

COMMERCIAL LEASE (GROSS/MODIFIED GROSS)

1. PARTIES **Ramesh and Rama Dronamraju**, with a mailing address of c/o Fishman Realty Group, 2 Cotton Street, Portland, ME 04102 ("LANDLORD"), hereby leases to **Percy Cycles, LLC**, with a mailing address of 80 Roberts Street, Portland, Maine 04102, ("TENANT"), and the TENANT hereby leases from LANDLORD the below-described leased premises.

2. LEASED PREMISES The leased premises ~~are~~ deemed to contain 1,440 square feet. The leased premises are located at 3 Deering Avenue, Portland, ME together with the right to use, in common with others entitled thereto, the hallways, stairways, and elevators, necessary for access to said leased premises, and lavatories nearest thereto. The leased premises are accepted "as is" condition except specifically set forth to the contrary in this lease.

3. TERM The term of this lease shall be for 3 Years unless sooner terminated as herein provided, commencing on June 1, 2006 and ending on May 31, 2009.

4. RENT TENANT shall pay to LANDLORD the following base rent:

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>Monthly Rent</u>
<u>1</u>	<u>\$15,000.00</u>	<u>\$1,250.00</u>
<u>2</u>	<u>\$17,400.00</u>	<u>\$1,450.00</u>
<u>3</u>	<u>\$19,800.00</u>	<u>\$1,650.00</u>

payable in advance in equal monthly installments on the first day of each month during the term of this Lease, said rent to be prorated for portions of a calendar month at the beginning or end of said term, all payments to be made to LANDLORD or such agent and at such place as LANDLORD shall from time to time in writing designate, the following being now designated c/o Alan M. Fishman, Fishman Realty Group, 2 Cotton Street. If TENANT does not pay base rent, supplement and additional rents, or other fees and charges when due pursuant to the term of this Lease, then LANDLORD, in its sole discretion, may charge, in addition to any other remedies it may have, a late charge for each month or part thereof that TENANT fails to pay the amount due after the due date. The late charge shall be equal to four percent (4%) of the amount due LANDLORD each month in addition to the rent then due. Notwithstanding anything to the contrary contained herein and provided that TENANT does not make a late payment more than one (1) time in any twelve (12) month period, LANDLORD agrees to provide five (5) days written notice to TENANT prior to charging any late charge.

5. RENEWAL OPTION
(fill in or delete)

N/A.

6. SECURITY DEPOSIT *(fill in)* Upon the execution of this Lease, TENANT shall pay to LANDLORD the amount of One thousand two hundred and fifty dollars (\$1,250.00), which shall be held as a security for TENANT'S performance as herein provided and refunded to TENANT without interest at the end of this Lease subject to TENANT'S satisfactory compliance with the conditions hereof.

7. Tax

A. TAX ESCALATION

If in any tax year commencing with the fiscal year 2007-2008, the real estate taxes on the land and buildings, of which the leased premises are a part, increase in any subsequent year by more than \$250.00 (using tax year 2006-2007 as the Base Year), if the leased premises is currently assessed at a value of \$174,900.00, TENANT will pay to LANDLORD as additional annual rent hereunder, 1/2 of the increase in excess of \$250.00 as additional annual rent. If the LANDLORD obtains an abatement of such excess real estate tax, a proportionate share of such abatement, less the reasonable fees and costs incurred in obtaining the same, if any, shall be refunded to the TENANT.

8. UTILITIES

TENANT shall pay, as they become due, all bills for electricity and other utilities (whether they are used for furnishing heat or other purposes) that are furnished to the leased premises and presently separately metered, all bills for fuel furnished to separate tank servicing the leased premises exclusively, and all charges for telephone and other communication systems used at and supplied to the leased premises. LANDLORD agrees to furnish water for ordinary drinking, cleaning, lavatory and toilet facilities and reasonable heat and air conditioning, if installed as part of the structure of the building, (except to the extent that the same are furnished through separately metered utilities or separate fuel tanks as set forth above) so as to maintain the leased premises and common areas of the building at comfortable levels during normal business hours on regular business days of the heating and air conditioning seasons of each year, to furnish elevator service, if installed as part of the structure of the building, and to light passageways and stairways during business hours, and to furnish such cleaning services as is customary in similar building in said city or town, all subject to interruption due to any accident, to the making of repairs, alterations or improvements, to labor difficulties, to trouble in obtaining fuel, electricity, service, or supplies from the sources from which they are usually obtained for said building, or to any cause beyond LANDLORD'S control.

LANDLORD shall have no obligation to provide utilities or equipment other than the utilities and equipment within the leased premises as of the commencement date of this Lease. In the event TENANT requires additional utilities or equipment, the installation and maintenance thereof shall be TENANT'S sole obligation, provided that such installation shall be subject to the written consent of LANDLORD.

9. USE OF LEASED PREMISES

TENANT shall use the leased premises only for the purpose of a bike shop, including bicycle repair, bicycle sales and sale, cycling accessories.

10. COMPLIANCE WITH LAWS

TENANT agrees to conform to the following provisions during the entire term of this Lease: (i) TENANT shall not injure, deface the leased premises or building; (ii) No auction sale, inflammable fluids, chemicals, nuisance, objectionable noise or odor shall be permitted on the leased premises; (iii) TENANT shall not permit the use of the leased premises for any purpose other than set forth herein or any use thereof which is improper, offensive, contrary to law or ordinance, or liable to invalidate or increase the premiums for any insurance on the building or its contents or liable to render necessary any alterations or additions to the building; and (iv) TENANT shall not obstruct in any manner any portion of the building not hereby demised or the sidewalks or approaches to said building or any inside or outside windows or doors. TENANT shall observe and comply with all reasonable rules and security regulations now or hereafter made by LANDLORD for the care and use of the leased premises, the building, its facilities and approaches. TENANT agrees to keep the leased premises equipped with safety appliances and make all accessibility alterations, improvements or installations to the building, and/or accommodations

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in TENANTS use thereof required by law or any public authority as a result of TENANT'S use or occupancy of the premises or TENANT'S alterations or additions thereto, which alterations, improvements and installations shall be subject to LANDLORD'S consent as provided in this Lease.

11. MAINTENANCE

A. TENANT'S OBLIGATIONS

TENANT acknowledges by entry thereupon that the leased premises are in good and satisfactory order, repair and condition and covenants during said term and further time as TENANT holds any part of said premises to keep the leased premises in good order, repair and condition as the same are in at the commencement of said term, or may be put in thereafter, damage by fire or unavoidable casualty and reasonable use and wear only excepted. Notwithstanding anything to the contrary herein, TENANT has leased ground floor space, TENANT covenants to keep all plate glass windows in good repair and condition and to carry adequate insurance to provide for the replacement of any such plate glass which is damaged or destroyed.

B. LANDLORD'S OBLIGATIONS

LANDLORD agrees to maintain and repair the roof, exterior walls and structure of the building of which the leased premises are a part in the same condition as they are at the commencement of the term or as it may be put in during the term of the lease, reasonable wear and tear, damage by fire and casualty, and damage by acts of God, excepted.

18. FIRE CASUALTY- EMINENT DOMAIN
Should a substantial portion of the leased premises, or of the property of which they are a part, be damaged by fire or other casualty, or be taken by eminent domain, LANDLORD or TENANT may elect to terminate this Lease. When such fire casualty, or taking renders the leased premises unfit for use and occupation and LANDLORD does not so elect to terminate this Lease, a just and proportionate abatement of rent shall be made until the leased premises, or in the case of a partial taking what may remain thereof, shall have been put in proper condition for use and occupation. LANDLORD reserves and except all rights to damages to the leased premises and building and the leasehold hereby created, accrued or subsequently accrued by reason of anything lawfully done in pursuance of any public, or other, authority; and by way of confirmation, TENANT grants to LANDLORD all TENANT'S rights to such damages and covenants to execute and deliver such further instrument of assignment thereof as LANDLORD may from time to time request. The terminating party shall give the other party notice of its decision to terminate this Lease or restore said premises within ninety (90) days after any Occurrence giving rise to LANDLORD'S right to so terminate or restore.
19. DEFAULT AND BANKRUPTCY
In the event that:
(a) The TENANT shall default in the payment of any installment of rent or other sum herein specified when due which default is not corrected within seven (7) days after written notice thereof; or
(b) The TENANT shall default in the observance or performance of any other of the TENANT'S covenants, agreements, obligations hereunder and such default shall not be corrected within ten (10) days, after written notice thereof, or if such covenant, agreement or obligation cannot be reasonably performed within 10 days, such time as may be reasonably required to cure such default provided that TENANT uses reasonable efforts to remedy the default; or
(c) The leasehold hereby created shall be taken on execution, or by other process of law; or
(d) Any assignment shall be made of TENANT'S property for the benefit of creditors, or a receiver, guardian, conservator, trustee in bankruptcy or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of TENANT'S property, or a petition is filed by TENANT under any bankruptcy, insolvency or other debtor relief law,
then and in any of said cases (notwithstanding any license of any former breach of covenant or waiver of the benefit hereof consent in a former instance), LANDLORD shall be entitled to all remedies available to LANDLORD at law and equity including without limitation, the remedy of forcible entry and detainer, and LANDLORD lawfully may, immediately or at any time thereafter, and without demand or notice, mail a notice of termination to the TENANT, or, if permitted by law, enter in and upon the leased premises or any part thereof in the name of the whole and repossess the same as of its former estate, and expel TENANT and those claiming through or under it and remove it or their effects without being deemed guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant, and upon such mailing or entry as aforesaid, this Lease shall terminate; and TENANT covenants and agrees, notwithstanding any entry or re-entry by LANDLORD, whether by summary proceedings, termination, or otherwise that TENANT shall, as of the date of such termination, immediately be liable for and pay to LANDLORD the entire unexpired rental and all other balances due under this Lease for the remainder of the term. In addition, TENANT agrees to pay LANDLORD, as damages for any above described breach, all costs of reletting the leased premises including real estate commissions and costs of renovating the premises to suit any new tenant.
20. NOTICE
Any notice from LANDLORD to TENANT relating to the leased premises or to the occupancy thereof, shall be deemed duly served, if left at the leased premises addressed to TENANT, or if mailed to the leased premises, registered or certified mail, return receipt requested, postage prepaid, addressed to TENANT. Any notice from TENANT to LANDLORD relating to the leased premises or to the occupancy thereof, shall be deemed duly served, if mailed to LANDLORD by registered or certified mail, return receipt requested, postage prepaid, addressed to LANDLORD at LANDLORD'S address set forth in Article 1, or at such other address as LANDLORD may from time to time advise in writing.
21. SURRENDER
TENANT shall at the expiration or other termination of this Lease peaceably yield up the leased premises and all additions, alterations and improvements thereto in good order, repair and condition, damage by fire, unavoidable casualty, and reasonable wear and tear only excepted, and excepting any items for which Tenant has obtained the written permission of LANDLORD to retain upon surrender, first moving all goods and effects not attached to the leased premises, repairing all damage caused by such removal, and leaving the leased premises clean and tenantable. If LANDLORD in writing permits TENANT to leave any such goods and chattels at the leased premises, and TENANT does so, TENANT shall have no further claims or rights in such goods and chattels as against LANDLORD or those claiming by, through or under LANDLORD.
22. HAZARDOUS MATERIALS
TENANT covenants and agrees that, with respect to any hazardous, toxic or special wastes, materials or substances including asbestos, waste oil and petroleum products (the "Hazardous Materials") which TENANT, its agents or employees, may use, handle, store or generate in the conduct of its business at the leased premises TENANT will: (i) comply with all applicable laws, ordinances and regulations which relate to the treatment, storage, transportation and handling of the Hazardous Materials (ii) that TENANT will in no event permit or cause any disposal of Hazardous Materials on, or about the leased premises and in particular will not deposit any Hazardous Materials in, on or about the floor or in any drainage system or the trash containers which are customarily used for the disposal of solid waste; (iii) that TENANT will with advance notice and at all reasonable times permit LANDLORD or its agents or employees to enter the leased premises to inspect the same for compliance with the terms of this paragraph and will further provide upon five (5) days notice from LANDLORD copies of all records which TENANT may be obligated by federal, state or local law to obtain and keep; (iv) that upon termination of this Lease, TENANT will at its expense, remove all Hazardous Materials from the leased premises which came to exist on, in or under the leased premises during the term of this Lease or any extensions thereof and comply with applicable state, local and federal laws as the same may be amended from time to time; and (v) TENANT further agrees to deliver the leased premises to LANDLORD at the termination of this Lease free of all Hazardous Materials which came to exist on, in or under the leased premises during the term of this Lease or any extensions thereof. The terms used in this paragraph shall include, without limitation, all substances, materials, etc., designated by such terms under any laws, ordinances or regulations, whether federal, state or local. LANDLORD will indemnify and hold harmless TENANT for the cost and expenses associated with the abatement, remediation and/or removal of any pre-existing Hazardous Materials. Upon discovery of pre-existing Hazardous Materials, base rent, supplemental and additional rents, or other fees and charges due pursuant to the term of this Lease shall abate until such time as the leased premises is inspected and certified to not be in violation of any federal, state or local law or regulations regarding Hazardous Materials. Rent will abate only to the extent TENANT will be unable to use the leased premises for its business.
23. LIMITATION OF LIABILITY
TENANT agrees to look solely to LANDLORD'S interest in the building for recovery of any judgment from LANDLORD being agreed that LANDLORD is not personally liable for any such judgment. The provisions contained in the foregoing sentence shall not limit any right that TENANT might otherwise have to obtain an injunctive relief against LANDLORD

LANDLORD'S successors in interest, or any other action not involving the personal liability of LANDLORD.

24. LANDLORD DEFAULT
LANDLORD shall in no event be in default in the performance of any of its obligations hereunder unless and unless LANDLORD shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonable required to correct any such default after notice by TENANT to LANDLORD properly specifying wherein LANDLORD has failed to perform any such obligation. Further, if the holder of the mortgage on the building of which the leased premises is a part notifies TENANT that such holder has taken over LANDLORD'S rights under this Lease, TENANT shall not assert a right to deduct the cost of repairs or any monetary claim against LANDLORD from rent thereafter due and accruing, but shall look solely to LANDLORD for satisfaction of such claim.
25. WAIVER OF RIGHTS
No consent or waiver, express or implied, by either party to or of any breach of any covenant, condition or duty of the other shall be construed as a consent or waiver to or of any other breach of the same or other condition or duty.
26. SUCCESSORS AND ASSIGNS
The covenants and agreements of LANDLORD and TENANT shall run with the land and be binding upon and inure to the benefit of them and their respective heirs, executors, administrators, successors and assigns, but no covenant or agreement of LANDLORD, express or implied, shall be binding upon any person except for defaults occurring during such person's period of ownership nor binding individually upon any fiduciary, any shareholder or any beneficiary under any trust.
27. HOLDOVER
If TENANT fails to vacate the leased premises at the termination of this Lease, then all of the terms of this Lease shall be applicable during said holdover period, except for base rent, which shall be increased to one and one quarter (1.25) times the then-current base rent for the period just preceding such termination; but this provision shall not be interpreted as consent or permission by LANDLORD for TENANT to holdover at the termination of this Lease and the terms of this holdover provision shall not preclude LANDLORD from recovering any other damages which it incurs as a result of TENANT'S failure to vacate the leased premises at the termination of this Lease.
28. JURY TRIAL WAIVER
NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, TENANT AND LANDLORD, FOR THEMSELVES AND THEIR SUCCESSORS AND ASSIGNS, HEREBY KNOWINGLY, WILLINGLY, AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TENANT AND/OR LANDLORD MAY HAVE TO A TRIAL BY JURY IN ANY FORCIBLE ENTRY AND DETAINER ("FED") ACTION OR PROCEEDING BROUGHT BY LANDLORD OR LANDLORD'S SUCCESSORS AND/OR ASSIGNS BASED UPON OR RELATED TO THE PROVISIONS OF THIS LEASE. LANDLORD AND TENANT HEREBY AGREE THAT ANY SUCH FED ACTION OR PROCEEDING SHALL BE HEARD BEFORE A SINGLE JUDGE OF THE APPROPRIATE DISTRICT COURT OR A SINGLE JUDGE OF THE APPROPRIATE SUPERIOR COURT, OR A FEDERAL DISTRICT COURT JUDGE SITTING IN THE DISTRICT COURT OF MAINE.
29. MISCELLANEOUS
If TENANT is more than one person or party, TENANT'S obligations shall be joint and several. Unless repugnant to the context, "LANDLORD" and "TENANT" mean the person or persons, natural or corporate, named above as LANDLORD and TENANT respectively, and their respective heirs, executors, administrators, successors and assigns. LANDLORD and TENANT agree that this Lease shall not be recordable but each party hereto agrees, on request of the other, to execute a Memorandum of Lease in recordable form and mutually satisfactory to the parties. If any provision of this Lease or its application to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease and the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. The reservation of or option for the premises or an offer to lease said premises, and this document shall become effective and binding only upon the execution and delivery hereof by both LANDLORD and TENANT. Employees or agents of LANDLORD have no authority to make or agree to make a lease or any other agreement or undertaking in connection with herewith. All negotiations, considerations, representations and understandings between LANDLORD and TENANT are incorporated herein and no prior agreements or understandings, written or oral, shall be effective for any purpose. No provision of this Lease may be modified or altered except by agreement in writing between LANDLORD and TENANT, and no act or omission of any employee or agent of LANDLORD shall alter, change, or modify any of the provisions hereof. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of Maine. The headings here contained are for convenience only, and shall not be considered a part of this Lease.
30. BROKERAGE
TENANT warrants and represents to LANDLORD that it has not dealt with any broker, finder or similar person concerning the leasing of the leased premises other than Malone Commercial Brokers ("TENANT'S BROKER"). LANDLORD warrants and represents to TENANT that it has not dealt with any broker, finder or similar person concerning the leasing of the leased premises other than Fishman Realty Group ("LANDLORD'S BROKER"). LANDLORD agrees to pay to LANDLORD'S BROKER any commission due upon execution of this Lease, and in the event of any brokerage claims against TENANT by LANDLORD'S BROKER, LANDLORD agrees to defend the same and indemnify TENANT against any such claim.
LANDLORD agrees to pay LANDLORD'S BROKER a commission upon execution of this Lease. TENANT'S BROKER will be paid under separate agreement between LANDLORD'S BROKER and TENANT'S BROKER.
31. OTHER PROVISIONS
It is also understood and agreed that:

Tenant shall have the right to paint the front exterior facade of the leased premises at Tenant's sole expense. Any painting shall be approved in writing by LANDLORD or Landlord's agent prior to execution.

32. DISCLAIMER THIS IS A LEGAL DOCUMENT. IF NOT FULLY UNDERSTOOD, CONSULT AN ATTORNEY.

IN WITNESS WHEREOF, the said parties hereunto set their hands and seals this 2nd day of ~~May~~ ^{June} 2006.

TENANT:

LANDLORD:

Percy Cycles, LLC
Legal Name of Tenant
[Signature]
Signature

[Signature]
Legal Name of Landlord
Agent
Signature

Jarvis Linn Gilbert
NAME/TITLE
Witness to Tenant

Jarvis Linn Gilbert
NAME/TITLE
Witness to Landlord

GUARANTY *(fill in or delete)* For value received, and in consideration for, and as an inducement to LANDLORD to enter into the foregoing Lease with Percy Cycles, LLC, TENANT, Percy Wheeler ("GUARANTOR") does hereby unconditionally guarantee to LANDLORD the complete and due performance of each and every agreement, covenant, term and condition of the Lease to be performed by TENANT, including without limitation the payment of all sums of money stated in the Lease to be payable by TENANT. The validity of this guaranty and the obligations of the GUARANTOR hereunder shall not be terminated, affected, or impaired for any reason of the granting by LANDLORD of any indulgences to TENANT. This guaranty shall remain and continue in full force and effect as to any renewal, modification, or extension of the Lease, whether or not GUARANTOR shall have received any notice of or consented to such renewal, modification or extension. The liability of GUARANTOR under this guaranty shall be primary, and in any right of action which shall accrue to LANDLORD under the Lease, LANDLORD may proceed against GUARANTOR and TENANT, jointly and severally, and may proceed against GUARANTOR without having commenced any action against or having obtained any judgment against TENANT. All of the terms and provisions of this guaranty shall inure to the benefit of the successors and assigns of LANDLORD and shall be binding upon the successors and assigns of GUARANTOR.

IN WITNESS WHEREOF, GUARANTOR has executed this Guaranty this 2 day of ~~May~~ ^{June} 2006.

GUARANTOR:

[Signature]
Legal Name of Guarantor
Signature
Member
NAME/TITLE

Jarvis Linn Gilbert
Witness to Guarantor