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Received - DIANE L. BATTIATO
Register of Deeds, Douglas County, NE
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MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (this "Memorandum") is made and executed effective July 6, 2006, 2006, by and between Dunham Capital Management, L.L.C., a South Dakota limited liability company ("Landlord") and Granite City Food & Brewery, Ltd. ("Tenant").

FOR VALUABLE CONSIDERATION, Landlord leased to Tenant and Tenant leased from Landlord that certain real property (the "Property") in the City of Omaha, County of Douglas, State of Nebraska, and more particularly described in Exhibit A attached hereto and incorporated herein by reference, on the terms and conditions contained in that certain SubLease Agreement dated as of May 17, 2006 (the "Sublease").

The term of the Sublease (the "Term") is twenty (20) years. Landlord has granted to Tenant the option to purchase, at any time after the nineteenth anniversary of the Commencement Date and prior to the twentieth anniversary of the Commencement Date, all right, title and interest of Landlord in and to the Premises for the fair market value as defined in the Sublease.

Pursuant to the terms of the Sublease, Landlord granted to Tenant a right of first refusal (the "Right of First Refusal") and an Option to purchase all of Landlord's right, title and interest in the Property, which Right and Option shall exist throughout the Term of the Sublease.

This Memorandum is executed for the sole purpose of giving notice of the existence of the Sublease, and the Right of First Refusal granted therein, to all interested parties, and shall in no way modify or affect the terms of the Sublease or the obligations of the parties thereunder.

This Memorandum may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(Signature Page Follows)

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IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date first above written.

DUNHAM CAPITAL MANAGEMENT, L.L.C. GRANITE CITY FOOD & BREWERY, LTD.

By [Signature] Its Authorized Member By Steven J. Wagenheim Its President

STATE OF SOUTH DAKOTA) : SS
COUNTY OF MINNEHAHA)

On the 10th day of July, 2006, before me, the undersigned officer, personally appeared Donald A. Dunham, Jr., who acknowledged himself to be the Authorized Member of Dunham Capital Management, L.L.C., a limited liability company, and that as such Authorized Member, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the limited liability company by himself as Authorized Member.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.
Nancy J. Hughes
NOTARY PUBLIC SOUTH DAKOTA
Notary Public - South Dakota
My commission expires: 9/2/09

STATE OF Minnesota) : SS
COUNTY OF Hennepin)

On the 6th day of July, 2006, before me, the undersigned officer, personally appeared Steven Wagenheim, who acknowledged himself to be the CEO & President of Granite City Food & Brewery, Ltd., a corporation, and that as such Steven Wagenheim, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as CEO & President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.
Teri T. Moen
NOTARY PUBLIC - MINNESOTA
My Commission Expires Jan. 31, 2010
Notary Public -
My commission expires: 01/31/2010

EXHIBIT A
LEGAL DESCRIPTION

A legal description of a portion of Lot 2, Westroads Replat 2, an addition to the City of Omaha, located in the Southeast Quarter of Section 16, Township 15 North, Range 12 East of the Sixth Principal Meridian, Douglas County, Nebraska and more particularly described by metes and bounds as follows:

Referring to a found 1" pinched top pipe, being the North-Northeast Corner of Parcel C, Block 3, Westroads Addition, an addition to the City of Omaha, located in the Southeast Quarter of Section 16, Township 15 North, Range 12 East of the Sixth Principal Meridian, Douglas County, Nebraska and also said point is on the South Right-of-way Line of Nicholas Street; Thence S 89°48'31" W, (an assumed bearing) and on the North Line of Parcel C, Block 3 of said Westroads Addition and Lot 2, Westroads Replat 2, an addition to the City of Omaha, located in the Southeast Quarter of Section 16, Township 15 North, Range 12 East of the Sixth Principal Meridian, Douglas County, Nebraska or the South Right-of-way Line of said Nicholas Street, a distance of 1239.03 feet to a found chiseled 'x' in concrete, being the North-Northwest Corner of Lot 2 of said Westroads Replat 2 and also said point is the Point of Curvature; Thence S 15°49'26" W, a distance of 227.54 feet to a chiseled 'x' in concrete, being the POINT OF BEGINNING; Thence S 20°34'18" E, a distance of 178.20 feet to a chiseled 'x' in concrete; Thence S 69°25'42" W, a distance of 103.81 feet to a chiseled 'x' in concrete; Thence N 20°34'18" W, a distance of 178.20 feet to a chiseled 'x' in concrete; Thence N 69°25'42" E, a distance of 103.81 feet to the point of beginning and containing a calculated area of 18,500.00 square feet or 0.4247 acres, more or less.