

NORTH CAROLINA
FORSYTH COUNTY

LEASE AGREEMENT
THE O'HANLON BUILDING

THIS LEASE AGREEMENT, made and entered into as of the

- 20 day of December, 1996

by and between

ADARON FOURTH STREET, INC.
a North Carolina Corporation
hereinafter referred to as "Landlord,"

AND

ASEEL, INC., dba PIZZA ITALIA

A North Carolina Corporation
hereinafter referred to as "Tenant",

STATEMENT OF PURPOSES

Landlord is the owner of Condominium Unit 1, at The O'Hanlon Building, an office building located in Winston-Salem, Forsyth County, North Carolina. Landlord and Tenant have agreed that Landlord shall lease to Tenant and Tenant shall lease from Landlord certain space in Condominium Unit 1, The O'Hanlon Building and have agreed to enter into this Lease Agreement to evidence the terms and conditions of said Lease,

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, conditions and agreements herein contained, the Landlord and Tenant hereby agree as follows:

ARTICLE 1 BASIC PROVISIONS

SECTION 1.01 - THE DEMISED PREMISES

Subject in all respects to the terms, conditions, agreements and limitations of this Lease Agreement, the Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the following described space, hereinafter referred to as the "Demised Premises":

One Thousand Nine Hundred Thirty-Six (1,936) Square Feet
of space located in

CONDOMINIUM UNIT 1 OF THE O'HANLON BUILDING
(hereinafter referred to as the "Unit")
in Winston-Salem, Forsyth County, North Carolina,
which is sixty (60%) of the total
Condominium Unit 1 of The O'Hanlon Building

The location of the Demised Premises within the Unit shall be the premises previously leased by Arby's. The percentage above shall be utilized to determine Tenant's prorata share of taxes and insurance, if any, as required hereinafter.

Return to: PIZZA ITALIA
101 West 4th St.
W.S., NC. 27127

hereinafter.

SECTION 1.02 - TERM OF THE LEASE

Subject in all respects to the terms, limitations, conditions and agreements contained herein, the term of this Lease herein referred to as the "Term" shall commence on Feb. 15th 1997 (herein referred to as the "Commencement Date").

The term of this Lease shall extend for a period of:

ONE HUNDRED TWENTY (120) CALENDAR MONTHS

beginning with the Commencement Date; provided, however, if the Commencement Date shall be any date other than the first day of any calendar month, the Term of this Lease shall, in addition, include the partial month beginning on the Commencement Date and extending to the last day of the calendar month in which the Commencement Date occurs.

Provided the Tenant shall give the Landlord written notice of its election to renew this Lease not fewer than One Hundred Eighty (180) days prior to the end of the initial One Hundred Twenty (120) month term and further provided Tenant is not in default hereunder when such notice is given, the Lease term may be extended at the option of the Tenant for a period of Sixty (60) calendar months (hereinafter referred to as the "First Renewal Term"), commencing upon the expiration of the initial term of One Hundred Twenty (120) months.

If Tenant remains in possession of the Demised Premises after the end of the Term with Landlord's consent but without a new lease reduced to writing and duly executed, Tenant shall be deemed to be occupying the Demised Premises as a tenant from month-to-month only, but otherwise subject to all the covenants, conditions, and agreements of this Lease.

SECTION 1.03 - USE OF THE PROPERTY

Subject to the general limitations of Section 4.01 and to the terms, limitations, conditions and agreements contained herein, Tenant may use the Demised Premises for the following purposes but for none other without Landlord's prior written consent:

Property shall be used as a pizza restaurant serving food and beverage to patrons.

SECTION 1.04 - MINIMUM RENT AND ADJUSTED MINIMUM RENT

Monthly rents payable hereunder in all events, which rents shall be paid for each calendar month of the Lease Term in accordance with the following schedule:

For the one hundred twenty (120) month period beginning with the first (1st) full calendar month and ending with the one hundred twentieth (120th) full calendar month, the monthly minimum rental shall be Eight Hundred Six and 67/100 Dollars (\$806.67) per month.

In the event the Commencement Date shall be other than the first day of any calendar month, the Minimum Rental for the partial calendar month which includes the Commencement Date shall be a portion of the rents for the first full calendar month prorated on a daily basis and payable on the first day of the next succeeding calendar month.

Such Monthly Minimum Rent, together with any Additional Rents then due as specified in Article 2 of this Lease, shall be payable on or before the first day of each calendar month during the Term of this Lease.

Should the Tenant exercise its right to extend the Lease Term for the First Renewal Term, the Minimum Monthly Rental for the First Renewal Term shall be negotiated at the time the election is made to extend this lease.

ARTICLE 2 ADDITIONAL RENT

SECTION 2.01 - DELIQUENT PAYMENT

If Tenant shall fail to pay, within ten (10) days after written notice, any Minimum Rental, Percentage Rental, or amounts or other charges which are payable to Landlord by the terms of this Lease, such unpaid amounts shall bear interest at the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum. In addition to such interest, if Tenant shall fail to pay any monthly installment of Minimum Rental of any other sum of money becoming due hereunder within ten (10) days of the date such installment or payment is due, Tenant shall be assessed automatically without notice a "Late Charge" equal to one and one-half percent (1-1/2%) of amount(s) not paid, which shall be payable within seven (7) days of the date of accrual of said Late Charge.

The payments imposed by this Section 2.01 are in addition to all other rights granted to the Landlord under this Lease, including without limitation, the right to declare the Tenant in default and to exercise cumulatively any and all rights granted to the Landlord in the event of a default.

SECTION 2.02 - OTHER CHARGES TO BE TREATED AS RENTS.

All charges, costs and sums required to be paid by Tenant to Landlord hereunder shall be considered Additional Rent and shall be collectible by and with the same rights held by the Landlord for the collection of rents.

SECTION 2.03 - PERCENTAGE RENTAL

(a) Definitions.

(i) Percentage Rental Rate means the percentage which shall be used to compute Percentage Rental. Percentage Rental shall be computed and paid on Gross Receipts in excess of Volume Allowance in the manner described in Section 2.03 hereof. The Percentage Rental Rate shall be four ~~(4%)~~ ^(5%)

percent.

(ii) Volume Allowance for any Lease Year, partial Lease Year or month, shall mean an amount equal to (aa) the total Minimum Monthly Rental paid for such Lease Year, partial Lease Year or month, respectively, divided by (bb) the Percentage Rental Rate. ^{200,000}

(b) Agreement to Pay Percentage Rentals

In addition to the Minimum Monthly Rental herein provided for, Tenant covenants and agrees to pay to Landlord as "Percentage Rental" for the Demised Premises, at the end of each Tenant fiscal year, without any deductions or offsets whatsoever, a sum equal to:

(i) The Percentage Rental Rate, (5%) ^{200,000}

-multiplied by - 200,000.00

(ii) The excess of Tenant's Gross Receipts for such fiscal year over ~~Tenant's Volume Allowance~~. (In case of a partial year, the Tenant's Volume Allowance will be prorated to reflect the shorter year, and then subtracted from Gross Receipts for that partial year.) ^{200,000}

(c) Gross Receipts

The term "Gross Receipts" as used herein is hereby defined as all gross revenues arising out of or related to, in whole or in part, any activities or business conducted on the Demised Premises, which shall include but not be limited to the aggregate gross amount of all gross receipts from sales, leasing, licensing, or other transactions, of or related to, goods, wares, merchandise, food, beverage or other things of value, and of all gross receipts in exchange for services rendered elsewhere, or vice-versa, whether wholesale or retail, and whether for cash or credit (and without reduction for uncollectible credit or charge accounts) and including the retail value of all consideration other than money received for any of the foregoing. Such Gross Receipts shall include, but not be limited to, all amounts received from the sale of goods, wares, and merchandise by vending machine, catalogue or otherwise. To the extent the sales price of such goods, wares and merchandise or services has originally been included in Gross Receipts, there may be deducted from Gross Receipts the amount of any refunds for merchandise returned to the extent cash has been refunded or credit given. Furthermore, Gross Receipts shall not include:

(i) Merchandise transferred from the Demised Premises to another store or stores of Tenant in the normal course of business or merchandise returned for credit to factories or jobbers;

(ii) The amount of any sales or gross receipts tax levied

directly on sales to or services for customers of Tenant, provided that specific record is made at the time of each sale of the amount of such sales or gross receipts tax and the amount thereof is separately charged to the customer and is paid by Tenant to the appropriate taxing authority; or

(iii) The proceeds attributable to the sale of Tenant's fixtures after such fixtures shall have been used as fixtures in the ordinary conduct of Tenant's business from the Demised Premises.

(d) Monthly Statements and Percentage Rental Payments.

Within thirty (30) days after the end of each monthly period during the Lease Term and with the payment of Minimum Monthly Rentals for each calendar month (or partial calendar month) of the Lease Term, Tenant shall submit to Landlord, at Tenant's expense, at the same place where Minimum Monthly Rental payments are made, an accurate, unaudited, written statement signed and certified by Tenant or on its behalf by a duly authorized officer, showing the full amount of Tenant's Gross Receipts from the operation of the Demised Premises during such monthly period.

(e) Annual Statements and Percentage Rental Payments

Within sixty (60) days after the end of each of Tenant's fiscal years, Tenant shall at Tenant's expense submit to Landlord a complete statement certified by Tenant showing accurately and in reasonable detail the full amount of Tenant's Gross Receipts made in, upon and from the Demised Premises during the preceding Tenant fiscal year and computing total Percentage Rental Payments for such year in an amount equal to (i) the Percentage Rental Rate multiplied by (ii) the excess, if any, of the Tenant's Gross Receipts for such Tenant fiscal year over Tenant's Volume Allowance for such Tenant fiscal year. Tenant shall tender therewith the Percentage Rental due, if any, for such preceding Tenant fiscal year.

(f) Books of Account and Landlord's Right to Audit

Tenant shall keep at all times during the term hereof, at the Demised Premises or at the general office of Tenant, full, complete and accurate books of account and records in accordance with generally accepted accounting practices, including duplicate copies of all invoices or receipts, all federal, state and local tax returns of Tenant relating to Tenant's Gross Receipts, with respect to all operations and transactions of business in, upon and from the Demised Premises, and further including records of the receipt of all merchandise into and the delivery of all merchandise from the Demised Premises during the term hereof. Tenant shall retain such books and records, as well as all contracts, vouchers, checks, inventory records, and other documents and papers in any way relating to the operation or transaction of

such business for a period of three (3) years from the end of the Lease Year to which they are applicable, and, if an audit is required or a controversy should arise between the parties hereto regarding the rent payable hereunder, until such audit or controversy shall be terminated; and such duty to retain records shall survive the end of the Lease Term. Such books and records shall, at all reasonable times during the retention period referred to, be open upon demand to the inspection of the Landlord or its duly authorized agents and representatives, who shall have full and free access to the same and the right to require of the Tenant, its agents and employees, such information or explanation with respect to the same as may be necessary for the proper evaluation thereof, and further shall have the right to copy and duplicate, at Landlord's expense, such information as Landlord may require. Landlord agrees, for itself, its agents and representatives, not to voluntarily disclose the information so obtained, except as may be necessary or appropriate in connection with any loans or sales involving the property or in the ordinary conduct of Landlord's business of leasing and operating the O'Hanlon Building.

The acceptance by Landlord or its representative of Percentage Rent shall be without prejudice to its right to thereafter examine Tenant's books and records in order to determine whether Gross Receipts have been properly and accurately reported, and if not to collect any balance due to Landlord.

(g) Expense of Audit by Landlord and Default by Tenant

If it is determined that the actual Gross Receipts for any period covered by the statement required pursuant to Section 2.03 shall exceed the amount thereof shown in said statement by two percent (2%) or more, Tenant shall pay to Landlord whatever cost Landlord may have incurred for examination or audit during such period. In the event any examination or audit discloses that the Tenant has understated Gross Receipts by three percent (3%) or more, Landlord may, in addition to the foregoing rights, and other rights herein, declare the Lease to be in default and exercise any or all of the rights granted to the Landlord in the event of a default. Any additional Percentage Rental found due and owing as a result of such examination or audit shall immediately be due and payable, together with the cost of such audit and interest at the rate hereinafter set forth.

(h) Competition

Neither Tenant nor any affiliate or subsidiary of Tenant, directly or indirectly, shall own, operate, manage or have any interest in any other pizza restaurant within one (1) mile from the nearest outside boundary of the O'Hanlon Building which competes in whole or in part with Tenant's operation in the O'Hanlon Building, including a department or concession in another store; and in the event of a breach of this provision, the Landlord shall have the right, in addition to any other

competition with Tenant's operations in the O'Hanlon Building, in the Gross Receipts transacted in the Demised Premises for the purpose of computing Percentage Rent due hereunder, as though said receipts had actually been made from the Demised Premises. All of the provisions of Sections 2.03 (a), (b), (c), (d), (e), (f), (g) and (h) hereof shall be applicable to all records pertaining to each such store within said (1) mile radius. However, any such store existing as of the Date of Lease may continue to be operated, managed, conducted and owned in the same manner and at the same location as on the Date of Lease without the provisions of this Section applying hereto, provided there is no change in the size or trade name or other material aspect of such other store and further provided such location is inserted as follows: _____.

ARTICLE 3

TENANT'S ACCEPTANCE OF PREMISES

SECTION 3.01 - TENANT'S ACCEPTANCE OF PREMISES

Tenant represents to the Landlord that it has examined and inspected the Demised Premises and finds them to be as represented by the Landlord and satisfactory for Tenant's intended use. Tenant hereby accepts the Demised Premises "as is".

ARTICLE 4

USE OF PROPERTY BY TENANT

SECTION 4.01 - USE GENERALLY.

Tenant may use the Demised Premises for the purposes stated in Section 1.03 hereof but for no other purpose without Landlord's prior written consent, provided, however, notwithstanding the generality of the foregoing, in no event shall Tenant make any use of the Demised Premises, the Unit or the Common Areas which is in violation of any applicable laws, ordinances, rules or regulations affecting the Demised Premises, the Unit or the Common Areas, nor may Tenant make any use of the Demised Premises not permitted by any present or future lawful restrictive covenants which apply to the Demised Premises, or which is or might constitute a nuisance, or which increases the property, casualty or other insurance premiums (or makes any such insurance unavailable to landlord or other tenants) on the Unit.

Tenant shall not permit its agents, employees, or invitees to place excessive loads on the floors of the Units, the maximum load shall not exceed One Hundred (2100) pounds per square foot.

The Tenant hereby agrees that it will hold Landlord harmless from loss, cost or expense resulting from or occasioned by Tenant's use of the Demised Premises, the Common Areas or other portions of Condominium Unit 1, The O'Hanlon Building whether caused by Tenant or by its agents, servants, employees, independent contractors, invitees or licensees. Tenant shall maintain and care for its personal property on the Demised Premises, insure the same and shall neither have nor make any claim against Landlord for any loss

or damage to the same.

SECTION 4.02 - PAYMENT FOR UTILITIES FOR DEMISED PREMISES.

Tenant shall pay promptly and before any delinquency for nonpayment all charges for utilities serving the Demised Premises, including without limitation, electricity, gas, water, sewer, and/or oil bills, and in the event that any utilities are not separately metered for Tenant, Tenant shall pay its proper pro-rata portion of such utilities in common with others using such utilities off the same meter, provided that on request of Landlord or Tenant, Tenant's use of any particular utility shall be determined by appropriate survey of Tenant's equipment, by monitoring of suybmers, or other method fairly evaluating Tenant's use, and after such determination Tenant's charges for utilities uses surveyed shall be adjusted in accordance with such determinations. In the event Tenant's use of any utilities on a common meter are irregular or disproportionate, either Landlord or Tenant shall have the option as to future charges to have installed at its expense separate meters for the utilities in question.

SECTION 4.03 - SIGNAGE

Landlord and Tenant have agreed that Tenant may install signs advertising its restaurant and display promotions all inside of the storefront of the Demised Premises. Tenant shall be allowed two (2) neon signs to be displayed inside the storefront glass of the Demised Premises, one sign facing Liberty Street and one facing Fourth Street.

Tenant shall be allowed to display posters advertising food products only within a two foot by three foot frame which shall be hung inside the storefront glass facing Fourth Street. All such posters shall be standard food advertising or comparably attractive advertising with no visible wear or tear.

No other signage shall be allowed outside the Demised Premises, attached to the building or storefront, or displayed within six (6") inches of the inside of the storefront glass without prior written approval of Landlord.

ARTICLE 5

TENANT'S CONSTRUCTION

5.01 - TENANT'S CONSTRUCTION.

Upon delivery or possession of the Demised Premises by Landlord, Tenant will proceed with due diligence, at its own expense, to perform all work and supply all installations. Tenant's work shall be specified completely in plans and specifications prepared by Tenant and submitted to Landlord for Landlord's written approval, which shall not be unreasonably withheld, prior to the start of Tenant's construction.

Tenant's Work shall comply with all municipal and state codes and ordinances and shall meet the requirements of the National Park

Service and NC Department of History and Archives according to The O'Hanlon Building's listing on the National Register of Historic Places.

Tenant shall fully equip the Demised Premises with all trade fixtures, lighting fixtures, furniture, furnishings, floor and wall coverings, exterior signs, any special equipment and other items of construction and personal property necessary for the completion of the Demised Premises and the proper operating of Tenant's business therein. Tenant's Work shall be performed in a workmanlike manner, with materials of good quality, and all items installed by Tenant in the Demised Premises shall be new. Tenant shall not do any construction work or alterations without first obtaining Landlord's written approval of the plans and specifications. The approval by Landlord of such plans and specifications shall not constitute the assumption of any liability on the part of the Landlord for their accuracy or their conformity with the requirements of any building code, or other municipal or governmental regulation or ordinance, and Tenant shall be solely responsible for such plans. Tenant's Work shall be completed and Tenant's store or enterprise fully operational and open for business no later than the Commencement Date.

In the event Tenant shall fail to complete any portion of its construction of the Demised Premises or the installation of any equipment or other items to be installed therein as required by this Lease by the Commencement Date. Landlord may, in addition to any other rights and remedies it may then have, complete such construction or make such installations on behalf of and for the account of Tenant upon five (5) days' notice to Tenant of its intention to do so. The cost incurred by Landlord in completing such construction or making such installations shall be deemed to be payable by Tenant to Landlord upon demand, as additional rent.

SECTION 5.02 - REPAIRS AND MAINTENANCE

Tenant shall maintain (and so deliver at the end of the Lease) each and every part of the Demised Premises, including without limitation, all glass, doorways and doors, interior walls, interior ceilings, interior floors, plumbing, electrical, HVAC and any equipment within the Demised Premises, in good repair and condition, and shall make at Tenant's sole cost and expense such replacements, restorations, renewals or repairs, in quality equivalent to the original work replaced, as may be required to so maintain the same, ordinary wear and tear only excepted.

Tenant, however, shall make no exterior or interior alterations, other than as required pursuant to Tenant's obligations to make repairs and maintain the Demised Premises, or without Landlord's prior written consent, and in any case, all work performed by Tenant shall be done in a good and workmanlike manner, and so as not to disturb or inconvenience other Tenants in the Unit. Tenant shall not at any time permit any work to be performed on the Demised Premises except by duly licensed contractors or artisans, each of whom must carry general public liability insurance, in such

amounts as are reasonably directed by Landlord and under which Landlord is an additional insured, certificates of which shall be furnished Landlord. At no time may Tenant do any work that results in a claim of lien against Landlord, and if requested by Landlord on termination of the Lease or vacation of the Demised Premises by Tenant, Tenant shall restore at Tenant's sole expense the Demised Premises to the same condition as existed at lease commencement, ordinary wear and tear only excepted. Landlord, however, may elect to require Tenant to leave alterations performed by it.

Tenant, upon expiration or termination of this Lease, either by lapse of time or otherwise, agrees peaceably to surrender to Landlord the Demised Premises in broom-clean condition and in good repair. In the event Tenant shall fail to surrender the Demised Premises upon demand, Landlord, in addition to all other remedies available to it hereunder, shall have the right to receive as rents, for all the time Tenant shall so retain possession of the Demised Premises, or any part thereof, an amount equal to One Hundred Fifty Percent (150%) of the Monthly Minimum Rent and Additional Rents specified in Sections 1.04, in Article 2 or otherwise in this Lease, as applied to such period.

ARTICLE 6

REPAIRS, MAINTENANCE AND SERVICES BY THE LANDLORD

SECTION 6.01 - SERVICES TO THE DEMISED PREMISES

Landlord shall, subject to interruptions which are normal and to the scheduling of repairs by providers of such services, cause to be furnished to the Demised Premises in common with other tenants, the following connections: water and sewer connections, phone line connections providing access to the local public telephone company, and electrical service to the basement electrical room.

SECTION 6.02 - LANDLORD'S REPAIRS

Landlord will be responsible for keeping the foundations, roof and structural portions of the exterior walls and the exterior finish of the first floor masonry walls of the Demised Premises in good order and repair. Landlord shall not, however, be responsible for any repairs occasioned by reasons of the acts of negligence of Tenant, its employees, agents, invitees, licensees, contractors or other agents. Tenant agrees to give Landlord written notice of the necessity for any repairs required to be made by Landlord, and Landlord shall have a reasonable period of time thereafter to make such repairs. Landlord will be responsible and servicing HVAC units and plumbing.

OUTSIDE OF TENANT SPACE.
TENANT RESPONSIBLE INSIDE.

ARTICLE 7 COMMON AREAS

SECTION 7.01 - DEFINITION OF COMMON AREAS

For purposes of this Lease, the term "Common Areas:" shall mean all areas, improvements, space, equipment and special services in or to Condominium Unit I, the O'Hanlon Unit provided by Landlord for the common or joint use and benefit

of tenants, customers, and other invitees, including without limitation any existing or future entranceways, exits, roads, parking lots, walkways and other common spaces in Condominium Unit 1, The O'Hanlon Unit from time to time designated as Common Areas by the Landlord.

SECTION 7.02 - USE OF COMMON AREAS

Provided Tenant is not in default under this Lease, Tenant shall be entitled to use, in common with others entitled thereto, so much of the Common Areas as may be designated from time to time by the Landlord, subject, however to the terms and conditions of this Lease and to such rules and regulations for the use thereof as may be prescribed from time to time by Condominium Association.

SECTION 7.03 - CHANGES AND ALTERATIONS OF COMMON AREAS

The Landlord reserves the rights, at any time and from time to time to increase or decrease the size of and to alter the configuration of the Common Areas. In the event of any such change or alteration, Landlord shall not be liable to Tenant therefore, and Tenant shall not be entitled to any compensation or diminution or abatement of Monthly Rent, nor shall such diminution or alteration of the Common Areas be considered a constructive or actual eviction.

ARTICLE 8 INSURANCE AND INDEMNITY

SECTION 8.01 - INSURANCE ON THE BUILDING SHELL AND CERTAIN IMPROVEMENTS

During the Term of this Lease and any extensions or renewals thereof, the Landlord shall maintain property and casualty insurance on the Unit and on so much of the upfit and additional real and personal property improvements and appurtenances thereto as shall be installed by or at the expense of Landlord and constitute the property of Landlord. Such insurance shall be maintained in an amount, not to exceed the replacement cost thereof, and shall provide fire and extended peril coverage and coverage against such further and additional perils, and loss of rents coverage, shall from time to time determine in its sole discretion to be appropriate.

All charges for insurance on real estate are included in the Base Rent.
~~Tenant shall throughout the Lease Term pay to Landlord, as additional rent, an amount equal to Tenant's pro rata share of the premium(s) and other costs for or related to securing, maintaining and evaluating such insurance(s). Commencing with the Commencement Date and upon the first day of each calendar month thereafter during the Lease Term, Tenant shall pay to Landlord on account of Tenant's prorata share of insurance an amount equal to one-twelfth (1/12th) of the Insurance Contribution Charge multiplied by the number of Gross Leasable Square Feet in the Demised Premises. Each payment shall be paid in advance with the payment of Minimum Monthly Rent. The amount of each Insurance Contribution Charge may be adjusted by Landlord from time to time based upon the amounts of insurance premiums determined to be due for the Lease Year and the amount allocated to each month shall be one twelfth (1/12th) of the total for each year.~~

~~Within ninety (90) days following the end of each Lease Year during the term hereof, Landlord shall furnish to Tenant a statement setting forth Tenant's prorata share of such insurance charges. If the actual amount of Tenant's prorata share of insurance premiums is less than the total amount theretofore paid by Tenant, the excess shall be credited against any and all sums due by Tenant to Landlord. If the actual amount of Tenant's prorata share of insurance premiums shall exceed the total amount theretofore paid by Tenant, Tenant shall pay to Landlord, within~~

thirty (30) days following receipt of Landlord's statement, the total amount shown as due thereon.

In the event either of the policy periods which include the commencement Date or the final date of the Lease Term also include a period of coverage which extends beyond the Lease Term, the charge to Tenant for such insurance shall be prorated by Landlord in its reasonable discretion so that the amount allocated to Tenant for the insurance during the first and last years of the Lease Term fairly reflects the cost of insurance during the Lease Term.

SECTION 8.02 - TENANT'S PUBLIC LIABILITY INSURANCE.

Tenant shall, at all times during the Term hereof, at its sole cost and expense, procure and maintain in force and effect a policy or policies of comprehensive public liability insurance issued by a company or companies which companies must be authorized to transact business in North Carolina. Such policy or policies shall insure, under valid and enforceable policies against loss, damage or liability for injury to or death of persons and loss or damage to property occurring from any cause whatsoever in, upon or about the Demised Premises including any adjoining sidewalks, passageways, parking areas, driveways and other Common Areas. Such policies of liability insurance shall name Landlord and its designated property manager as an additional insured and shall be in amounts and afford coverage against perils all as is reasonably required from time to time by Landlord. Coverage shall initially in the single limit amount of ONE MILLION DOLLARS (\$1,000,000.00).

SECTION 8.03 - INSURANCE RATING.

Tenant will not conduct or permit to be conducted any activity, will not place any equipment or materials in or about the Demised Premises, and will not take nor allow its employees, agents, or invitees to take any action which will, in any way, violate any requirement of Landlord's insurance policies or which will increase the rate of property, casualty, liability or other insurance on the Demised Premises or on the Unit or their operation, or which makes any property, casualty, liability or other insurance unavailable to Landlord from companies acceptable to the Landlord. However, in the event the Tenant shall take any such action then, in addition to any other rights pursuant to this Lease, the Landlord may require the Tenant, upon demand, to separately pay or reimburse to Landlord the amount of any increased insurance premiums attributable to such action which are in excess of those charged at the commencement of the Term resulting from such activity.

SECTION 8.04 - POLICIES OR CERTIFICATES OF INSURANCE.

Tenant will furnish the Landlord prior to the delivery of the Demised Premises to Tenant, and thereafter not fewer than thirty (30) days prior to the expiration date of any expiring policies, certified copies of policies or certificates of insurance bearing notations evidencing the payment of premiums and evidencing the insurance coverage required to be carried by Tenant. Each policy and certificate shall contain an endorsement or provision requiring not fewer than thirty (30) days written notice to Landlord prior to the cancellation, diminution in the perils insured against or reduction of the amount of coverage of the particular policy in question.

SECTION 8.05 - INSURANCE OF TENANT'S PROPERTY.

Tenant hereby acknowledges and agrees that it will secure and maintain insurance upon its fixtures, trade fixture, personal property, storefront glass of the Demised Premises and any and all other property of the Tenant or of any third parties

which may from time to time be stored or maintained in the Demised Premises. Such insurance shall be maintained in such amounts as shall be necessary to cover the replacement cost thereof.

All such policies shall include a waiver of subrogation of any and all claims against the Landlord. The Tenant hereby confirms and agrees that it will look solely to its insurance policies for recovery of any loss for any such property and further confirms and agrees that in no event will it make any claim against the Landlord for any loss to any such property and that it will indemnify and hold the Landlord harmless from and against any claim arising out of its failure to maintain such insurance.

SECTION 8.06 - WAIVER OF SUBROGATION.

Landlord hereby releases Tenant, but only to the extent of Landlord's insurance coverage, from any liability for loss or damage caused by fire or any of the extended coverage perils included in Landlord's insurance policies covering the Demised Premises even if the insured peril shall be brought about by the default, negligence or other action of the Tenant, its agents, employees or any of them; provided, this release shall be in effect only with respect to an insured loss and only so long as Landlord's policy applicable to such loss shall contain a clause to the effect that this release shall not affect the right of Landlord to recover under such policy. Landlord does not waive and hereby reserves the right to secure compensation from Tenant for any uninsured loss, any amounts not paid because of deductibles and other amounts not paid for any reason whatsoever.

Tenant hereby releases Landlord, but only to the extent of Tenant's insurance coverage, from any liability for loss or damage caused by fire or any of the extended coverage perils included in Tenant's insurance policies covering any property of Tenant stored at the Demised Premises even if the insured peril shall be brought about by the default, negligence or other action of the Landlord, its agents, employees or any of them; provided, this release shall be in effect only with respect to an insured loss and only so long as Tenant's policy applicable to such loss shall contain a clause to the effect that this release shall not affect the right of Tenant to recover under such policy. Tenant does not waive and hereby reserves the right to secure compensation from Landlord for any uninsured loss, any amounts not paid because of deductibles and other amounts not paid for any reason whatsoever.

SECTION 8.07 INDEMNIFICATION.

Tenant will indemnify and hold the Landlord harmless from any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury, or damage to property arising from or out of any occurrence in, upon or at the Demised Premises, or out of the occupancy or use by Tenant of the Demised Premises or any part thereof, or occasioned wholly or in part by an act or omission of Tenant, its subtenants, concessionaires, agents, servants, contractors, employees, invitees, or licensees, or any one or more of them, including reasonable attorney's fees, incurred by or accrued as an expense of Landlord in defending any such claim or action.

ARTICLE 9

REAL ESTATE TAXES AND ASSESSMENTS

SECTION 9.01 OBLIGATION TO PAY TAXES.

Landlord shall pay when due all real estate taxes and assessments of any kind or nature which are now or may hereafter be imposed upon the Demised Premises and Unit 1 of the O'Hanlon Building. Tenant shall pay when due all taxes and

assessments of any kind or nature imposed or assessed upon all improvements installed by Tenants, including all fixtures, equipment, merchandise or other property or improvements brought into the Demised Premises by or for Tenant.

SECTION 9.02 TENANT'S PRO RATA SHARE OF REAL ESTATE TAXES.

~~Beginning with the Commencement Date and thereafter for all periods during the Lease Term, Tenant shall pay to Landlord as additional rent an amount equal to Tenant's pro rata share of all real estate taxes, assessments, and similar charges both general and special, levied, imposed or assessed against Unit 1 of the O'Hanlon Building, including any and all improvements which might be in existence at this time and any and all improvements added or made at a later date. Tenant's pro rata share is defined as the product of (i) the total amount of real estate taxes, assessments and similar items (including, without limitation, extraordinary assessments, public utility, school zone and poll taxes) assessed against Unit 1 of the O'Hanlon Building and (ii) sixty (60%) percent. Tenant's pro rata share of all such items shall be prorated on a per diem (30-day month) basis in the event the Commencement Date is other than the first day of a calendar month.~~

~~Commencing with the Commencement Date and upon the first day of each calendar month thereafter during the Lease Term, Tenant shall pay to Landlord on account of Tenant's pro rata share of real estate taxes an amount equal to one-twelfth (1/12th) of the Tax Contribution Charge multiplied by the number of Gross Leasable Square Feet in the Demised Premises. Each payment shall be paid in advance with the payment of Minimum Monthly Rent. The amount of each monthly installment may be adjusted by Landlord from time to time based upon the real estate taxes determined to be due for the current tax year and the amount allocated to each month shall be 1/12th of the total for each year.~~

~~By the end of each calendar year during the term hereof, and for the calendar year end immediately following the end of the Lease Term, Landlord shall furnish to Tenant a statement setting forth Tenant's pro rata share of such real estate charges. If the actual amount of Tenant's pro rata share of real estate taxes is less than the total amount theretofore paid by Tenant, the excess shall be refunded to Tenant in full within thirty (30) days, or at the end of the Term after all obligations of Tenant to Landlord have been satisfied in full, refunded to Tenant. If the actual amount of Tenant's pro rata share of real estate taxes shall exceed the total amount theretofore paid by Tenant, Tenant shall pay to Landlord, within thirty (30) days following receipt of Landlord's statement, the total amount shown as due thereon.~~

~~In the event that any tax or assessment other than real estate, public utility, school zone or poll tax is ever levied against the Demised Premises, the payment of any additional taxes or assessments, such as a rent tax or other tax shall be the sole responsibility of Tenant. The Tenant shall pay the same as further additional rent (before any fine, penalty, interest or costs may be added thereto for the nonpayment thereof) and shall pay as additional rent any tax that may be levied, assessed or imposed upon the rent reserved hereunder by any governmental authority acting under any present or future law.~~

~~All property of Real Estate taxes are to be paid by the Landlord which conclude is 15th Base Rent~~

SECTION 9.03 ADJUSTMENT OF TAXES.

An equitable adjustment shall be made in the event of any change in the method or system of taxation from that which is now applicable, including the dates and periods from which such taxes are levied, or otherwise. When the applicable tax bill is not reasonably ascertainable prior to the end of the term hereof, then the adjustment shall be made, tentatively on the basis of the last year's taxes, and the amount due shall be treated as an addition to the Minimum Rental for the last

month of the term of this lease; and final adjustment shall be made between the Landlord and the Tenant promptly after the Landlord shall have received the tax bill for such period.

ARTICLE 10 LANDLORD'S RESERVED RIGHTS

SECTION 10.01 - ALTERATIONS AND ADDITIONS TO BUILDINGS AND SITE

Landlord hereby reserves the right at any time and from time to time to make alterations or additions to, and build additions on the Unit in which the Demised Premises are contained and to build adjoining the same, and to install, maintain, use and repair and replace pipes, ducts, conduits and wires leading through the Demised Premises in locations serving other parts of the Unit which will not materially interfere with Tenant's use of the Demised Premises. Landlord also reserves the right to construct other buildings or improvements from time to time and to make alterations thereof or additions thereto and to build additional stories on any such Unit or buildings and to build adjoining same and to construct such parking facilities as may be necessary or desirable.

It is understood and agreed that the description of the Demised Premises and the location of the Demised Premises in the Unit hereof shall be subject to such changes as may be certified by Landlord's architect as necessary for engineering or architectural purposes for the construction of the improvements to be constructed thereon, so long as such changes do not materially change the Demised Premises or adversely affect access to the Demised Premises. Any such changes so certified shall not invalidate this Lease and the description and location of the Demised Premises shall be deemed to have been expressly modified and amended herein in accordance with such changes.

SECTION 10.02 - ACCESS TO DEMISED PREMISES.

Landlord shall have the right, either itself or through its authorized agents, to enter the Demised Premises at all reasonable times to examine the same, to show them to prospective Tenants for other spaces in the Unit (or for the Demised Premises, to allow inspection by mortgagees, and to make such repairs, alterations or changes as Landlord deems necessary. Tenant, its agents, employees, invitees, and guests, shall have the right of ingress and egress to common and public areas of the Unit, provided Landlord by reasonable regulation may control such access for the comfort, convenience and protection of all Tenants in the Unit.

SECTION 10.03 - LANDLORD'S PERFORMANCE OF TENANT'S OBLIGATIONS.

In the event the Tenant shall fail to discharge any duties and obligations hereunder imposed upon Tenant, the Landlord shall have the right, but not the obligation, to perform such duties or obligations and, in such event, the Landlord and its agents shall be entitled to receive as reimbursement from the Tenant, upon demand, an amount equal to One Hundred Twenty Percent (120%) of the total of all costs and expenses. Any such reimbursement and charge shall constitute Additional Rents hereunder.

ARTICLE 11 FINANCING AND REFINANCING

SECTION 11.01 - SUBORDINATION - ATTORNMENT.

This Lease shall be deemed subject and subordinate to any mortgage which may heretofore or hereafter be executed by Landlord covering the Unit and land

upon which the Unit is located, and to all renewals, modifications or extensions thereof. The Landlord's interest in this Lease may be assigned as security for any financing now or hereafter required by Landlord. In the event any proceedings are brought or notice given by any assignee for foreclosure of any mortgage on the Unit or for the exercise of any rights pursuant to any mortgage or assignment, Tenant will attorn to the mortgagee, assignee or purchaser at a foreclosure sale as the case may be and will recognize such assignee, mortgagee or purchaser as Landlord, providing such assignee, mortgagee or purchaser agrees not to disturb Tenant's possession so long as Tenant is not in default under the terms of this Lease.

SECTION 11.02 - CERTIFICATIONS, ESTOPPEL CERTIFICATES.

Tenant shall execute at Landlord's request, and within five (5) days thereof, instruments evidencing the subordinate position of this Lease, and as often as requested shall sign estoppel certificates setting forth the date it accepted possession, that it occupies the Demised Premises, the termination date of its Lease, and date of which rent has been paid and the amount of monthly rent in effect as of such certification, whether or not it has any defense or offset to the enforcement of the Lease, any knowledge it has of any default or breach by Landlord, that the Lease is in full force and effect except as to modifications, agreements or amendments thereto, copies of each of which shall be attached to the certificate, and such other matters as Landlord or any lender may reasonably request.

SECTION 11.03 - CERTAIN CHANGES FOR FINANCING

If Landlord seeks a loan on the Demised Premises or any property which includes the Demised Premises, and the proposed mortgagee requires as a condition of making the loan that this Lease be modified, Tenant agrees to enter into such modification agreement providing that the same does not increase the charges to Tenant, does not vary the area demised, does not change the Term of Tenant's Lease and does not materially increase or vary Tenant's obligations, duties or covenants under this Lease.

ARTICLE 12 DESTRUCTION OR CONDEMNATION

SECTION 12.01 - DESTRUCTION OF PREMISES.

If the Demised Premises are totally destroyed by fire or other casualty not resulting from the wrongful or negligent act of Tenant, either Landlord or Tenant may by written notice given not later than thirty (30) days after the date of such total destruction, terminate this Lease, in which event rent paid for the period beyond the date of destruction shall be refunded to Tenant. If there is not total destruction and Tenant reasonably is required to close operation during repairs, rent shall abate while so closed, but if Tenant is able to continue its operations during repairs, rent shall be adjusted and prorated in the proportion which the area of unusable leased space bears to the total Demised Premises, providing that Landlord shall not in such case have any liability for losses claimed by Tenant. However, if the damages are such that Landlord concludes that restoration cannot be completed within one hundred fifty (150) days, Landlord may at its option terminate this Lease. If the Demised Premises are damaged by cause due to fault or neglect of Tenant, its agents, employees, invitees, or licensees, there shall be no apportionment or abatement of rent.

SECTION 12.02 - CONDEMNATION.

If the whole or as much as twenty (20%) per cent of the Demised Premises is taken by any governmental agency or corporation vested with the right of exercise of

eminent domain, whether such taking be effected by Court action or by settlement with the agency exercising or threatening to exercise such power and if the property so taken renders the remainder of said property unfit for the use thereof by Tenant, then Tenant shall have the option to terminate this Lease, which option must be exercised within sixty (60) days of such taking. If the Tenant shall not elect to terminate, or if the taking does not interfere with Tenant's use of the Demised Premises to the extent Tenant does not have an option to terminate, there shall be an adjustment of the annual rental reflecting on a pro-rata basis any reduction in Tenant's leased space.

ARTICLE 13 DEFAULT BY TENANT AND REMEDIES

SECTION 13.01 - EVENTS OF DEFAULT

For purposes of this Lease, the occurrence of any one or more of the following shall constitute an "Event of Default" hereunder:

- (a) Tenant fails to pay any Monthly Minimum Rent, Adjusted Monthly Minimum Rent, Additional Rents or other monetary payments as and when provided in this lease; or
- (b) Tenant breaches any other agreement or obligation herein set forth and shall fail to cure such breach within ten (10) days after written notice;
- (c) The commencement in any court or tribunal of any proceeding, voluntary or involuntary, to declare Tenant insolvent or unable to pay its debts as and when due;
- (d) The assignment by Tenant of all or any part of its property or assets for the benefit of creditors;
- (e) The levy or execution, attachment, or taking of property, assets, or the leasehold interest of Tenant by process of law or otherwise in satisfaction of any judgment, debt, or claim;
- (f) Tenant files any petition or action for relief under any creditor's law (including bankruptcy, reorganization, or similar actions), either in state or federal court;
- (g) Tenant has filed against it any petition or action for relief under any creditor's law (including bankruptcy, reorganization, or similar actions), either in state or federal court; which is not dismissed within sixty (60) days)

Upon the occurrence of any Event of Default Landlord shall be entitled by written notice to the Tenant to either (i) terminate the Term hereof or (ii) to terminate Tenant's right to possession or occupancy only, without terminating the Term of this Lease. Unless the Term is specifically terminated by notice in writing, it shall be assumed that the Landlord has elected to terminate possession only, without terminating the Term.

The remedies of terminating the Term or of terminating possession shall be in addition to and not in limitation of any rights otherwise available to the Landlord and the exercise of any rights on default shall not preclude the exercise of any other rights available to the Landlord at law or in equity.

SECTION 13.02 - LANDLORDS RIGHTS ON TERMINATION OF TERM OR POSSESSION

Upon any termination of the Term hereof, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession or occupancy only, without terminating the Term hereof, Tenant shall surrender possession and vacate the Demised Premises and shall deliver possession thereof to the Landlord; and Tenant hereby grants to Landlord full and free license to enter into and upon the Demised Premises in such event and with or without process of law to repossess the Demised Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying the Demised Premises and to remove therefrom any and all property, using for such purpose such force as may be necessary without being guilty of or liable for trespass, eviction or forcible entry or detainer and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law. Except as otherwise expressly provided in this Lease, Tenant hereby expressly waives the service and demand for payment of rent or for possession of the Demised Premises or to re-enter the Demised Premises, including any and every form of demand and notice prescribed by any statute or any other law.

If Landlord elects to terminate Tenant's right to possession only as above provided, without terminating the Term hereof, Landlord at its option may enter into the Demised Premises, remove Tenant's property and other evidences of tenancy and take and hold possession thereof without such entry and possession terminating the term hereof and without releasing Tenant from its obligation to pay rents herein reserved for the full term hereof. Upon and after entry into possession without terminating such obligations, Landlord shall be obligated to, relet the Demised Premises, or any part for the account of Tenant to any person, firm or corporation other than Tenant for such rent, for such time, and upon such terms as Landlord in its sole discretion shall determine. If any rent collected by Landlord upon any such reletting for Tenant's account is not sufficient to pay monthly the full amount of the rent herein reserved, (including Monthly Minimum Rents, Additional Rents, and other charges), and not theretofore paid by Tenant, together with the costs of any repairs, alterations, or redecoration necessary for such reletting, Tenant shall pay to Landlord the amount of each monthly deficiency upon demand, and if the rent so collected from such reletting is more than enough to pay the full amount of the rents reserved hereunder and all of the aforementioned costs, Landlord shall be entitled to retain such excess. Notwithstanding any termination of the right to possession without termination of the Term, the Landlord expressly reserves the right, at any time after the termination of possession, to terminate the Term of this Lease by notice of such termination to Tenant.

ARTICLE 14 MISCELLANEOUS PROVISIONS

SECTION 14.01 ASSIGNMENT OF LEASE - SUBLEASE

Tenant agrees not to assign, mortgage, pledge, hypothecate or encumber this Lease in whole or in part, or sublet the whole or any part of the Demised Premises without first obtaining the written consent of the Landlord, which consent may be granted or withheld in the sole and absolute discretion of the Landlord. Tenant specifically acknowledges and agrees that Landlord may require, as a condition to such consent, that all payments by any assignee or subtenant be made directly to Landlord. The consent by Landlord to any one such assignment, sublease, mortgage, pledge, hypothecation or encumbrance shall not be deemed to be a consent to any further assignment, sublease, mortgage, pledge, hypothecation or encumbrance. Tenant agrees

that in the event of any such assignment or subletting made with the written consent of Landlord as aforesaid, Tenant shall nevertheless remain primarily liable for the performance of all the terms, conditions and covenants of the Lease. Any transfer of this Lease from Tenant by merger, consolidation, liquidation or otherwise by operation of law shall constitute an assignment for the purpose of this Lease and shall require the written consent of the Landlord. Tenant shall not permit any business to be operated in or from more than ten percent (10%) of the sales floor area of the Demised Premises by any concessionaire or licensee without the prior written consent of the Landlord. In the event that Tenant shall seek Landlord's consent to assign this lease or sublet the Demised Premises, or any part thereof, Tenant shall provide to Landlord the name, address and financial statement of the proposed assignee or subtenant and such other information as Landlord may require.

Subsequent to any such assignment or subletting, Landlord may exercise against assignee or subtenant of Tenant all of the rights and remedies herein provided upon default, but Tenant shall remain liable, jointly and severally with any assignee or subtenant for the performance of all the covenants, conditions and agreements of this Lease, including, but not limited to, the payment to Landlord of all payments due or to become due to Landlord hereunder.

SECTION 14.02 - QUIET ENJOYMENT.

If Tenant promptly and punctually complies with each of its obligations hereunder, it shall peacefully have and enjoy the possession of the Demised Premises during the Term hereof, providing that no action of Landlord in work in other space in the Unit, or in repairing or restoring the leased space, shall be deemed a breach of this covenant, or give Tenant any right to modify this Lease either as to Term, rent payable, or other obligations to perform. However, Landlord shall not be responsible or liable to Tenant for injury or damage resulting from acts or omissions of persons occupying property adjacent to the Demised Premises or any part of the Unit in which the Demised Premises are a part, or for injury or damage resulting to Tenant or its property from bursting, stoppage or leaking of water, gas, sewer or steam pipes, except where such loss or damage arises from the willful misconduct of Landlord.

SECTION 14.03 - NOTICES.

Any notices which Landlord or Tenant is required or desires to give to the other shall be deemed sufficiently given or rendered if, in writing, delivered personally, or sent by certified or registered mail, postage prepaid, to the address listed after the respective signatures on the last page of this Lease. Any notice given herein shall be deemed delivered when the return receipt therefore is signed, or refusal to accept the mailing by the addressee is noted thereon by the postal authorities.

SECTION 14.04 - LIABILITY OF LANDLORD.

In the event Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed, Tenant covenants and agrees to look solely to Landlord's estate and interest in the Demised Premises and the Unit in which the Demised Premises are located for any recovery of money judgment from Landlord from and after the date of this Lease Agreement. In no event is Landlord, or an individual member, shareholder or partner thereof, or any successor in interest thereof, ever to be personally liable for any such judgment.

SECTION 14.05 - SALE BY LANDLORD

The Landlord may at any time assign or transfer its interest as Landlord or may sell or transfer its interest in the property of which the Demised Premises is a part. The term Landlord as used in this Lease so far as the covenants and obligations on

the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners of the Demised Premises at the time in question and in the event of any transfer or conveyance of the Landlord's title to such property, other than by an assignment for security only, the grantee shall automatically be substituted and the grantor shall automatically be released from any and all liability arising with respect to the performance of any covenants or obligations after the effective date of any such sale.

SECTION 14.06 - GENERAL RULES FOR INTERPRETING THIS LEASE.

Headings of paragraphs are for convenience only and shall not be considered in construing the meaning of the contents of such paragraph.

The acceptance of rentals and other payments by Landlord for any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept and observed by Tenant shall not be deemed a waiver of any rights on the part of the Landlord to terminate this Lease for any other failure or for the continued failure by Tenant to so perform, keep or observe its covenants, terms and conditions to be kept, performed and observed by it. No waiver by Landlord of any of the terms or conditions of this Lease shall be construed as a waiver by Landlord of any subsequent default on the part of Tenant.

The invalidity of any provision of this Lease shall not have any effect on the balance hereof.

Should Landlord or Tenant institute any legal proceedings against the other for breach of any provision herein contained, and prevail in such action, the non-prevailing party shall in addition be liable for the reasonable costs and expenses of the prevailing party, including its reasonable attorney's fees.

This agreement shall be binding upon the respective parties hereto, and upon their heirs, executors, successors and assigns.

This Lease Agreement is executed with the express intent and understanding that it shall supersede any and all prior discussions and or agreements between the parties hereto, it being understood and agreed that this Lease Agreement contains the entire understanding and agreement concerning the lease of the Demised Premises described herein.

Changes and amendments to this lease shall be in writing signed by the party affected by such change or amendment.

This Lease may not be recorded without Landlord's prior consent, but Tenant agrees on request of Landlord to execute a memorandum hereof for recording purposes.

The singular shall include the plural, and the masculine or neuter includes the other.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease in duplicate originals, all as of the day and year first above written.

LANDLORD:

ADARON FOURTH STREET, INC.
a North Carolina Corporation

BY

John A. Englert
John A. Englert

ADDRESS FOR LANDLORD FOR NOTICES UNDER LEASE:

Adaron Fourth Street, Inc.
c/o Adaron Group, Inc.
Post Office Box 12060
Research Triangle Park, NC 27709

TENANT:

ASEEL, INC., dba PIZZA ITALIA
a North Carolina Corporation

BY

Sam Sayed
Sam Sayed

ABDEL M. OTHMAN

ADDRESS FOR TENANT FOR NOTICES UNDER THIS LEASE:

411 WEST FOURTH STREET
WINSTON-SALEM, NC 27101

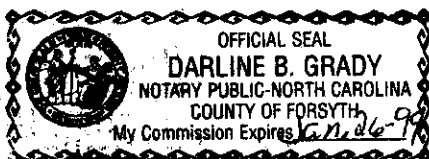
OFFICIAL SEAL

INDIVIDUAL ACKNOWLEDGMENT

STATE OF NORTH CAROLINA Forsyth COUNTY (← Name of State and County where ack. or proof was taken)

I, Darline B. Grady, a Notary Public of Forsyth County, North Carolina,
(↑ Name of Officer) (↑ Name of County and State where Notary qualified)

do certify that ABDEL M. OTHMAN
the maker, personally appeared before me this day and acknowledged the due execution of the
foregoing instrument. Witness my hand and notarial seal this 20 day of Dec 19 96



(← NOTARY'S SEAL)

(↑ Signature of Officer)

Notary Public

My Commission expires January 26, 1999

STATE OF NC - FORSYTH CO

The foregoing certificate(s) of:

Darline B. Grady

NP(s)

is/are certified to be correct at the date of recordation shown on the first page thereof.

Dickie C. Wood, Register of Deeds by: DW

Deputy/Asst