

**FIRST AMENDMENT TO LEASE NO. LAA-8903**  
**BETWEEN CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**  
**AND QANTAS AIRWAYS, LTD.**

THIS FIRST AMENDMENT TO THE LEASE (this "First Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020 (the "Effective Date") between the City of Los Angeles, acting by and through its Board of Airport Commissioners ("Board") of the Los Angeles World Airports ("LAWA"), a department of the City of Los Angeles (collectively, "City"), and QANTAS AIRWAYS, LTD., an Australian corporation ("Lessee"). City and Lessee are each a "Party" to this First Amendment, and collectively are referred to herein as "Parties".

**RECITALS**

The Parties hereby acknowledge and agree that their respective decisions to enter into this First Amendment are premised on the following recitals which set forth certain facts upon which the Parties agree:

A. City and Lessee entered into a lease dated January 8, 2016 ("Lease"), for Demised Premises at 6555 W. Imperial Highway, Los Angeles, California at Los Angeles International Airport ("Airport"). Unless otherwise specified, all capitalized terms in this First Amendment shall have their meanings as set forth in the Lease.

B. The Parties have agreed to extend the term of the Lease under the terms and conditions of this First Amendment.

**AGREEMENT**

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Section 1. Term of the Contract.** Article 1, Section 2.1 is hereby deleted in its entirety and replaced with the following:

"2.1. The term of this Lease shall commence on January 8, 2016, and shall expire on May 7, 2025; provided that either Party may terminate this Lease for any reason upon 180 days' prior written notice to the other Party; provided further, that the Lease shall be subject to earlier termination as otherwise provided herein. In case of such early termination by either party pursuant to this Section 2.1, neither party is liable to the other party for compensation of any kind arising from such early termination."

**Section 2. Deleted subsection.** Article 1, Subsection 2.2 is hereby deleted in its entirety and replaced with the following:

"2.2. Intentionally omitted."

**Section 3. Use of Demised Premises and Other Property.** Article 1, Subsection 3.5 is hereby added as follows:

“**3.5. Parking:** Lessee shall make an adequate number of parking spaces available for all persons needing access to the Demised Premises, including Lessee’s employee, contractors, sublessees, invitees, visitors, and other uses of the leasehold, without infringing upon the rights of the City, other tenants, or other third parties, provided that nothing in this Lease shall be construed to provide any third parties with any causes of action against City or Lessee.”

**Section 4. Streetscaping.** Article 1, Subsection 3.6 is hereby added as follows:

“**Section 3.6. Streetscaping:** City reserves the right to install sidewalks, landscaping, or other improvements along the northerly side of Imperial Highway including in areas that may encroach into the Demised Premises, provided that such installation must not prevent the Lessee’s reasonable use of the Demised Premises. Such areas improved by City must be kept clear by Lessee. Lessee is responsible for maintaining landscaping and other beautification elements to the highest standard at Lessee’s sole cost.”

**Section 5. Deleted subsection.** Article 1, Subsection 4.2 is hereby deleted in its entirety.

**Section 6. Annual Rent Adjustments.** Article 1, Section 5.2 is hereby deleted in its entirety and replaced with the following:

“ 5.2. **Rental Adjustments.** It is agreed that Monthly Rent shall be adjusted each year in accordance with the procedures provided hereinafter.

5.2.1. **Annual Adjustments.** Except when adjusted as provided in Article 1, Subsection 5.2.2. **Periodic Adjustment to Fair Market Rental,** below, the Monthly Rent for the Demised Premises covered under this Lease shall be subject to automatic, annual rental adjustments on July 1 (hereinafter referred to as “Annual Adjustment Date”). The Monthly Rent shall be revised and adjusted on the Annual Adjustment Date to a 3% increase over the prior year.

5.2.2. **Periodic Adjustment to Fair Market Rental.** It is agreed that (i) the Land rental rate payable hereunder shall be adjusted effective as of July 1, 2020, and every five years thereafter to a fair market rental rate; (ii) the Paving rental rate payable hereunder may be adjusted, at the Board’s sole discretion, within five years before or after the Effective Date, and every five years thereafter to a fair market rental rate; and (iii) the Improvement rental rate payable hereunder shall be adjusted effective as of January 8, 2021 and every five years thereafter to a fair market rental rate (each a “**Periodic Adjustment Date**”).

5.2.2.1. **Parties May Negotiate in Good Faith.** At least one (1) year prior to the scheduled Periodic Adjustment Date and in accordance with Section 5.2.2 above, the parties may (but are not required to), in good faith, negotiate the

rental rate(s) applicable to the subject adjustment period(s) as referenced above. Such good faith negotiations, initiated by either party, may include the involvement of a third party reviewer to review and make nonbinding recommendations regarding each party's rate adjustment proposal, discussions regarding external and internal factors that may be unique to the land and/or improvements so that the reviewer(s) can take them into consideration when making the recommendations, in substantially the same manner as corroborated by the parties and applicable to the Demised Premises. The parties shall have continuing opportunities to negotiate in good faith in an attempt to reach agreement on rental adjustment(s) notwithstanding each party's obligation to perform its duties as described under Section 5.2.2.2 below. If the parties are able to reach an agreement on the adjustment to the rental rate(s), then said rate(s) shall be presented as a recommendation to the Board. However, if the parties are unable to reach final agreement during said negotiation period, the parties may continue to negotiate in good faith to attempt to reach agreement until arbitration commences pursuant to Section 5.2.2.6 below.

5.2.2.2. Appraisal Process. If the parties cannot reach agreement on the rental rate(s) or the Board does not approve the agreed upon rental rate(s) as described in Section 5.2.2.1 at least nine (9) months prior to the scheduled Periodic Adjustment Date, then the parties shall determine the Monthly Rent by the procedures described in Sections 5.2.2.3 through 5.2.2.5 below. City may elect to have such procedures apply separately to the rent applicable to improvements and may adjust the land rental rates on the basis of airport-wide land rental rates then in effect, provided that such rates were adopted in compliance with applicable laws. Should City choose to adopt this adjustment option, City will provide written notice to Lessee no later than ten (10) months prior to the Periodic Adjustment Date of the intention to adjust land and improvements separately. Separate appraisals will be procured for the land and the improvements (if any). Under this option, both the land and improvement adjustments will be completed separately under Sections 5.2.2.2 through 5.2.2.6. City or Lessee may elect to use the same appraiser for both appraisal reports. Every effort will be made by City and Lessee to consolidate any required meetings as required in the appraisal process described below.

5.2.2.3. Step 1: Independent Appraisals. City and Lessee shall each select an appraiser, who is a member of the Appraisal Institute or its successor organization and meets the Minimum Qualifications as defined within this Lease (a "Qualified Appraiser"). Either Lessee or City shall, when notified in writing by the other to do so, deliver to the other party the name and address of such appraiser (each, selected Qualified Appraiser, a "Main Appraiser"). The CEO shall immediately fix the time and place for a conference between the two parties and the Main Appraisers no later than fifteen (15) days from the date of the exchange of names and addresses of the Main Appraisers. At such meeting, both Lessee and City may have discussions with the Main Appraisers as to any externalities that may affect the derivation of rental value conclusions. The Appraisal Instructions to be given to the Main Appraisers are as defined within this Lease. City and Lessee

shall each pay the fees and expenses of their respective Main Appraisers. The narrative appraisals must be completed according to the Uniform Standards of Professional Appraisal Practice (USPAP) for the year in which the appraisal is completed. No later than one hundred (100) calendar days after the date of the appraiser meeting, a copy of the completed, final USPAP-compliant appraisal report procured by both City and Lessee will be made available for review by the other party on the same day. If either City or Lessee fails to deliver its appraisal report by the appraisal report delivery deadline, the late party will inform the other party in writing of the reason for the delay and the expected date on which appraisal reports will be exchanged. If either party's appraisal report cannot be delivered within four (4) months of the appraiser meeting, the complying party shall have its appraisal report presented to the Board for approval. Upon exchange of the two appraisal reports, in the event that the determination of the rental value in the two appraisal reports differs by fifteen percent (15%) or less, the rate that is the average of the determinations in the two appraisal reports shall be presented as a recommendation to the Board. If the rate determinations in the two appraisal reports differ by more than fifteen percent (15%), the parties shall proceed to Section 5.2.2.5 below.

5.2.2.4. Step 2: Arbitration Appraiser Selection. The Main Appraisers selected by each party shall be instructed to agree upon and select an Arbitration Appraiser (as defined below) no later than six (6) weeks after the appraiser meeting described above. The Arbitration Appraiser shall be a Qualified Appraiser that is not under contract with the City for appraisal services. If the Arbitration Appraiser selected is not available to perform the task pursuant to the instructions set forth in Section 5.2.2.6 below or is unwilling to execute a City contract for the performance of appraisal services, then City and Lessee shall inform the Main Appraisers and require them to repeat the selection process again until an available Arbitration Appraiser is selected. If the Main Appraisers cannot come to agreement on the selection of an Arbitration Appraiser within (6) six weeks from the date of the appraiser meeting, the CEO shall select an Arbitration Appraiser.

5.2.2.5. Appraisal Review Period. The parties shall have one (1) month to review each other's appraisal reports from the date of the appraisal exchange as described in 5.2.2.3 above. The parties may continue to negotiate the adjusted rental rates during this period. Within fifteen (15) calendar days of the appraisal report exchange in Section 5.2.2.3 above, the CEO shall fix a time and place for a negotiation meeting between the parties to be held no later than six (6) weeks from the date of the appraisal report exchange. At such meeting, the parties shall attempt to reach a final agreement on the adjusted rental rates. Either party may include its Main Appraiser in the meeting, if desired. If Lessee and City reach agreement on the rental rate adjustments, the CEO shall present the results as a recommendation to the Board. If Lessee and City are unable to reach agreement on the adjusted rental rate(s) by the date that is fourteen calendar (14) days from the date of the negotiation meeting, then the parties shall proceed to Step 3 below.

5.2.2.6. Step 3: Appraiser Arbitration. City and Lessee shall each pay one-half of the fees and expenses of the Arbitration Appraiser. The Arbitration Appraiser selected by the two Main Appraisers or the CEO, as the case may be, in Step 2, shall receive copies of both Lessee and City's final appraisal reports that were procured in Step 1 and a list of the rental rate adjustments that have not been agreed to by the parties. The Arbitration Appraiser shall be allowed three (3) weeks to review both appraisal reports. After review of the two appraisal reports, the Arbitration Appraiser will determine which of the rental rate(s) from the two appraisal reports is the most reasonable, considering comparable data selection, market information and applicable valuation methodology. The Arbitration Appraiser will communicate its decision in writing to both Lessee and City three (3) weeks after engagement. The CEO shall present the agreed-upon rental rate(s) and the Arbitration Appraiser's determinations as a recommendation to the Board. City shall make every effort to present the rate(s) for approval to the Board prior to the Periodic Adjustment Date.

5.2.3. Appraisal Criteria. The following appraisal criteria shall apply to Sections 5.2.2.3 through 5.2.2.6.

5.2.3.1. Appraiser Minimum Qualifications. The Main Appraiser must possess, at a minimum, an MAI or SRPA designation and must be licensed in the State of California. The Main Appraiser must perform all of the calculations and technical portions of the appraisal report as well as derive the final value conclusions within the appraisal report. The Main Appraiser must have geographic market knowledge of the Los Angeles County area. Knowledge of the entire Southern California real estate market is preferred. The Main Appraiser must have a minimum seven (7) years of experience of appraising property in Southern California. If the Main Appraiser is valuing property within the perimeter fence of an airport ("on-airport"), he or she must have performed a minimum of five (5) appraisals of on-airport property within the past five (5) years.

5.2.3.2. Main Appraisers must be in good standing with the California Bureau of Real Estate Appraisers (CBREA) or its successor organization and have no more than one complaint filed against him or her for any reason and no complaints that have resulted in any disciplinary actions. The Main Appraisers must certify in the appraisal report that he or she has never received any disciplinary actions from the CBREA. The Main Appraisers must be able to provide documentation of the sources of comparable rental rate and sales data to the reasonable satisfaction of City and Lessee.

5.2.3.3. Appraisal Instructions. The Main Appraiser shall consider the following in completing the appraisal report:

5.2.3.3.1. Los Angeles Administrative requirements that are in force upon Lessee within its Lease at the date of value.

5.2.3.3.2. FAA regulations that may affect value such as the Building Restriction Line, Object Free Area, Runway Protection Zone, building height limitations as related to the “Transitional Zone” and any other regulations that may affect value.

5.2.3.3.3. City zoning that applies to the property. If the City-approved use does not conform to the current zoning at the date of value, and the current use is also determined to be the highest and best use, then the Main Appraiser will value the property as if it had the zoning that would allow its current use (variance granted).

5.2.3.3.4. Any public or private easements, such as utilities or rights-of-way, including aviation rights.

5.2.3.3.5. The appraisal of land shall be determined as if vacant under its highest and best use at the date of value, taking into consideration the government imposed restrictions listed above (both by law and restrictions as imposed under the Lease). The leasehold estate or “lessee’s interest” (as defined within the most recent edition of “The Appraisal of Real Estate” as published by the Appraisal Institute) shall not to be considered.

5.2.3.3.6. City and Lessee shall have the right to modify any conditions of the appraisal process upon mutual written agreement of the parties.

5.2.4. With respect to additions, improvements, or alterations to leasehold structures authorized by City and made by Lessee during the term of this Lease, Lessee shall not be charged rent for the rental value thereof unless and until title to said additions, improvements, or alterations revert to City pursuant to the terms of this Lease or by operation of law.

5.2.5. Nothing herein shall prejudice the right of Lessee to contest, in a court of competent jurisdiction, such adjusted rental in the event said Board may have acted arbitrarily or unreasonably. However, pending the outcome of any such litigation, Lessee shall be obligated first to either pay the new rental and all retroactive amounts directly to City as they come due, or deposit such increased amounts of such rental and the retroactive amounts into a joint escrow account. Provision shall be made for the payment to the City of the escrowed funds, including accrued interest, (to the extent such funds are owed by Lessee to City) upon a final determination of the appropriate rental adjustment, if any.

5.2.6. Notwithstanding Article 2, Section 71 below and subject to Section 5.2.7 below, if either Party alleges that the other Party has failed to comply with the procedure specified in Section 5.2.2.2 above, the Party alleging noncompliance must notify the other

Party in writing within 30 days, describing such noncompliance in detail and providing the other Party a reasonable time for cure (in any case, not less than 10 days), otherwise such noncompliance shall be deemed waived; provided that failure by the parties to timely comply with the rental readjustment procedures herein shall not be construed to constitute a waiver of the right of City to a rental readjustment. In the event adjustment of rental is not completed prior to the adjustment date, Lessee shall continue to pay the rent set for the preceding period, at the intervals and in the manner fixed for such preceding period, and if such rent is thereafter fixed in a different amount, such new rental shall take effect retroactively back to the beginning date of the readjustment period. Subject to Lessee's right of contest and right to escrow funds, unless the Board otherwise agrees to a payment plan with interest, Lessee shall promptly pay to City that sum, if any, which has accrued as a result of such retroactive application. If a rental reduction occurs, City shall provide a rent credit to Lessee's account equal to the sum which has accrued as a result of such retroactive application.

5.2.7. If City has complied with the appraisal procedure and related time frames as set forth above, City shall be entitled to receive, in addition to all retroactive rents that become due as a result of Board-adjusted rental rate(s), the time value of said rental increase(s) calculated from the effective date of the increase(s) to the time period that the rental increase(s) are assessed to the Lessee at an interest rate representing what the City may have otherwise been entitled to if the funds associated with the increase(s) were available for City's use; however, in no event shall the interest rate be less than 5%.

5.2.8. Assessments, Fees, and Charges. In addition to the rental obligation, Lessee hereby agrees to pay such assessments, fees, and charges as shall be set by the Board and that shall be generally applicable to similarly situated lessees at Airport."

**Section 7. Metering.** Article 1, Section 6.2 is hereby added as follows:

"6.2. At City's request, Lessee shall promptly install Smart Meters or Advanced Metering Infrastructure ("AMI"), as defined below, at its sole cost. For purposes of this Section 6.2, AMI shall mean systems that measure, collect, and analyze energy usage, and communicate with metering devices such as electricity meters, gas meters, and water meters, either on request or on a schedule. These systems include hardware, software, communications, consumer energy displays and controllers, customer associated systems, meter data management software, and supplier business systems."

**Section 8. Notices.** Article 1, Section 7.2 is hereby deleted in its entirety and replaced with the following:

"7.2. Written notices to Lessee hereunder shall be given in the manner specified in Section 7.4 to:

**Qantas Airways, Ltd.  
Attn: Easton Murrille, Regional Operations Manager  
6555 W. Imperial Highway,  
Los Angeles, CA 90045**

or to such other address as Lessee may designate by written notice to City.”

**Section 9. Effect of This First Amendment.** Except as modified by this First Amendment, the Contract is hereby ratified and confirmed and all other terms of the Contract shall remain in full force and effect, unaltered and unchanged by this First Amendment. If there is any conflict between the provisions of this First Amendment and the provisions of the Contract, the provisions of this First Amendment shall prevail. Whether or not specifically amended by this First Amendment, all terms and provisions of the Contract are amended to the extent necessary to give effect to the purpose and intent of this First Amendment.

**Section 10. Integration; No Third Party Beneficiaries.** No provisions of the First Amendment may be further amended or added to except by a written agreement signed by the Parties or their respective successors-in-interest. Except as expressly provided for herein, this First Amendment is not intended to confer upon any person other than the Parties any rights or remedies hereunder.

**Section 11. Governing Law; Interpretation.** This First Amendment shall be governed by, and construed in accordance with, the laws of the State of California. The Contract and this First Amendment are subject to the provisions of the Los Angeles Administrative Code. Each Party represents and warrants that this First Amendment has been negotiated and drafted at arm’s length by equally sophisticated parties, and any ambiguity cannot be attributed to either Party hereto. If any provision of this First Amendment, or the application thereof to any persons or circumstances, shall be invalid or unenforceable, the remainder of this First Amendment shall not be affected thereby, and each provision of this First Amendment shall be valid and shall be enforceable to the fullest extent permitted by law.

**Section 12. Rights of United States Government; National Emergency.** The Contract and this First Amendment shall be subordinate to the provisions and requirements of any existing or future agreement(s) between City and the United States relative to the development, operation or maintenance of LAX, including but not limited to Airport Grant Assurances. Furthermore, the Contract and this First Amendment shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, taking over, or use (whether exclusive or nonexclusive) of LAX during war or a national emergency.

**Section 13. Counterparts.** This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this First Amendment attached thereto.

**SIGNATURE BLOCKS**

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this First Amendment to be executed as of the day and year herein below written.

**APPROVED AS TO FORM:**  
MICHAEL N. FEUER  
City Attorney

Date: January 13, 2021

By:   
Deputy/Assistant City Attorney

**CITY OF LOS ANGELES**

Date: \_\_\_\_\_

By \_\_\_\_\_  
Executive Director  
Department of Airports

Signed by MATTHEW HUDSON  
As attorney for Qantas Airways, Ltd.  
ABN 16 009 661 901, under a power of  
Attorney in the presence of:

By   
Signature

GEORGIA HALLINGTON  
Print Name

Date: 23-DEC-2020

**QANTAS AIRWAYS, LTD.**

By   
Signature

MATTHEW HUDSON  
Print Name

Date: 23-DEC-2020

[SEAL]