

**AMENDMENT NO. 1 TO
LEASE AGREEMENT FOR THE INTERNATIONAL TERMINAL
DUTY FREE AND LUXURY STORES LEASE
AT SAN FRANCISCO INTERNATIONAL AIRPORT
LEASE NO. 17-0303**

THIS AMENDMENT NO. 1 TO LEASE AGREEMENT FOR THE INTERNATIONAL TERMINAL DUTY FREE AND LUXURY STORES LEASE AT SAN FRANCISCO INTERNATIONAL AIRPORT LEASE NO. 17-0303 (this "**Amendment**"), dated as of the Effective Date (as defined below), is entered by and between the CITY AND COUNTY OF SAN FRANCISCO, acting by and through its AIRPORT COMMISSION, as Landlord ("**City**" or "**Airport**") and DFS Group, L.P., as Tenant. ("**Tenant**").

RECITALS

A. City and Tenant entered into Lease Agreement for the International Terminal Duty Free and Luxury Stores Lease at San Francisco International Airport Lease No. 17-0303, dated December 5, 2017 (the "**Original Lease**", as amended by this Amendment, the "**Lease**"), for certain duty free and luxury stores at the Airport (as further described in the Lease, the "**Premises**"). On December 5, 2017, by Resolution No. 17-0303, the Airport Commission (the "**Commission**") awarded the Lease. On March 20, 2018, by Resolution No. 66-18, the San Francisco Board of Supervisors approved Lease under Charter §9.118 (§9.118).

B. Sales of Tenant during Lease Year 1 are expected to be significantly lower than forecast due to (i) severe reductions in international flights related to the COVID-19 outbreak, (ii) global economic issues impacting the value of the Chinese currency; and (iii) the growth of arrivals duty free shopping opportunities in China. In order to provide temporary relief to Tenant, Airport and Tenant desire to amend the Lease pursuant to the terms of this Amendment. On March 17, 2020, by Resolution No. 20-0051, the Commission approved this Amendment. The Amendment remains subject to the final approval of the Board under §9.118.

C. All capitalized terms not otherwise defined herein shall have the same meaning given to them in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
2. **Effective Date.** The "**Effective Date**" shall be the date upon which the Board of Supervisors shall have approved this Amendment pursuant to §9.118:

Effective Date (to be inserted): JUL 13 2020

3. **Base Rent.** From and after commencement of the Operating Term on April 1, 2020 (such date also agreed by the parties to be the Rent Commencement Date) and continuing through the end of the first Lease Year (December 31, 2020), payments of Minimum Annual Guarantee (or MAG) shall be suspended, during which time Tenant shall be required to pay Percentage Rent in the amount of thirty-three percent (33%) of Gross Revenues. From and after January 1, 2021, payments of Minimum Annual Guarantee shall commence in the amounts set forth in the Lease.

4. **COVID-19 Emergency Relief.** Nothing in this Amendment shall affect: (i) Tenant's rights to defer payments of Rent and other charges pursuant to the rent deferral program offered to Tenant in response to the COVID-19 public health emergency (the "**COVID-19 Emergency**") as set forth in that certain letter from the Airport Director dated March 17, 2020 and countersigned by Tenant on April 16, 2020, and (ii) any future rent abatement or other further modification or amendment of the Lease agreed to by the parties (subject to all required Commission and Board approvals) resulting from the closure of Tenant's Premises by government order or other impacts to Tenant's operations in the Premises in response to the COVID-19 Emergency.

5. **Entire Agreement.** This Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment are superseded in their entirety by this Amendment. No prior drafts of this Amendment or changes between those drafts and the executed version of this Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment.

6. **Miscellaneous.** This Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment is made for the purpose of setting forth certain rights and obligations of Tenant and City, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise. Each party hereto shall execute, acknowledge and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment. This Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment. This Amendment shall be governed by the laws of the State of California. Neither this Amendment nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

7. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

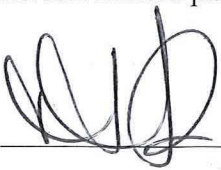
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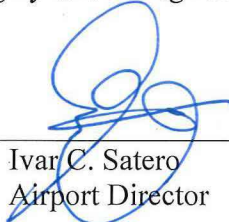
IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

TENANT: DFS GROUP, L.P.
a Delaware limited partnership

By:  4/24/20

Name: MATT MATTHEWS
Title: MANAGING DIRECTOR

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission


Ivar C. Satero
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution: 20-0051
Adopted: March 17, 2020

Attest: 

Secretary
Airport Commission

APPROVED AS TO FORM:
DENNIS J. HERRERA,
City Attorney

By: 

Deputy City Attorney

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