

## Attachment B



Stephen E. Douglas  
Vice President, Business Development

December 14, 2020

VIA EMAIL & EXPRESS DELIVERY

Ms. Charlene Reynolds  
Interim Aviation Director  
City of Phoenix Aviation Department  
2485 East Buckeye Road  
Phoenix, Arizona 85034-4301

Subject: Extension of Leases and Rent Relief (147258 - T3 and 131410 - T4)

Dear Ms. Reynolds:

As you are aware, the airport industry and its affiliated businesses are going through a very difficult period. Due to the COVID-19 virus, airports, airlines and airport concessionaires have suffered insurmountable losses with no forecastable end in sight. Recent articles and information indicate that traffic will not return to 2019 levels until possibly 2024/25. Consequently, Host International, Inc., and our ACDBE and small business partners (Grand Isle Yogurt, Cartel Coffee Lab, Kind Hospitality, Performance Management Consulting Services, Emerging Domestic Market Ventures, Stingley Partners, Ace Vending, Fox Restaurant Concepts, and LGO Hospitality) have been burdened with lost business, reduced staff and significant financial obligations

- Year over year Phoenix Sky Harbor revenues are down over 68% since the pandemic started (April to November). Based on this lack of revenue, many joint ventures and small business subtenants don't have enough accumulated cash reserves to offset the severe shortfall of cash from operations. This will therefore require capital calls or additional borrowing, which means both the ACDBE's and Prime's amount of debt will actually increase. The fact that many Primes are large entities operating in several countries makes no difference as Covid-19 is a global pandemic resulting in airport concessions around the world bleeding cash; having a global footprint makes matters worse.
- Our small business partner's outstanding debt currently exceeds \$4.9M and the remaining unamortized value of our investments at PHX exceeds \$14.5M. It is realistic to anticipate that ACDBE and small business partners will not be able to pay for the current debt service from the initial buildout and subsequent reinvestments in their restaurants. Further, this inability to pay current debt service will result in outstanding debt at the end of the current concessions contracts. Primes are taking on a significant amount of debt on their own to stay alive which ultimately allows them to continue to provide infrastructure support to the joint ventures they have with ACDBE partners.

In airport restaurant concessions, the basic economic model is that large sums of money are invested in designing and constructing the restaurants. Once open the cash that is remaining after all operating expenses are paid goes to service debt obligations. When performing well the debt can be repaid and the operators can make a profit. Unfortunately the impacts of COVID have significantly interrupted this equation. With no traffic/customers cash inflows have been significantly reduced or evaporated all together.

As much as we are grateful for the relief granted in 2020, in order to recover past and, most likely, continued losses, Host International, Inc. on behalf of itself and our small business partners, respectfully requests a continuation of:

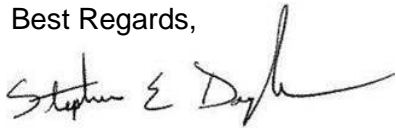
- Minimum Annual Guarantee (MAG) abatement for the calendar year 2021. This would effectively mean a continuation of percentage rent only, which will allow us to bring cash into the business.
- An extension of terms for the above-referenced leases. Additional term will allow time to finance and repay any loans and debt.

We feel these actions are necessary in order to allow Host and its partners to bring back our workforce and to fulfill our financial obligations.

We express our continued appreciation for the steps proactively taken by the City of Phoenix in this challenging period.

Thank you in advance for your continuing support.

Best Regards,



Stephen E. Douglas  
Vice President, Business Development  
HMShost Corporation for Host International, Inc.

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