

**AMENDMENT NO. 3 TO  
LEASE AGREEMENT  
AT SAN FRANCISCO INTERNATIONAL AIRPORT  
(Boarding Areas "B" and "C" Principal Concession Retail Lease)**

This AMENDMENT NO. 3 (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:** October 2, 2009.

**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 Revised Minimum Annual Guarantee ("MAG") is \$1,450,000. The current MAG is \$2,432,200.

**2. LEASE AMENDMENTS.**

2.1 Premises.

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

<b><u>Facility Ref.</u></b>	<b><u>Current Concept/Size</u></b>	<b><u>Modification</u></b>
B1	Specialty Shop, currently comprising approximately 2,000 square feet.	No change
B6	Newsstand, currently comprising approximately 1,138 square feet.	No Change



<u>Facility Ref.</u>	<u>Current Concept/Size</u>	<u>Modification</u>
B.2.04	Newsstand Kiosk comprising approximately 64 square feet	Added Space
C2	Specialty Shop, currently comprising approximately 1,257square feet.	Surrender Space
C3	Specialty Coffee, Tea and Spices, currently comprising approximately 510 square feet.	Surrender Space
C4	Newsstand, currently comprising approximately 637 square feet.	Surrender Space
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:

<b>Premises:</b> (§ 1)	<p><b>Store Nos. B1, B6, B2.2 and C5</b> in Terminal 1 (the “Terminal”) at the San Francisco International Airport, comprised of approximately 3,426 square feet of retail space, as described on the attached <i>Exhibit A</i>, broken down as follows:</p> <table> <tr> <td></td><td><u>App. Square Feet</u></td></tr> <tr> <td>B1 Specialty Shop</td><td>2,000</td></tr> <tr> <td>B6 Newsstand</td><td>1,138</td></tr> <tr> <td>B2.2 Newsstand Kiosk</td><td>64</td></tr> <tr> <td>C5 Candy Cart</td><td>224</td></tr> </table>		<u>App. Square Feet</u>	B1 Specialty Shop	2,000	B6 Newsstand	1,138	B2.2 Newsstand Kiosk	64	C5 Candy Cart	224
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B1 Specialty Shop	2,000										
B6 Newsstand	1,138										
B2.2 Newsstand Kiosk	64										
C5 Candy Cart	224										

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

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

2.3 Decrease in Minimum Annual Guarantee. Effective as of the C2, C3 and C4 surrender dates, (1) the MAG will decrease by \$981,200 from \$2,431,200 to \$1,450,000 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.

2.4 Extension Start Date and MAG Reduction Start Date. The Extension Period will begin June 18, 2009. The MAG reduction will go into effect upon the surrender of spaces C2, C3 and C4.



2.5 Term. The term of the Lease extension is three (3) years, with the right of either party to terminate the Lease after the initial twelve (12) months with a sixty (60) day written notice.

2.6 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.

2.7 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: Manuel F. Soto III

Name: MANUEL F. SOTO III

(type or print)

Title: MANAGING PARTNER

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

Jackson Song  
John L. Martin  
Airport Director

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 09-0132

Adopted: May 22, 2009

Attest: Jean Carra-Math

Secretary  
Airport Commission

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

By: Daniel Sevens Sewell

Deputy City Attorney

06.09.2009

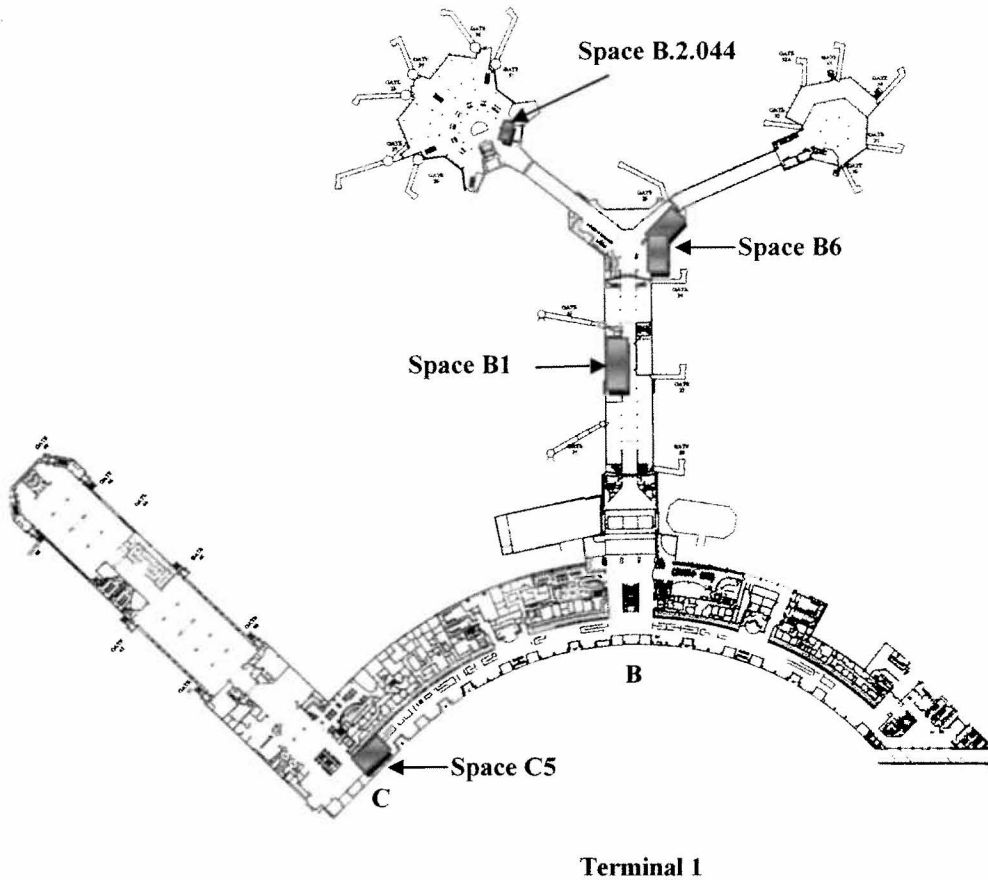
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## EXHIBIT A

### Premises

(as modified June 2009)



#### §1 Premises.

1. Space B1, Terminal 1 Boarding Area "B" – "City by the Bay" existing specialty store of approximately 2000 square feet.
2. Space B6, Terminal 1 Boarding Area "B" – "San Francisco Bay Reader" existing news/gift store of approximately 1,138 square feet.
3. Space C5, Terminal 1 Boarding Area "C" – "Simply Gourmet" existing gourmet candy kiosk of approximately 224 square feet.
4. Space B.2.044, Terminal 1 Boarding Area "B" – One wall unit kiosk location of approximately 64 square feet.



**EXHIBIT C**  
**USE AND OPERATIONAL REQUIREMENTS**

(as modified June 2009)

1. **GENERAL REQUIREMENTS:** All merchandise shall be sold on a non-exclusive basis, and Airport reserves the right to sell and to permit other Airport tenants to sell such merchandise. All such items must be sold at retail. Tenant may not display, sell, rent, or otherwise offer any merchandise not described below as being "Required" or "Optional", without Director's prior consent. Tenant is encouraged to display and promote the sale of merchandise manufactured in San Francisco.
2. **REQUIRED/OPTIONAL MERCHANDISE:** In the event Director permits any products to be sold or offered that is not listed below, or otherwise permits any other change in the Permitted Use, this Exhibit shall be deemed amended without need for a formal amendment of this Lease. Tenant shall be required to operate the Premises in accordance with the requirements, and offer the merchandise as described below:

**Space B1**

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>The following items must be carried at all times:</p> <p><b><u>California Gourmet Food Concept</u></b> California gourmet food merchandise such as:</p> <ul style="list-style-type: none"><li>• High quality California wines, all of which must be cork-finished bottles.</li><li>• High quality gourmet foods unique to or made in California such as"<ul style="list-style-type: none"><li>▪ Dried fruits/dates</li><li>▪ Chocolate</li><li>▪ Salad dressings</li><li>▪ Coffee/Tea</li><li>▪ Cookies/Cakes</li></ul></li></ul> <p><b><u>Apparel Boutique Concept</u></b> Goods that are representative and reflective of San Francisco and Greater Bay Area tourist destinations such as:</p> <ul style="list-style-type: none"><li>• Imprinted/logo apparel</li><li>• Non-logo resort wear</li><li>• Headwear</li><li>• Outerwear</li><li>• Casual wear</li></ul>	<ul style="list-style-type: none"><li>• Stationery items such as:<ul style="list-style-type: none"><li>▪ Post Cards</li><li>▪ Maps</li></ul></li><li>• Greeting cards may be sold at no more than the pre-marked price on the cards</li><li>• Pre-packaged gift boxes of chocolates</li><li>• California cookbooks</li><li>• San Francisco cookbooks</li><li>• Small leather goods</li><li>• Sunglasses</li><li>• Accessories relevant to the five concepts</li></ul>



REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p><b><u>Children's Boutique Concept</u></b>  High Quality children's products such as:</p> <ul style="list-style-type: none"> <li>• Imprinted logo apparel</li> <li>• Non-logo apparel</li> <li>• Plush animals/toys</li> <li>• Children's activities</li> <li>• Children's accessories</li> </ul> <p><b><u>Souvenir/Gift Boutique</u></b>  Souvenir and gift items that are representative and reflective of San Francisco and Bay Area tourist destination such as:</p> <ul style="list-style-type: none"> <li>• Mugs/shot glass</li> <li>• Collectible spoons</li> <li>• Key chains/magnets</li> <li>• Tote bags</li> <li>• Plates</li> </ul> <p><b><u>Licensed Collegiate/Sports Boutique</u></b>  Collegiate goods from Bay Area universities and Bay Area national sports teams such as:</p> <ul style="list-style-type: none"> <li>• Apparel</li> <li>• Headwear</li> <li>• Collectibles</li> </ul> <p>In addition, Tenant must allocate 200 square feet for the sale of the 20 best-selling candy bars (packaged for normal retail sale) and sundry items such as health and beauty aides, toiletries, film and photographic accessories.</p>	



**Space B6**

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



**Space B.2.044**

REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>The following items must be carried at all times:</p> <ul style="list-style-type: none"> <li>• New York Times top ten best-seller.</li> <li>• At least 15 separately displayed titles of major best-selling national periodicals and magazines sold at no more than the pre-marked price.</li> <li>• A complete supply of newspapers of general circulation sold at no more than the pre-marked cover price.</li> <li>• Bottled water</li> <li>• At least 10 best selling candy bars as packaged for normal retail.</li> <li>• Packaged snack products, such as chips, cookies, jerky and nuts.</li> <li>• Gum and breath mints</li> <li>• Health and beauty aids</li> <li>• Film and batteries</li> <li>• Travel accessories, such as travel pillows, eye shades, earphones and earplugs</li> </ul>	<p>None</p>

**Space C5**

GENERAL CONCEPT	REQUIRED MERCHANDISE	OPTIONAL MERCHANDISE
<p>Premium confection items as customarily carried by first-class Bay Area candy and confectionery stores</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• At least five different varieties of boxed candies/chocolates</li> <li>• Premium boxed chocolates</li> <li>• Premium boxed candy</li> </ul>	<ul style="list-style-type: none"> <li>• Packaged novelty candy</li> <li>• Packaged chocolate gift baskets</li> <li>• Bulk candies</li> <li>• Dried fruits and nuts</li> <li>• Packaged gourmet cookies</li> <li>• Non-souvenir logo gift accessories with candy and California gourmet foods categories.</li> <li>• Candies, gums and mints assortment on a temporary basis [made part of another Lease that will be undergoing a competitive selection process.]</li> <li>• Flowers [made part of another Lease that will be undergo a competitive selection process.]</li> </ul>