

**AMENDMENT NO. 1 TO SANKAKU, INC.  
DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM  
LEASE NO. 03-0180  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 1 TO LEASE AGREEMENT FOR THE DOMESTIC FOOD AND BEVERAGE FACILITY IN THE TERMINAL 1, BOARDING AREA "B" FOOD COURT AT THE SAN FRANCISCO AIRPORT LEASE NO. 03-0180 ("Amendment No. 1"), dated as of April 27, 2010, for reference purposes only, is entered by and between the between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION (the "Airport"), as landlord, and Kimiko Hattori dba Sankaku, as tenant (the "Tenant").

**RECITALS**

- A. The Airport and Tenant entered into Lease No. 03-0180, dated as of April 4, 2004 (the "Lease") for that certain domestic food and beverages space located at the Airport in Terminal 1, Boarding Area "B" food court and Terminal 3, Boarding Area "E" food court (the "Original Premises"). The Lease was previously approved by the Airport Commission pursuant to Resolution Number 03-0180.
- B. The Tenant began operations at the Original Premises on March 15, 2005. The Airport notified the tenant on February 1, 2010, that it would be closing its Terminal 1, Boarding Area "B", food court location on April 30, 2010, to expand the security check point adjacent to its location.
- C. The Airport and Tenant did not want to terminate the Lease and sought to preserve the other location associated with this Lease, Terminal 3, Boarding Area "E".
- D. The Airport and Tenant have agreed to modify the premises pursuant to Lease Section 1, adjust the rent accordingly, and other related provisions, on the terms and conditions set forth below.
- E. 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 of the modifications to the Lease contained in shall be the date on which the Tenant Signs the Relocation Change Notice.

3. **Premises. Section 1.1** of the Lease referencing Exhibit A is hereby deleted in its entirety and replaced with the following:

“Exhibit A – Premises. A total of one facility, comprising approximately 705 square feet of concession space located at the Terminal 3 food court, near Gate 70 specifically referenced as F.2.042B, as shown in the attached drawing.”

4. **Relocation, Expansion, Contraction Section 1.2 (b) (i)** is referenced for reimbursing Sankaku, Inc., in an amount not to exceed \$237,800.00, for unamortized costs of the build-out of its Terminal 1 facility, which shall be issued in the form of a rent credit.

5. **Rent. Section 4** of the Lease shall define the Minimum Annual Guarantee as:

“Thirty-Three Thousand Four Hundred Fifty Nine Dollars and Thirty Cents (\$33,459.30), per annum; Two Thousand Seven Hundred Twenty-Three Dollars and Thirty-Three Cents (\$2,788.28) per month, subject to the adjustments specified in Lease Section 4.”

6. **Promotional Program. Section 11** of the Lease shall define the Promotional Charge as:

“Seven Hundred Five Dollars (\$705), calculated at One Dollar (\$1) per square foot, subject to the adjustments specified in Lease Section 11.”

7. **City and Other Government Requirements.** The following amendments are made to Lease Section 19.

Lease Section 19.25 of the Lease is deleted in its entirety and replaced with the following:

“19.25 Notification of Limitations on Contributions. San Francisco Campaign and Governmental Conduct Code (the “Conduct Code”) Section 1.126 prohibits any person who contracts with the City for selling or leasing any land or building to or from the City whenever such transaction would require the approval by a City elective officer or the board on which that City elective officer serves, from making a contribution to such an officer, or candidate for such an office, or committee controlled by such officer or candidate at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations

are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract. Through its execution of this Agreement, Tenant acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and sections 87100 et seq and sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that if it becomes aware of any such fact during the term of this Agreement it shall immediately notify City."

Lease Section 19.27 is hereby added to the Lease:

"19.27 Food Service Waste Reduction. Tenant agrees to fully comply with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision."

8. Entire Agreement. This Amendment No. 1 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 No. 1 are superseded in their entirety by this Amendment No. 1. No prior drafts of this Amendment No. 1 or changes between those drafts and the executed version of this Amendment No. 1 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 No. 1.

9. Miscellaneous. This Amendment No. 1 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 1 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, 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 No. 1. This Amendment No. 1 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 No. 1 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all

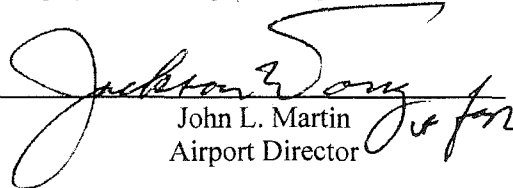
provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 1. This Amendment No. 1 shall be governed by the laws of the State of California. Neither this Amendment No. 1 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

10. **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 Airport and the Tenant execute this Amendment No. 1 to the Lease as of the last date set forth below.

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

  
John L. Martin  
Airport Director

**TENANT:** Sankaku, Inc.,  
a California corporation

By: 

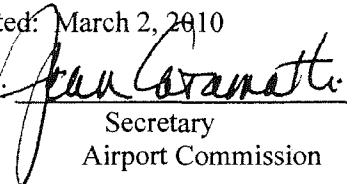
Name: Kimiko Hattori

Title: President

AUTHORIZED BY AIRPORT  
COMMISSION

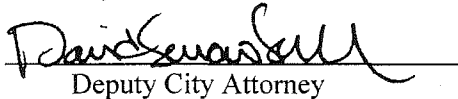
Resolution No. 10-0064  
Adopted: March 2, 2010

Attest:

  
Secretary  
Airport Commission

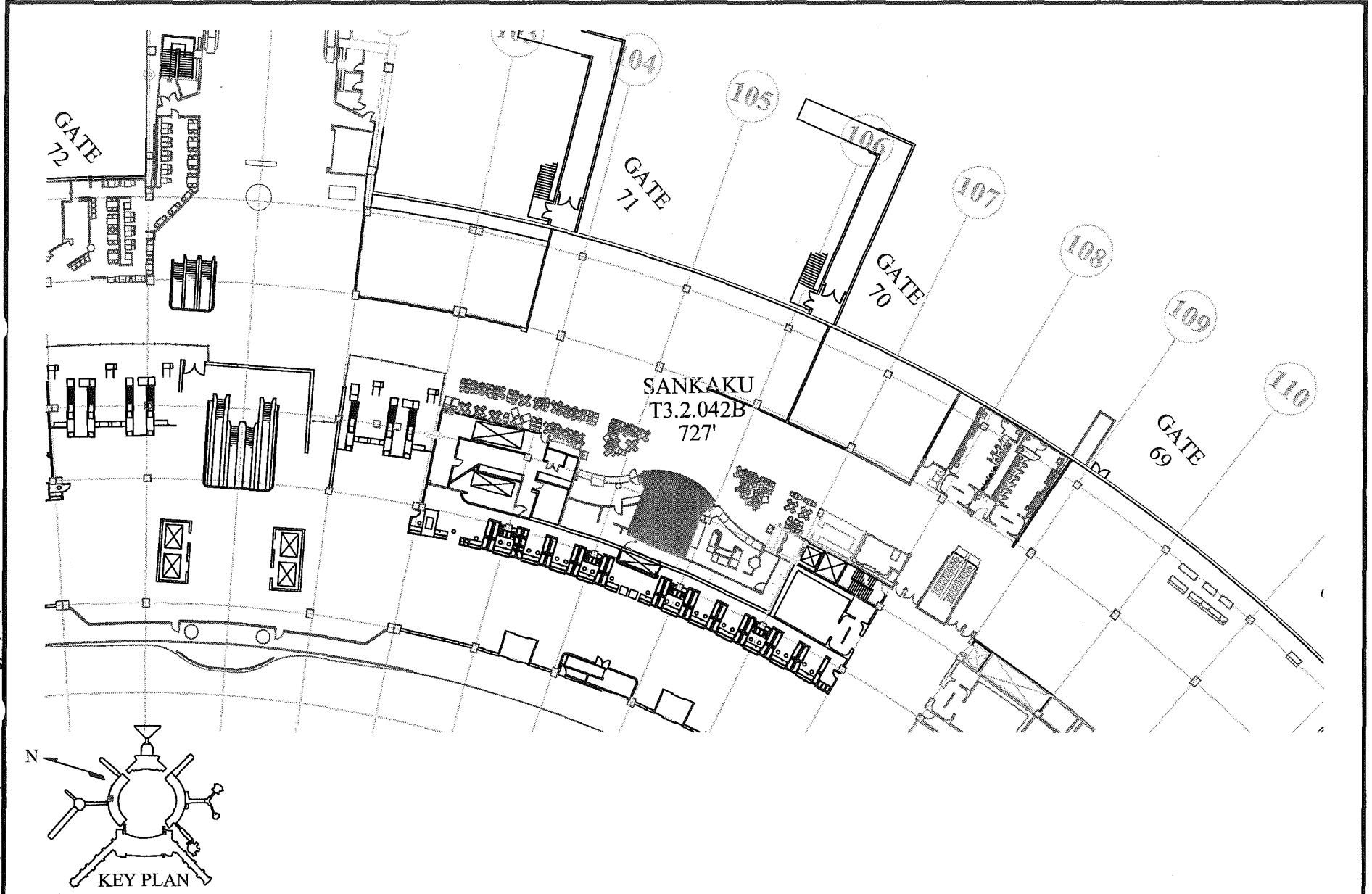
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By:

  
Deputy City Attorney

05.05.2010  
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TENANT LOCATION LEASE DRAWING

		LOCATION	TENANT	CAT	AREA	CONTRACT	EFF DATE
		T3.2.042B	SANKAKU	1	727'	L03-0180	
LOCATION: TERMINAL 3 - 2ND FLOOR							
SANKAKU							
CITY & COUNTY OF SAN FRANCISCO		DWG: T32SANKA					
AIRPORTS COMMISSION		SCALE: 1"=50'-0"					
SAN FRANCISCO INTERNATIONAL AIRPORT		DATE: 02/22/2006					

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0064

**AMENDMENT NO. 1 TO SANKAKU, INC.'S DOMESTIC TERMINAL FOOD AND BEVERAGE LEASE NO. 03-0180 (1) DECREASING THE LEASED PREMISES TO APPROXIMATELY 705 SQUARE FEET, (2) REDUCING THE MINIMUM ANNUAL GUARANTEE TO \$33,459.30, (3) APPROVING THE CALCULATION OF FUTURE ANNUAL MAG ADJUSTMENTS USING AN INITIAL MAG OF \$28,200.00, AND (4) APPROVING A REIMBURSEMENT TO SANKAKU, IN AN AMOUNT NOT TO EXCEED \$237,800.00 ISSUED THROUGH A RENT CREDIT, FOR UNAMORTIZED COSTS OF THE BUILD-OUT OF SPACE NO. T1.2.050C**

WHEREAS, pursuant to Airport Commission ("Commission") Resolution No. 03-0180, adopted September 23, 2003, Sankaku, Inc. was awarded a Domestic Terminal Food and Beverage Lease ("Lease") for approximately 1,337 square feet; and

WHEREAS, pursuant to Resolution No. 04-0238, this Commission consented to assign the Lease to Sankaku, Inc.; and

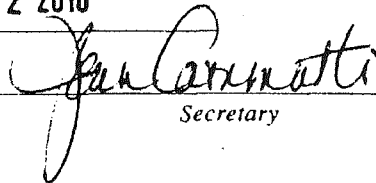
WHEREAS, the Airport wishes to exercise its right under Lease Section 1.2 and reclaim Space No. T1.2.050C in Terminal 1, measuring approximately 632 square feet, from Sankaku, Inc., for the expansion of the Boarding Area "B" security checkpoint; now, therefore, be it

RESOLVED, this Commission hereby approves Amendment No. 1 to Domestic Terminals Food and Beverage Lease No. 03-0180 (1) decreasing the premises to approximately 705 square feet in Terminal 3, (2) reducing the Minimum Annual Guarantee ("MAG") to \$33,459.30 for the current lease year, (3) approving the calculation of future annual MAG adjustments using an initial MAG of \$28,200.00, and (4) reimbursing Sankaku, Inc., in an amount not to exceed \$237,800.00, for unamortized costs of the build-out of its Terminal 1 facility, which shall be issued in the form of a rent credit.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

**MAR 02 2010**

*at its meeting of* \_\_\_\_\_

  
Secretary

CONSENT OF AIRPORT

**Sanraku, Inc. – Sankaku, Inc.**

The City and County of San Francisco, acting by and through its Airport Commission (“City”), has rights as landlord under the lease known as “Domestic Terminals Food and Beverage Lease” (the “Lease”) by and between Sanraku, Inc., as tenant (“Assignor”), and City, dated as of September 29, 2003. Assignor desires to assign its rights and obligations under the Lease to Sankaku, Inc. (“Assignee”) and Assignee desires to assume such rights and obligations, on the terms and conditions of the document attached (the “Assignment Agreement”).

City hereby consents to Assignor’s assignment of the Lease to Assignee, and Assignee’s assumption of such Lease, pursuant to the Assignment Agreement, on the following terms and conditions:

1. The consent to the assignment set forth herein shall be applicable only to the above-described assignment and no further assignment or subletting shall be permitted without City’s prior written consent, which consent may be granted or denied in City’s sole discretion.

2. Assignor shall remain primarily liable for the payment of all rental and other sums payable pursuant to the Lease, and all other obligations required of the tenant pursuant to the Lease.

3. Upon the occurrence and during the continuance of a default under the Lease, City shall have the right to collect the rent attributable to the premises directly from Assignee, without waiving any of City’s rights or remedies against Assignor with respect to such default. City shall be a third-party beneficiary of the Assignment Agreement. City shall have no obligation to seek Assignor’s consent to any amendments or modifications to the Lease.

4. Assignor has represented to City that the Assignment Agreement constitutes the entire agreement between Assignor and Assignee related to such lease assignment, and there are no other oral or written agreements relating to such assignment arrangement. No modification or amendment of the Assignment Agreement will be made without the prior written consent of City.

5. Neither this Consent nor the Assignment Agreement will give Assignee any rights under the terms of the Lease except those expressly granted by the Assignment Agreement.

6. If there is any conflict between any terms of the Lease and the terms of the Assignment Agreement, the terms of the Lease shall control. In relying on this Consent, Assignor and Assignee are agreeing to the terms and conditions set forth above. A default hereunder shall be deemed a default under the Lease.



This Consent is dated as of December 7, 2004

Authorized by Airport Commission  
Resolution No. 04-0238  
Adopted: December 7, 2004

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

Attest: Jean Caramatti  
Jean Caramatti  
Secretary, Airport Commission

By: John E. Martin  
John E. Martin  
Airport Director

Approved as to Form:  
DENNIS J. HERRERA  
City Attorney

By: Dennis J. Herrera  
Deputy City Attorney

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ASSIGNMENT OF LEASE

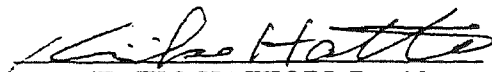
The LESSEEE, SANRAKU, INC., a California corporation, of 704 Sutter Street, San Francisco, California, 94109, presently holds a certain LEASE, NUMBER 03-0180, effective, April 9, 2004, with the LESSOR, THE CITY AND COUNTY OF SAN FRANCISCO, acting by and through its AIRPORT COMMISSION.. The notice address of the City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission shall be San Francisco International Airport, International Terminal, North Shoulder Building, 5<sup>th</sup> Floor, P.O. Box 8097, San Francisco, CA 94128, Attention: Airport Director.

SANRAKU, INC., the present LESSEE of the premises, known as LEASE NUMBER 03-018 at the San Francisco International Airport, hereby transfers, assigns and sets over unto SANKAKU, INC., a California corporation, all of the rights and privileges thereunder for the purpose of a Japanese food service operation, including beer and wine..

It being specifically understood and agreed that said assignment shall not change, alter, modify or affect nor be construed as changing altering, modifying or affecting any of the terms, covenants, provisions and conditions thereof. Any interest the LESSEE may have in the deposit or any other advance payments, if any, required of the LESSEE in the said LEASE shall be hereby transferred to SANKAKU, INC..

The notice address of SANKAKU, INC. shall be 36 Willow Lane, Sausalito, CA 940965.

Dated this 10th day of September 2004.

  
KIMIKO HATTORI, President  
SUGITA FOODS, INC.

SANKAKU, INC., a California corporation, hereby accepts the above ASSIGNMENT of LEASE from SANRAKU, INC. and hereby agrees to pay all the rent and taxes reserved under said lease, and to perform all of the terms, covenants, provisions and conditions thereof at the time and in the manner that the said lease provided. It being understood that the demised premises shall be used for a Japanese food service operation, including beer and wine. It being further specifically understood and agreed that said assignment shall be limited to the undersigned alone, and nothing herein shall be understood as giving to the undersigned any right to assign or transfer said lease to any person or persons, entity or entities or to rent, let or sublet said premises, or any part thereof, without the previous written consent of the LESSOR..

Dated this 10<sup>th</sup> day of September, 2004.

  
KIMIKO HATTORI, President  
SANKAKU, INC.

The undersigned, the LESSOR, hereby consents to the above Assignment of Lease. It shall be understood that there shall be no change, alteration, modification or affect to the lease due to this Assignment of this said Lease.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2004. By: \_\_\_\_\_

Authorized Representative of City