

EXHIBIT P-2

AGREEMENT OF SUB LEASE FOR THE SECOND FLOOR OF THE EASTERN GATEWAY HOTEL BUILDING, MAJURO ATOLL, REPUBLIC OF THE MARSHALL ISLANDS

This AGREEMENT("agreement") OF SUB-LEASE is made and entered into this 14th April, 2001, by and between Leander Leander & Lijun Leander (herein referred to as the "Lessee"), and the Nauru Local Government Council (herein referred to as the "Lessor").

RECITALS

In consideration of the covenants and mutual promises contained in this agreement, the parties hereto agree as follows

Section 1. **Demise, Description, and Use of Property.** The lessors transfer to lessee, and lessee hires from lessors all of lessors interests in the property, together with all right-of-ways, easements, more particularly described in the Descriptions of the Premises set forth in Exhibit "A". As used in this agreement, the term "premises" refers to the interior of the second floor & cocktail & bar area located in the middle of the left and right stairways, of the property commonly known as the Eastern Gateway Hotel Building constructed by and belonging to the Nauru Local Government Council.

The Tenant acknowledge that the premises thereon have been constructed by the Nauru Council and it belongs to the Nauru Council.

Section 2. **Term**


(a) The term of this agreement shall be for ten (10) years commencing on 1st May 2001, and ending on 30th April 2011.

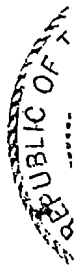
Section 3. **Payment**

- (a) During the first (1st) 5 year of this lease, lessee agrees to pay lessor rent of six thousand seven hundred & twenty (US \$6,720.00) dollars per each calender year. Commencing on the sixth, seventh, eighth, ninth and tenth year of this lease the rent shall increase by two hundred (US\$200.00) dollars per each calender year i.e. 6 years @ \$6920; 7 years @ \$7,120; 8 years @ \$7,320; 9years @\$7,520; 10years @\$7,720.
- (b) The initial payment for the year being 1st May 2001, shall be paid upon the execution of this lease.

Section 4. **Warranties of title and Quiet Possession.**

- (a) Nauru Council warrant that the lessee shall be granted peaceable and quiet enjoyment of the premises free from eviction or interference by the Nauru Council, or other persons, if the Tenant

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pays the rent and other charges provided herein, and otherwise performs pursuant to the terms and conditions imposed upon it by this lease.

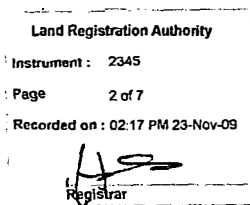
- (b) Nauru Council warrants that they claim full legal ownership of the premises and that there is no other party interest to the premises. Nauru Council further warrant that it shall indemnify the lessee against all expenses, liabilities, and claims of every kind, and hold the lessee harmless if any person claims to be the proper holder in interest, adverse to the claim of the Nauru Council.

Section 5. Alteration, Additions, and Improvements.

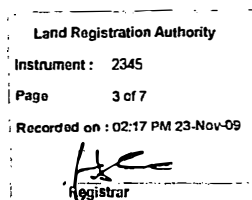
- (a) Lessee shall have the right, at its sole expense, to make such alterations, additions, add to, remodel, demolish or remove such alterations to the premises and other improvements that are on the premises. The parties recognize that the Nauru Council has already constructed the premises thereon and it belongs to the Nauru Council.
- (b) Lessee shall not have the right to fill or dredge the surrounding areas adjacent to or on the premises.
- (c) At the expiration or earlier termination of this lease, all alterations, additions, and improvements, appliances, fixtures, or other property remaining on the premises shall be the property of lessor, free and clear of any claims by or through lessee.

Section 6. Both parties stipulate that all moveable trade fixtures and all appurtenances furnished to the premises shall be in good working order and condition at the expiration of this lease.

7. **Utilities and Taxes.** Lessee may install any utility services on the premises that it desires. Lessee shall fully and promptly pay for all electricity, telephone service and other public utilities of every kind furnished to the premises throughout the term hereof, and all other costs and expenses, including taxes, which are due and owing by the lessee or in connection with the use, operation, and maintenance of the premises and all activities conducted thereon, and the Nauru Council shall have no responsibility of any kind for any thereof. Lessee shall have unrestricted use of all sources of water on the property. All current water facilities shall remain available to lessee for the duration of this lease, and any options thereon.



8. Insurance. During the term of this lease, lessee may obtain and maintain at its own expense any appropriate type and amount of insurance, including fire, casualty, and liability insurance. All such insurance provided by the lessee shall be carried in favor of the Nauru Council and the lessee as their respective interests may appear.
9. Maintenance of Premises. Lessee shall, at its sole expense, repair, replace, and maintain in a good, safe, and substantial condition, the premises and any improvements, additions, and alterations thereto, on or to the premises. Lessee shall use all reasonable precautions to prevent waste, damage, or injury to the premises.
10. Nuisance, Unlawful, or Dangerous Activity. Lessee shall not use or occupy the premises or any part thereof for any unlawful, disreputable, or ultrahazardous business purpose, nor operate or conduct its business in a manner constituting a nuisance of any kind.
11. Indemnity. Lessee shall indemnify the Nauru Council against all expenses, liabilities, and claims of every kind, including reasonable counsel fees, by or behalf of any person or entity arising out of either (i) a failure by the lessee to perform any of the terms or conditions of this lease, (ii) any injury or damage happening on or about the premises that was not the fault of the Nauru Council, (iii) failure of the lessee to comply with any laws of governmental authority, or (iv) any mechanic's lien or security interest filed against the premises or equipment, materials, or alterations of the premises or improvements thereon by virtue of an act or omission by the lessee (v) Lessee shall not be liable for any damages to or destruction of the external part of the building, nor required to restore, repair, or rebuild the same.
12. Lessee's Option to Terminate. At any time during the term of this lease, the lessee may elect, in its sole discretion and for any reason, to terminate this lease upon giving of ninety(90) days notice. Upon termination, lessee's liability hereunder shall cease and possession of the premises shall be restored to the Nauru Council as provided in paragraph 18.
13. Condemnation. The rights and duties of the parties in the event of condemnation are as follows:
- (a) If only a portion of the premises is taken or condemned, this lease shall not terminate, but the rent payable shall be reduced in proportion to the decrease in measurement suffered by the lessee. If the taking or condemnation results in the lessee being unable to use a majority of the premises thereon, the lessee may terminate this lease at its sole option.



(b) In the event of any taking or condemnation in whole or in part, any resulting award of consequential damages shall be equitably divided between the Nauru Council and the lessee on the basis of their respective interests.

14. Easements, Agreements, Encumbrances. The parties shall be bound by all existing easements, agreements. Lessee shall not encumber by mortgage, or deed of trust or assignment, or other instrument its interests in the premises as security for any indebtedness of lessee.

15. Right of Access to Premises.

(a) *By Lessee.* Lessee and its invitees shall have the right of access to the premises at all times.

(b) *By Nauru Council.* The Nauru Council or their agents may enter the premises upon 48 hours written notice (i) inspect the premises, or (ii) make repairs that the lessee neglects or refuses to make in accordance with the provisions of this lease, after reasonable notice as provided in paragraph 22 of this lease.

16. Liability of Nauru Council. Lessee shall be in exclusive control and possession of the premises, and the Nauru Council shall not be liable for any injury or damages to any property or person on the premises, nor for any injury or damage to any property of the lessee and its invitees except for acts of the Nauru Council or their successors in interest or of any person acting under their direction or control.

17. Sublease. Lessee may sublease all or a portion of the premises in whole or in part for a period not exceeding one (1) year. Upon two (2) days written notice by lessor, lessee shall provide copies of any sub-lease agreements by tenants occupying the premises.

18. Surrender of the Premises. At the expiration of the lease term, or on earlier termination or forfeiture of this lease, the lessee shall peacefully and quietly surrender and deliver the premises to the Nauru Council, including additions, and other improvements constructed or placed thereon by the lessee, including moveable trade fixtures and other appurtenances furnished to the premises.

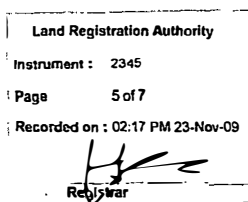
19. Default. Each of the following events shall constitute a default of this lease by the lessee.

(a) Lessee fails to pay the Nauru Council rent when due and fails to make the payment within seven (7) days thereafter; or

- (b) Lessee fails to perform or comply with any conditions of this lease, and (i) the nonperformance continues for a period of fifteen (15) days after notice thereof by the Nauru Council to the lessee, or (ii) lessee cannot reasonably complete performance within the fifteen (15) day period and fails to make a good-faith effort to commence performance within the fifteen (15) day period or fails to proceed diligently to complete his performance, or (iii) lessee vacates or abandons the premises.

20. Effect of Default.

- (a) *Cancellation Rights.* Upon default of the lessee as described in paragraph 19, the Nauru Council may cancel and terminate this lease, as well as the right, title, and interest of the lessee in this lease, by giving the lessee fifteen (15) days notice of the cancellation and termination. On expiration of the time fixed in the notice, this lease and the right, title, and interest of the lessee under this lease, shall terminate in the same manner and with the same force and effect, except as to the lessee's liability, as if the date fixed in the notice of cancellation and termination were the end of the term of this lease.
- (b) *Right to Make Payments.* Upon termination pursuant to paragraph 20(a), Nauru Council may elect, at its sole discretion, to make any payment required of the lessee pursuant to this lease or comply with any agreement, term, or condition required by this lease to be performed by the lessee. Nauru Council shall also have the right to enter the premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected, but any expenditure for the correction by the Nauru Council shall not be deemed to waive or release the default of the lessee or the right of the Nauru Council to take any action permissible under this lease in case of default.
- (c) *Right of Re-entry.* Upon termination pursuant to paragraph 20(a), and five (5) days additional notice in writing, unless the notice of cancellation and termination contains an express notice of intent to re-enter, the Nauru Council may re-enter the premises and remove the personal property and personnel of the lessee, and the Nauru Council may store the personal property at a place selected by the Nauru Council at the expense of the lessee. Without notice re-entry will not terminate the lease. On termination, the Nauru Council may recover from the lessee all damages proximately resulting from the breach, including the cost of recovering the premises, and the amount by which the rent due under this lease exceeds the actual current fair rental value of the premises for the remainder of



the lease term or two (2) months from the date of default, whichever period is shorter, which sum shall be immediately due to the Nauru Council from the lessee.

- (d) *Right to Re-let.* After re-entry, the Nauru Council may re-let the premises or any part thereof for any term without terminating the lease, at the rent and on such terms as the Nauru Council may choose. Nauru Council may make alterations and repairs to the premises.

21. Waiver. The failure of the Nauru Council to insist on a strict performance of any of the terms and conditions of this lease shall be deemed a waiver of the right or remedies that the Nauru Council may have regarding that specific instance only, and shall not be deemed a waiver of any subsequent breach or default in any terms and conditions.

22. Notice

- (a) All notices to be given with respect to this lease including notices of changes of address, designation of agents, and notice of succession of parties, shall be given in writing to the other party to this lease, at the mailing or residence address set forth in paragraph 22(b), according to the party's reference. Every notice shall be deemed to have been given at the time it is delivered at the recipient's address, or within five (5) days after it is mailed, if a party has designated use of the mail as the form of notice.

- (b) The following parties to this agreement elect to receive notice at the following mailing addresses:

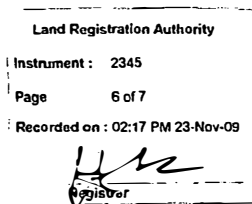
Nauru Council
Delap Village
Box 106
Majuro, MH 96960

Leander Leander & Lijun Leander
Delap Village
Box 1342
Majuro, MH 96960

23. Complete, Agreement, Amendment. This lease contains the entire agreement between the parties. It cannot be amended except by a written instrument subsequently executed by the parties.

24. Application of Lease to Successors. This lease, including all of its terms and conditions, shall apply to and is binding on the heirs, successors, assigns, and legal representatives of all parties.

25. Applicable Law. This lease shall be governed by and construed in accordance with the laws of the Republic of the Marshall Islands.



26. Severability. If any provision of this lease is held invalid, it shall not affect the other provisions of this lease and this lease shall remain in full force and effect without such provision.

27. Time is of the Essence. Time is of the essence in all provisions of this lease.

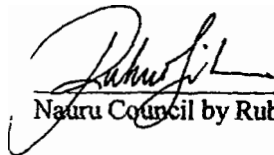
In witness whereof, the parties hereto have signed this **AGREEMENT OF SUB-LEASE** in 14th April, 2001, on the dates shown with respect to each of the signatures below.

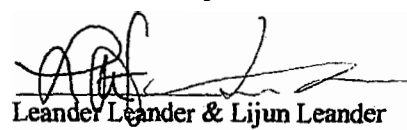
Nauru Council:

Lessee:

Dated: 14th April, 2001.

Dated: 14th April, 2001.


Nauru Council by Rubin Tsitsi


Leander Leander & Lijun Leander

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ASST. CLERK OF COURTS
REPUBLIC OF MARSHALL ISLANDS

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