

**AMENDMENT NO. 2 TO  
TERMINAL 3 CANDY KIOSK LEASE NO. 08-0016  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO TERMINAL 3 CANDY KIOSK LEASE NO. 08-0016 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of September 18, 2012 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 PACIFIC GATEWAY CONCESSIONS, LLC, as tenant (the "Tenant").

**RECITALS**

- A. Airport and Tenant entered into Terminal 3 Candy Kiosk Lease No. 08-0016, dated as of January 22, 2008 (the "Lease") for certain retail space located at the Airport in Terminal 3, Boarding Area E (the "Premises"). The Lease was previously approved by Airport Commission pursuant to Resolution Number 08-0016.
- B. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period").
- C. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0076, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee during the Renovation Period.
- D. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".
- E. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital B above, by an additional eighteen (18) months until approximately November 1, 2013.
- F. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0204 on September 18, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.
- G. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the 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 this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; an Adjusted Minimum Investment Amount; an Adjusted Tenant Infrastructure Fee; and, an Adjusted Food Court Fee.
4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

“Exhibit A – Premises. One facility comprising approximately 104 square feet of concession space located in Terminal 3, Boarding Area E at the San Francisco International Airport, as described on the attached drawings.”
5. **Term.** Section 2.5, City’s Right to Extend the Term, is hereby deleted in its entirety.
6. **Rent.** Section 4.13 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:
  - 4.13 Boarding Area E Renovation.
    - (a) **Boarding Area E Renovation Period.** The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete
    - (b) **Minimum Annual Guarantee (“MAG”) and Other Fees.** During the Renovation Period, the MAG shall be suspended for Tenant’s facility in Boarding Area E.
    - (c) **MAG Reinstatement.** At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
7. **Reimbursement.** The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of Sixty Two Thousand Nine Hundred Forty

Two Dollars (\$62,942), subject to the reimbursement terms contained in the Airport letter dated September 18, 2012 and the memorandum on file with the Airport Commission Secretary for Resolution No.12-0204, incorporated herein by reference and made a part of this Lease.

8. **Entire Agreement.** This Amendment No. 2 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. 2 are superseded in their entirety by this Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 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. 2.

9. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 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. 2. This Amendment No. 2 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. 2 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. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 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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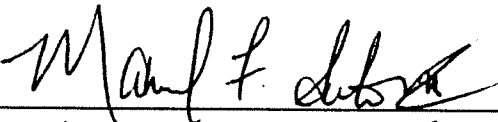
IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

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

\_\_\_\_\_  
John L. Martin  
Airport Director

CS  
done for LF

**TENANT:** Pacific Gateway Concessions, LLC  
a California limited liability company

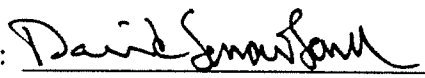
By:   
Name: Manuel F. Soto III  
Title: Managing Partner

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0204  
Adopted: September 18, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

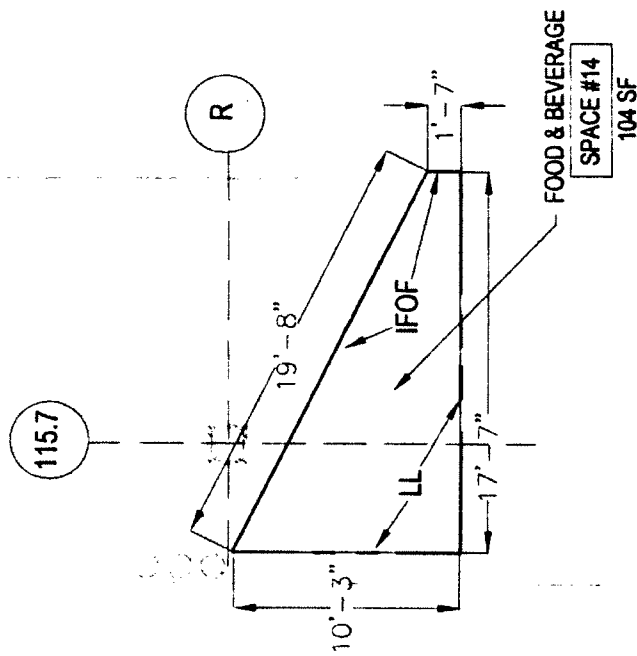
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By:   
Deputy City Attorney

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Exhibit A Premises

One facility comprising approximately 104 square feet of concession space located in Terminal 3, Boarding Area E at San Francisco International Airport.



- NOTES:
1. TENANT TO FIELD VERIFY ALL DIMENSIONS
  2. LL = LEASILINE
  3. IFOF = INSIDE FACE OF FINISH

SPACE #14

SAN FRANCISCO INTERNATIONAL AIRPORT  
 TERMINAL 3, CHECKPOINT PROJECT  
 LEASE OUTLINE DRAWING

**LEASE AGREEMENT  
FOR  
BOARDING AREA "E" CANDY KIOSK LEASE  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY (REVISED 9-18-12)**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "**Summary**") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 2012

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

**Tenant's Notice  
Address:** 13701 Cimarron Avenue  
Gardena, Ca. 90249-2463  
Attn: Manuel Soto, III  
Fax No. 310-353-2415  
Tel. No. 310-353-2411

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice  
Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
Attn: Airport Director  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000.

**City's Rent  
Payment Address:** San Francisco International Airport  
Attn: Accounting  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120

**City's Insurance/  
Deposit Notice  
Address:** San Francisco International Airport  
Attn: Revenue Development and Management  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500.

**Premises:** Space E.2.406, comprising approximately 104 square feet in Boarding Area "E", in Terminal 3 (the "Terminal") at the San Francisco International Airport, as shown on the attached *Exhibit A*.  
(§ 1)

**Relevant Boarding Area:** Boarding Area "E"  
(§ 4.12)

**Term:** Approximately five (5) years, commencing on the Rent Commencement Date,  
(§ 2)

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director, and ending at 11:59 p.m. on the day prior to the fifth (5<sup>th</sup>) anniversary thereof (the "Expiration Date").

**Commencement Date:** The date on which the Airport Director gives notice to Tenant that the Premises are ready for Tenant to take possession.  
(§ 2.1)

\_\_\_\_\_

(actual date to be inserted upon determination)

**Rent Commencement Date:** The earlier of: (a) the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§ 4.3)

\_\_\_\_\_

(actual date to be inserted upon determination)

**Expiration Date:** 11:59pm on the day before the fifth (5th) anniversary of the Rent Commencement Date.  
(§ 2)

\_\_\_\_\_

(actual date to be inserted upon determination)

**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: 2007  
(§ 4.12)

**Permitted Use:** The display and retail sale, on a non-exclusive basis, of merchandise reflective of branded confectionery concept, as described on the attached *Exhibit B*.  
(§ 3)

**Base Rent:** Per Lease Year (as defined below), the greater of the Minimum Annual Guarantee (as defined below) or the following sum (such sum being referred to herein as the "Percentage Rent"):  
(§ 4)

- (a) 12% of Gross Revenues (as defined below) achieved up to and including \$500,000.00, plus,
- (b) 14% of Gross Revenues achieved from \$500,000.01.01 up to and including \$1,000,000, plus,
- (c) 16% of Gross Revenue achieved over \$1,000,000.

(The Gross Revenues from all facilities comprising the Premises will be aggregated.)

- Lease Year:** ( § 4) The period commencing on the Rent Commencement Date and terminating on the day before the first MAG Adjustment Date (as defined below), and each subsequent 12-month period, commencing on each MAG Adjustment Date and expiring on the day before the subsequent MAG Adjustment Date, or expiring on the Expiration Date, as the case may be.
- Minimum Annual Guarantee:** ( § 4) One Hundred Eighty Two Thousand Dollars (\$182,000) (the "Initial MAG"), per annum; (Fifteen Thousand One Hundred Sixty-Seven Dollars (\$15,167) per month), subject to (a) adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein.
- MAG Adjustment Date:** ( § 4) The first anniversary of the Rent Commencement Date or the first day of the first calendar month following such anniversary if the Rent Commencement Date does not fall on the first day of a calendar month, and each anniversary of such adjustment date thereafter.
- \_\_\_\_\_
- (actual date to be inserted upon determination)
- Rent:** ( § 4) Base Rent, together with all other amounts owing by Tenant to City hereunder.
- Deposit Amount:** ( § 13) Equal to one-half (1/2) of the then current MAG (subject to adjustment).
- Minimum Investment Amount:** ( § 7.1) With respect to Replacement Premises, Space E.2.406, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Thirty Six Thousand Four Hundred Dollars (\$36,400)**.
- Initial Promotional Charge:** ( § 11) One Dollar (\$1.00) per square foot of the Premises which equals One Hundred Four Dollars (\$104.00) per annum. (subject to adjustment)
- Resolution:** Number **08-0016**, approved by the Airport Commission on January 22, 2008. Number **11-0076**, approved by the Airport Commission on April 5, 2011. Number **12-0204** approved by the Airport Commission on September 18, 2012.
- Initial Tenant Representative:** ( § 3.9) Manuel Soto, IV  
Tel. No. (650) 246-3860
- Other Agreements:** ( § 14.1) Boarding Area "F" Candy Store and Kiosks Lease 07-0260;  
Boarding Area "B" and "C" Principal Concession Lease No. 98-0228;  
Boarding Areas "B" and "C" Books and News Stores Lease No. 04-0231;  
Terminal 3, Boarding Area "F" Specialty Retail Kiosk Lease No. 09-0091, dba See's Candies;  
Terminal 3, Boarding Area "F" Specialty Retail Kiosk Lease No. 09-0092, dba Destination Green;  
Sublease to the Post-security Master Retail/Duty-Free Lease No. 99-0035.



**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant           M. J. R.          

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**AMENDMENT NO. 2 TO  
TERMINAL 3 SPECIALTY STORE LEASE "B" NO. 04-0167  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO THE TERMINAL 3 SPECIALTY STORE LEASE "B" NO. 04-0167, AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of September 18, 2012 for reference purposes only, is entered by and 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 MARILLA CHOCOLATE COMPANY, INC., as tenant (the "Tenant").

**RECITALS**

A. The Airport and Tenant entered into the Terminal 3 Specialty Store Lease "B" No. 04-0167, dated as of August 17, 2004 (the "Lease") for certain retail space located at the Airport in Terminal 3 (the "Premises"). The Lease was previously approved by the Airport Commission pursuant to Resolution Number 04-0167.

B. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period").

C. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0077, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee during the Renovation Period.

D. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".

E. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital B above, by an additional eighteen (18) months until approximately November 1, 2013.

F. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-00205 on September 18, 2012, approving certain amendments to the Lease such as replacement premises, new commencement date, and other related provisions, on the terms and conditions set forth herein.

G. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the 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 this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment I titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; and an Adjusted Minimum Investment Amount.
4. **Premises. Exhibit A** is hereby deleted in its entirety and replaced with the following:

“Exhibit A – Premises. One facility (Space E.2.207) comprising approximately 254 square feet of concession space located in Terminal 3, Boarding Area E at the San Francisco International Airport, as described on the attached drawings.”
5. **Term. Section 2.5, City’s Right to Extend the Term,** is hereby deleted in its entirety.
6. **Rent. Section 4.13 Boarding Area E Renovation** is hereby deleted in its entirety and replaced with the following:
  - 4.13 **Boarding Area E Renovation.**
    - (a) **Boarding Area E Renovation Period.** The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete
    - (b) **Minimum Annual Guarantee (“MAG”) and Other Fees.** During the Renovation Period, the MAG shall be suspended for Tenant’s facility in Boarding Area E.
    - (c) **MAG Reinstatement.** At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
7. **Entire Agreement.** This Amendment No. 2 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. 2 are superseded in their entirety by this Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 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. 2.

8. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 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. 2. This Amendment No. 2 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. 2 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. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

9. **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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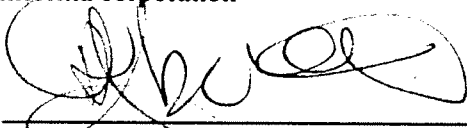
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IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

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

\_\_\_\_\_  
John L. Martin *CN*  
Airport Director *done for LF*

**TENANT:** Marilla Chocolate Company, Inc.,  
a California corporation

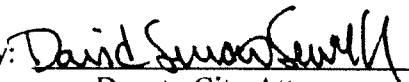
By:   
Name: Billie Ansberg  
Title: RESIDENT

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0205  
Adopted: September 18, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

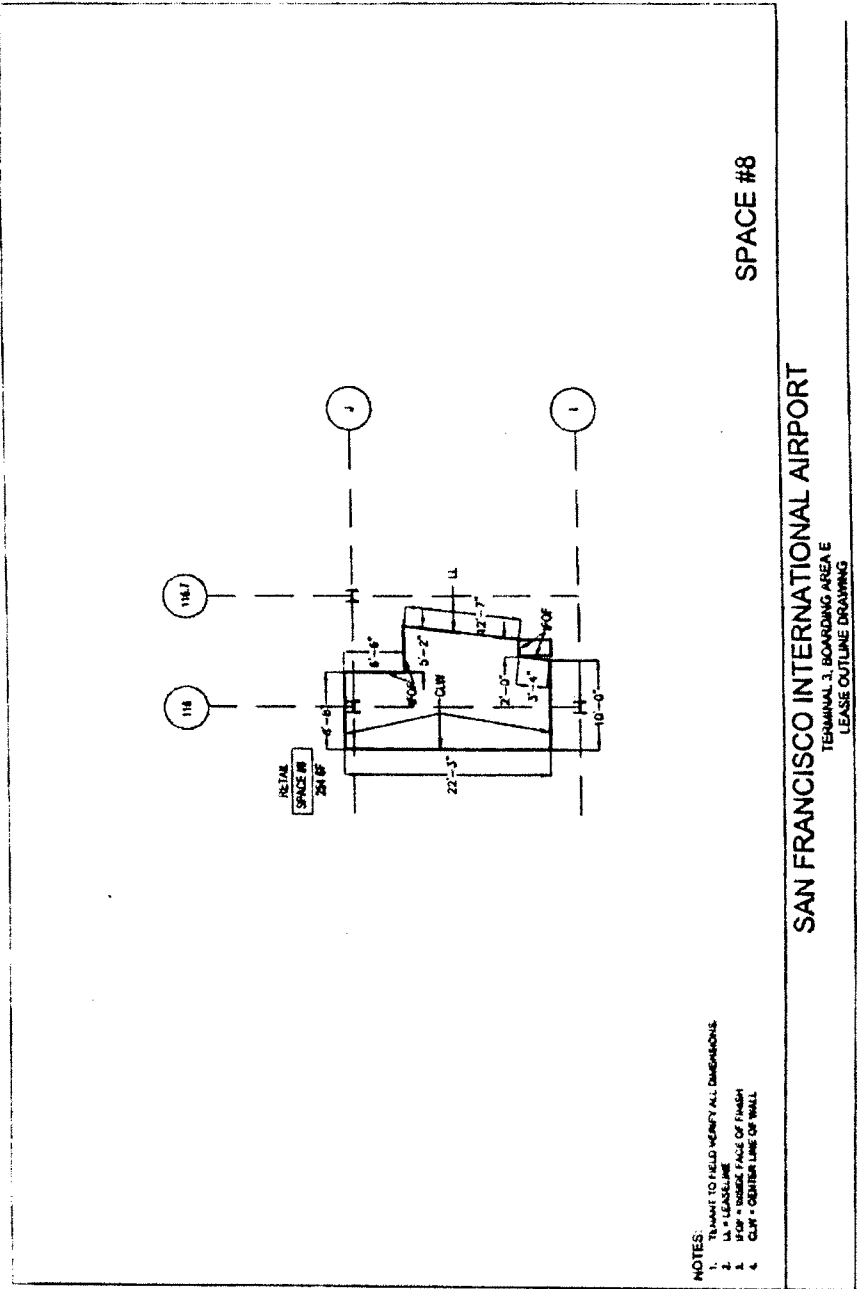
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By:   
Deputy City Attorney

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Exhibit A Premises

One facility (Space E.2.207) comprising approximately 254 square feet of concession space located in Terminal 3, Boarding Area E at San Francisco International Airport.



**LEASE AGREEMENT  
FOR  
TERMINAL 3 SPECIALTY STORE LEASE "B"  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY (REVISED 9-18-12)**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "Summary") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 2012.

**Tenant:** **MARILLA CHOCOLATE COMPANY, INC,**  
a California corporation.

**Tenant's Notice  
Address:** **PO Box 250039  
San Francisco International Airport  
San Francisco, CA 94125-0039  
Attn: Rilla Ginsberg  
Fax No. (650) 627-8249  
Tel. No. (415) 850-1005**

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice  
Address:** **San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
P. O. Box 8097  
San Francisco, CA 94128  
Attn: Airport Director  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000.**

**City's Rent  
Payment Address::** **San Francisco International Airport  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120  
Attn: Accounting**

**City's Insurance/  
Deposit Notice  
Address:** **San Francisco International Airport  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Attn: Revenue Development and Management  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500.**

Summary, Page 1

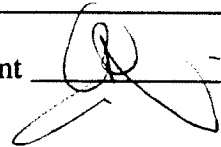
- Premises:** Space E.2.207, comprising approximately 254 square feet, located in Boarding Area E of Terminal 3, as shown in *Exhibit A*.  
(§ 1)
- Relevant Boarding Area:** Boarding Area "E"  
(§ 4.12)
- Term:** Approximately **five (5) years**, commencing on the Rent Commencement Date  
(§ 2)
- Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director, and ending at 11:59 p.m. on the day prior to the fifth (5<sup>th</sup>) anniversary thereof (the "**Expiration Date**").
- Commencement Date:** The date on which the Airport Director gives notice to Tenant that the Premises are ready for Tenant to take possession.  
(§ 2.1)  
\_\_\_\_\_ (actual date to be inserted upon determination)
- Rent Commencement Date:** The earlier of: (a) the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§ 4.3)  
\_\_\_\_\_ (actual date to be inserted upon determination)
- Expiration Date:** 11:59pm on the day before the fifth (5<sup>th</sup>) anniversary of the Rent Commencement Date.  
(§ 2)  
\_\_\_\_\_ (actual date to be inserted upon determination)
- Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: **2003**.  
(§ 4.12)
- Permitted Use:** The display and retail sale, on a non-exclusive basis, of the merchandise described on the attached *Exhibit B*.  
(§ 3)
- Base Rent:** Per Lease Year, the greater of the Minimum Annual Guarantee (as defined below) or the following sum (such sum being referred to herein as the "**Percentage Rent**"):  
(§ 4)
- 12% of Gross Revenues (as defined below) achieved up to and including **\$1,500,000, plus,**
  - 14% of Gross Revenues achieved from **\$1,500,000.01 up to and including \$2,000,000.00, plus,**
  - 16% of Gross Revenues achieved over **\$2,000,000.**



- Lease Year:** The period commencing on the Rent Commencement Date and terminating on the day before the first MAG Adjustment Date (as defined below), and each subsequent 12-month period, commencing on each MAG Adjustment Date and expiring on the day before the subsequent MAG Adjustment Date, or expiring on the Expiration Date, as the case may be.  
(§ 4)
- Minimum Annual Guarantee:** **Seventy-Two Thousand Dollars (\$72,000)** (the "Initial MAG"), per annum; **(Six Thousand Dollars (\$6,000)** per month), subject to adjustments upward as described below.  
(§ 4)
- MAG Adjustment Date:** The first anniversary of the Rent Commencement Date or the first day of the first calendar month following such anniversary if the Rent Commencement Date does not fall on the first day of a calendar month, and each anniversary of such adjustment date thereafter.  
(§ 4)
- \_\_\_\_\_ (actual date to be inserted upon determination)
- Rent:** Base Rent, together with all other amount owing by Tenant to City hereunder.  
(§ 4)
- Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).  
(§ 13)
- Minimum Investment Amount:** With respect to Replacement Premises, Space E.2.207, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Eighty Eight Thousand Nine Hundred Dollars (\$88,900)**.  
(§ 7.1)
- Initial Promotional Charge:** One Dollar (**\$1.00**) per square foot of the Premises which equals Two Hundred Fifty Four Dollars (**\$254**).  
(§ 11) (subject to adjustment)
- Resolution:** Number **04-0167**, approved by the Airport Commission on August 17, 2004. Number **11-0077**, Amendment 1, approved by the Airport Commission on April 5, 2011. Number **12-0205**, Amendment 2, approved by the Airport Commission on September 18, 2012.
- Initial Tenant Representative:** **Rilla Ginsberg**  
Tel. No. **(415) 850-1005**  
(§ 3.9)
- Other Agreements:** Terminal 3, Boarding Area F Gourmet Food and Gift Store Lease No.10-0309,  
(§ 14.1)
- Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant \_\_\_\_\_

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the signature line for the tenant.

X:\Projects\Terminal 3\BAE\Amend 2 RETAIL\Lease Summaries\Marilla Revised Summary-FINAL.docx

**AMENDMENT NO. 2 TO  
AIRPORT SPA LEASE NO. 06-0242  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO AIRPORT SPA LEASE NO. 06-0242 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 3"), dated as of September 18, 2012 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 XpresSpa SF International, LLC., as tenant (the "Tenant").

**RECITALS**

A. The Airport and Tenant entered into the Airport Spa Lease No. 06-0242, dated as of August 2, 2007 (the "Lease") for certain retail spaces located at the Airport in the International Terminal and Terminal 3 (the "Original Premises"). The Lease was previously approved by the Airport Commission pursuant to Resolution Number 06-0242 and by the Board of Supervisors pursuant to Resolution No. 186-10. Amendment No. 1 to the Lease was approved by the Airport Commission pursuant to Resolution No. 11-0078.

B. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period").

C. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0078, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee during the Renovation Period.

D. The Original Lease, as amended by Lease Amendment No. 1, and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".

E. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.

F. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0206 on September 18, 2012, approving certain amendments to the Lease such as replacement premises, a new commencement date, and other related provisions, on the terms and conditions set forth herein.

G. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the 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 this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; and an Adjusted Minimum Investment Amount.
4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

"Exhibit A – Premises. A total of two facilities comprising approximately 2,966 square feet of concession space located in the International Terminal and Terminal 3 of the San Francisco International Airport, as described on the attached drawings and broken down as follows:"

<u>Space No.</u>	<u>Terminal</u>	<u>Appr. Sq Ft</u>
E.2.205	T3, BA-E	1,300
G.3.043	IT	1,666

5. **Term.** Section 2.5, City's Right to Extend the Term, is hereby deleted in its entirety.
6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:

4.14 Boarding Area E Renovation.

- (a) **Boarding Area E Renovation Period.** The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete

- (b) Minimum Annual Guarantee (“MAG”) and Other Fees. During the Renovation Period, the MAG shall be suspended for Tenant’s facility in Boarding Area E.
- (c) MAG Reinstatement. At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.

7. **Entire Agreement.** This Amendment No. 2 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. 2 are superseded in their entirety by this Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 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. 2.

8. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 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. 2. This Amendment No. 2 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. 2 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. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

9. **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. 3 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

*cd  
dm for LF*

**TENANT:** XpresSpa SF International, LLC  
a New York Company.

By: 

Name: Marisol Binn  
(type or print)

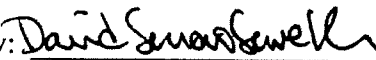
Title: President

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0206  
Adopted: September 18, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

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

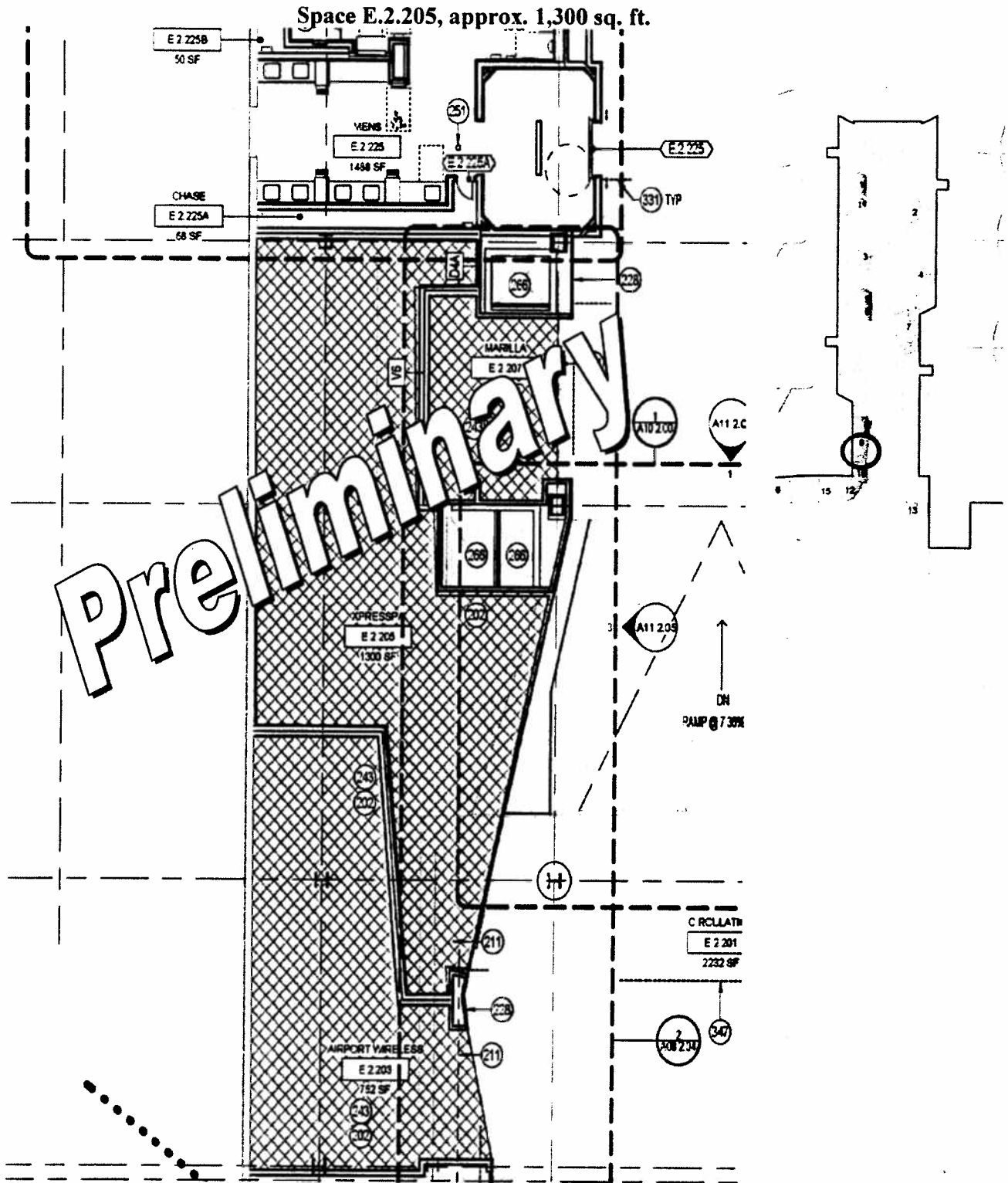
By:   
Deputy City Attorney

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**Exhibit A Premises**

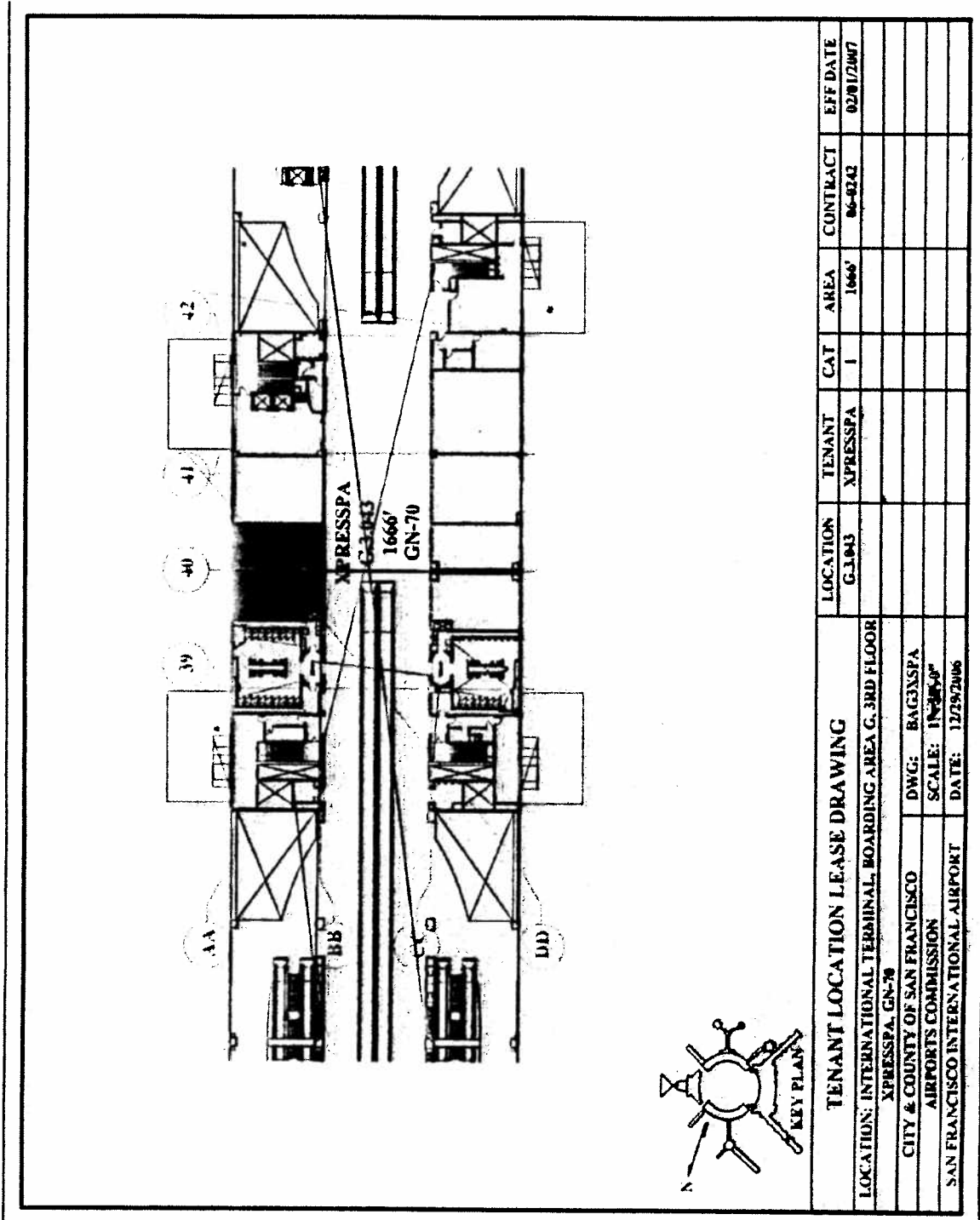
A total of five (5) facilities, comprising approximately **2,966** square feet of retail space at the Airport, as described on the attached drawings:

<u>Space No.</u>	<u>Terminal</u>	<u>Appr. Sq Ft</u>
E.2.205	T3, BA-E	1,300
G.3.043	IT	1,666





Space G.3.043, Approx. 1,666 sq. ft.



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**LEASE AGREEMENT  
FOR  
AIRPORT SPA LEASE  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY (REVISED 9-18-12)**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this “**Summary**”) summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 2012.

**Tenant:** XpresSpa S.F. International, LLC,  
a New York Company.

**Tenant's Notice  
Address:** 150 East 58<sup>th</sup> Street, 7<sup>th</sup> Floor  
New York, NY 10155  
Attn: Moreton Blinn  
Fax No. (212) 750-8607  
Tel. No. (212) 750-9595.

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice  
Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
P. O. Box 8097  
San Francisco, CA 94128  
Attn: ~~Airport Director~~  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000.

**City's Rent  
Payment Address:** San Francisco International Airport  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120  
Attn: Accounting

**City's Insurance/  
Deposit Notice  
Address:** San Francisco International Airport  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Attn: Revenue Development and Management  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500.

**Premises:** Two locations; **Space E.2.205** comprising approximately 1,300 square feet located post-security Terminal 3, and **Space G.3.043**, approximately 1,666 square feet located post-security in the International Terminal Building Boarding Area G, as shown on the attached *Exhibit A* of the Lease:

<u>Space</u>	<u>App. Square Feet</u>
<del>T3.2.020G</del>	805
E.2.205 (Replacement Premises)	1,300
G.3.043	1,666

**Relevant Boarding Area:** Boarding Area G and A (International Terminal), and Boarding Area E and Boarding Area F (Terminal 3).  
(§ 4.12)

**Term:** Approximately **five (5) years**, commencing on the Rent Commencement Date.  
(§ 2)

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director, and ending at 11:59 p.m. on the day prior to the fifth (5<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Commencement Date:** The date on which the Airport Director gives notice to Tenant that the Premises are ready for Tenant to take possession.  
(§ 2.1)

\_\_\_\_\_ (actual date to be inserted upon determination)

**Rent Commencement Date:** The earlier of: (a) the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§ 4.3)

\_\_\_\_\_ (actual date to be inserted upon determination)

**Expiration Date:** 11:59pm on the day before the fifth (**5th**) anniversary of the Rent Commencement Date.  
(§ 2)

\_\_\_\_\_ (actual date to be inserted upon determination)

**Adjusted Expiration Date:** \_\_\_\_\_ (actual date to be inserted upon determination)  
**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: **2005**.  
(§ 4.12)

**Permitted Use:** On a non-exclusive basis, tenant shall construct and operate a spa in each facility.  
(§ 3)

Additional uses shall include other such services consistent with the operation of a spa including, but not limited to, facials, waxing, massage, manicure/sculptured nails/pedicures, limited retail sales directly related to the spa concept all as more particularly set forth on **Exhibit B** of the Lease.

Without limiting the generality of the foregoing, Tenant shall operate the Premises in strict conformity with the requirements herein, including those set forth on **Exhibit B** of the Lease.

**Base Rent:** Per Lease Year (as defined below),  
(§ 4)

- 1) The greater of the Minimum Annual Guarantee (as defined below) or,
- 2) The following sum (such sum being referred to herein as the "Percentage Rent"):

12% of Gross Revenues achieved up to and including \$1,500,000; plus

14% of Gross Revenues achieved above \$1,500,000.

(The Gross Revenues from all facilities comprising the Premises will be aggregated.)

**Lease Year:** The period commencing on the Rent Commencement Date and terminating on the day before the first MAG Adjustment Date (as defined below), and each subsequent 12-month period, commencing on each MAG Adjustment Date and expiring on the day before the subsequent MAG Adjustment Date, or expiring on the Expiration Date, as the case may be.  
(§ 4)

**Minimum Annual Guarantee:** ~~One Hundred Thousand Dollars (\$100,000) (the "Initial MAG"), per annum; (Eight Thousand three Hundred Thirty Three Dollars and Thirty Three Cents (\$8,333.33) per month), subject to (a) adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein.~~  
(§ 4)

**Revised Minimum Annual Guarantee:** Two Hundred Thousand Seven Hundred Twenty Dollars (\$202,720) per annum; Sixteen Thousand Eight Hundred Ninety Three Dollars and Thirty Three Cents (\$16,893.33) per month, subject to (a) adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein.

**MAG Adjustment Date:** The first anniversary of the Rent Commencement Date or the first day of the first calendar month following such anniversary if the Rent Commencement Date does not fall on the first day of a calendar month, and each anniversary of such adjustment date thereafter.  
(§ 4)

\_\_\_\_\_ (actual date to be inserted upon determination)

**Rent:** Base Rent, together with all other amounts owing by Tenant to City hereunder.  
(§ 4)

**Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).  
(§ 13)

**Minimum Investment Amount:** With respect to the original Premises, twenty five percent (25%) of the original minimum investment amount required to refurbish, redecorate and modernize the interior and exterior of the Premises, or a lesser amount so long as the refurbishment complies with the Concessions Design Guidelines and receives Design Review Committee approval.  
(§ 7.1)

With respect to Replacement Premises, Space E.2.205, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Four Hundred Fifty Five Thousand Dollars (\$455,000)**.

**Initial Promotional Charge:** One Dollar (**\$1.00**) per square foot of the Premises which equals **Two Thousand Nine Hundred Sixty Six Dollars (\$2,966)**.  
(§ 11) (subject to adjustment)

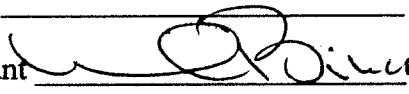
**Resolution:** Number **06-0242**, approved by the Airport Commission on December 19, 2006.  
Number **11-0078**, approved by the Airport Commission on April 5, 2011.  
Number **12-0206** approved by the Airport Commission on September 18, 2012.

**Initial Tenant Representative:** **Moreton Binn**  
Tel. No. (212) 750-9595  
(§ 3.11)

**Other Agreements:** L10-0041 Terminal 2 Spa Lease  
(§ 14.1)

**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant 

**AMENDMENT NO. 3 TO  
TECHNOLOGY PRODUCTS STORES LEASE NO. 07-0108  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 3 TO TECHNOLOGY PRODUCTS STORES LEASE NO. 07-0108 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 3"), dated as of September 18, 2012 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 ILJ SAN FRANCISCO, LLC., as tenant (the "Tenant").

**RECITALS**

A. The Airport and Tenant entered into the Technology Products Stores Lease No. 07-0108, dated as of May 15, 2007 (the "Lease") for certain retail spaces located at the Airport in the International Terminal and Terminals 1 & 3 (the "Original Premises"). The Lease was previously approved by the Airport Commission pursuant to Resolution Number 07-0108 and by the Board of Supervisors pursuant to Resolution No. 432-07. On July 15, 2008, Amendment No. 1 to the Lease was approved by the Airport Commission pursuant to Resolution No. 08-0146.

B. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period").

C. On April 5, 2011, the Airport Commission approved Amendment No. 2 under Resolution No. 11-0079, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee during the Renovation Period.

D. The Original Lease, as amended by Lease Amendment Nos. 1 and 2, and by this Amendment No. 3 shall be referred to from time to time collectively herein as the "Lease".

E. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.

F. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0207 on September 18, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.

G. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 3. All capitalized terms not otherwise defined herein shall have the 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 this Lease Amendment No. 3 shall be the date upon which the Airport Director executes this amendment.

3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; and an Adjusted Minimum Investment Amount.

4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

"Exhibit A – Premises. A total of five facilities comprising approximately 4,409 square feet of concession space located in the International Terminal, Terminal 1, and Terminal 3 of the San Francisco International Airport, as described on the attached drawings and broken down as follows:"

<u>Space No.</u>	<u>Terminal</u>	<u>Approx. Sq. Ft.</u>
A	T3, BA-E	752
B	T3, BA-F	744
C	T3, BA-F	932
D	T1, BA-C	525
E	IT-A	1,456

5. **Term.** Section 2.5, City's Right to Extend the Term, is hereby deleted in its entirety.

6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:

4.14 Boarding Area E Renovation.

- (a) **Boarding Area E Renovation Period.** The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete
- (b) **Minimum Annual Guarantee ("MAG") and Other Fees.** During the Renovation Period, the MAG shall be suspended for Tenant's facility in Boarding Area E.
- (c) **MAG Reinstatement.** At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.

7. **Reimbursement.** The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of Two Hundred Six Thousand Four Hundred Sixty-One Dollars (\$206,461), subject to the reimbursement terms contained in the Airport letter dated September 18, 2012 and the memorandum on file with the Airport Commission Secretary for Resolution No.12-0207, incorporated herein by reference and made a part of this Lease.

8. **Entire Agreement.** This Amendment No. 3 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. 3 are superseded in their entirety by this Amendment No. 3. No prior drafts of this Amendment No. 3 or changes between those drafts and the executed version of this Amendment No. 3 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. 3.

9. **Miscellaneous.** This Amendment No. 3 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 3 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. 3. This Amendment No. 3 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. 3 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. 3. This Amendment No. 3 shall be governed by the laws of the State of California. Neither



this Amendment No. 3 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. 3 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

*aj  
dim for LF*

**TENANT:** ILJ San Francisco, LLC

By *Iris Goldscheidt*

Name: *Iris Goldscheidt*  
(type or print)

Title: *Manager*

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0207  
Adopted: September 18, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

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

By: *Dennis J. Herrera*  
Deputy City Attorney

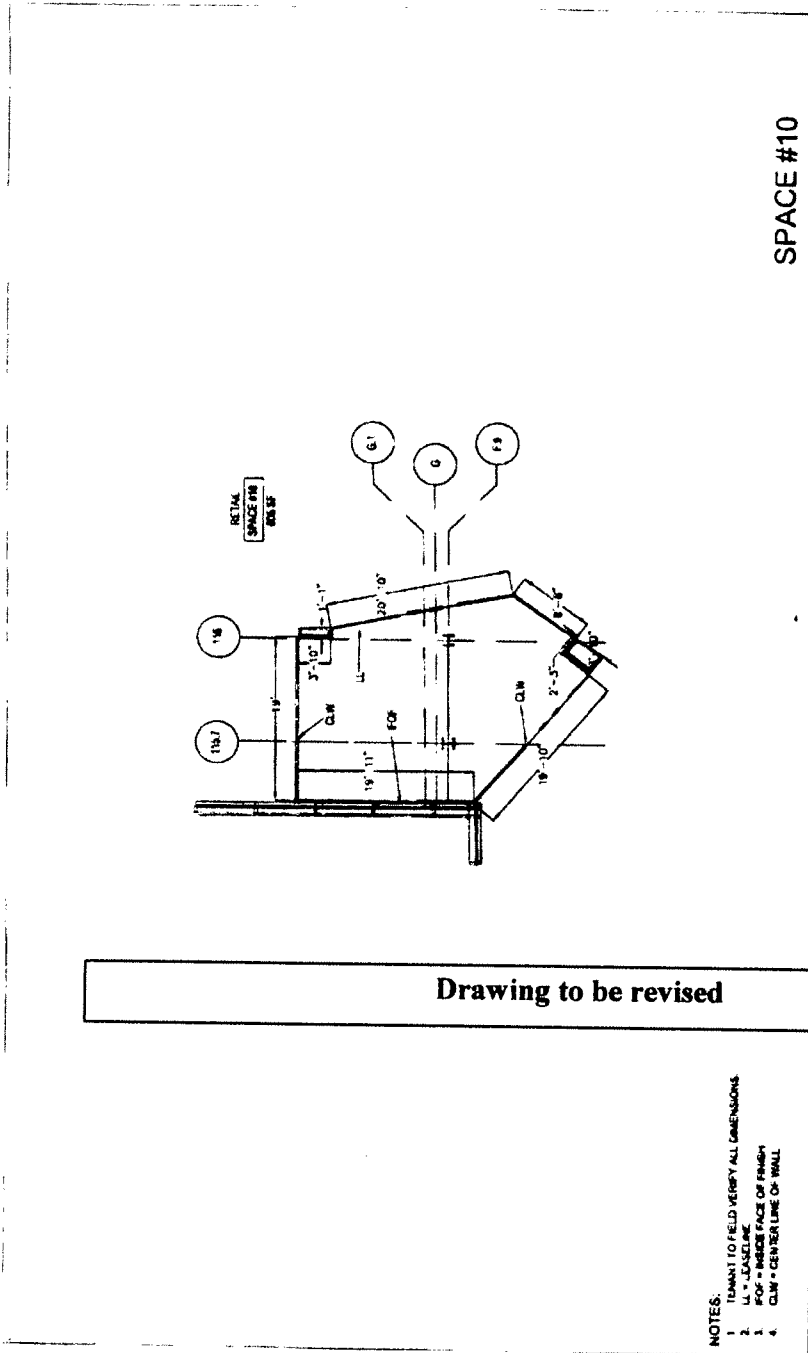
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**Exhibit A Premises**

A total of five (5) facilities, comprising approximately **4,409** square feet of retail space at the Airport, as described on the attached drawings:

<u>Space No.</u>	<u>Terminal</u>	<u>Appr. Sq Ft</u>
A	T3, BA-E	756
B	T3, BA-F	744
C	T3, BA-F	932
D	T1, BA-C	525
E	IT-A	1,456

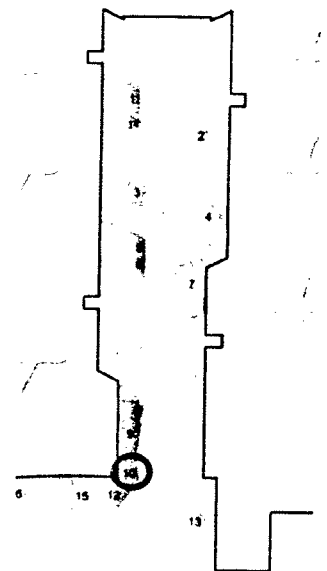
Space A, approx. 756 sq. ft.



SPACE #10

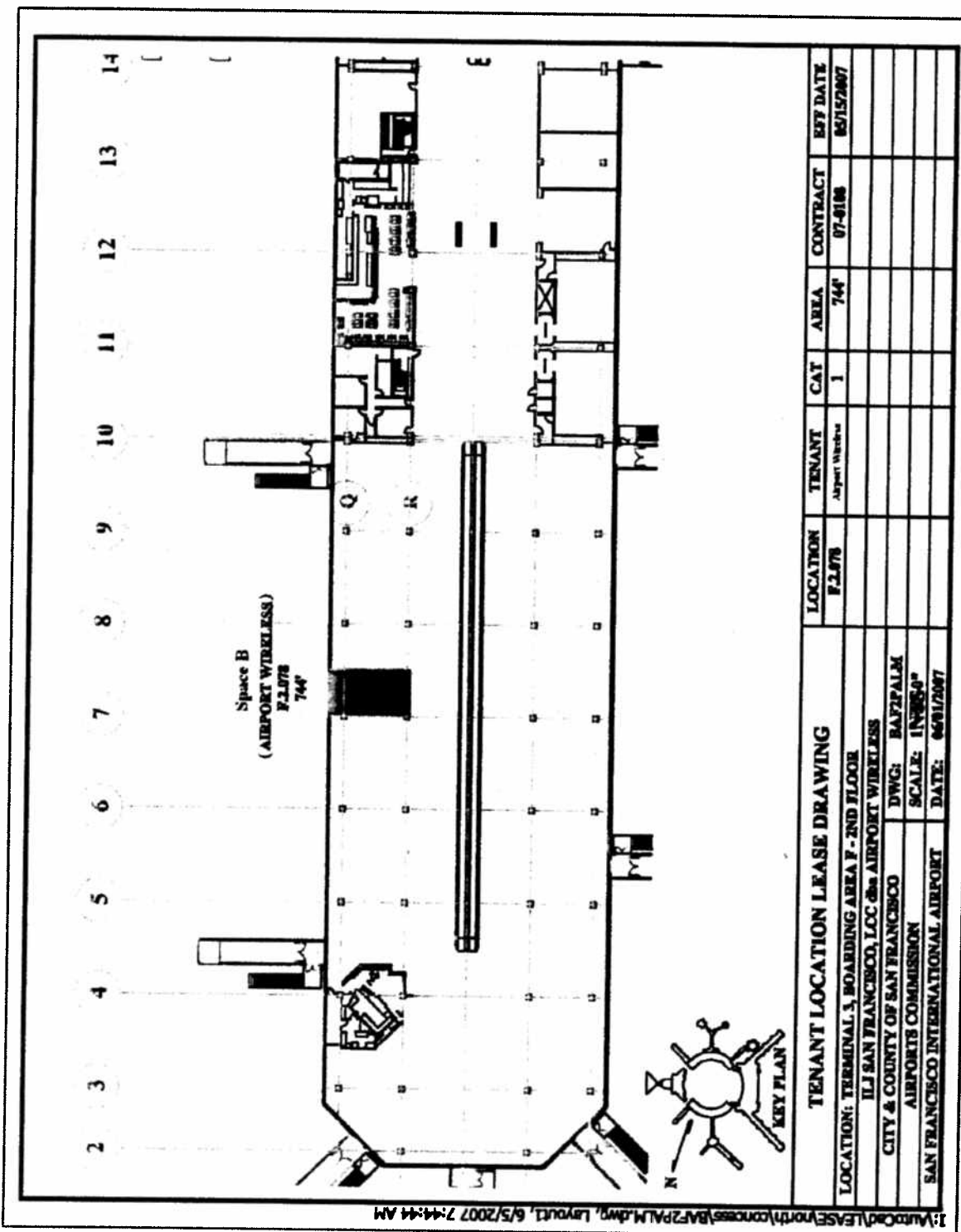
SAN FRANCISCO INTERNATIONAL AIRPORT

TERMINAL 3, BOARDING AREA E  
LEASE OUTLINE DRAWING



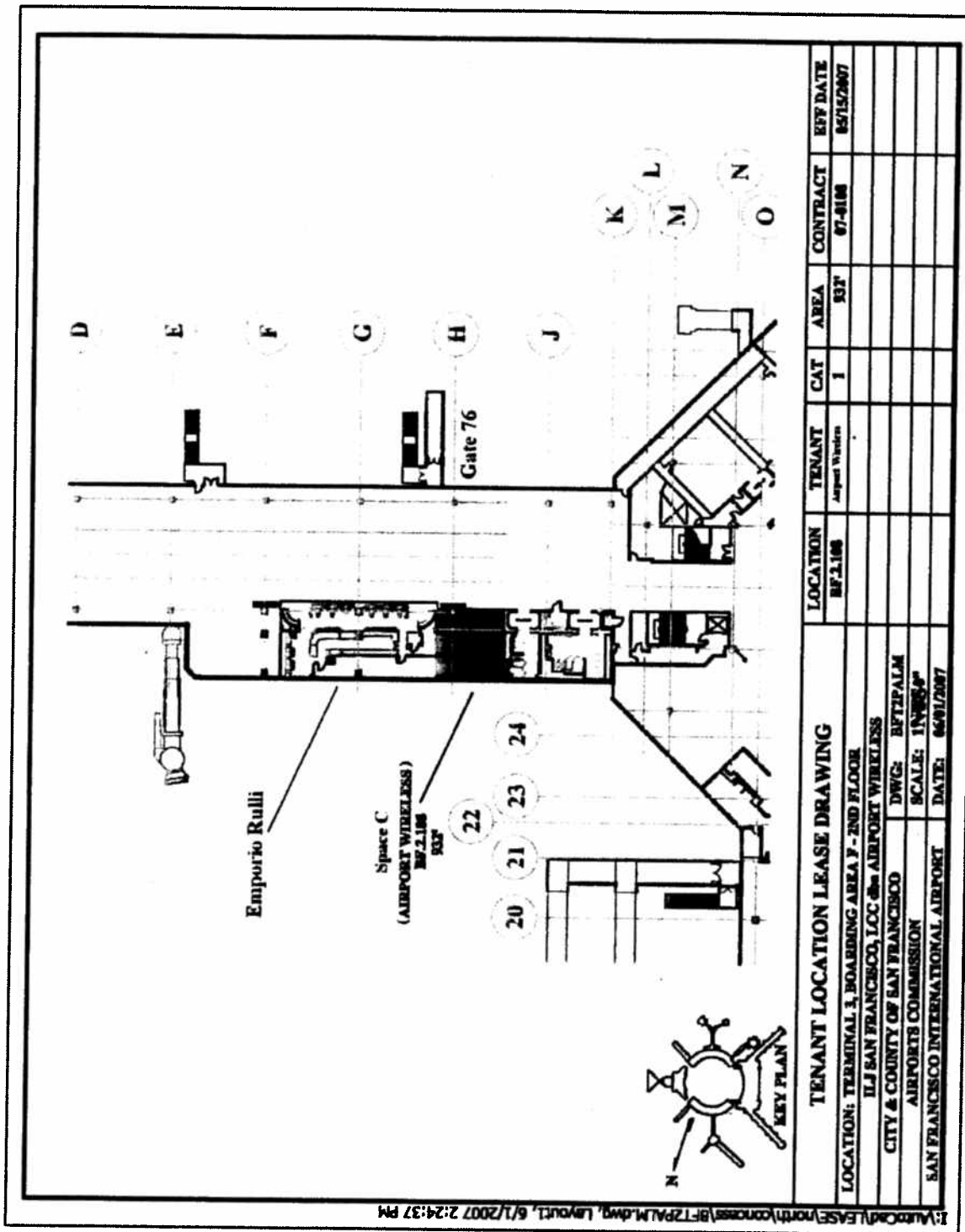
- NOTES:
1. DIMANT TO FIELD VERIFY ALL DIMENSIONS
  2. LL = LEASE LINE
  3. FOF = INSIDE FACE OF FINISH
  4. CLM = CENTER LINE OF WALL

Space B, Approx. 744 sq. ft.

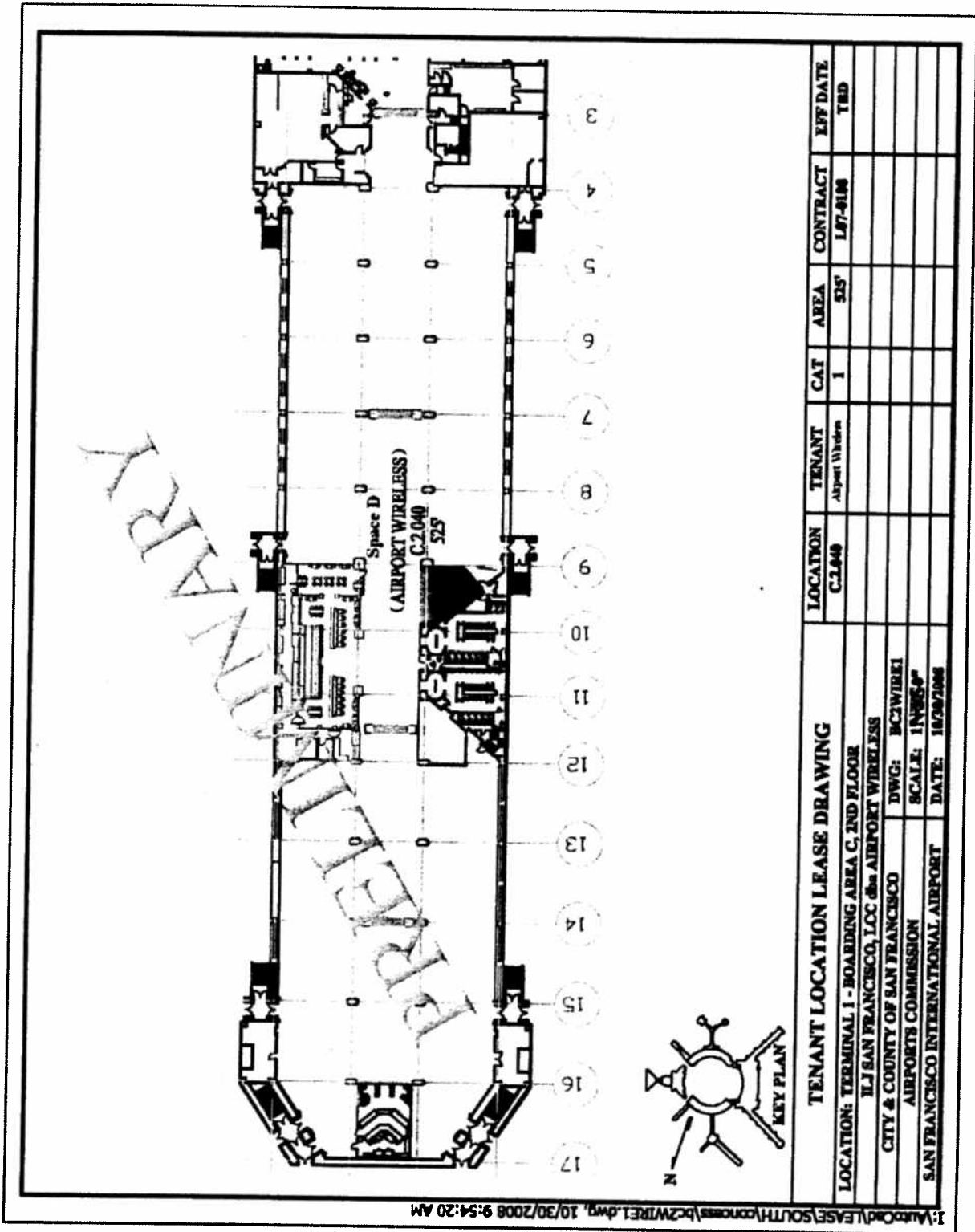


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Space C, approx. 932 sq. ft.



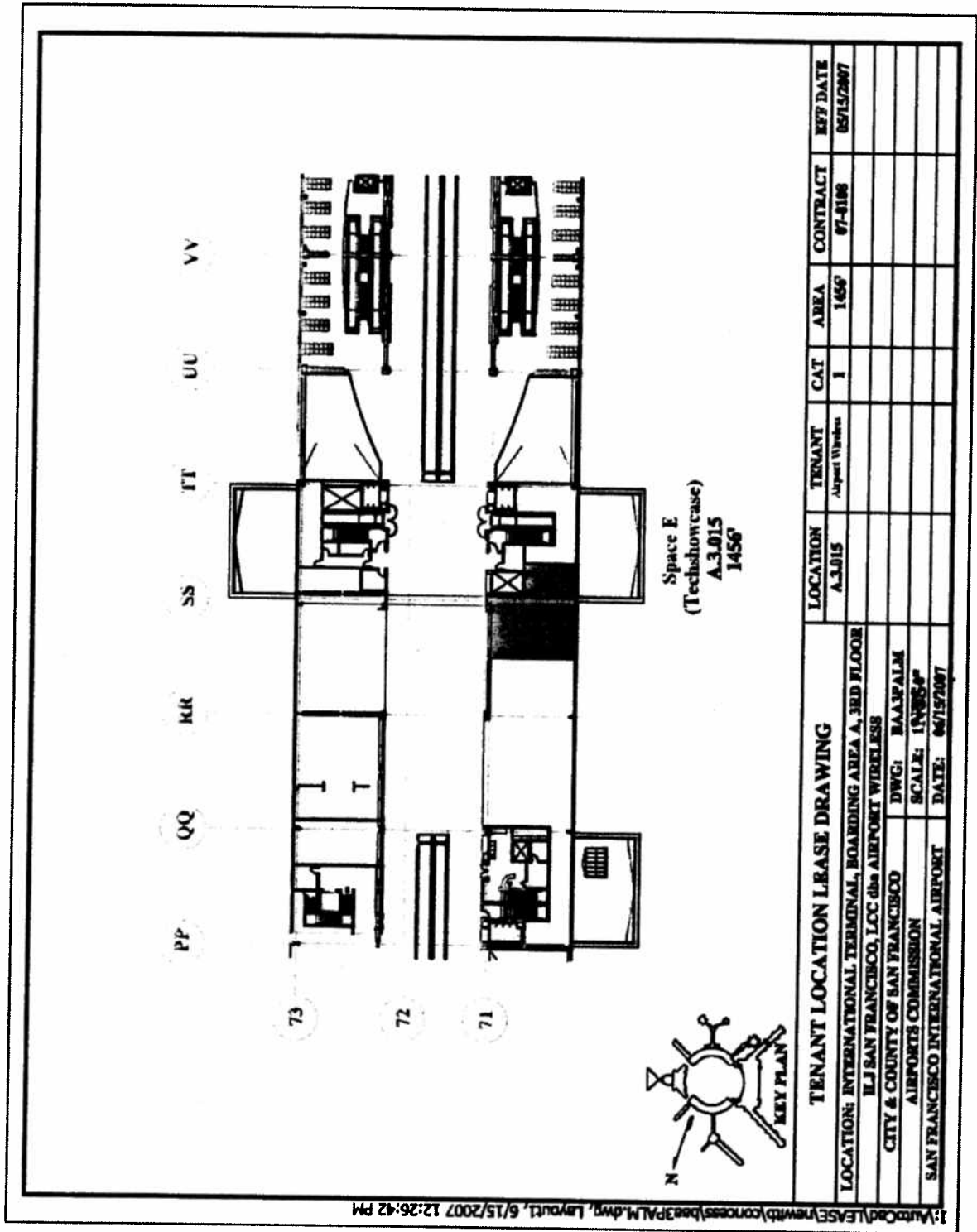
Space D, approx. 525 sq. ft.



TENANT LOCATION LEASE DRAWING		LOCATION	TENANT	CAT	AREA	CONTRACT	EFF DATE
LOCATION: TERMINAL 1 - BOARDING AREA C, 2ND FLOOR		C-2.040	Airport Wireless	1	525'	L87-0106	TBD
ILJ SAN FRANCISCO, LLC dba AIRPORT WIRELESS							
CITY & COUNTY OF SAN FRANCISCO							
AIRPORTS COMMISSION							
SAN FRANCISCO INTERNATIONAL AIRPORT							
DWG: BC2WIRE1							
SCALE: 1/8"=6'-0"							
DATE: 10/20/08							

ILJ San Francisco, LLC  
 Amendment No. 3 to Lease No. 07-0108

Space E, approx. 1,164 sq. ft.





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**LEASE AGREEMENT FOR  
TECHNOLOGY PRODUCTS STORES LEASE  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY (REVISED 9-18-12)**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "**Summary**") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 2012.

**Tenant:** ILJ San Francisco, LLC

**Tenant's Notice Address:** 3141 Fairlane Farms Road, Suite 7  
Wellington, FL 33414  
Attn: Iris Goldschmidt, CEO  
Fax No.: (561) 204-4974  
Tel. No.: (561) 204-4964

**City:** The City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission.

**City's Notice Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
P.O. Box 8097  
San Francisco, CA 94128  
Attn: Airport Director  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000.

**City's Rent Payment Address:** San Francisco International Airport  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P.O. Box 7743  
San Francisco, CA 94120  
Attn: Accounting

**City's Insurance/Deposit Notice Address:** San Francisco International Airport  
575 N. McDonnell Road, Suite 3-329  
P.O. Box 8097  
San Francisco, CA 94128  
Attn: Revenue Development and Management  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500.

**Premises:** Five (5) locations, totaling approximately 4,409 square feet, broken down as follows, as shown on Exhibit A:  
(§ 1)

- ~~Space A:~~ Approximately 542 square feet of space, located post-security of Boarding Area "E", adjacent to the security checkpoint. (Closed 4-2012)
- Space A: (E.2.203) (Replacement Premises) Approximately 752 square feet of space, located post-security of Boarding Area "E".
- Space B: Approximately 744 square feet of space located between Gates 84 & 86 in Boarding Area "F".
- Space C: Approximately 932 square feet of space located across Gate 76 in Boarding Area "F".
- Space D: Approximately 525 square feet of space located in Boarding Area "C".
- Space E: Approximately 1,456 square feet of space located in International Terminal, Boarding Area "A", next to Gate A6. (1,144 sq ft retail space + 312 sq ft storage/office space)

**Relevant Boarding Area:** IT-A, C, E and F.  
(§ 4.12)

**Term:** Five (5) years, commencing on the Rent Commencement Date.  
(§ 2)

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director, and ending at 11:59 p.m. on the day prior to the fifth (5<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Commencement Date:** The date on which the Airport Director gives notice to Tenant that the Premises are ready for Tenant to take possession.  
(§ 2.1)  
\_\_\_\_\_ (actual date to be inserted upon determination)

**Rent Commencement Date:** The earlier of: (a) the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§ 4.3)  
\_\_\_\_\_ (actual date to be inserted upon determination)

**Expiration Date:** 11:59pm on the day before the fifth (5<sup>th</sup>) anniversary of the Rent Commencement Date.  
(§ 2)  
\_\_\_\_\_ (actual date to be inserted upon determination)

**Adjusted Expiration Date:** \_\_\_\_\_ (actual date to be inserted upon determination)

**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded:  
(§ 4.12) 2006.

**Permitted Use:** The display and retail sale, on a non-exclusive basis, of the merchandise described on the attached *Exhibit B*.  
(§ 3)

**Base Rent:** Per Lease Year (as defined below), the greater of the Minimum Annual Guarantee (as defined below) or the following sum (such sum being referred to herein as the "Percentage Rent"):  
(§ 4)

- 8% of Gross Revenues achieved from licensed electronic products such as Palm handhelds; plus,
- 12% of Gross Revenues achieved from all retail products except for licensed electronic products achieved up to \$5,000,000; plus,
- 14% of Gross Revenues achieved from all retail products except for licensed electronic products achieved from \$5,000,000.01 up to and including \$6,000,000; plus,
- 16% of Gross Revenues achieved from all retail products except for licensed electronic products over \$6,000,000.

**Lease Year:** The period commencing on the Rent Commencement Date and terminating on the day before the first MAG Adjustment Date (as defined below), and each subsequent 12-month period, commencing on each MAG Adjustment Date and expiring on the day before the subsequent MAG Adjustment Date, or expiring on the Expiration Date, as the case may be.  
(§ 4)

**Minimum Annual Guarantee:** Five Hundred Thousand Dollars (\$500,000.00) (the "Initial MAG"), per annum; (Forty One Thousand Six Hundred Sixty Seven Dollars (\$41,667) per month), subject to (a) adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein  
(§ 4)

**MAG Adjustment Date:** The first anniversary of the Rent Commencement Date or the first day of the first calendar month following such anniversary if the Rent Commencement Date does not fall on the first day of a calendar month, and each anniversary of such adjustment date thereafter.  
(§ 4)

\_\_\_\_\_ (actual date to be inserted upon determination)

**Rent:** Base Rent, together with all other amounts owing by Tenant to City hereunder.  
(§ 4)

**Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).  
(§ 13)

**Minimum Investment Amount:** With respect to Replacement Premises in Boarding Area "E", Space A, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Two Hundred Sixty Three Thousand and Two Hundred Dollars (\$263,200)**.  
(§ 7.1)

With respect to the remaining Premises that are not in Boarding Area "E", Tenant shall invest an amount no less than twenty five percent (25%) of the original minimum investment amount required to refurbish, redecorate and modernize the interior and exterior of the Premises, or a lesser amount so long as the refurbishment complies with the Concessions Design Guidelines and receives Design Review Committee approval.

Tenant is not required to invest the Minimum Improvement Amount for the portion of the Premises used as office/storage.

**Initial Promotional Charge** One Dollar (**\$1.00**) per square foot of the Premises which equals **Four Thousand Four Hundred Nine Dollars (\$4,409.00)**.  
(subject to adjustment)  
(§ 11)

**Resolution:** Number **07-0108**, approved by the Airport Commission on May 15, 2007.  
Number **08-0146**, Amendment 1 approved by the Airport Commission on July 15, 2008  
Number **11-0079**, Amendment 2 approved by the Airport Commission on April 5, 2011.  
Number **12-0207** Amendment 3 approved by the Airport Commission on September 18, 2012.

**Initial Tenant Representative:** **Ilene Berman, Manager**  
Tel. No. **(561) 204-4964**  
(§ 3.9)

**Other Agreements:** Non-Airline Terminal Space or Use Permit No. 3867  
Trash Compactor Use Agreement No. 3866  
(§ 14.1)

**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant IL \_\_\_\_\_

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