

**AMENDMENT NO. 2 TO
LEASE AGREEMENT
AT SAN FRANCISCO INTERNATIONAL AIRPORT
(Boarding Areas "B" and "C" Principal Concession Retail Lease)**

This AMENDMENT No. 2 (this "Agreement"), dated as of the Effective Date (as defined below) is entered into by and between Tenant (as defined below), and the City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission ("City"). This Agreement is made with reference to the following facts:

A. Tenant and City have entered into the Lease (as defined below) pursuant to which Tenant conducts certain concession operations at the San Francisco International Airport (the "Airport").

B. Tenant and City desire to amend the Lease, on the terms and conditions set forth below. Accordingly, Tenant and City agree as follows:

1. DEFINED TERMS.

As used in this Agreement, the following capitalized terms shall have the meanings given them below. Any capitalized term not defined herein shall have the meaning given it in the Lease.

Effective Date: FEB 25 2004

Tenant: Pacific Gateway Concessions, LLC
a limited liability company.

Lease: Lease No. 98-0228 ("Boarding Areas "B" and "C" Principal Concession Retail Lease"), as the same may have been amended or modified to date.

MAG: The Minimum Annual Guarantee specified in the Lease. The current MAG is \$2,176,200.99.

2. LEASE AMENDMENTS.

2.1 Premises.

(a) As of the Effective Date or as otherwise stated below, the Premises shall be modified as follows:

Facility Ref.	<u>Current Concept/Size</u>	<u>Modification</u>
B1	Specialty Shop, currently comprising approximately 1,756 square feet.	Current location deleted; replaced with 2,000 square foot space adjacent to Gate 21, as shown on <i>Exhibit A</i> attached hereto.

B5	Discretionary Shop, currently comprising approximately 908 square feet.	As of the B6 Commencement Date, location deleted. As used above, the term " B6 Commencement Date " shall mean the <i>earlier</i> of (a) the date that is one hundred twenty (120) days after the date on which the Airport's Design Review approves Tenant's designs for Space B6, and (b) the date that on which the improvements in Space B6 are completed.
B6	Newsstand, currently comprising approximately 438 square feet.	As of the B6 Commencement Date, location expanded by approximately 700 square feet, to total approximately 1,138 square feet, as shown on <i>Exhibit A</i> attached hereto.
C2	Specialty Shop, currently comprising approximately 1,929 square feet.	As of the C2 Commencement Date, location deleted and replaced with approximately 1,257 square feet of space located post-security of Boarding Area "C", as shown on <i>Exhibit A</i> attached hereto. As used above, the term " C2 Commencement Date " shall mean the <i>earlier</i> of (a) the date that is one hundred twenty (120) days after the date on which the Airport's Design Review approves Tenant's designs for Space C2, and (b) the date that on which the improvements in Space C2 are completed.
C3	Specialty Coffee, Tea and Spices, currently comprising approximately 522 square feet.	As of August 31, 2004, location deleted, and replaced with approximately 660 square feet of space located post-security of Boarding Area "C", adjacent of Gate 45 holdroom, as shown on <i>Exhibit A</i> attached hereto.
C4	Newsstand, currently comprising approximately 547 square feet.	Location expanded by approximately 90 square feet, to total approximately 637 square feet, as shown on <i>Exhibit A</i> attached hereto.
C5	Candy Cart, currently comprising approximately 224 square feet.	No change.

(b) Reflecting such modifications, the definition of the "Premises" in the Lease shall be deleted and the following shall be inserted in lieu thereof:

Premises: (§ 1)	Store Nos. B1, B6, C2, C3, C4, and C5 , in the South Terminal (the "Terminal") at the San Francisco International Airport, comprised of approximately 5,916 square feet of retail space, as described on the attached <i>Exhibit A</i> , broken down as follows:	
		<u>App. Square Feet</u>
	B1 Specialty Shop	2,000
	B6 Newsstand	1,138
	C2 Specialty Shop	1,257
	C3 Specialty Coffee, Tea and Spices	660
	C4 Newsstand	637
C5 Candy Cart	224	

(c) *Exhibit A* to the Lease is deleted and *Exhibit A* attached hereto is inserted in lieu thereof.

2.1 Permitted Uses. *Exhibit C* to the Lease is deleted and *Exhibit C* attached hereto is inserted in lieu thereof.

2.2 Increase in Minimum Annual Guarantee. Effective as of the C2 Commencement Date, (1) the MAG will increase by \$255,00 from \$2,176,000.99 to \$2,431,200.99 and will, thereafter, be subject to adjustments to MAG as specified in the Lease; and (2) the MAG will be reinstated for purposes of determining Annual Rent under the Lease, regardless of enplanements.

2.3 Improvement Work. Tenant, at Tenant's sole cost, shall perform all Alterations required in the Premises necessary for Tenant's permitted operations, subject to all applicable Laws, the TI Guide, and as otherwise specified in the Lease. However, if and to the extent there exists asbestos materials on the Premises, the Airport will be responsible for the handling and/or removal thereof. On or before the date that is thirty (30) days after the Effective Date, Tenant shall submit to the Airport's Design Review Committee all designs and submissions for the work required hereunder.

2.4 Refurbishment. Due to the extent of Tenant's modification of new and existing spaces, the Airport will not require a separate Mid-Term Refurbishment by Tenant. However, Tenant will be required to maintain the Premises in good condition.

2.5 Surrender. Tenant shall surrender all spaces to be surrendered hereunder in the condition and as per the requirements of the Lease.

3. GENERAL PROVISIONS.

3.1 Full Force and Effect. As amended hereby, each and every of the terms, conditions, and covenants in the Lease shall remain in full force and effect.

3.2 Lease. As used herein and in the Lease, the term "Lease" shall mean the Lease as amended hereby. In the event of any inconsistency or conflict between a term and/or condition of the Lease and a term and/or condition of this Agreement, the term and/or condition in this Agreement shall prevail.

3.3 Entire Agreement. The parties intend that this Agreement (including all of the attached exhibits and attachments, which are made a part of this Agreement) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings.

3.4 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

3.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

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

TENANT: Pacific Gateway Concessions, LLC
a limited liability company

By: Javier Vega

Name: Javier Vega
(type or print)

Title: Managing Member

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

John L. Martin
John L. Martin
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution No. 03-0164
Adopted: September 16, 2003
Attest: _____

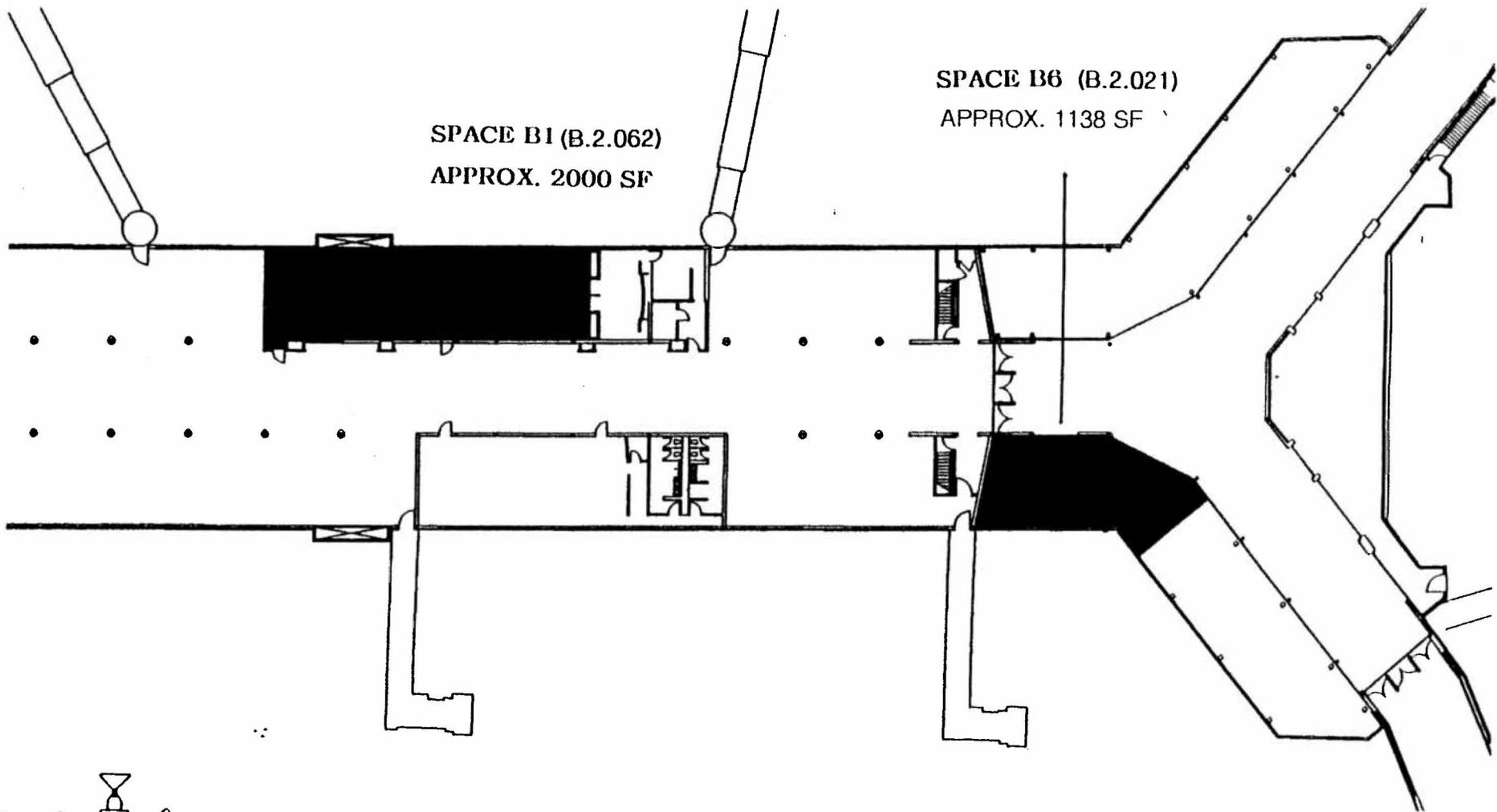
Secretary
Airport Commission

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

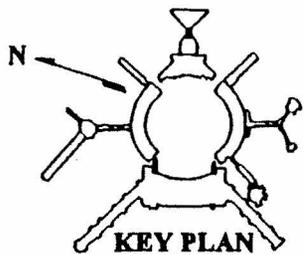
By: Dennis J. Herrera
Deputy City Attorney

EXHIBIT A
Premises
(as modified 10/03)

[ATTACH MAP OF MODIFIED PREMISES]



ATTACHMENT I



TENANT LOCATION LEASE DRAWING

LOCATION: TERMINAL 1, BOARDING AREA B, 2ND FLOOR

PACIFIC GATEWAY CONCESSION, LLC.

CITY & COUNTY OF SAN FRANCISCO

DWG: T12BBPGC

AIRPORTS COMMISSION

SCALE: 1/4" = 10'

SAN FRANCISCO INTERNATIONAL AIRPORT

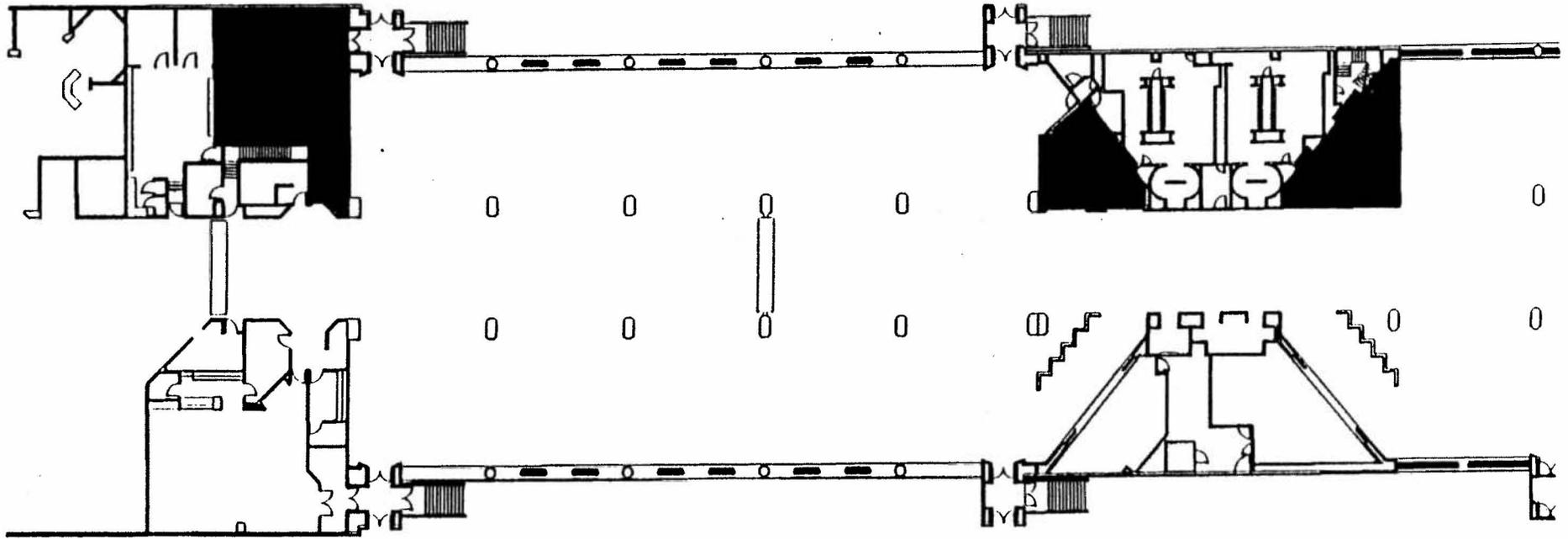
DATE: 09/03/2003

LOCATION	TENANT	CAT	AREA	CONTRACT	EFF DATE
Space B6	PGC	1	1138	98-0228	TBD
Space B1	PGC	1	2000	98-0228	TBD

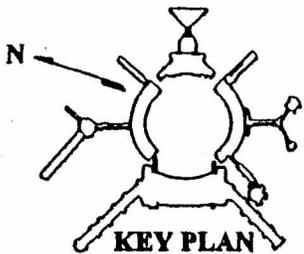
SPACE C2 (C.2.049)
APPROX. 1,257 SF

SPACE C4 (C.2.040)
APPROX. 637 SF

SPACE C3 (C.2.029)
APPROX. 660 SF



ATTACHMENT I



TENANT LOCATION LEASE DRAWING

LOCATION: TERMINAL 1, BOARDING AREA C, 2ND FLOOR

PACIFIC GATEWAY CONCESSION, LLC.

CITY & COUNTY OF SAN FRANCISCO

DWG: T12BCPGC

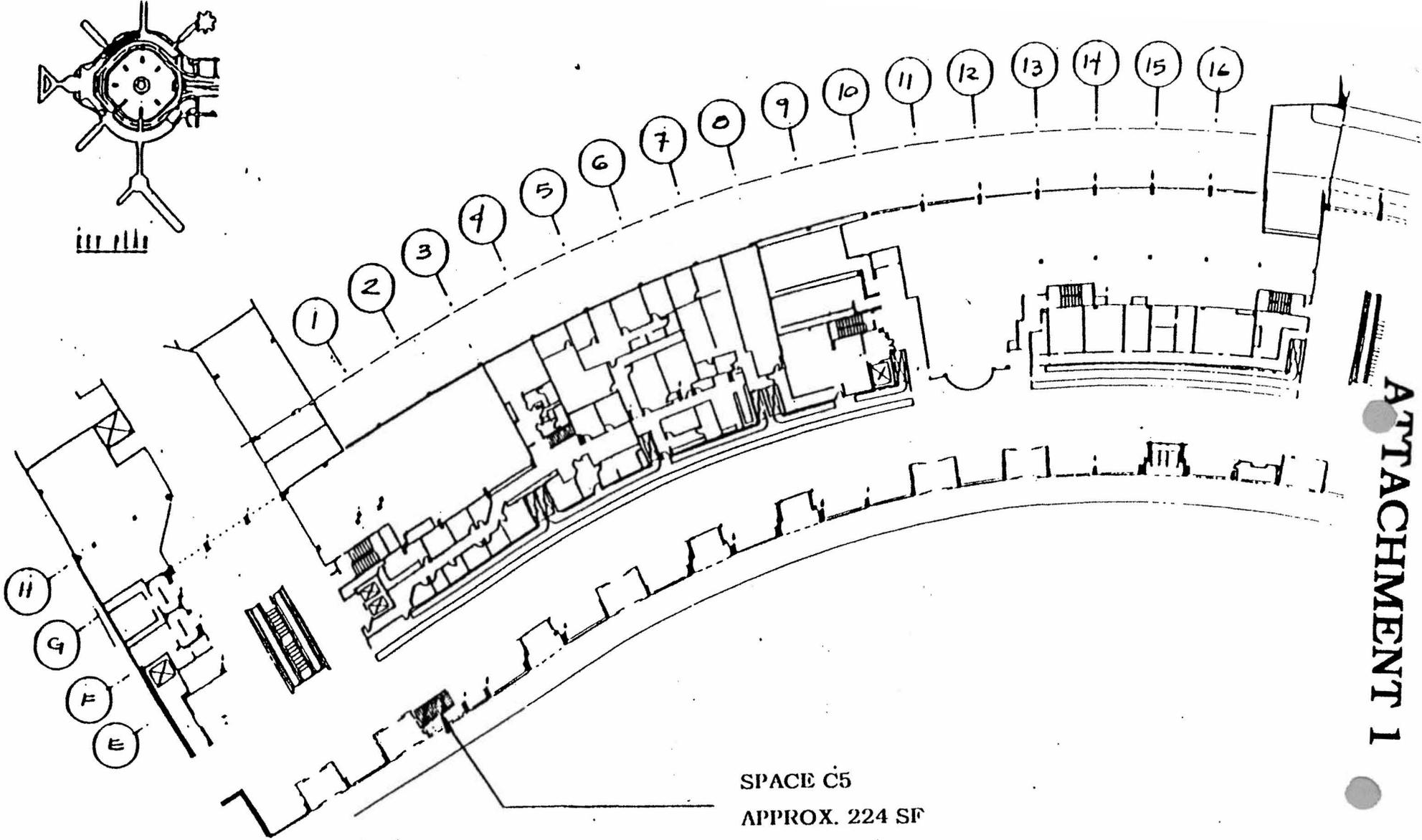
AIRPORTS COMMISSION

SCALE: 1/4" = 1'-0"

SAN FRANCISCO INTERNATIONAL AIRPORT

DATE: 09/03/2003

LOCATION	TENANT	CAT	AREA	CONTRACT	EFF DATE
Space C3	PGC	1	660'	98-0228	TBD
Space C4	PGC	1	637	98-0228	TBD
Space C2	PGC	1	1257'	98-0228	TBD



REFERENCE DRAWING		TENANT	LOC.	AREA	DOC#	EFF DATE
SOUTH TERMINAL EAST SECTOR		SOUTH TERMINAL	C-5	± 224 S.F.		
CITY & COUNTY OF SAN FRANCISCO		BA "B" & "C"				
AIRPORT COMMISSION		PRINCIPLE				
SAN FRANCISCO INTERNATIONAL AIRPORT		CONCESSION				
DRW'G NO. ST-5.014		LEASE				
SCALE: NOT TO SCALE						
DRW. DATE 9-1-98						

EXHIBIT C
USE AND OPERATIONAL REQUIREMENTS
(as modified 10/03)

PERMITTED USE

Space B6. Reading materials such as newspapers, magazines and books, and a selection of sundry items usually found in a newsstand, such as over-the-counter medication. Required and Optional Uses are as follows:

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>The following items must be carried at all times:</p> <ul style="list-style-type: none"> ▪ At least 300 separately displayed titles of paperback and hardback books sold at no more than the publisher's list price ▪ New York Times top ten best-sellers on the weekly New York Times Section ▪ A complete supply of newspapers of general circulation and sold at no more than the pre-marked cover price ▪ At least 100 separately displayed major best-selling national periodicals and magazines and sold at no more than the pre-marked cover price ▪ At least 20 best-selling candy bars as packaged for normal retail sale ▪ Health and beauty aids ▪ Film and photographic accessories ▪ Non-prescription medication. 	<ul style="list-style-type: none"> ▪ Snacks packaged for normal retail ▪ Maps ▪ Stationery products ▪ San Francisco sourdough bread ▪ Gourmet foods such as packaged popcorn ▪ Quality brand name candy/chocolate, such as See's and/or Ghirardelli

Space C2. Five specialty boutiques within one retail facility, with a minimum of 250 square feet per concept. Required and Optional Uses are as follows:

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>Tenant shall sell the following merchandise categories/ concepts (with a minimum of 250 square feet per concept):</p> <p>1. <u>Souvenir and Gift Boutique.</u> Souvenir and gift items representative and reflective of San Francisco and the greater Bay Area tourist destinations. Such items include:</p> <ul style="list-style-type: none"> ▪ Mugs/shot glasses ▪ Collectible spoons ▪ Key chains ▪ Magnets ▪ Tote bags ▪ Plates 	<ul style="list-style-type: none"> ▪ Postcards ▪ Maps ▪ Greeting cards maybe sold at more than the pre-marked price on the cards ▪ Pre-packaged gift boxes ▪ Small leather goods ▪ Sunglasses ▪ Flowers ▪ Accessories related to the five concepts.

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>2. <u>“Made in San Francisco”.</u> Items in the following product categories which are produced and manufactured in San Francisco and Bay Area counties:</p> <ul style="list-style-type: none"> ▪ Apparel ▪ Jewelry ▪ Candles/scents ▪ Souvenirs ▪ Watches ▪ Stationery ▪ Soaps and lotions ▪ Accessories ▪ Toys ▪ Home décor/accessories <p>3. <u>Children’s Boutique.</u> High quality children’s products such as:</p> <ul style="list-style-type: none"> ▪ Imprinted log apparel ▪ Non-logo resort wear ▪ Licensed children’s apparel ▪ Plush animals/toys ▪ Children’s activities ▪ Children’s headwear ▪ Children’s accessories 	

4. Apparel Boutique. Apparel and related items that are representative of San Francisco and the greater Bay Area tourist destinations. Such merchandise includes:

- Imprinted/logo apparel
- Non-logo resort wear
- Headwear
- Outerwear
- Casual wear

In addition to carrying the merchandise under the chosen concept, Tenant must allocate 200 square feet for the sale of the 20 best-selling candy bars, as packaged for normal retail sale, and sundry items, such as health and beauty aids, toiletries, film and photographic accessories.

Space C4. Reading materials such as newspapers, magazines and books, and a selection of sundry items usually found in a newsstand, such as over-the-counter medication. Required and Optional Uses are as follows:

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>The following items must be carried at all times:</p> <ul style="list-style-type: none"> ▪ At least 300 separately displayed titles of paperback and hardback books sold at no more than the publisher's list price ▪ New York Times top ten best-sellers on the weekly New York Times Section ▪ A complete supply of newspapers of general circulation and sold at no more than the pre-marked cover price ▪ At least 100 separately displayed major best-selling national periodicals and magazines and sold at no more than the pre-marked cover price ▪ At least 20 best-selling candy bars as packaged for normal retail sale ▪ Health and beauty aids ▪ Film and photographic accessories ▪ Non-prescription medication. 	<ul style="list-style-type: none"> ▪ Snacks packaged for normal retail ▪ Maps ▪ Stationery products ▪ San Francisco sourdough bread ▪ Gift/souvenir items, such as better souvenir items, totes and/or apparel. ▪ Gourmet foods such as packaged popcorn ▪ Quality brand name candy/chocolate, such as See's and/or Ghirardelli

Space C5. Premium confection items as customarily carried by first-class Bay Area candy and confectionery stores.. Required and Optional Uses are as follows:

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<ul style="list-style-type: none"> ▪ A full assortment of chocolate items, boxed, including filled white, milk, dark, and semi-sweet chocolate in a variety of weights, such as 1.5 and 2 pound sizes. ▪ At least five different varieties of boxed candies/chocolates ▪ Premium boxed chocolates ▪ Premium boxed candy 	<ul style="list-style-type: none"> ▪ Packaged novelty candy ▪ Packaged chocolate gift baskets ▪ Bulk candies ▪ Dried fruits and nuts ▪ Packaged gourmet cookies ▪ Non-souvenir logo gift accessories with candy and California gourmet foods categories. ▪ Candies, gums and mints assortment on a temporary basis [made part of another Lease that will be undergo a competitive selection process.] ▪ Flowers [made part of another Lease that will be undergo a competitive selection process.]