and the Landlord's cost shall only include the purchase and installation of the unit or units, and shall not include related or necessary duct work, thermostats, venting, etc. The Tenant shall insure that the unit or units installed shall conform to the building's structural capability, or Tenant shall adequately augment the building's structural capability, at Tenant's expense, sufficient to support special new units, subject to a professional structural Engineer's certification, and Landlord's written approval.

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shall adequately augment the building's structural capability, at Tenant's expense, sufficient to support special new units, subject to a professional structural Engineer's certification, and Landlord's written approval.

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- c. The Landlord shall be responsible for hiring, paying and supervising the painting contractor for the repair and repainting of all exterior wood surfaces with Landlord-approved colors on Units 1, 2 and 3.
 - d. The removal of asbestos in the ceiling and over the new dining areas, however the Landlord's cost shall not exceed \$20,000.00.
2. The Tenant agrees to pay for all of the improvements set forth in subparagraphs (a), (b), and (d) above in return for a rent reduction over the first twenty-four (24) months of the Lease, beginning with Commencement Date of the Lease. The rent reduction is calculated by arriving at the total cost of the improvements as set forth in subparagraphs (a), (b), and (d) above and dividing that cost by twenty-four (24), to arrive at the rent reduction per month for the twenty-four month period.
 3. Landlord agrees that Tenant may utilize its rental payments of \$9,688.00 per month (\$8,000.00 minimum rent plus \$1,688.00 TICAM) which will be due for the months of November and December of 2002 and January of 2003 to pay for the cost of the improvements being made under subparagraphs (a), (b) and (d) above. The Tenant agrees that the total of said deferred rent paid toward the cost of the improvements made by the Tenant under subparagraphs (a), (b), and (d) above will be deducted from the total cost of leasehold improvements being made by the Tenant to arrive at the outstanding rent deduction due Tenant as set forth in paragraph 1 above. Section (ee) of the Basic Information at Commencement of Lease is hereby amended to reflect February 1, 2003 as the commencement date of the Lease.
 4. The Parties agree that all of the terms and conditions of the Lease executed between the parties dated the 24th day of May, 2002, except as amended by this amendment, are hereby ratified in their entirety.

IN WITNESS WHEREOF the Parties have hereby executed this Amendment the date and year referred to above.

LANDLORD:
Courtyard Associates of Chapel Hill,
A North Carolina Limited Partnership
By its General Partner
Courtyard Management of Chapel Hill, Inc.

By: [Signature] 10/24/02
President

TENANT:
Penang Malaysian Cuisine of N.C., Inc.

By: [Signature] 10/24/02
President Secretary
Conrad Thurston

STATE OF NORTH CAROLINA

GUARANTY OF LEASE

COUNTY OF ORANGE

THIS GUARANTY is given as of this 22 day of May, 2002, by Ms. Sang Tuck Cheah, an individual (Social Security Number: 046-86-9905) (the "Guarantor") in favor of COURTYARD ASSOCIATES (the "Landlord").

In order to induce Landlord to lease to Penang Malaysian Cuisine, Inc., (hereinafter with its successors and assigns to be referred to as "Tenant") certain premises situate in The Courtyard, 431 West Franklin Street, Chapel Hill, North Carolina, pursuant to that certain Lease dated May 22, 2002, between Landlord and Tenant (as the same may be hereafter amended and modified, collectively, the "Lease"), Guarantor, for and in consideration of the Landlord's execution of the Lease with Tenant

1. Guarantor does hereby unconditionally and absolutely guarantee to Landlord the full, prompt and complete payment by Tenant of the rent and all other sums payable by Tenant under the Lease and the full, prompt and complete performance by Tenant of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by Tenant

2. Guarantor does hereby waive notice of acceptance hereof and any and all other notices which by law or under the terms and provisions of the Lease are required to be given to Tenant, and also waives any demand for notice of the payment of rent and other sums payable by Tenant under the Lease and the performance of all and singular terms, covenants, condition, and provisions in the Lease required to be performed by Tenant; and Guarantor does further expressly hereby waive any legal obligation, duty or necessity for Landlord to proceed first against Tenant or to exhaust any remedy Landlord may have against Tenant, it being agreed that in the event of default or failure of performance in any respect by Tenant under the Lease, Landlord may proceed and have the right of action solely against either Guarantor or Tenant or jointly against Guarantor and Tenant. Guarantor expressly waives any rights it may have under N.C.G.S. Section 26-7 et seq.

3. That this Guaranty shall continue during the entire term of the Lease and any renewals or extensions thereof and until Tenant has fully discharged all its obligations thereunder, and that this Guaranty shall not be diminished by any payment of rent or performance of the terms, covenants or conditions of the Lease by Landlord, by Tenant or by Guarantor

4. Guarantor agrees that her liability hereunder shall be primary, and that in any right of action which shall accrue to the Landlord under the Lease, the Landlord, in addition to its rights and remedies stated in paragraph 2, above, may proceed against the Guarantor without having commenced any action against or having obtained any judgment against the Tenant. This is a guaranty of payment and performance and not of collection.

5. It is agreed that the failure of Landlord to insist in any one or more instances upon strict performance or observance of any of the terms, provisions or covenants of the Lease or to exercise any right therein contained shall not be construed or deemed to be a waiver or

relinquishment for the future of such term, provision, covenant or right, but the same shall continue and remain in full force and effect. Receipt by the Landlord of rent or other payments with acknowledgment of the breach of any provision of the Lease shall not be deemed a waiver of such breach.

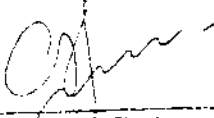
6. Should any action at law or in equity be brought to enforce the provisions of this Guaranty, the non-prevailing party agrees to pay the cost and expenses of each such action, including the prevailing party's reasonable attorney's fees.

7. This Guaranty or any of the provisions hereof cannot be modified, waived or terminated unless in writing signed by the Landlord and the Guarantor. All obligations and liabilities to Guarantor shall accrue to the representatives, successors and assigns of the Guarantor. This Guaranty shall be governed by and construed in accordance with the applicable laws of the State of North Carolina (excluding conflict-of-laws principles). Venue of any and all actions arising in connection with the Guaranty shall reside in Orange County North Carolina.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty by hand and under seal as of the day and year first above written.

GUARANTOR

By

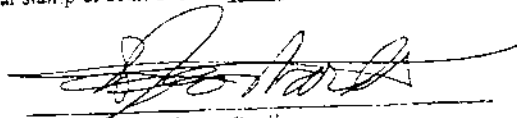

Ms. Sang Tuck Cheah

NORTH-CAROLINA NEW JERSEY

MIDDLESEX COUNTY

I, RAYMOND J. LEONHARDT Notary Public in and for said County and State, do hereby certify that MS. SANG TUCK CHEAH, Guarantor, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 22 day of May, 2003.


Notary Public

My commission expires:

RAYMOND J. LEONHARDT
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 1/13/2004

Lease Agreement
Ground Floor
The Courtyard

THIS LEASE AGREEMENT (the "Lease") made and entered into as of the 24 day of May, 2002, by and between COURTYARD ASSOCIATES, hereinafter called "Landlord"; and PENANG MALAYSIAN CUISINE, INC., hereinafter called "Tenant";

WITNESSETH

For the consideration and mutual covenants set forth herein, Landlord hereby leases to Tenant and Tenant hereby rents from Landlord the Demised Premises (as defined in Section (dd) of Basic Information), in accordance with the terms and conditions hereinafter set forth:

Basic Information at Commencement of Lease

Basic information is provided for the convenience of the parties; however, the terms of the lease numbered I through 25 shall govern the relationship of the parties.

- (aa) Landlord's Address: Courtyard Associates, 431 West Franklin Street, Suite 25, Chapel Hill, North Carolina, 27516.
 - (bb) Tenant's Trade Name and Address: Penang Malaysian Cuisine, Inc., 431 West Franklin Street, Chapel Hill, NC 27516
 - (cc) Property Manager's Address: Park City Developments, 921 Morreene Road, Durham, NC 27705, phone (919) 383-8842.
 - (dd) Demised Premises: approximately 6,752 square feet in Space Number 1, 2, and 3, of The Courtyard, 431 W. Franklin St., Chapel Hill, NC, as set forth in Exhibit A, including any alterations, additions, or repairs made thereto.
 - (ee) Commencement Date: November 1, 2002 (see 5).
~~Commencement of first CPI Rent Increase: November 1, 2004.~~ ----- *CT*
*Occupancy Date: June 1, 2002
Commencement of first CPI Rent Increase: November 1, 2004 ----- *CT*
 - (ff) Expiration Date: September 30, 2010 (see 5).
 - (gg) Minimum Rent: \$ 8,000.00 per month, payable in advance. (See 1.a); (See Exhibit "D").
 - (hh) Percentage Rent: N/A % of gross sales (see 1.b.)
 - (ii) Initial Common Area Maintenance Charge, Taxes and Insurance Per Month: \$ 1,688.00 based upon 6,752 square feet (see paragraph 9).
 - (jj) Security Deposit: \$ 16,000.00 (see 4).
 - (kk) Permitted Uses: Tenant will use the Demised Premises solely for the purpose of conducting the business of: a Restaurant.
- Tenant will occupy the leased premises for no other purpose and such use and occupancy will be in compliance with all applicable laws, ordinances, and governmental regulations. The Tenant agrees to conduct continuously in the leased premises the business above stated.
- (ll) Renewal options (see 5): Two (2) successive four (4) year renewal periods at option of Tenant.
 - (mm) Parking: \$ -0- for 4 gravel or asphalt spaces. *CT*

This lease is made and accepted by Tenant upon the following express conditions, all and every one of which Tenant, covenants and agrees faithfully to observe, keep, and perform:

1. RENT AND ADJUSTMENTS

a. Minimum Rent will be paid in advance on the first day of every month until the expiration of the said term, the first installment being due and payable on the execution of this agreement and the remaining installments of said payments to be made by Tenant at the office of Landlord, or at such other place as Landlord may designate in writing, without deduction or demand. (See Exhibit "D").

b. Percentage Rent will be paid monthly on all gross receipts for the preceding month, as described below. Such payments are to be made concurrently with the submission by Tenant to Landlord of a copy of the North Carolina Sales Report, for each and every month on or before the fifteenth day of the month following:

From _____ through _____ Tenant shall pay as rent 6% of gross monthly sales, calculated and payable monthly, less the minimum of \$ _____ /sq. ft. per year (\$ _____ annually), due and payable on the first of every month:

From _____ through _____ Tenant shall pay as rent 6% of gross monthly sales, calculated and payable monthly, less the minimum of the previous year's annual rent as adjusted by the Consumer Price Index, due and payable on the first of every month:

From _____ through _____ Tenant shall pay as rent each lease year, 6% of gross monthly sales, calculated and payable monthly, less the minimum of the previous year's annual rent as adjusted by the Consumer Price Index, due and payable on the first of every month:

c. Cost of Living Adjustment. Landlord and Tenant agree that the Minimum Annual Rent will be adjusted upward at the end of each lease year for the forthcoming lease year to reflect any increase in the Consumer Price Index for Urban Consumers, U.S. City Average, all Items (1967=100) published by the Bureau of Labor Statistics of the United States Department of Labor ("CPI-U"). The base year and base rent for such calculation will be the calendar year during which this lease began and the annual rent as set forth above on Page 1. If the "Consumer Price Index" published by the Bureau of Labor Statistics is discontinued, then the parties shall in good faith, agree on a suitable substitute. In no event shall the rental payable hereunder be reduced by any such adjustment. This rent increase will commence no earlier than November 1, 2004. *This rent increase will commence no earlier than November 1, 2004.*

d. Late Charges. Any rental due Landlord under this lease shall be considered past due for purposes hereof on the fifth day of any month, and shall incur, for failure to make timely payment of rent, a late payment penalty of \$50.00. In addition, there will be a monthly interest charge of 1 1/2% per month for that and each subsequent month past due. Any other amounts payable to Landlord under this lease with the exception of rent, shall be considered past due thirty (30) days from Landlord's billing date and shall incur a monthly interest charge of 1 1/2% for that and each subsequent month past due. (A monthly rate of 1-1/2% is equivalent to an annual percentage rate of 18%).

e. Additional Rent. Wherever it is provided in this lease that Tenant is required to make any payment to Landlord, including penalties and interest on late payments, such payment will be deemed to be Additional Rent and all remedies applicable to the nonpayment of rent will be applicable thereto. Notwithstanding the foregoing, such Additional Rent will not be deemed to be Minimum Rent and will not be deducted from Percentage Rent or be considered in connection with the computation of Percentage Rent.

Minimum Rent, Percentage Rent, and Additional Rent will be paid without counterclaim, setoff, deduction, or defense.

2. DEFINITION OF GROSS RECEIPTS:

As used in this lease, the term "Gross Receipts" means the aggregate selling price of all merchandise sold or delivered at or from any part of the Demised Premises by Tenant or Tenant's agents, and the charges for all services sold or performed at or from any part of the Demised Premises by Tenant or Tenant's agents. Gross Receipts include all sales and charges for cash or credit as reported as sales for any and all tax purposes. Credit sales will be included in Gross Receipts regardless of collections:

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This rent increase will commence no earlier than November 1, 2004.

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Gross Receipts excludes refunds made by Tenant to its customers for merchandise returned to Tenant; exchanges of merchandise between stores of Tenant where such exchanges are made solely for the convenient operation of Tenant's business; and the amount of any city, county, or state sales tax on sales paid to a taxing authority by Tenant (but not by any vendor of Tenant);

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A sale will be deemed to be made in the Demised Premises if the merchandise or services are ordered at the Demised Premises and is filled at the Demised Premises or elsewhere; or, if the merchandise or services are ordered elsewhere, but the order is filled at or from the Demised Premises or the merchandise is delivered from the Demised Premises; or, if the sale is made at a temporary store; or, if the sale is made from any non-retail establishment.

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3. RECORD KEEPING:

a. Statements of Gross Receipts. Within fifteen (15) days after the end of each calendar month of the term of this lease, Tenant shall deliver to Landlord an accurate statement signed and certified as correct by the Tenant, or by a principal executive of Tenant, if Tenant be a corporation, showing the gross receipts for the preceding calendar month or fraction of a calendar month, as the case may be. Tenant shall pay a penalty of \$50 for late submittal of this statement. Within thirty (30) days after the end of each lease year or termination or expiration of this lease, Tenant shall deliver to Landlord a cumulative statement showing the gross receipts made in, at or from the Demised Premises for the preceding lease year. Such statement shall be certified by a certified public accountant and if the Tenant shall not theretofore have paid to the Landlord the full amount of percentage rent payable for the period of such cumulative statement make payment of any balance due for the period of the cumulative statement.

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b. Books. Tenant will maintain (and cause any licensee and subtenant to maintain) full and accurate books of account and records from which Gross Receipts can be determined and which will be conveniently segregated from other business matters. These books of account and records will be kept in the Demised Premises or in the city where Tenant's main office is located. The records will be so kept and maintained (properly totaled and added) for at least thirty-six (36) months after the end of the period in question. The foregoing books and records so required to be kept and maintained will include all federal, state, and local tax returns; records of daily bank deposits of the entire receipts from transactions at or from the Demised Premises; sales slips; daily dated cash register tapes; sales books; duplicate bank deposit slips; and bank statements.

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c. Inspection and Audit. Landlord or its duly authorized representatives may at any reasonable time or from time to time inspect or audit any or all of Tenant's books, documents, records and sales tax returns, which will in any manner be related to gross receipts. Tenant, upon written request by Landlord, will make all such data available for such examination at the Demised Premises at such reasonable times as Landlord will specify in such written request. If Landlord makes an audit for any lease year, and if the gross receipts shown by Tenant's statement for such lease year are found to be understated by two percent (2%) or more, then Tenant will pay to Landlord the cost of such audit in addition to any deficiency payment required. A report of the findings will be binding and conclusive upon Landlord and Tenant. Landlord's right to commence such an audit with respect to any lease year will expire twelve (12) months after receipt by Landlord of Tenant's statement for such lease year; provided, however, that if such an audit reveals an understatement by Tenant of two percent (2%) or more, Landlord may audit all previous years within the following twelve (12) months. The furnishing by Tenant of any grossly inaccurate statement will constitute a breach of this lease. Any information obtained by Landlord as a result of such an audit will be held in strict confidence by Landlord except in any proceeding or action to collect the cost of such audit or deficiency or with respect to a prospective sale, mortgage or lease of The Courtyard.

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4. SECURITY DEPOSIT.

Landlord acknowledges receipt upon execution hereof from Tenant of the sum of Sixteen Thousand Dollars (\$ 16,000.00) to be held as collateral security for the payment of any rentals and other sums of money payable to Landlord under this Lease Agreement and for the faithful performance by Tenant of all other covenants, conditions and agreements of this Lease Agreement; the amount of said deposit, without interest, to be repaid to Tenant after the termination of this Lease Agreement and any renewal thereof, provided Tenant shall have

made all such payments and performed all such covenants, conditions and agreements.

In the absence of evidence satisfactory to Landlord of any assignment of the right to receive the Security or the remaining balance thereof, Landlord may return the Security to the original Tenant, regardless of one or more assignments of Tenant's interest in the Security. In such event, upon the return of the Security (or balance thereof) to the original Tenant, Landlord will be completely relieved of liability with respect to the Security.

In the event of a transfer of Landlord's interest in the Demised Premises, Landlord will have the right to transfer the Security to the transferee of Landlord's interest. In such event, Landlord will be deemed released by Tenant from all liability for the return of the Security and Tenant agrees to look solely to the transferee for the return of the Security.

The Security will not be mortgaged, assigned, or encumbered by Tenant. No action by Landlord in enforcing its rights with respect to a Default will be deemed to be a termination of this lease so that Tenant will be entitled to the return of the Security. No Mortgagee will be liable for the return of the Security. Landlord may co-mingle the Security Deposit with his operating account.

5. TERM OF LEASE.

The term of this lease and Tenant's obligation to pay rent, shall commence on November 1, 2002. The term of this lease shall be for eight (8) years and 0 (-0-) months following the commencement. *Tenant shall be given occupancy of the Demised Premises on June 1, 2002.

Renewal options are:

Tenant shall have the option of renewing the Lease for two (2) additional four (4) year renewal periods by giving Landlord written notice six (6) months prior to the end of the existing lease term.

6. IMPROVEMENTS

a. Quality of Work and Approval of Landlord. Tenant will not make any alterations, additions, or improvements to the Demised Premises without the prior written consent of Landlord*, excepting the installation of unattached movable trade fixtures which may be installed without drilling, cutting, or otherwise defacing the Demised Premises.

*which shall not be unreasonably withheld.

All construction work done by Tenant within the Demised Premises shall be performed in a good workmanlike manner, in compliance with all governmental requirements and with all the terms of this lease and at such times and in such manner as to cause a minimum of interference with other construction in progress and with the transaction of business in The Courtyard. If required by Landlord, Tenant shall, at Tenant's sole cost and expense, erect and install a temporary enclosure approved by Landlord to enclose the Tenant's space during construction therein. All costs of such work shall be paid promptly so as to prevent the assertion of any liens for labor or materials. Tenant agrees to indemnify and hold Landlord harmless against any loss, liability or damage resulting from such work or liens filed.

Whenever Tenant proposes to do any construction work within the Demised Premises it shall first furnish to Landlord plans and specifications in such detail as Landlord may request covering all such work. Such plans and specifications shall comply with such requirements as Landlord may from time to time prescribe for construction within The Courtyard. In no event shall any construction work commence within the Demised Premises without Landlord's written approval* of such plans and specifications. Plans and specifications of Tenant's work shall include by way of illustration and not by way of limitation a detailed rendering of the lay-out, design, location and type of electrical fixtures and equipment, materials to be used, colors, and any other-relevant data requested by Landlord.

*which shall not be unreasonably withheld

All additions, alterations, and improvements (including but not limited to awnings, stained glass windows, additional heating and air conditioning units installed by Tenant) shall become the property of Landlord and be surrendered with the premises at the termination of this lease.

Tenant shall have the right to remove or replace its movable trade fixtures, provided Tenant repairs any damage caused by such removal.

All fixtures installed by Tenant shall be new or high quality antiques. Tenant shall not decorate, paint, or alter the Demised Premises, or any part thereof, and shall not install or fix any sign, fixture or attachment on or to the exterior or interior of the Demised Premises, or any building located in The Courtyard, including the roof or the canopy thereof, not place any vents, structure, building, improvement, sign or advertising device, or obstruction of any type or kind upon the community area or upon the Demised Premises without first obtaining Landlord's written consent. If Tenant shall do any of such acts without consent, Landlord may remove any such decoration, paint, alteration, sign or attachment and restore the Demised Premises or community area to the condition thereof prior to such act. The cost of such removal and restoration shall be paid by Tenant as additional rental.

Replacement or repair of exterior door lock(s) initiated by Tenant for security or any other reason shall be done at Tenant's expense. All locks must remain keyed to the Master Key for The Courtyard. A copy of any new keys made for new lock(s) will be given to the Landlord within two (2) days of completion of work.

b. Liens and Claims. Tenant agrees that any alteration or improvement, whether major or minor, shall be made at Tenant's sole risk. Tenant covenants not to permit any contractor's or materialman's lien to attach to the Demised Premises, and agrees to indemnify and hold Landlord harmless from any damages incurred by reason of any claim or lien by an unpaid contractor or materialman, and further agrees to reimburse Landlord for any amounts paid by Landlord to discharge any such contractor's or materialman's lien; provided, however, Tenant shall have the right to contest in good faith by legal proceedings or otherwise any lien asserted against the Demised Premises by any contractor or materialman, and Landlord shall not interfere with and shall assist where reasonably necessary but at no expense to Landlord, in such protest. In the event Tenant shall determine to contest such lien, and in the absence of Tenant's having bonded off the lien as provided by law, Tenant shall post with Landlord a good and sufficient surety bond in an amount not less than one hundred twenty-five percent (125%) of the lien so contested conditioned upon the Tenant paying all the cost of satisfying the lien plus interest and costs which may be determined to be due upon the claim.

7. TENANT'S TAXES.

Tenant shall pay all personal property taxes levied or assessed against the Demised Premises and its contents. Tenant shall also pay all personal property taxes levied or assessed against any personal property now or hereafter owned by Tenant and brought into Orange County; Tenant shall also pay all license fees, occupation fees, privilege taxes and permit fees incidental to the use of the Demised Premises during the term of this Lease. Tenant shall indemnify and hold harmless Landlord against any damage caused by Tenant's failure to pay the taxes. Should Landlord pay any of these taxes on Tenant's behalf, Tenant shall reimburse Landlord for the expense thereof on or before the due date of the next following rental installment and billed as additional rent.

8. COMMON AREAS.

The common areas are exclusively controlled by the Landlord. The right of customers to use the parking facilities shall apply only while they are shopping or on business in The Courtyard. Tenant agrees that it and its officers and employees will not park their vehicles in any of the paved, contiguous parking lots at any time between 8:00 a.m. and 5:00 p.m.,* Monday through Friday. Tenant acknowledges that by violating the previous sentence the vehicles will be subject to towing at the owner's expense; and, further, if a tow truck is called and the owner appears before his/her car has been towed, that the owner will still be subject to a charge from the towing company. Tenant acknowledges that The Courtyard parking lot is reserved for customers while doing business at The Courtyard. Landlord grants Tenant the right to enforce parking restrictions against any non-customers parking in violation of these restrictions.

*Tenant's officers (total of four (4)) ~~and employees~~ may park in the gravel (unpaved lot) during these hours.



Tenant shall not park any trucks or delivery vehicles in the parking areas, nor permit delivery of merchandise at any place other than that designated by Landlord. Landlord shall have the right to enforce parking charges, by meter or otherwise, and to close any part of the

common areas for such time as may, in the opinion of Landlord's counsel, be necessary to prevent a dedication thereof, or the accrual of any rights in any person, and to close any part of the parking area for such time as Landlord deems necessary in order to discourage non-customer parking and to do other things in the parking areas as Landlord in its discretion deems necessary for the benefit of The Courtyard; provided, any enforcement action does not adversely affect Tenant's business. Subject to limitations otherwise imposed under this paragraph 8, Tenant's customers, contractors and officers shall have the non-exclusive right to use parking within the Courtyard facility.

9. COMMON AREA MAINTENANCE.

In addition to and separate from the Minimum Rent, Percentage Rent and any other charges, the Tenant shall pay to the Landlord as additional rent, Tenant's pro rata share (as herein set forth) of the Common Area Maintenance. Further, that amount in Paragraph (ii) on page I, consisting in the aggregate of all Common Area Maintenance costs and Taxes, shall be adjusted annually at the end of the Landlord's fiscal year as provided for below. For purposes of this Lease, the following will describe and define the Operating Expense Charge:

a. Common Area Maintenance - The Landlord will operate, repair, insure, and maintain or will cause to be operated, repaired, insured, and maintained, the Common Area. Landlord's operating costs shall mean all costs and expenses of operating, repairing, insuring, and maintaining the common facilities in a manner deemed by Landlord to be reasonable and appropriate for the best interest of The Courtyard. Also, Landlord's operating costs shall include costs for any services, furnished by Landlord for the non-exclusive use of all Tenants, all salaries, all insurance costs, all taxes, structural repairs and replacements for common areas, and any other charges deemed appropriate by the Landlord for the maintenance and operation of the common areas that will be in the best interest of both Landlord and Tenant, plus administrative costs equal to 15% of the total cost of operating and maintaining the common facilities.

b. TAXES - The word Taxes, as used herein, shall mean all taxes, assessments, impositions, levies, charges, charged, or imposed by any governmental authority or other taxing authority or, which accrue on the Shopping Center for each of the Landlord's fiscal years (or portion thereof) during the term of this Lease, including, without limitation, all costs and expenses incurred by the Landlord in contesting or seeking to reduce the amount of the taxes, all penalties, interest and other charges.

c. PRO RATA SHARE - The Tenant will initially pay the amounts as shown in Paragraph (ii) on Page 1. ~~At the end of each of Landlord's fiscal years, the Landlord will give Tenant notice of the total amount(s) paid by Tenant for the relevant fiscal year together with the actual amount of Tenant's pro rata share of the Operating Expenses Charge for each fiscal year. If Tenant's share exceeds the aggregate amount previously paid by Tenant for such period, then Tenant shall pay to the Landlord the deficiency within ten (10) days following notice from the Landlord; any overpayment will be refunded to the Tenant or credited to Tenant's account within ten (10) days.~~ The Landlord may adjust the amounts shown in Paragraph (ii), Page I at the beginning of Landlord's fiscal year based on budgeted expenses and the Tenant's estimated pro rata share for such fiscal year. In no event shall the percent increase in Tenant's share of CAM charges, taxes and insurance exceed the C.P.I. increase, as defined in paragraph 1(c) for the period in question.

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The Demised Premises are shown and outlined on Exhibit A attached hereto and are part of the entire Courtyard as described on Exhibit B attached hereto. Said Exhibits set forth a general layout of The Courtyard and shall not be deemed to be a warranty or agreement on the part of Landlord that said Courtyard will remain exactly as indicated on said diagram. Landlord may change dimensions or locations of the walks, building, and parking areas in any manner as Landlord shall deem proper, and reserves the right to make alterations or additions to any building in The Courtyard. Use and occupancy by Tenant of the Leased Premises shall include the use in common with others of the common areas such as facilities. Nothing herein contained shall be construed as a grant or rental by Lessor to Tenant of the roof and exterior of the building or buildings of which the Leased Premises form a part, or of the walks and other common areas beyond the Leased Premises, or of the land upon which the Leased Premises are located.

"Pro Rata Share" means the portion that the floor area of the Premises bears to the floor area of all the rentable space of the buildings (excluding common areas) situated on the ground floor of The Courtyard. Taxes and Insurance will be shared on a pro rata basis for all

rentable space on all floors of The Courtyard.

10. UTILITIES.

Tenant shall be solely responsible for and promptly pay all charges for heat, water, sewer, gas, electricity or any other utility used or consumed in the leased premises. In no event shall Owner be liable for an interruption or failure in the supply of such utilities to the leased premises, unless such loss of service results from the negligence of Landlord.

Tenant agrees that it may be held responsible for all water consumed or used by Tenant on the Demised Premises. Water use may be separately metered, and Landlord will furnish Tenant with a monthly statement of water use and cost. Tenant agrees to promptly reimburse Landlord for the cost of water upon receipt of such statement, same to be considered as additional rental.

Landlord has provided and installed a sprinkler system from city water line to each Tenant's Demised Premises. Tenant agrees to maintain this system within the premises. Cost of periodic testing and maintenance of the system required by local authorities will be paid by the Tenant based on the ratio of the Demised Premises to the total square feet of The Courtyard's leaseable space.

The heating and air conditioning shall be thermostatically controlled so that the temperature within the Demised Premises will not be less than 55/F nor greater than 85/F at any time.

11. PROTECTION OF LANDLORD.

Tenant will hold Landlord, its agents, servants, and representatives harmless from any damages, loss, or expense resulting from the negligent, unlawful or willful acts or omission of Tenant, Tenant's employees, representatives, patrons, or visitors or from the Tenant's failure to perform any obligation imposed upon it by law or the provision of this lease. Tenant agrees to pay for all damage to the building, as well as all damage to tenants or occupants thereof, caused by Tenant's misuse or neglect of said premises, its apparatus, or appurtenances.

Tenant shall store its property in and shall occupy the Demised Premises and all other portions of The Courtyard at its own risk, and releases Landlord to the full extent permitted by law from all claims resulting in loss of life, personal or bodily injury or property damage. Landlord shall not be responsible or liable for any loss or damage to Tenant's business; and Landlord shall not be responsible or liable to Tenant or to those claiming by, through or under Tenant, for any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of other Courtyard Tenants, except in cases of Landlord's negligence.

Landlord shall not be responsible or liable for any defect, latent or otherwise, in any building in The Courtyard or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall it be responsible or liable for any injury, loss or damage to any person or to any property of Tenant or other person caused by or resulting from bursting, breakage or from leakage, steam, snow, or ice, running, backing up, seepage, or the overflow of water or sewage in any part of said premises or for any injury or damage caused by or resulting from acts of God or the elements, or from the acts of any other occupant of the premises, unless Landlord fails to make timely repairs to the Premises after written notification of defects from Tenant, and such failure shall be deemed to have caused such damage or loss.

Tenant shall give prompt notice to Landlord in case of fire or accidents in the Demised Premises or in the building of which the Demised Premises are a part. In case Landlord shall, without fault on its part, be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorney's fees. Tenant shall also pay all costs, including expenses and reasonable attorney's fees, that may be incurred or paid by Landlord in enforcing the terms of this lease.

12. INSURANCE.

Tenant will provide and keep in force, for the protection of the general public and Landlord, liability insurance against claims for bodily injuries or death upon or near the leased premises and the service and parking areas adjacent thereto to the extent of not less than ~~One~~^{One Two} Million Dollars (\$~~1,000,000.00~~^{2,000,000.00}) in respect to bodily injuries or death, and property damage with

limits of not less than Fifty Thousand Dollars (\$50,000.00), and said policy will contain a waiver of subrogation as to Landlord. Such insurance and certificates will name Landlord as an additional insured for the full amount of the insurance herein required. Tenant will furnish Landlord with satisfactory evidence of such coverage upon commencement of this lease and at every anniversary of this lease.

Landlord shall maintain in effect policies of insurance covering the building and improvements of which the Demised Premises constitute a part, providing protection to the extent of not less than eighty percent (80%) of the insurable value of said building against all casualties included under standard insurance industry practices within the classification "Fire and Extended Coverage, Vandalism and Malicious Mischief". Nothing in this Section shall prevent the taking out of policies of blanket insurance which may cover real and personal property and improvements in addition to the building of which the Demised Premises constitute a part.

At all times during the term of this lease, Tenant shall pay all premiums for and maintain in effect, with a responsible insurance company or companies authorized to do business in North Carolina, policies of insurance for the benefit of Landlord and Tenant, as their interests may appear as follows:

- a. Insurance covering Tenant's trade fixtures, furniture, furnishings, equipment, and improvements, providing protection to the extent of not less than eighty percent (80%) of the insurable value of the same against all casualties included under standard insurance industry practices within the classification "Fire and Extended Coverage, Vandalism and Malicious Mischief" and covering sprinkler leakage;
- b. Plate glass insurance covering the plate glass in the Demised Premises; and
- c. Insurance covering one hundred percent (100%) of Tenant's work as described in Exhibit C against all casualties included under standard insurance industry practices within the classification "Fire and Extended Coverage," and "Builders Risk Coverage," which insurance shall be maintained until Tenant has opened for business. In no event shall Tenant cancel the insurance provided for herein until notice to Landlord and Landlord has included such Tenant's work under Landlord's insurance

Tenant further agrees that any contractor performing work for Tenant will furnish Tenant with certificates showing evidence of comprehensive public liability insurance. If the Tenant uses a general contractor for improvements, Tenant shall require that the general contractor deliver to Tenant evidence of worker's compensation insurance coverage. If the Tenant is performing his own general contracting work, the Tenant shall deliver to the Landlord evidence of worker's compensation coverage or evidence that, under the Tenant's liability insurance coverage, unpaid worker's compensation claims of any subcontractor are covered.

All policies furnished by Tenant will contain an endorsement providing that the insurer will not cancel, non-renew, or materially change the coverage of said policy or policies without first giving ten (10.) days written notice thereof to the Landlord.

At Landlord's option, Landlord may arrange blanket coverage for the comprehensive public liability and comprehensive property damage insurance requirement. In the event Landlord procures such coverage, it shall furnish Tenant with evidence of comprehensive public liability and comprehensive property damage insurance in adequate amounts which show Tenant as a co-insured. Landlord shall prorate the cost of such insurance among all Tenants. Landlord may notify Tenant of the premium amount of such policy in advance and may collect it prior to the effective date of insurance under such policy.

d. In the event Tenant's occupancy causes any increase of premium for the fire, boiler and/or casualty rates on the Demised Premises, The Courtyard, or any part thereof above the rate for the least hazardous type of occupancy legally permitted in the Demised Premises, the Tenant shall pay the additional premium on the fire, boiler and/or casualty and liability insurance policies by reason thereof. The Tenant also shall pay in such event, any additional premium on the rent loss through fire. Bills for such additional premiums shall be rendered by Landlord to Tenant at such times as Landlord may elect, and shall be due from and payable by Tenant when rendered and the amount thereof shall be deemed to be, and be paid as, additional rent.

13. MAINTENANCE

Landlord will keep the roof and exterior walls of the Demised Premises (but excepting any work done by Tenant and any glass or doors) in proper repair, provided that in each case, when known, Tenant shall give Landlord prior written notice of the necessity of such repairs; and provided further, that if any such repair is required by reason of the negligence of Tenant or any of its agents, employees or customers, or other person using the Demised Premises with Tenant's consent, express or implied, or Tenant's failure to perform any of its obligations under this Section, Landlord may at his option make such repair and add the cost to the next installment of Minimum Rent. Landlord will undertake any repairs in such a manner as to minimally affect Tenant's business, and shall provide Tenant with forty-eight (48) hours notice prior to commencement of work.

Tenant agrees to maintain in good order and repair the Demised Premises, including fixtures and equipment therein, including but without limitation, the exterior and interior portions of all doors, windows, glass, plumbing and sewage facilities within the Demised Premises, and including free flow up to the main sewer line, heating, air conditioning, and electrical equipment, interior walls, floors and ceilings, including compliance with applicable building codes relative to fire extinguishers, accomplishing any and all repairs, alterations, replacements and modifications at its own expense and using materials and labor of kind and quality equal to the original work. ~~All parts of the interior of the Demised Premises shall be painted or otherwise decorated by the Tenant periodically as determined by the Landlord.~~ Tenant will surrender the Demised Premises at the expiration or earlier termination of this lease in as good condition as when received, excepting only deterioration caused by ordinary wear and tear, and damage by fire or other casualty or act of God.

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Landlord will provide and installed a heating and air conditioning plant to provide heating and air conditioning (with a minimum of thirty-five (35) ton capacity), to the Demised Premises (but not including interior duct work). Any additional heating or air conditioning units which Tenant may deem necessary shall be purchased and installed by Tenant and such units shall be of the same make and compatible design as Landlord's units and approved by Landlord. Tenant agrees to enter into, keep current and in effect, and pay all costs of a regular maintenance contract with a service contractor or representative designated or approved by Landlord to service said heating and air conditioning plant and any additional units. Such service should include: changing filters every three months, clean indoor and outdoor coils annually, clean condensate drain lines every spring, grease bearings every three months, check refrigerant levels, belts, etc., every six months. Tenant shall provide to Landlord satisfactory evidence of such coverage upon commencement of this Lease and at every anniversary of this Lease.

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If any repairs required to be made by Tenant hereunder are not made or commenced or Tenant is not proceeding with due diligence to commence and complete such repairs within ten (10) days after written notice delivered to Tenant by Landlord, Landlord may at its option make such repairs without liability to Tenant for any loss or damage which may result to its stock or business by reason of such repairs, and Tenant shall pay to Landlord upon demand as additional rental hereunder the cost of such repairs plus interest from the date of payment by Landlord until repaid by Tenant.

14. RIGHT TO ENTER.

Landlord, or any of its agents, will have the right to enter the leased premises during all reasonable hours to examine the same or to make such repairs, additions, or alterations as may be deemed necessary for the safety and comfort of the occupants of the building or the preservation of said building, or to exhibit said premises. The right of entry will also exist for the purpose of removing requiring Tenant to remove placards, signs, fixtures, alterations or additions, which are not permitted by this agreement or by the rules and regulations of the building, and to abate at Tenant's expense, any condition which constitutes a violation of any of the covenants or conditions of this lease or any of the rules and regulations herein referred to.

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15. DAMAGES OR DESTRUCTION OF BUILDING.

If the premises are damaged by fire or other casualty during the term of this lease to the extent the same become untenable, then Landlord will have the right, but will not be obligated, to begin to effect the repairs necessary to make said premises tenantable within one hundred eighty (180) days, then Tenant may (1) at its option remain bound by this lease with rent abated till premises are restored, but the term of this lease will not be extended by any period of rental abatement; or (2) Landlord or Tenant may elect to cancel this lease. In the event of the cancellation of this lease by Landlord or Tenant, the rent will be paid only to the

date of such fire or casualty; provided, however, there will be no cessation of rent if the damage results from negligence, default, or willful act of Tenant, its agents, or employees. Notice of election to cancel under the provisions of this paragraph will be in writing. Tenant will, in the event of fire or other casualty to said Demised Premises, give immediate notice thereof to Landlord.

Landlord shall not be responsible for the repair or replacement of any improvements, fixtures, equipment or contents added or owned by Tenant. The responsibility for the repair or replacement of these items shall be Tenant's, and unless and until Tenant shall give to Landlord written adequate assurances that Tenant will make such repair or replacements, Landlord shall not be obligated to repair and restore the Demised Premises as set forth above.

16. EMINENT DOMAIN.

In the event any or all of the exterior common areas is taken under power or authority of eminent domain, Landlord will have the sole claim to any proceeds or awards for or from said taking and the terms, provisions, and covenants of this lease and the rents reserved hereunder will be unaffected.

In the event any or all of the Demised Premises are taken under such power so as to prohibit use of same and make them untenantable, in the sole judgment of the Landlord, then Tenant and Landlord will each have the option to terminate this lease as of the date possession thereof will be required to be delivered to the condemning authority. Landlord will have sole claim to any proceeds or awards for or from said taking, but Tenant will have the right to claim separate claim for any personal property or loss of business it may suffer.

17. ASSIGNMENT AND SUBLETTING.

Tenant shall not assign or sublet any part of the Demised, Premises without the prior written consent of the Landlord, which shall not be unreasonably withheld. ~~Tenant will have the right to assign or sublet any part of the Demised Premises to a third party with proven financial responsibility without the written consent of the Landlord.~~ The consent of Landlord to any assignment or subletting or other act of Landlord, however, shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting; in all events, the Tenant shall remain fully liable and shall not be released from performing any of the terms of this lease.

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If Landlord consents to any transfer, assignment, or subletting, such transferee, assignee, or sublessee assumes all of the obligations and liabilities of Tenant under this lease. ~~No assignment or subletting shall apply or be permitted other than during the initial term of this lease.~~ Options or extensions, if any, are available exclusively to Tenant.

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18. OPERATION AND CONDUCT OF BUSINESS.

At all times during the term of this lease the Tenant shall keep the entire Demised Premises open for business during regular business hours, and conduct its business in a high class and reputable manner with an adequate staff, and full stock of merchandise, subject to strikes and other causes beyond the Tenant's control.

During the term of this lease ~~Tenant shall not directly or indirectly engage in any similar or competing business within a radius of three miles from the outside boundary of The Courtyard.~~ Tenant shall not perform any acts or carry on any practices which may injure the building, or be a nuisance or menace to other tenants in The Courtyard.

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19. HOLDING OVER.

If the Tenant remains in possession after the expiration of the term or any extensions hereof (without the execution of a new lease) the Tenant shall not thereby acquire any right, title or interest in or to the leased premises, and shall be a tenant by sufferance during such holding over on a month-to-month basis. But in such event, the Tenant shall be subject to all the conditions, provisions and obligations of this lease insofar as the same shall then be applicable.

20. SUBORDINATION.

This lease and all leasehold rights hereunder shall be, become and remain subordinate to

the lien of any bona fide mortgage or deed of trust now or hereafter imposed upon all or any part of the Demised Premises; and the Tenant shall execute and deliver to Landlord or lender upon request any instruments reasonably requested by the Landlord consenting to the full subordination of this lease to any such mortgage or deed of trust upon the condition that Tenant's rights hereunder shall not be disturbed by foreclosure or otherwise so long as Tenant is not in default hereunder. Moreover, Tenant shall furnish, upon Landlord's request, estoppel letters to the Landlord pursuant to any request by any mortgage lender, refinancer or other creditor of Landlord. Tenant will furnish such information such as mortgage lender, refinancer or creditor shall require in the estoppel letter and it shall be an event of default under this agreement for the Tenant not to provide the appropriate information.

21. DEFAULT.

If Tenant(a) fails to pay any rental or other payment hereunder as it comes due; or (b) it fails to perform any other of the terms of this lease to be observed or performed by Tenant; or (c) if Tenant shall become bankrupt or insolvent or there is an appointment of a receiver or trustee of all or a portion of Tenant's property, or if Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an agreement; or (d) if this lease shall pass to or devolve upon (by law or otherwise) one other than Tenant except as herein provided then, in any one or more of such events, upon Landlord serving a written Notice of cancellation upon Tenant specifying the nature of such default and the period allowed to cure the default, if Tenant shall have failed to comply with or remedy such default within such period, then this lease and the term thereunder shall (at the option of Landlord) terminate on the date specified in such Notice. Tenant shall thereupon surrender the Demised Premises to the Landlord as if the term hereunder ended by expiration, but Tenant shall remain liable as hereinafter provided.

The Written Notice required of Landlord under the preceding section shall provide for five (5) days of grace to cure a monetary default, or thirty (3) days to cure a non-monetary default which can be reasonably be cured in thirty (30) days; and for any non-monetary default not curable in thirty (30) days, that Tenant shall commence to cure within thirty (30) days and thereafter proceed diligently and in good faith in complete the curing of said default as soon as possible.

If the Notice provided shall have been given and the term shall expire as aforesaid, or should Landlord elect not to terminate this lease, Landlord shall have the immediate right to re-enter and may remove all persons and property from the Demised Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of Notice or resort to legal process (all of which Tenant expressly waives) and without being deemed being guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. Landlord shall have a lien for the payment of all sums agreed to be paid by Tenant herein upon all Tenant's property, which is to be in addition to Landlord's lien now or that may thereafter be provided by law.

~~In the event the Landlord incurs any expenses or fees included but not limited to legal and accounting fees, in the enforcement of Landlord's rights under the term of this lease, Tenant agrees to reimburse for such reasonable expenses as additional rent.~~

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22. REMEDIES.

Should Landlord elect to re-enter or should it take possession pursuant to legal proceedings or pursuant to any Notice provided for by law, it may make such alterations and repairs as may be necessary in order to relet the premises, and relet said premises or any part thereof for such terms and at such rentals and conditions as Landlord in its sole discretion may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any cost and expenses of such reletting, including brokerage fees and attorney's fees, and the cost of such alterations and repairs; third, to the payment of rent, due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future rent. If rentals received from reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Landlord may recover from Tenant all damages it may incur by reason of Tenant's default, including the cost of recovering the leased premises, reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the Demised Premises for the remainder of the stated term, all

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of which amount shall be immediately due and payable from Tenant to Landlord. For the purposes of this Article, percentage rent for any period after default shall be the same amount as paid during the previous number of months; where the number is equal to the number in default; or, the average of the previous months if fewer than the default. In the event Tenant fails to pay the rents when due, or fails to pay any other sums that are due and Landlord shall advance same, in collection proceedings or instituted by Landlord, Tenant shall become obligated for, and shall pay, all costs of collection, including an attorney's fee of fifteen percent (15%) of the past due rents and/or monies advanced if such collection is effectuated by an attorney. The parties agree that the rental covenants set forth herein as well as all other financial obligations of Tenant are evidence of indebtedness for the purposes of this paragraph.

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a. In the event of a breach or threatened breach by Tenant of any provision of this lease, Landlord will have the right of injunction as if other remedies were not provided for herein.

b. The rights and remedies given to Landlord in this lease are distinct, separate, and cumulative remedies, and the exercise of any of them will not be deemed to exclude Landlord's right to exercise any or all of the others or those which may be permitted by law.

c. Landlord will in no event be in default in the performance of any of its obligations in this lease contained unless and until Landlord will have failed to perform such obligation within thirty (30) days, or such additional time as is reasonably required to correct any such default, after written notice by Tenant to Landlord properly specifying wherein Landlord has failed to perform any such obligation.

23. QUIET ENJOYMENT.

Landlord covenants that if Tenant pays the rent and all other charges provided for in this lease, performs all of its obligations provided for under this lease, and observes all of the other provisions of this lease, Tenant will peaceably and quietly enjoy the Demised Premises in accordance with the terms of this lease without any interruption or disturbance from Landlord.

~~24. RELOCATION:~~

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~~a. Substitute Premises. If the Premises comprise 2,000 square feet or less, Landlord, at its option, may substitute for the Leased Premises other space (hereafter called "Substitute Premises") within a building at the site before the Commencement Date or at any time during the term or any extension of this Lease. As far as is reasonably possible, the Substitute Premises shall have a comparable foot area and a configuration substantially similar to the Leased Premises. Landlord shall pay Tenant's reasonable cost of moving Tenant's furnishings, trade fixtures, inventory, and existing telephone system to the Substitute Premises. Except as provided in this Section, Landlord shall not be liable or responsible in any way for damages or injuries suffered by Tenant pursuant to the relocation in accordance with this provision including, but not limited to, loss of goodwill, business or profits.~~

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~~b. Notice. Landlord shall give Tenant at least sixty (60) days notice of its intention to relocate Tenant to the Substitute Premises. This notice will be accompanied by a floor plan of the Substitute Premises. After such notice, Tenant shall have ten (10) days within which to agree with Landlord on the proposed new space and unless such agreement is reached within such period of time, the lease shall terminate at the end of the sixty (60) day period of time following this notice.~~

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~~c. Alteration of Substitute Premises. Landlord agrees to construct or alter, at its own expense, the Substitute Premises as expeditiously as possible so that it is in substantially the same condition that the Leased Premises was in immediately prior to the relocation. Landlord shall have the right to reuse the fixtures, improvements, and alterations used in the Leased Premises. Tenant agrees to occupy the Substitute Premises as soon as Landlord's work is substantially completed.~~

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~~d. Rent During and After Relocation. Except as provided above, Tenant agrees that all of the obligations of this Lease including the payment of rent, will continue despite Tenant's relocation to the Substitute Premises. Upon substantial completion of the Substitute Premises, this Lease will apply to the Substitute Premises as if it had been the space originally described in the Lease.~~

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~~Landlord shall use all reasonable efforts to minimize any period when the Leased Premises shall be closed to the public as a result of relocation. Tenant's rent shall abate from the date the Leased Premises is closed until the date the Substitute Premises is open for business. Tenant agrees to use all reasonable efforts to open for business in the Substitute Premises as quickly as is reasonably possible under the circumstances~~

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25. MISCELLANEOUS.

Other provisions:

a. Recordation. Upon the request of either party, the other party will in good faith cooperate in the preparation and execution of a recordable short form lease substantially in the form of the Basic Information. Tenant will in no event record this lease, whether in full or in part.

~~b. Statement of Accounts. Tenant's failure to object to any statement, invoice, or billing rendered by Landlord within a period of sixty (60) days after receipt thereof will constitute Tenant's acquiescence with respect thereto and will render it an account stated between Landlord and Tenant.~~

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c. Brokers. Tenant represents and warrants that there are no claims for brokerage commissions or finder's fees in connection with the execution of this lease except for Hyrharow Commercial Realty, Kimball & Company and Park City Development Company, and agrees to indemnify Landlord against and hold it harmless from all liabilities arising from any such claim, including cost of counsel.

d. Rules and Regulations. The rules and regulations attached as Exhibit C are hereby made a part of this lease, and Tenant agrees to comply with and observe the same. Tenant's failure to keep and observe said rules and regulations will constitute a breach of the terms of this lease. Landlord reserves the right from time to time to amend or supplement said rules and regulations, and to adopt additional, reasonable rules and regulations uniformly applicable to the Demised Premises and The Courtyard.

e. Successors and Assigns. The covenants and agreements herein contained are binding on the parties hereto, their successors, assigns, and legal representatives. This lease embodies all of the understandings and agreements of the parties, and the terms hereof will not be changed or varied except by written instrument signed by both parties.

f. Civil Strife. Anything in this agreement to the contrary notwithstanding, providing such cause is not due to the willful act or neglect of the Lessor, the Lessor shall not be deemed in default with respect to the performance of any of the terms of this lease if same shall be due to any strike, lockout, civil commotion, warlike operation, invasion, rebellion, hostilities, military, or usurped power, sabotage, governmental regulations or controls, inability to obtain any material service or financing, through Act of God or other cause beyond the control of the Lessor. No excuse of Lessor's performance as provided above shall be grounds for any rent abatement on behalf of Tenant.

g. Notice. All notices by either party to the other provided for in this lease shall be in writing, and shall be sent by telegram, U.S. Mail, or personally delivered, until otherwise designated in writing, as follows:

To Lessor: Courtyard Associates
c/o Port City Developments
921 Monroeh Road
Durham, NC 27705
Phone: (919) 383-8842

To Tenant: Penang Malaysian Cuisine, Inc.
431 West Franklin Street
Chapel Hill, NC 27518
Phone: (919) 628-0334

To Guarantor: Ms. Seng Tuck Cheah
505 Old Post Road
Edison, New Jersey 08817
Phone: (732) 287-3038

n. Attorney's Fees. The non-prevailing party shall pay reasonable attorney's fees incurred by the prevailing party in the enforcement of any of the terms, covenants or provisions of this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed this 24 of May, 2002.

LANDLORD: COURTYARD ASSOCIATES

BY: [Signature]
General Partner

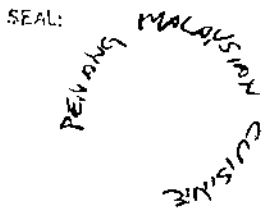
BY: [Signature]
General Partner

TENANT NAME: PENANG MALAYSIAN CUISINE, INC.

BY: [Signature]

or if Corporation
BY: [Signature]
President

BY: [Signature]
Secretary



NORTH CAROLINA
ORANGE COUNTY

I, Lisa F Drake, a Notary Public of the County and State aforesaid, certify that General Partner of Courtyard Associates/Chapel Hill, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 24th day of May, 2002.

Lisa F Drake
Notary Public

My commission expires: 5-18-2007

TENANT AS INDIVIDUAL:

NORTH CAROLINA
_____ COUNTY

I, _____ a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and, being first duly sworn, acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this ___ day of _____, 2002.

Notary Public

My commission expires: _____

TENANT AS CORPORATION:

NORTH CAROLINA
Winston COUNTY

I, Wanda B. Anderson a Notary Public of the County and State aforesaid, certify that Carol Thumrose personally came before me this day and acknowledged that he is Secretary of PENANG MALAYSIAN CUISINE, INC., a North Carolina corporation the foregoing instrument was signed in its name by the above.

Witness my hand and official stamp or seal, this 22 day of May, 2002.

Wanda B. Anderson
Notary Public

My commission expires: 6/8/02

EXHIBIT "C"
RULES AND REGULATIONS
COURTYARD ASSOCIATES/CHAPEL HILL - LANDLORD
LEASE DATED May 24, 2002

1. Subject to the right of Landlord to make changes from time to time, Tenant shall comply with the following rules, unless waived by Landlord in writing:

A. Keep its display windows dressed and illuminated, until midnight and its exterior and interior signs and lights suitably lighted from store opening hours to midnight or such other hours as set by Landlord;

B. Keep the Demised Premises, including all entrances, all improvements thereon, and all windows, doors and glass fixtures in a safe, neat and clean condition at all times as well as exterior walkways to Roberson Street;

C. Store or stock in the Demised Premises only such goods, merchandise or other property as shall be reasonably required in connection with Tenant's business on the Demised Premises;

D. Use for office, clerical or other non-selling purposes only such space in the Demised Premises as is from time to time reasonably required for Tenant's business therein;

E. Store all trash and garbage in adequate containers within and outside of the Demised Premises, maintained in a neat and clean condition and located as Landlord shall from time to time designate, and so as not to be visible to the public in or outside The Courtyard and so as not to create or permit any health or fire hazard, and arrange for the regular removal thereof as directed or provided by Landlord and to not dump materials anywhere except in proper receptacles, including dumpster at rear of paved parking lot.

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F. Not overload any floor in the Demised Premises; or use or operate any machinery that in Landlord's opinion is harmful to the building or disturbs other tenants in The Courtyard;

G. Not use any portion of the Demised Premises as living quarters, sleeping apartments or lodging rooms;

H. Not use the plumbing facilities for any purpose other than that for which they were constructed and not to dispose of any damaging or injurious substance therein;

I. Not conduct any going-out-of-business, fire, bankruptcy, auction or other distress sale on the Demised Premises;

J. Not obstruct any sidewalks, walkways or areas of The Courtyard by the keeping, displaying, advertising or sale of any merchandise or other object such as a sidewalk sale;

K. Not install on or about the Demised Premises any exterior lighting, amplifiers or similar devices and/or not to use in, on or about the Demised Premises any advertising medium which may be heard or experienced outside the Demised Premises, such as flashing lights, searchlights, loudspeakers, phonographs, televisions or radio broadcasts;

~~L. Not install a television antenna upon or within any building or improvement in The Courtyard and if Tenant connects with any master antenna provided by Landlord, Tenant shall furnish and install any and all wiring and booster systems related to such connection and the operation within the Demised Premises of television receivers, and Tenant shall pay to Landlord such reasonable connection or~~

Any antenna, satellite dishes, etc., to be installed on the exterior of the building, shall first get Landlord's written approval.

JK
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M. Not operate any coin or token operated vending machine or similar device for the sale of any goods, merchandise, food, beverages, or services including, but not limited to, ~~pay telephones, pay lockers, scales, amusement devices and machines for the sale of beverages, foods, candy, cigarettes or other commodities;~~

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N. Not permit the extermination of vermin to be performed in, on or about the Demised Premises, except by a person or company designated approved by Landlord and at times designated by Landlord;

SK

O. Comply with any and all requirements of any of the constituted public authorities and within the terms of any State or Federal statute, ordinance or regulation applicable to Tenant or its use of the Demised Premises, and save Landlord harmless from penalties, fines, costs, expenses or damages resulting from failure to do so;

P. Give to Landlord prompt written notice of any accident, fire or damage occurring on or to the Demised Premises and the community areas;

Q. Perform all loading and unloading of goods on the Roberson Street side of building. ~~only at such times, in the areas and through such entrances as may be designated for such purposes by Landlord. Trailers or trucks servicing the Demised Premises shall remain parked in the shopping center only from 12:01 a.m. to 8:00 a.m., unless otherwise expressly consented to by Landlord;~~

OT
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R. Keep the outside area immediately adjoining the premises clean and free from ice and snow, and not place or permit any rubbish obstructions or merchandise in such areas;

S. Keep the Demised Premises clean, orderly, sanitary and free from objectionable odors and from insects, vermin and other pests, and not keep any live animals of any kind in or upon the Demised Premises;

T. Require Tenant and Tenant's employees (except for four (4) spaces designated in (mm)) to not park their cars in any paved, contiguous lots during ^{day} business hours. Tenant shall from time to time, upon written notice from Landlord, promptly furnish Landlord with the State automobile license numbers assigned to Tenant's cars and the cars of all Tenant's officers, employees, agents, contractors and licensees;

SK
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U. Install such fire extinguishers and other safety equipment as Landlord and/or public authorities may reasonably require;

V. ~~Landlord may require Tenant to operate and keep its business open for the general public not less than 48 hours per week, Monday through Saturday of each week during the lease term; and further, Tenant may be required to keep its business open until 9:00pm on Thursday and Friday at such time as Lessor shall so advise Tenant.~~

SK
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W. All signs used by the Tenant at or about the Demised Premises shall be of such size, make and illumination, and installed at such locations as approved by the Landlord in writing in advance, and in compliance with all applicable building and electrical codes.

X. Tenant agrees to use the words "The Courtyard" and as address, either "W. Franklin St.", "431 W. Franklin St.", or "The West End," followed by "Chapel Hill" in all printed promotional material of Tenant.

SK
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Y. Landlord may withdraw from Tenant any implied or granted permission to use thereafter its name or the name of The Courtyard.

Z. ~~No Smoking is allowed within the Leased Premises or any interior Common Areas.~~

OT
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EXHIBIT "D"

LANDLORD'S AND TENANT'S WORK

~~1. Landlord agrees to perform the following improvements to the Demised Premises described in section (dd) and Exhibit A. Landlord further agrees to complete said work on or before _____ subject to the provisions of section 3 of the Rider to this Lease.~~

OK
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Landlord's Work:

1. Landlord agrees to reimburse Tenant and to perform the following improvements to the Demised Premises described in section (dd) and Exhibit A. Tenant shall be provided a credit against the minimum rent for the cost of the improvements equally divided over the first twenty-four monthly rental payments. Tenant shall pay for the improvements itemized in (a) through (d) below and Landlord shall reimburse Tenant as described above.

- a. Installation of restaurant grease trap to municipal code.
- b. Installation of ~~minimum~~ thirty-five (35) ton heating and air conditioning unit(s).
- c. Repair and repainting all exterior wood surfaces with Landlord approved colors on Units 1, 2, and 3.
- d. Abatement of asbestos in ceiling over new dining areas, if needed.

OK
CT

Tenant's Work:

- 2. a. As described in plans and specifications to be submitted to Landlord by July 13, 2002.

LANDLORD:

COURTYARD ASSOCIATES/CHAPPEL HILL

[Signature]
General Partner

TENANT:

PERANG MALAYSIAN CUISINE, INC.

By: *[Signature]*

SIGN CRITERIA

COURTYARD SIGN GUIDELINES

All signs must be presented to the management for prior approval, which said approval shall not be unreasonably withheld. Sign designs must show location, layout of each sign and materials and colors. Landlord will cooperate with Tenant in expediting the review process which should not require more than one week. Exterior signage shall not exceed eight (8) square feet.

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AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT TO LEASE AGREEMENT, made this 31st day of December, 2006, by and between **SPENCER C. YOUNG INVESTMENTS/THE COURTYARD OF CHAPEL HILL, LLC, A NORTH CAROLINA LIMITED LIABILITY COMPANY** (the "Landlord"), successor in interest to Courtyard Associates of Chapel Hill, a North Carolina limited partnership (the "Original Landlord") and **PENANG MALAYSIAN CUISINE OF N.C., INC.** (the "Tenant").

RECITALS

WHEREAS, Original Landlord and Tenant previously entered into that certain Lease Agreement, dated May 24, 2002, amended by those certain Lease Amendments dated October 24, 2002, and September 6, 2002 (as amended, the "Lease"), with respect to certain Demised Premises (as defined in the Lease), located at 431 West Franklin Street, Chapel Hill, as more fully described in the Lease; and

WHEREAS, the Original Landlord has assigned its rights in and to the Lease to the Landlord pursuant to a Purchase and Sale Agreement dated April of 2005, and an Assignment of Real Estate Purchase/Sale Agreement dated September 29, 2005. The Landlord has assumed all of the obligations and liabilities of the Original Landlord under the Lease; and

WHEREAS, the Landlord and the Tenant desire to release a portion of the Demised Premises from the Lease and adjust the Minimum Rent accordingly by amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Lease as follows:

1. Definition of Terms. All capitalized terms contained herein and not otherwise defined shall be defined as provided in the Lease.

2. Demise of Premises. Paragraph (dd) of the section of the Lease entitled Basic Information at Commencement of Lease is hereby amended to decrease the area of the Demised Premises by approximately 1,000 rentable square feet (the "Released Space"), from approximately 6,752 rentable square feet to approximately 5,752 rentable square feet (the "Remaining Premises"). Except as otherwise provided herein, all references in the Lease to the "Demised Premises" shall hereafter be deemed to refer to the Remaining Premises as described herein. Furthermore, all references in the Lease to Exhibit A, said Exhibit A having been

unintentionally omitted from the Lease, are hereby changed to mean the Exhibit A attached hereto and incorporated herein by reference.

3. Minimum Rent. Paragraph (gg) of the section of the Lease entitled Basic Information at Commencement of Lease is hereby amended to decrease the Minimum Rent by \$1,000.00 per month, to \$7,976.99 per month.

4. CAM Charges. Paragraph (ii) of the section of the Lease entitled Basic Information at Commencement of Lease is hereby amended to change the Initial Common Area Maintenance Charge, Taxes and Insurance Per Month to be based upon 5,752 square feet (not 6,752 square feet).

5. Effective Date. January 1, 2007

6. No Other Amendments. Except as herein amended, the terms and provisions of the Lease shall be and remain in full force and effect.

[remainder of page intentionally left blank]

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

LANDLORD:

SPENCER C. YOUNG INVESTMENTS/
THE COURTYARD OF CHAPEL HILL, LLC

By: _____

Spencer C. Young, Manager

TENANT:

PENANG MALAYSIAN CUISINE OF N.C., INC.,
a North Carolina corporation

By: _____

Name: CELINE THURSTONE

Its: _____

The undersigned, as lease guarantor, joins in this Amendment to Lease Agreement so as to acknowledge its terms and its agreement to remain obligated under the Lease as previously amended and as amended hereby.

Sang Tuck Cheah

Exhibit A

Annexation of Penang Back Room
 - Approximately 1,000 Net
 Rentable Square feet to create the
 newly configured premises
 pursuant to this lease amendment,
 and reflected as Bldg. A

