

DS
ERD
DS
CM

**AMENDMENT NO. 1 TO SFO CONCESSION LEASE
[Specialty Retail Rent Reduction Program]**

This LEASE AMENDMENT NO. 1 TO TERMINAL 3 SPECIALTY RETAIL LEASE, LEASE NO. 23-0250 (this “**Amendment**”) is dated as of the Effective Date (as defined below) and entered into by and between Chalo, LLC (“**Tenant**”) and City and County of San Francisco (“**City**”), acting by and through its Airport Commission (“**Commission**”).

RECITALS:

A. On October 17, 2023, by Resolution No. 23-0250, the Commission awarded to Tenant the Terminal 3 Specialty Retail Lease (as amended, the “**Lease**”) at San Francisco International Airport (“**Airport**”).

B. On October 15, 2024, by Resolution No. 24-0222, the Commission authorized the Airport Director to implement the Specialty Retail Minimum Annual Guarantee Rent Reduction Program (the “**Specialty Retail Rent Reduction Program**”) for 17 specialty retail leases at the Airport, including this Lease. In recognition that these specialty retail leases currently have an abnormally high rent as a percentage of sales brought about by a significant and ongoing drop in per passenger spending, the Specialty Retail Rent Reduction Program offers a one-time MAG reset, and going forward, a new methodology for annual MAG adjustments that is more in line with common industry practice for such leases.

C. All capitalized terms used in this Amendment and not otherwise defined have the meaning provided 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 enter into this Amendment as follows:

AGREEMENT:

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth in this Amendment.

2. **Effective Date.** This Amendment shall be deemed effective upon the date of execution by City after receipt of all required approvals of City, as set forth below on the signature page to this Amendment (the “**Effective Date**”).

3. Amendments

(a) **One-Time Minimum Annual Guarantee Adjustment.** The Minimum Annual Guarantee for Lease Year 2026, also known as Calendar Year 2026, shall be the MAG in effect for Calendar Year 2025 or 16% of Tenant’s Gross Revenues for Calendar Year 2025, whichever is less (the “**Adjusted MAG Amount**”). After the foregoing adjustment, the first adjustment to the Minimum Annual Guarantee pursuant to Section 4.3 of the Lease (as amended

by Section 3(c) below) shall be made to the Adjusted MAG Amount. For the avoidance of doubt, references in the Lease shall be deemed to refer to the Adjusted MAG Amount, as adjusted pursuant to the terms of the Lease.

(b) **Deletion of Defined Terms.** Articles 4.1(f) “Consumer Price Index”, 4.1(g) “Base Index” and 4.1(h) “Comparison Index” of the Lease are deleted in their entirety.

(c) **Adjustments to Minimum Annual Guarantee.** The provisions of Section 4.3 are deleted in their entirety and replaced with the following:

“On each MAG Adjustment Date, the Minimum Annual Guarantee with respect to the upcoming Lease Year shall be the greater of the existing Minimum Annual Guarantee or eighty-five (85%) of Base Rent for the prior Lease Year. Notwithstanding anything to the contrary herein, in no event will the Minimum Annual Guarantee for any Lease Year starting with Lease Year 2026 be lower than the Minimum Annual Guarantee with respect to the prior Lease Year.”

4. Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“CASp”) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp. Pursuant to California Civil Code Section 1938(e), City provides the following disclosure to Tenant: “A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.” In the event Tenant elects to obtain a CASp inspection of the Premises, Tenant shall provide notice of such to City, and Tenant agrees that Tenant shall bear the cost of the inspection and any necessary repairs within the Premises.

5. Miscellaneous.

(a) No Other Modifications. Except as expressly changed by this Amendment, all of the terms and conditions of the Lease shall remain unchanged and in full force and effect.

(b) Counterparts and Electronic Signatures. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Amendment may be executed and delivered by electronic signature (including portable document format) by either

of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

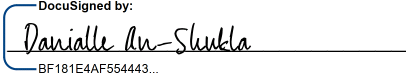
(c) Entire Agreement. This Amendment, together with the Lease, contains all of the representations and the entire agreement between the parties with respect to the subject matter of this Amendment. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of this 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.

[Remainder of Page Intentionally Left Blank]

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

TENANT:

CHALO, LLC

By: 
Name: Danialle An-Shukla
Title: Owner

CITY:

CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Airport Commission

By: _____
Name: Ivar C. Satero
Title: Airport Director

Effective Date (to be inserted by City only): _____

Authorized by Commission Resolution No. 24-0222 on October 15, 2024.

Attest:

Secretary
Airport Commission

APPROVED AS TO FORM:
DAVID CHIU,
City Attorney

By: _____
Christopher W. Stuart
Deputy City Attorney