

Form: 07L
Release:
www.lpi.nsw.gov.au

LEASE
New South Wales
Real Property Act 1900

Leave this space clear. Affix additional
pages to the top left-hand corner.

AA503622A

PRIVACY NOTE: this information is legally required and will become part of the public record

STAMP DUTY

Office of State Revenue use only	12-12-2002	0001178288-001
	DUPLICATE	
	DUTIABLE AMOUNT	\$ *****27,900,000.00
	DUTY	\$ *****2.00

(A) TORRENS TITLE

Property leased: if appropriate, specify the part or premises
Folio Identifiers 3/555771, 2/802342, 3/825649, 4/555771

(B) LODGED BY

Delivery Box	Name, Address or DX and Telephone	CODE
245R	Australian Government Solicitor DX 444 SYDNEY Ph: (02) 9581 7585 Reference: 01022849	L

(C) LESSOR

COMMONWEALTH OF AUSTRALIA

The lessor leases to the lessee the property referred to above.

(D)

Encumbrances (if applicable):

(E) LESSEE

SYDNEY AIRPORT CORPORATION LIMITED (ACN 082 576 809) a company duly incorporated in New South Wales and having its registered office situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, New South Wales

(F)

TENANCY:

- (G)** 1. **TERM:** ~~the period from the commencement date up to and including to 30 June 2048~~ *Forty-six (46) years and nine (9) days*
2. **COMMENCING DATE:** ~~the date on which this Lease is executed by the Lessor and Lessee~~ *21 June 2002*
3. **TERMINATING DATE:** 30 June 2048
4. With an **OPTION TO RENEW** for a period of 49 years set out in clause 20 of N.A.
5. With an **OPTION TO PURCHASE** set out in clause N.A. of N.A.
6. Together with and reserving the **RIGHTS** set out in clause N.A. of N.A.
7. Incorporates the provisions set out in **ANNEXURE "A"** hereto.
8. Incorporates the provisions set out in **MEMORANDUM** filed at Land and Property Information New South Wales as No. N.A.
9. The **RENT** is set out in No. of not applicable (See clause 1.1 of Annexure A)

All handwriting must be in block capitals.

Total Pages (office use only) _____

Page 1 of *28*

32

LAND AND PROPERTY INFORMATION NSW

DATE

(H)

I certify that the person(s) signing opposite, with whom I am personally acquainted or as to whose identity I am otherwise satisfied, signed this instrument in my presence.

Signature of witness:

Simon Konev

Name of witness:

SIMON KONEV

Address of witness:

133 CASTLE REACH ST

Certified correct for the purposes of the Real Property Act 1900 by the authorised officer named below.

Signature of authorised officer:

Martin Dolan

Authorised officer's name:

MARTIN DOLAN

Authority of officer:

AUTHORISATION

Signing on behalf of:

COMMONWEALTH OF AUSTRALIA

FIRST ASSISTANT SECRETARY
AVIATION & AIRPORTS POLICY DIVISION

I certify that the person(s) signing opposite, with whom I am personally acquainted or as to whose identity I am otherwise satisfied, signed this instrument in my presence.

Signature of witness:

Peter Wych

Name of witness:

PETER WYCH

Address of witness:

4- SYDNEY AIRPORT

Certified correct for the purposes of the Real Property Act 1900 by the person(s) named below who signed this instrument pursuant to the power of attorney specified.

Signature of attorney:

ANTHONY JAMES STU

Attorney's name:

Signing on behalf of:

Power of attorney-Book:

-No.:

4205
930

(I) STATUTORY DECLARATION

I,
solemnly and sincerely declare that—

1. The time for the exercise of option to _____ in expired lease No. _____ has ended;
2. The lessee under that lease has not exercised the option

Made and subscribed at _____

in the _____

on _____

in the presence of—

Signature of witness:

Signature of lessor:

Name of witness:

Address of witness:

Qualification of witness:

THIS IS ANNEXURE "A" REFERRED TO IN THE LEASE BETWEEN THE
COMMONWEALTH OF AUSTRALIA AS LESSOR AND SYDNEY
AIRPORT CORPORATION LIMITED ACN 082 578 809 AS LESSEE



COMMONWEALTH OF AUSTRALIA

LEASE FOR

FOLIO IDENTIFIERS 3/555771, 2/802342, 3/825649
& 4/555771

Handwritten signature or mark.

Handwritten signature or mark.
5 of 32

CONTENTS

1.	DEMISE	1
1.1	LEASE	1
1.3	RESERVATION OF LESSOR'S RIGHTS	1
2.	DEFINITIONS AND INTERPRETATION	2
2.1	DEFINITIONS	2
2.2	INTERPRETATION	4
2.3	LESSEE NOT LESSOR'S AGENT	5
2.4	AIRPORT-MANAGEMENT AGREEMENTS AND SUB-LEASES	5
3.	ACCESS TO AND USE OF LEASED AREA	5
3.1	ACKNOWLEDGEMENT	5
3.2	LESSEE TO GIVE ACCESS	5
4.	RELEASE AND INDEMNITY	6
5.	INSURANCE	6
5.1	INSURANCE REQUIRED AT COMMENCEMENT	6
6.	ENVIRONMENT	7
6.1	MEANING OF ENVIRONMENT OF THE LEASED AREA	7
6.2	MAINTENANCE OF ENVIRONMENT OF THE LEASED AREA	7
6.3	RELEASE AND INDEMNITY FOR ENVIRONMENTAL DAMAGE	7
6.4	NO LIABILITY OF LESSOR	8
7.	LEGISLATION, LICENCES AND STATUTORY POWERS	8
7.1	LEGISLATION AND NOTICES	8
7.2	LICENCES	8
8.	RIGHT OF INSPECTION	8
9.	MAINTENANCE AND REPAIR	8
9.1	MAINTENANCE OF SITE	8
9.2	EXPERT DETERMINATION OF DISPUTES	9
10.	SUB-LEASING	9
11.	COSTS	9
11.1	STAMP DUTY AND REGISTRATION FEES	9
11.2	ADMINISTRATIVE COSTS	9
11.3	COSTS FOR DEFAULT	9
12.	COSTS OF AIRPORT ENVIRONMENT OFFICER	10
12.1	PURPOSE OF CLAUSE 12	10
12.2	ANNUAL PAYMENT IN ADVANCE BY THE LESSEE	10
12.3	ANNUAL RECONCILIATION	10
12.4	OBLIGATION OF THE LESSOR TO CONSULT	11
12.5	EFFICIENCY REVIEW BY THE LESSOR	11
12.6	DEFINITIONS	12
13.	DEVELOPMENT DURING TERM OF LEASE	12
13.1	DEVELOPMENT OF LEASED AREA	12
13.2	NON-COMPLIANCE BY LESSEE	13
13.3	PROVISION OF PLAN TO LESSOR	13

13.4	ADVICE BY LESSOR ON RECEIPT OF PLAN	13
13.5	FURTHER PLANS	13
13.6	EFFECT TO BE GIVEN TO PLAN.....	14
13.7	FAILURE TO COMPLY WITH PLAN.....	14
13.8	DISPUTE BETWEEN PARTIES	14
13.9	ARBITRATION	15
13.10	LESSOR'S RIGHTS DISCRETIONARY.....	15
13.11	DEFINITION	15
14.	BUILDING IN THE LAST TEN YEARS OF THE LEASE.....	16
15.	EXPIRATION OR EARLIER DETERMINATION OF LEASE	16
15.1	OPTION OVER ASSETS.....	16
15.2	DETAILS TO BE PROVIDED TO LESSOR	17
15.3	PRICE OF PURCHASED ASSETS	17
15.4	ASSIGNMENT	18
15.5	LOAN SECURITY SUBORDINATE.....	18
15.6	REASONABLE EFFORTS OF LESSEE	18
15.7	EXPIRATION OR EARLIER DETERMINATION OF LEASE	19
16.	LOAN SECURITY.....	19
17.	QUIET ENJOYMENT.....	19
18.	NON DEROGATION.....	19
19.	TERMINATION.....	19
19.1	TERMINATION RIGHTS	19
19.2	ADDITIONAL LESSOR'S RIGHTS ON TERMINATION	20
19.3	FORCE MAJEURE EVENT	20
20.	OPTION TO RENEW.....	20
21.	WAIVER.....	21
22.	LESSEE'S ACKNOWLEDGMENTS	21
23.	PROVISION OF INFORMATION	21
24.	NOTICES.....	21
24.1	SERVICE OF NOTICE	21
24.2	RECEIPT OF NOTICE	22
25.	INTEREST ON OVERDUE MONEYS.....	22
26.	RATES AND LAND TAX AND TAXES.....	23
26.1	PAYMENT OF RATES AND LAND TAX AND TAXES	23
26.2	EX GRATIA PAYMENT IN LIEU OF RATES AND LAND TAX	23
27.	POWER OF ATTORNEY	24
28.	ENTIRE AGREEMENT.....	24
29.	FURTHER ASSURANCES	24
30.	GOVERNING LAW.....	24

31.	DISCLOSURE AND PRIVATISATION.....	25
32.	ASSUMPTION OF PACIFIC POWER LICENCE	25

THIS LEASE is made the 21st day of June 2002

BETWEEN:

COMMONWEALTH OF AUSTRALIA ("Lessor")

AND

SYDNEY AIRPORTS CORPORATION LIMITED (ACN 082 578 809), a company duly incorporated in New South Wales and having its registered office situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, Sydney in the State of New South Wales. ("Lessee")

1. DEMISE

1.1 Lease

\$27.9

In consideration of the payment by the Lessee to the Lessor of a premium of ~~\$29.7~~ million receipt of which is acknowledged which is not refundable in any circumstances, the Lessor grants to the Lessee pursuant to section 13 of the *Airports Act 1996* a Lease of the Leased Area (including the Structures) for the Term.

1.2 Acknowledgment

The Lessee acknowledges that no component of the premium is to be regarded as consideration for any benefit the Lessee might receive from any future agreement that the parties might reach which results in:

- (a) the Leased Area not being required to be used as an airport; and/or
- (b) the conversion of the whole or any part of the Lease to freehold.

1.3 Reservation of Lessor's rights

The Lessor reserves to itself, provided that it is not inconsistent with the development of the Leased Area in accordance with a Master Plan, the right to grant any easements over or rights of access or rights of way on, over, under, through or across the Leased Area for:

- (a) the purpose of the supply of electricity, gas, telecommunications cables, water, sewerage, drainage or like services; and
- (b) the provision of transport or other services to the public,

such rights not to be to the exclusion of the right of the Lessee to also grant such rights where it would otherwise have the power to do so.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Lease, unless a contrary intention appears:

'Airports Act' means the *Airports Act 1996*.

'Airport Lease' means the lease between the Commonwealth and Sydney Airport Corporation Limited dated 30 June 1998 for Sydney (Kingsford-Smith Airport) registered number 5305365.

'Airport-Management Agreement' means an airport-management agreement as defined in the Airports Act.

'Airport-Management Company' means an airport-management company as defined in the Airports Act.

'Airport Regulations' means the regulations under the Airports Act.

'Business Day' means a day which is not a Saturday, Sunday or public holiday in the State of New South Wales.

'Claims' means any claims, losses, suits, proceedings, actions, causes of action, demands, judgments, executions, liabilities or responsibilities for any Damages and for any Injuries.

'Commencement' means the date on which this Lease is executed by the parties.

'Commonwealth' means the Commonwealth of Australia but does not include any Commonwealth bodies which are separate legal entities.

'Costs' means all expenses, losses, charges and payments including any professional consultant and legal fees (on a "solicitor and own client" basis).

'Damages' means any loss, Costs or damage whatsoever including, but not limited to, direct, indirect, incidental, consequential or special damages, damage to property, to the Leased Area or to the environment of the Leased Area, or the diminution in value of the Leased Area or any part thereof.

'Force Majeure Event' means any event which is beyond the reasonable control of the Lessee and which bona fide prevents the Lessee from performing the Lessee's Covenants under sub-clause 3.2(a), sub-clause 3.2(b) or sub-clause 13.6 where that event could not have been prevented, overcome or remedied by the exercise of a standard of care and diligence consistent with that of a prudent person undertaking the obligation, including the expenditure of all reasonable sums of money.

'Governmental Authority' means the Commonwealth government or any government of any State or Territory of Australia, administrative body, governmental body, department or agency of any such government or local government authority.

'Injury' means any injury to the Leased Area or to the environment of the Leased Area or personal injury, or bodily injury, including death resulting there from and whether the death occurs before or after the expiry or earlier determination of this Lease.

'Land Tax' means any tax levied or imposed by a Governmental Authority on land.

'Lease' means this lease as amended from time to time.

'Leased Area' means the site (including the Structures thereon) being those areas of land in the certificates of title set out in Folio identifiers 3/555771, 2/802342, 3/825649 & 4/555771.

'Lessee's Covenants' means the obligations imposed on the Lessee in this Lease.

'Lessor' means the Commonwealth as owner of the Leased Area and landlord of this Lease.

'Loan Security' means any mortgage, charge, security interest, mortgage by way of sub-demise, or other encumbrance of whatever nature.

'Master Plan' means a final master plan as defined in the Airports Act.

'Rates' means all rates (including water rates and sewerage rates), and levies to defray expenses levied or imposed by a Governmental Authority on land or on owners or occupiers of land in relation to their ownership or occupation of that land.

'Specified Rate' means interest at a rate of four (4) percent per annum higher than that ordinarily charged by the principal bank of the Commonwealth on overdraft current accounts (or the nearest equivalent) not exceeding fifty thousand dollars (\$50,000). A certificate issued to the Lessor and signed by the manager or the assistant manager for the time being of the principal bank will be prima facie evidence of the Specified Rate.

'Structures' means all fixtures (including buildings and other improvements of whatever nature) affixed to the Leased Area, whether constructed before or after the grant of this Lease, and includes without limitation such items as roads and dams on the Leased area.

'Taxes' means all taxes (including stamp duty) costs, charges, expenses,

duties, impositions, fees and penalties of whatever nature levied or imposed by a Governmental Authority in respect of instruments, transactions or activities relating to or carried out on the Leased area.

'Term' means a period from the Commencement Date up to and including 30 June 2048.

2.2 Interpretation

In this Lease unless the context otherwise requires:

- (a) a reference to a clause is to a clause of this Lease and includes all sub-clauses;
- (b) words in the singular include the plural and vice versa;
- (c) words importing one gender include each of the other genders;
- (d) where the context permits, a reference to 'Lessor', 'Lessee', an organisation, body or person includes their employees, officers and agents as well as their respective successors in title and assigns;
- (e) references to parties, recitals, clauses, sub-clauses or attachments are references to parties, clauses, sub-clauses, attachments to or of this Lease and a reference to this Lease includes any attachment;
- (f) references to this Lease or any other deed, agreement, instrument or document will be deemed to include references to this Lease or such other deed, agreement, instrument or document as amended, novated, supplemented, varied or replaced from time to time;
- (g) headings in this Lease are for convenience only and are not part of, or to be used in the interpretation or construction of, this Lease;
- (h) "person" includes a corporation and a body politic;
- (i) a reference to legislation includes statutes, regulations, ordinances, by-laws or other legislative instruments and all amendments, consolidations or replacements thereof;
- (j) where any word or phrase is given a defined meaning any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
- (k) a reference to anything (including without limitation any amount) is to the whole and each part of that thing;
- (l) where the day on or by which any sum is payable under this Lease or any act, matter or thing is to be done is a day other than a Business

Day, such sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;

- (m) if any provision of this Lease or its application to any person or circumstance is, or becomes, invalid or unenforceable, the remaining provisions are not affected and each provision of this Lease is valid and enforceable to the fullest extent permitted by law;
- (n) in the interpretation of this Lease, no rules of construction apply to the disadvantage of any party on the basis that it put forward this Lease;
- (o) terms used in this Lease and defined in the Corporations Law have the meaning given to them in the Corporations Law; and
- (p) no provision of this Lease operates as a merger of the rights and remedies of the parties under this Lease.

2.3 Lessee not Lessor's agent

Nothing in this Lease, whether express or implied, constitutes the Lessee the agent of the Lessor in respect of any matter or action taken.

2.4 Airport-Management Agreements and sub-leases

The fact that the Lessee enters into an Airport-Management Agreement or sub-lease does not excuse the Lessee from any of its obligations under this Lease and the Lessor holds the Lessee responsible for any acts or omissions of an Airport-Management Company or sub-lessee.

3. ACCESS TO AND USE OF LEASED AREA

3.1 Acknowledgement

The parties acknowledge that this Lease is an airport lease within the meaning of the Airports Act and can only be used for purposes permitted under the Airports Act.

3.2 Lessee to give access

The Lessee:

- (a) must not use, or permit to be used, the Leased area for any unlawful purpose or in breach of legislation;
- (b) may:
 - (i) permit the Leased Area to be used for other lawful purposes that are not inconsistent with its use as an airport; and
 - (ii) subject to clause 14, construct, alter, remove, add to or demolish

the Structures.

4. RELEASE AND INDEMNITY

Notwithstanding any other provision of this Lease, as and from Commencement, the Lessee takes and is subject to the same responsibilities with regard to person and property and otherwise to which the Lessee would be subject if during the Term the Lessee were the owner of the freehold of the Leased Area and the Lessee:

- (a) hereby releases the Lessor from and against all Claims by the Lessee in respect of any Damages, Costs or Injury which the Lessee may incur or sustain by reason of any act or omission on the part of the Lessor or the performance of this Lease or the use or occupation of the Leased Area by the Lessee;
- (b) hereby indemnifies the Lessor from and against all Claims, Damages or Costs incurred or sustained by the Lessor, or for which the Lessor may become liable, in respect of any Claims, Damages, Costs or Injury to any person by reason of any act or omission on the part of the Lessee or by the performance of this Lease or the use or occupation of the Leased Area by the Lessee or any other person (whether before or after Commencement), but this indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement; and
- (c) must, in any and every event in which the Lessor is made a party to any Claim to which the Lessee's obligation to indemnify and hold the Lessor harmless under any provision of this Lease extends, if so requested by the Lessor, defend such Claim in the name of the Lessor and must pay all costs of the Lessor in connection with the Claim provided that the Lessee may, in any such event, compromise, pay or satisfy any such claim with the consent of the Lessor.

The obligations of the Lessee under this clause continue after the expiration or earlier determination of this Lease in respect of any act, deed or thing happening before such expiration or determination.

5. INSURANCE

5.1 Insurance required at Commencement

The Lessee must ensure that from Commencement, its policies of insurance in relation to the Airport Lease include also the Leased Area and that it continue to include the Leased Area in its policies of insurance for the whole of the term.

The parties have the same obligations and same rights in relation to insurance as detailed in clause 5 of the Airport Lease, but for the purposes of this Lease only 'Structures' when used in that clause will be deemed to have the meaning given to that term in this lease.

6. ENVIRONMENT

6.1 Meaning of Environment of the Leased Area

For the purposes of sub-clause 2.1 and sub-clauses 6.2, 6.3 and 6.4, the expression "the environment of the Leased Area" includes, without limitation, the water, ground water, soil, subsoils, air, biota or habitat and sites of heritage value or of significance to Aboriginal or Torres Strait Islander people on, above or below the Leased Area and the Structures.

6.2 Maintenance of Environment of the Leased Area

Throughout the Term the Lessee must maintain the environment of the Leased Area in accordance with any obligation imposed on it by legislation which from time to time applies to the environment of the Leased Area and at the expiration or earlier determination of the Term the Lessee must yield up the environment of the Leased Area in a condition that complies with such obligation.

6.3 Release and indemnity for environmental damage

Notwithstanding and in addition to clause 4 the Lessee:

- (a) hereby releases the Commonwealth from all Claims by the Lessee and indemnifies the Commonwealth against all Claims by any other person in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area arising out of the use or occupation of the Leased Area before Commencement by the Commonwealth or any other person; and
- (b) hereby releases the Lessor from all Claims against the Lessor and indemnifies the Lessor against all Claims against the Lessor by any person other than the Lessee in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area which arises out of or during the use or occupation of the Leased Area by the Lessee or any other person after Commencement, but this release and indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement.

6.4 No liability of Lessor

Without limiting sub-clause 6.3, the Lessor has no liability to the Lessee in the event that the Lessee is required to expend monies on remedial action to have the environment of the Leased Area comply with any obligations imposed on it by legislation.

7. LEGISLATION, LICENCES AND STATUTORY POWERS

7.1 Legislation and notices

The Lessee must, at its own expense, comply with all legislation (including the Airports Act) from time to time relating to the Leased Area and the Structures or to the use or occupation of the Leased Area and the Structures and with all requirements in notices and orders given or made (whether issued to either the Lessee or the Lessor) by a Governmental Authority.

7.2 Licences

The Lessee must, at its own expense, obtain and maintain (or cause to be obtained and maintained) at all times all licences and approvals required in relation to the airport and the Leased Area and must produce when required by the Lessor proof of compliance by the Lessee with its obligations under this sub-clause.

8. RIGHT OF INSPECTION

The Lessee must permit the Lessor (or its nominees) to have access to the Leased Area for the purpose of ascertaining whether the Lessee is complying with the Lessee's Covenants at a time agreed between the parties or, in the absence of agreement, within five (5) Business Days of service of notice from the Lessor stipulating the day on which the Lessor will be carrying out an inspection or, in the case of an emergency, at any time.

9. MAINTENANCE AND REPAIR

9.1 Maintenance of Site

The Lessee must keep and maintain the Leased Area including the Structures in good and substantial repair at all times during the Term (fair wear and tear excepted) and at the expiration or earlier determination of the Term, vacate and yield up the Leased Area and the Structures in that state of repair and condition and in accordance with the Lessee's Covenants. The Lessee accepts the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Area including the Structures during the Term.

9.2 Expert determination of disputes

Any dispute between the Lessor and the Lessee in relation to sub-clause 9.1 may be referred by either party to an expert and the written determination of the expert will be conclusive and binding on the parties and the Lessor and the Lessee must share equally the fees and expenses of such expert. In the event that the parties cannot agree upon an expert, the expert shall upon the written request of either party be appointed by the President of the Institute of Engineers Australia (New South Wales Division) or an equivalent body.

10. SUB-LEASING

- (a) The Lessee must not grant any sub-lease or licence which is inconsistent with any prohibition on sub-leasing or licensing set out in the regulations to the Airports Act or, unless the Lessor agrees otherwise in writing, with any written commitment sought and obtained from the Lessee by the Lessor in relation to sub-leasing which specifies this clause 10.
- (b) Without limiting sub-clause 10(a), the Lessee must not permit a sub-lease or licence granted under this Lease to be held by a trust without the written approval of the Lessor.

11. COSTS

11.1 Stamp Duty and registration fees

The Lessee must pay any stamp duty imposed by legislation on this Lease and any counterpart, together with any registration costs of the Lease if registered.

11.2 Administrative costs

Within twenty-eight (28) days of receiving notice from the Lessor, the Lessee must pay to the Lessor the Lessor's reasonable costs of administering this Lease, including all matters relating to the monitoring by the Lessor of the Lessee's compliance with the Lessee's Covenants. For the avoidance of doubt, the Lessee's obligation under this sub-clause shall not include any costs arising out of the Lessor performing any functions or powers pursuant to any legislation.

11.3 Costs for default

The Lessee must pay to the Lessor on demand, all the Costs which the Lessor incurs or for which it becomes liable in consequence of or in connection with or arising out of any default by the Lessee in performing the Lessee's Covenants or any event that is or may be an event of termination under sub-clause 19.1.

12. COSTS OF AIRPORT ENVIRONMENT OFFICER

12.1 Purpose of clause 12

The purpose of this clause 12 is to provide for the Lessee to pay to the Commonwealth all unrecovered Airport Environment Officer Costs incurred by the Commonwealth in the period commencing on the day immediately following Commencement and ending on either:

- (a) the date on which the Commonwealth ceases to be responsible for the Airport Environment Officer Costs; or
 - (b) the date of the expiry or earlier termination of the Lease,
- whichever is the earlier.

12.2 Annual payment in advance by the Lessee

- (a) Within 20 Business Days of the commencement of each Payment Period, the Commonwealth will provide to the Lessee a written notice ('Notice') which states:
 - (i) the Commonwealth's estimate of the amount of the Airport Environment Officer's Costs for the Payment Period;
 - (ii) the Commonwealth's estimate of the amount of the Recovered Costs for the Payment Period; and
 - (iii) the payment amount, being the difference between the amount stated under paragraph (i) and the amount stated under paragraph (ii) (the 'Payment Amount').
- (b) The Lessee will pay to the Commonwealth an amount equal to the Payment Amount within 15 Business Days of receipt of the Notice.

12.3 Annual reconciliation

- (a) Within 30 Business Days of the end of each Payment Period, the Commonwealth will provide to the Lessee a written statement for that Payment Period (the 'Reconciliation Statement') which:
 - (i) states the actual Airport Environment Officer Costs for the Payment Period ('Actual Airport Environment Officer Costs');
 - (ii) states the actual Recovered Costs for the Payment Period ('Actual Recovered Costs');

- (iii) states the reconciliation payment, calculated as follows:

Reconciliation Payment = (Actual Airport Environment Officer Costs) minus (Actual Recovered Costs) less (the Payment Amount paid by the Lessee to the Commonwealth in respect of the Payment Period).

Provided that if (Actual Airport Environment Officer Costs - Actual Recovered Costs) is a negative amount, that amount will be deemed to be zero; and

- (iv) contains such other information or attaches such other documentation reasonably necessary to evidence or support the Reconciliation Payment.
- (b) If the Reconciliation Payment is a positive amount, the Lessee will pay to the Commonwealth an amount equal to the Reconciliation Payment within 15 Business Days of receipt of the Reconciliation Statement.
- (c) If the Reconciliation Payment is a negative amount, the Commonwealth will pay to the Lessee on delivery of the Reconciliation Statement an amount calculated by multiplying the Reconciliation Payment by minus one (-1).

12.4 Obligation of the Lessor to consult

The Commonwealth will consult with the Lessee in relation to methods of minimising costs incurred by the Airport Environment Officer carrying out its functions under the Airport (Environment Protection) Regulations including, where appropriate, the provision of such accommodation and other resources directly by the Lessee.

12.5 Efficiency review by the Lessor

- (a) At such times as it considers necessary the Commonwealth will conduct an efficiency review to determine whether the Airport (Environment Protection) Regulations are functioning effectively and whether the Airport Environment Officer has conducted its regulatory functions in a cost efficient manner. In carrying out such a review the Commonwealth will consult with the Lessee and take into account any matters that the Lessee reasonably requests the Commonwealth to consider in the review. The Commonwealth will give the Lessee an opportunity to comment on the final results of the review and consult with the Lessee in implementing any changes resulting from the review.
- (b) If the Lessee reasonably requires an efficiency review at any other time it may request the Commonwealth to carry out such a review provided that the Lessee does not request such a review more often

than once every twelve months. Where the Lessee requests the Commonwealth to conduct a review it will be responsible for the Commonwealth's reasonable costs of conducting the review.

12.6 Definitions

'Airport Environment Officer' means the person appointed under clause 10.01 of the Airports (Environment Protection) Regulations as the Airport Environment Officer for the purpose of those Regulations.

'Airport Environment Officer Costs' means all fees, costs, expenses and outgoings reasonably incurred by the Commonwealth in retaining the Airport Environment Officer in respect of the Leased Area, including, without limitation, all fees, costs, expenses and outgoings paid by or on behalf of the Commonwealth to the Airport Environment Officer for:

- (a) performing any of its duties, functions or responsibilities under the Airports (Environment Protection) Regulations in respect of the Leased Area; and/or
- (b) performing or doing any act or thing reasonably incidental to any of the Environmental Officer functions, duties or responsibilities referred to in paragraph (a),

but excluding

- (c) any administrative or legal costs of the Commonwealth; and
- (d) any legal costs incurred by the Airport Environment Officer in implementing, enforcing or defending its decisions made in the course of it carrying out its regulatory functions,

'Payment Period' means:

- (a) the period commencing on the day immediately following Commencement and ending on 30 June 1999 (**'Initial Payment Period'**); and
- (b) each 12 month period thereafter.

'Recovered Costs' means any fees paid to the Airport Environment Officer under any regulations that may be made under the Airports (Environment Protection) Regulations.

13. DEVELOPMENT DURING TERM OF LEASE

13.1 Development of Leased Area

Throughout the Term the Lessee must develop the Leased Area at its own

cost and expense having regard to:

- (a) the actual and anticipated future growth in, and pattern of, traffic demand for the Leased Area;
- (b) the quality standards reasonably expected of such an airport in Australia; and
- (c) Good Business Practice.

13.2 Non-compliance by Lessee

If the Lessor believes that the Lessee is not complying with its obligations under sub-clause 13.1, it may give written notice to the Lessee requiring the Lessee to provide it with a detailed plan or plans referred to in sub-clause 13.3. The Lessor may only give a notice to the Lessee under this sub-clause 13.2 once every 5 years.

13.3 Provision of plan to Lessor

- (a) Subject to sub-clause 13.8, within 120 Business Days of the receipt of a written notice under sub-clause 13.2 the Lessee must provide the Lessor with a plan required to bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 within 5 years.
- (b) The relevant plan must contain at least the equivalent detail to that required of a major development plan under section 91 of the Airports Act. For the avoidance of doubt any plan lodged by the Lessee with the Lessor under this clause 13 will not constitute a major development plan or master plan for the purposes of the Airports Act.

13.4 Advice by Lessor on receipt of plan

The Lessor must advise the Lessee within 60 Business Days of receipt of a plan under sub-clause 13.3 whether it believes that giving effect to the plan provided under sub-clause 13.3(a) will bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 and:

- (a) if so, the Lessee must forthwith commence to give effect to the plan; or
- (b) if not, the Lessee must provide a further plan within 60 Business Days of the date of the Lessor's advice.

13.5 Further plans

The provisions of sub-clause 13.4 will apply to any further plan provided by the Lessee under sub-clause 13.4 as if it were the original plan provided under sub-clause 13.3.

No review or approval by the Lessor of a plan submitted by the Lessee under sub-clause 13.4 will in any way fetter or constrain the exercise of any power, function, duty or discretion imposed upon:

- (a) the Minister by the Airports Act; or
- (b) any other person by any law of the Commonwealth.

13.6 Effect to be given to plan

The Lessee must give effect to a plan approved by the Lessor under sub-clause 13.4.

13.7 Failure to comply with plan

- (a) The parties agree that if the Lessee fails to comply with any part of this clause 13 damages will not be an adequate remedy to the Lessor.
- (b) Without prejudice to any other right or remedy which the Lessor may have, if the Lessee fails to comply with sub-clause 13.6:
 - (i) the Lessor may take such action as is necessary to give effect to the plan, in which event the Lessee will indemnify the Lessor against all claims, costs, losses or damages suffered or incurred by the Lessor arising out of or in connection with any act or omission in the course of giving effect to, or purporting to give effect to, the plan; and
 - (ii) the Lessee irrevocably appoints the Lessor as its agent for the purpose of giving effect to the plan and must itself do, or procure to be done by any Airport Management Company or any other person, whatever is reasonably necessary to enable the Lessor to give effect to the plan.
- (c) In giving effect to the plan under this clause the Lessor must:
 - (i) use reasonable endeavours to mitigate the costs, losses and damages which may be suffered or incurred by the Lessor; and
 - (ii) not exercise any of its rights under sub-clause 13.7(b) in respect of any matter or thing which is the subject of any incomplete dispute resolution proceedings under sub-clause 13.9.

13.8 Dispute between parties

Any dispute or difference which arises between the parties as to any matter under this clause 13 including (without limitation) whether:

- (a) the Lessee has complied with sub-clause 13.1; or

- (b) any plan provided by the Lessee under sub-clause 13.3 or 13.4 is sufficient to remedy its non-observance of sub-clause 13.1; or
- (c) the Lessee is giving effect to a plan approved by the Lessor under sub-clause 13.4,

will be resolved in accordance with sub-clause 13.9.

13.9 Arbitration

- (a) If a dispute or difference of the type described in sub-clause 13.8 arises either the Lessor or the Lessee may refer the matter for determination in accordance with this clause by giving written notice to the other party (the 'Arbitration Notice') that it requires the dispute or difference to be referred to arbitration.
- (b) Upon receipt by the other party of the Arbitration Notice such dispute or difference will then be and is hereby referred to arbitration.
- (c) Any arbitration under paragraph (b) must be conducted by an arbitrator agreed between the parties, or failing such agreement, within 20 days after receipt by the other party of the Arbitration Notice, then by an arbitrator to be selected by the President for the time being of the Institute of Arbitrators, Australia or an equivalent body.
- (d) It is the intention of the parties that the arbitrator appointed to determine a dispute must have a technical understanding of the issues in contest and must have an appropriate level of understanding of the industry area.
- (e) The place of any arbitration shall be Canberra.
- (f) Any arbitrator appointed under this clause will have power to grant all legal, equitable and statutory remedies.

13.10 Lessor's rights discretionary

The rights conferred by this clause 13 upon the Lessor may be exercised or not, at the Lessor's absolute discretion.

13.11 Definition

'Good Business Practice' means the good business practices expected of an airport operator having regard to the duties and obligation of the Lessee including, without limitation, providing appropriate facilities for the comfort, ease of access, expeditious movement and efficient use of the Leased Area for Airport users.

14. BUILDING IN THE LAST TEN YEARS OF THE LEASE

If the Lessee has not exercised the option to renew pursuant to clause 20 the Lessee must:

- (a) not, nor may it permit or allow others during the last ten (10) years of the Term to, demolish or remove any Structures without the prior written consent of the Lessor; and
- (b) unless the Lessor otherwise agrees, re-build with all due expedition any Structure damaged or destroyed during the last ten (10) years of the Term to a standard agreed to by the Lessor and where agreement is not reached within twenty-eight (28) days of such Structure being destroyed or damaged to such standard as is specified by the Lessor acting reasonably.

15. EXPIRATION OR EARLIER DETERMINATION OF LEASE

15.1 Option over assets

(a) The Lessee hereby grants the Lessor an option to purchase the following:

- (i) those items of non-fixed plant and equipment, vehicles, machinery, appliances, office equipment, computer systems, computer programmes, and technology owned by the Lessee and used exclusively at or in relation to the Leased Area ('Equipment');
- (ii) the Lessee's interest as lessee/bailee in any lease/bailment of Equipment ('Equipment Leases');
- (iii) the Lessee's interest in any Airport-Management Agreement or any other contract entered into by the Lessee in relation to the operation of the Leased Area or for the supply of goods or services at or in relation to the Leased Area ('Contracts'); and
- (iv) all other tangible personal property used by the Lessee in connection with the management, operation or maintenance of the Leased Area, together with the Lessee's interest in any computer programmes, computer systems, technology or intellectual property used in connection with the Leased Area ('Other Airport Assets'),

(together the 'Option Assets').

- (b) In order for the Lessor to be able to operate the Leased Area immediately upon the expiration (where the option to renew is not exercised pursuant to Clause 20) or sooner determination of the Term,

the Lessor (or its nominee) may, by notice in writing to the Lessee, exercise its option by requiring the Lessee to sell to the Lessor (or its nominee) one or more of the Option Assets nominated in writing by the Lessor ('Purchased Assets').

- (c) If the Lessor exercises its option, the terms of the resulting sale must be determined in accordance with sub-clause 15.3.
- (d) The Lessee must ensure that all Equipment Leases, Contracts and Other Airport Assets are capable of being assigned to the Lessor.

15.2 Details to be provided to Lessor

At any time and from time to time (but not more often than once a year) the Lessee, upon written request from the Lessor, must provide the Lessor with such details of one or more of the categories of the Option Assets as may be nominated by the Lessor.

15.3 Price of Purchased Assets

If the Lessor exercises its option, the following provisions will apply:

- (a) the purchase price of the Purchased Assets must be an amount determined by a valuation of the Purchased Assets, such valuation to be conducted as follows:
 - (i) the valuer must be a person nominated by the Lessor and approved by the Lessee (such approval not to be unreasonably withheld). If the Lessor and the Lessee fail to agree on the identity of such valuer, either of them may request the President of the Australian Institute of Valuers and Land Economists (Inc) (New South Wales Division) or an equivalent body to appoint a valuer who is appropriately qualified or experienced in the valuation of property of the kind comprising the Purchased Assets;
 - (ii) the valuer's fees and expenses must be shared equally by the Lessor and the Lessee;
 - (iii) the valuation must be determined on the basis of the Market Value of the relevant assets. "Market Value" shall be the price at which the Purchased Assets might reasonably be expected to be sold at the date of the Lessor's notice of exercise of its option, assuming:
 - A. a willing seller and a willing buyer;
 - B. that a reasonable period has been allowed for the sale, taking into account the nature of the property and the state

of the market;

- C. that the Purchased Assets were freely exposed to the open market; and
 - D. that no account is taken of any higher price that may be paid by a purchaser with a special interest;
- (iv) the parties must procure that the valuer prepares and delivers to them a valuation report ('**Valuation Report**') setting out his or her valuation of the Purchased Assets;
- (b) on the date which is thirty (30) days after the date of the Valuation Report, the purchase price (determined as outlined above) must be paid by the Lessor to the Lessee;
 - (c) title and risk to the Purchased Assets will pass to the Lessor upon the expiration or earlier determination of this Lease where notice under sub-clause 15.1(b) is given to the Lessee on or before the expiration or earlier determination of this Lease. Where notice is given after the expiration or earlier determination of this Lease, on the date upon which notice is served on the Lessee;
 - (d) the Lessor may, at its sole discretion, set off against any amounts payable by it as a result of the Lessor exercising its option, any amounts payable by the Lessee to the Lessor under or in respect of this Lease; and
 - (e) promptly after the Lessor exercises its option, the Lessee shall remove from the Leased Area at its expense those Option Assets that are not Purchased Assets.

15.4 Assignment

The parties acknowledge that the Lessor's rights under this clause 15 are assignable.

15.5 Loan Security subordinate

Any Loan Security granted by the Lessee must be granted, if permitted, subject to this clause 15.

15.6 Reasonable efforts of Lessee

Upon the expiration or earlier determination of this Lease, the Lessee must promptly and at its own expense use all reasonable efforts to assist in the transfer to the Lessor of all things necessary for the Lessor to continue operating the Leased Area as an airport including:

- (a) all documents (whether hard copies or in electronic form) owned by the Lessee and used for the operation of the Leased Area including, without limitation, as-built plans, operational manuals and specifications plans and diagrams relating to the Leased Area, the Structures, plant and equipment as well as leases, sub-leases, licences and related correspondence;
- (b) effecting an assignment of the Lessee's rights and obligations under relevant agreements (including leases) to the extent possible, in respect of which the Lessee must effect an assignment to the Lessor and to the extent that any agreement cannot be assigned to the Lessor, the Lessee must (subject to the Lessor or its nominee agreeing to assume any ongoing liability on the part of the Lessee under the agreement) continue to hold it for the benefit of the Lessor; and
- (c) assisting in the transfer of all necessary licences, permits and authorities (including business names).

15.7 Expiration or earlier determination of Lease

Upon the expiration or earlier determination of this Lease the Lessee must forthwith vacate the Leased Area.

16. LOAN SECURITY

The Lessee must not create a Loan Security over this Lease, the Leased Area or the Structures without obtaining the prior written consent of the Lessor.

17. QUIET ENJOYMENT

Except as provided for in this Lease, the Lessor covenants with the Lessee that the Lessee will have quiet enjoyment during the Term without interruption by the Lessor.

18. NON DEROGATION

Except as provided for in this Lease, the Lessor must not dedicate land or transfer, grant or create any easement, privilege or other right to any other person which will derogate from the enjoyment of rights conferred on the Lessee by this Lease.

19. TERMINATION

19.1 Termination rights

Save where the Lessor agrees, or Commonwealth legislation provides otherwise, if:

- (a) the Airport Lease is terminated; or

(b) the Lessee breaches sub-clause 3.2(a),

the Lessor is entitled two (2) days after the said suspension cancellation termination or breach to serve notice of termination of this Lease on the Lessee and this Lease will terminate upon receipt of the notice by the Lessee and the Lessee will forthwith vacate the Leased Area.

19.2 Additional Lessor's rights on termination

If the Lease is terminated by the operation of the Airports Act or under sub-clause 19.1 such termination will be without prejudice to, or limitation of, any rights of the Lessor under this Lease or at law and without releasing the Lessee from liability for breach of the Lessee's Covenants.

19.3 Force Majeure Event

- (a) If performance by the Lessee of its obligation under sub-clause 3.2(a) or 3.2(b) or sub-clause 13.6 is prevented due to any Force Majeure Event, then the Lessee must forthwith give notice to the Lessor specifying the event which it claims is preventing the Lessee from fulfilling its obligation and advising how long the Lessee expects the event will last, what steps the Lessee is taking or will take to overcome the event, how long the Lessee expects it will be delayed before it will be able to resume performance of its obligation, and such other information as the Lessor may require. The Lessee will be excused performance of such obligation for so long as the prevention lasts, but only if the Lessee takes with all due expedition all reasonable steps to overcome such prevention at the earliest possible time.
- (b) If the Lessee becomes aware of circumstances which, if they come to pass, may become a Force Majeure Event, it must forthwith notify the Lessor and provide such information relating thereto as the Lessor may require.
- (c) The Lessee must when directed to do so by the Lessor confer with it in relation to any circumstance which may become a Force Majeure Event or any event that the Lessee claims to be a Force Majeure Event.
- (d) The Lessor may, after first consulting with the Lessee, take whatever action it considers necessary in order to avoid or lessen the impact of or overcome a Force Majeure Event and the Lessee must indemnify the Lessor against all Claims, Costs, Injury and Damages incurred by the Lessor in taking such action.

20. OPTION TO RENEW

If the Lessee exercises its option to renew the Airport Lease then it agrees that it will also renew this Lease on the same terms as this Lease amended as follows:

- (a) by excluding this clause;
- (b) by deleting from line one of clause 14 the words "If the Lessee has not exercised the option to renew pursuant to clause 20"; and
- (c) by replacing the definition of 'Term' in sub-clause 2.1 with the following, "Term means a term of 49 years commencing on 1 July 2048.

21. WAIVER

No consent or waiver, whether express or implied, to any breach of this Lease by either the Lessor or the Lessee is to be construed as a consent or waiver to any other breach.

22. LESSEE'S ACKNOWLEDGMENTS

The Lessee acknowledges that:

- (a) it has not been induced to enter into this Lease by reason of any promise, representation, warranty, guarantee or undertaking as to the use to which the Leased Area or the Structures may be put or by reason of any other matter whatsoever made or given by or on behalf of the Lessor;
- (b) it accepts the Leased Area and the Structures in their respective condition as at the Commencement and that the Lessor has not made any representation or warranty as to their condition or compliance with legislation; and
- (c) it meets the requirements of all relevant legislation in relation to the grant of this Lease.

23. PROVISION OF INFORMATION

Where the Lessor acting reasonably gives notice to the Lessee stating that it requires information relating to any matter under this Lease, the Lessee must provide such information to the Lessor within the time stated in the notice.

24. NOTICES

24.1 Service of notice

Any notice, given or served under this Lease will be duly given to or served on the

- (a) Lessor if in writing signed by the Lessee and addressed to:

Secretary

Department of Transport and Regional Services

G P O Box 594
CANBERRA A C T 2601
Attention: Linda Addison

Facsimile: (02) 6274 6719

(or to such other person or to such other address as may be notified by the Lessor in writing to the Lessee from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission;

- (b) Lessee if in writing signed by or on behalf of the Lessor and addressed to:

CEO
Sydney Airports Corporation Limited
Level 10
Airport Central
241 O'Riordan Street
MASCOT, NSW 2020

Facsimile: (02) 9667 1592

(or to such other person or to such other address as may be notified by the Lessee in writing to the Lessor from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission.

24.2 Receipt of notice

A notice is deemed to be received if:

- (a) delivered personally, on the date of delivery;
- (b) sent by person to person registered mail, on the date that the acknowledgment of the delivery is completed by the recipient; and
- (c) sent by facsimile, on the completion of transmission without evidence of garbling or incomplete transmission.

25. INTEREST ON OVERDUE MONEYS

Without prejudice to any other rights, powers or remedies of the Lessor under this Lease the Lessee must pay to the Lessor interest at the Specified Rate on money payable by the Lessee to the Lessor. Such interest must be computed from the due date for payment of the money until payment of such money in full. Due date for payment will be twenty-eight (28) days after receipt by the Lessee of notice of payment due.

26. RATES AND LAND TAX AND TAXES

26.1 Payment of Rates and Land Tax and Taxes

The Lessee must pay, on or before the due date, all Rates, Land Tax and Taxes without contribution from the Lessor.

26.2 Ex Gratia payment in lieu of Rates and Land Tax

(a) Where Rates are not payable under sub-clause 26.1 because the Leased Area is owned by the Commonwealth, the Lessee must promptly pay to the relevant Governmental Authority such amount as may be notified to the Lessee by such Governmental Authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law. The Lessee must use all reasonable endeavours to enter into an agreement with the relevant Governmental Authority, body or person to make such payments.

(b) Where Land Tax is not payable under sub-clause 26.1 because the Leased Area is owned by the Commonwealth, payments in lieu of Land Tax must be made by the Lessee in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including, but not limited to, retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from making payments by Commonwealth policy or law. Unless otherwise directed

by the Lessor, the Lessee will make payments promptly in lieu of land tax at the relevant State rate to the Commonwealth addressed as provided for in sub-clause 24.1.

These payments in lieu of Land Tax will be levied on a financial year basis. The Lessee must submit an assessment of the payment in lieu of land tax to the Commonwealth on 31 August of the current financial year with this payment due 30 days later. Land value assessments for the purposes of making payments in lieu of land tax are required at least every three years.

- (c) Where Taxes such as stamp duty, payroll tax, financial institutions duty and debits tax imposed by a Governmental Authority are not payable by the Lessee because they are Taxes on transactions, instruments or activities on or related to the Leased Area owned by the Commonwealth, the Lessee must pay to the relevant Governmental Authority such amount as is equivalent to the amount which would be payable for such Taxes if such Taxes were leviable or payable.

27. POWER OF ATTORNEY

The Lessee appoints the Lessor (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Lessee a transfer or a surrender of this Lease at any time after this Lease shall have been terminated or the power to re-enter has become exercisable, a sufficient proof of which will be the statutory declaration of any duly authorised officer of the Lessor and the Lessee consents to it being registered for this purpose.

28. ENTIRE AGREEMENT

The terms of this Lease constitute the entire agreement between the parties for the subject matter referred to in this Lease and all prior arrangements, agreements, representations and undertakings will have no effect. No modification or alteration of any clause of this Lease will be valid except in writing signed by each party.

29. FURTHER ASSURANCES

The parties must do all things necessary to give effect to any provision of this Lease.

30. GOVERNING LAW

This Lease is governed by and construed in accordance with the laws of the Australian Capital Territory.

31. DISCLOSURE AND PRIVATISATION

31.1 Disclosure

Notwithstanding any other clause of this Lease, the Commonwealth agrees that the Lessee or the Commonwealth may provide a copy of this lease or any other information which relates to this Lease to any person in connection with the operation, management privatisation (including any preparatory steps) of the Lessee (or sale of its assets) or any related party of the Lessee (or that party's assets) (including any change in control or ownership of the Lessee or any related party of the Lessee, or any assignment, novation, statutory vesting or other transfer or disposal of any rights or obligations under this lease) ("Airport Privatisation").

31.2 Privatisation

Notwithstanding any other clause of this Lease:

- (a) the Commonwealth agrees that the entering into or carrying out of, or any steps taken in connection with the formulation of or preparation for, any Airport Privatisation will not place the Lessee in breach of this Lease or give rise to any right or remedy in favour of the Commonwealth; and
- (b) agrees that it will execute and deliver to the Lessee or any related party of the Lessee such assignment, novation or other transfer or disposal documentation as the Lessee may reasonably prescribe to effect the assignment, novation or other transfer or disposal of all or any of the Lessee's or the Commonwealth's rights or obligations under this lease to a third party as part of the preparation for, or implementation of, an Airport Privatisation.

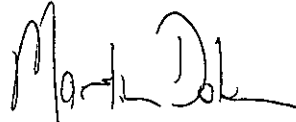
32. ASSUMPTION OF PACIFIC POWER LICENCE

- 32.1 The Lessee acknowledges that an occupation licence has been granted to Pacific Power in relation to part of the Leased Area on the terms of condition 52 of the contract dated 29th June 2001 between Pacific Power and the Commonwealth. The Lessee agrees to assume the obligations of the Commonwealth to Pacific Power under the terms of the occupation licence and will enter into such documentation as the Commonwealth reasonably requires to effect the assumption.

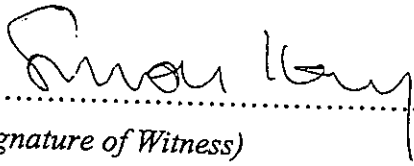
SIGNED as a Deed.

SIGNED-SEALED AND DELIVERED

by, ~~Simon~~ MARTIN DOWN)
a duly authorised officer for and)
on behalf of the Commonwealth of Australia)
in the presence of:)



(Signature)

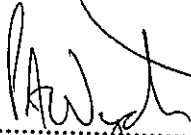


(Signature of Witness)

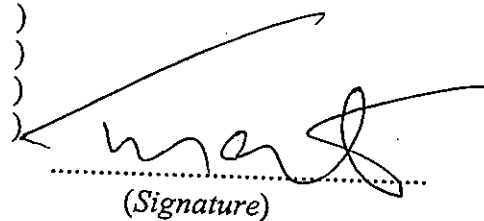
SIMON KONECNY,

(Name of Witness in full)

SIGNED by ANTHONY JAMES
a duly authorised attorney of the Lessee
pursuant to a registered Power of Attorney
Volume Folio
in the presence of



(Signature of Witness)



(Signature)

PETER ANTHONY WYCH
(Name of Witness in full)

LEASE
New South Wales
Real Property Act 1900

PRIVACY NOTE: this information is legally required and will become part of the public record

STAMP DUTY

Office of State Revenue use only

NEW SOUTH WALES DUTY

24-12-2004

0002368052-001

DUPLICATE

DUTYABLE AMOUNT \$ *****3,647,850.00

DUTY \$ *****2.00

(A) TORRENS TITLE

Property leased: if appropriate, specify the part or premises

Folio Identifiers 1/830952, 2/830952, 12/1050464, 11/1050464 and
1/1054373 and Auto Consol 4694-25

(B) LODGED BY

Delivery
Box

Name, Address or DX and Telephone

CODE

Reference:

L

(C) LESSOR

COMMONWEALTH OF AUSTRALIA

The lessor leases to the lessee the property referred to above.

(D)

Encumbrances (if applicable):

(E) LESSEE

SYDNEY AIRPORT CORPORATION LIMITED (ACN 082 578 809) a company duly
incorporated in New South Wales and having its registered office
situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, New
South Wales.

TENANCY:

- (G)** 1. **TERM:** Forty four (44) years, two (2) months and twenty four (24) days
2. **COMMENCING DATE:** 7 April 2004
3. **TERMINATING DATE:** 30 June 2048
4. With an **OPTION TO RENEW** for a period of 49 years
set out in clause 20 of Annexure A
5. With an **OPTION TO PURCHASE** set out in clause N.A. of N.A.
6. Together with and reserving the **RIGHTS** set out in clause N.A. of N.A.
7. Incorporates the provisions set out in **ANNEXURE "A"** hereto.
8. Incorporates the provisions set out in **MEMORANDUM** filed at Land and Property Information New South Wales as
No. N.A.
9. The **RENT** is set out in No. of Not Applicable (see clause 1.1 of annexure A)

All handwriting must be in block capitals.

Total Pages (office use only) _____

Page 1 of 30

LAND AND PROPERTY INFORMATION NSW

DATE

19 NOVEMBER 2004

(H)

I certify that the person(s) signing opposite, with whom I am personally acquainted or as to whose identity I am otherwise satisfied, signed this instrument in my presence.

Signature of witness:

M. L. Ruffy

Name of witness:

MARGARET RUFFY

Address of witness:

DEPARTMENT OF TRANSPORT
AND REGIONAL SERVICES

Certified correct for the purposes of the Real Property Act 1900 by the authorised officer named below.

Signature of authorised officer:

Neil Williams

Authorised officer's name:

NEIL WILLIAMS

Authority of officer:

ASSISTANT SECRETARY

Signing on behalf of:

Commonwealth of Australia

☐ I certify that the person(s) signing opposite, with whom I am personally acquainted or as to whose identity I am otherwise satisfied, signed this instrument in my presence.

Signature of witness:

Opunney

Name of witness:

Address of witness:

552 Port Hacking Rd
Caringbah.

Certified correct for the purposes of the Real Property Act 1900 by the person(s) named below who signed this instrument pursuant to the power of attorney specified.

Signature of attorney:

Max Moore-Wilton

Attorney's name:

Max Moore-Wilton

Signing on behalf of:

Sydney Airport Corporation Ltd

Power of attorney-Book:

9205

-No.:

930

(I) STATUTORY DECLARATION

I,

solemnly and sincerely declare that—

- ☐ 1. The time for the exercise of option to _____ in expired lease No. _____ has ended;
2. The lessee under that lease has not exercised the option

I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act 1900.

Made and subscribed at

in the State of New South Wales

on

in the presence of—

Signature of witness:

Signature of lessor:

Name of witness:

Address of witness:

Qualification of witness:

THIS IS ANNEXURE "A" TO THE LEASE BETWEEN THE
COMMONWEALTH OF AUSTRALIA AS LESSOR AND SYDNEY
AIRPORT CORPORATION LIMITED ACN 082 578 809 AS LESSEE
DATED 19th DAY OF NOVEMBER 2004

CONTENTS

1. DEMISE	6
1.1 LEASE	6
1.3 RESERVATION OF LESSOR'S RIGHTS	6
2. DEFINITIONS AND INTERPRETATION	6
2.1 DEFINITIONS	6
2.2 INTERPRETATION	9
2.3 LESSEE NOT LESSOR'S AGENT	10
2.4 AIRPORT-MANAGEMENT AGREEMENTS AND SUB-LEASES	10
3. ACCESS TO AND USE OF LEASED AREA	10
3.1 ACKNOWLEDGEMENT	10
3.2 LESSEE TO GIVE ACCESS	10
4. RELEASE AND INDEMNITY	10
5. INSURANCE	11
5.1 INSURANCE REQUIRED AT COMMENCEMENT	11
6. ENVIRONMENT	12
6.1 MEANING OF ENVIRONMENT OF THE LEASED AREA	12
6.2 MAINTENANCE OF ENVIRONMENT OF THE LEASED AREA	12
6.3 RELEASE AND INDEMNITY FOR ENVIRONMENTAL DAMAGE	12
6.4 NO LIABILITY OF LESSOR	12
7. LEGISLATION, LICENCES AND STATUTORY POWERS	13
7.1 LEGISLATION AND NOTICES	13
7.2 LICENCES	13
8. RIGHT OF INSPECTION	13
9. MAINTENANCE AND REPAIR	13
9.1 MAINTENANCE OF SITE	13
9.2 EXPERT DETERMINATION OF DISPUTES	13
10. SUB-LEASING	14
11. COSTS	14
11.1 LEGAL COSTS, STAMP DUTY AND REGISTRATION FEES	14
11.2 ADMINISTRATIVE COSTS	14
11.3 COSTS FOR DEFAULT	14
12. COSTS OF AIRPORT ENVIRONMENT OFFICER	15
12.1 PURPOSE OF CLAUSE 12	15
12.2 ANNUAL PAYMENT IN ADVANCE BY THE LESSEE	15
12.3 ANNUAL RECONCILIATION	15

M. L. Raffy
Page 3 of 30

N. Will
Lease Airport 30 Jul 04 v5-0
A. L. L. L.

12.4	OBLIGATION OF THE LESSOR TO CONSULT	16
12.5	EFFICIENCY REVIEW BY THE LESSOR.....	16
12.6	DEFINITIONS	17
13.	DEVELOPMENT DURING TERM OF LEASE	17
13.1	DEVELOPMENT OF LEASED AREA.....	17
13.3	NON-COMPLIANCE BY LESSEE	18
13.4	PROVISION OF PLAN TO LESSOR.....	18
13.5	ADVICE BY LESSOR ON RECEIPT OF PLAN	18
13.6	FURTHER PLANS	19
13.7	EFFECT TO BE GIVEN TO PLAN.....	19
13.8	FAILURE TO COMPLY WITH PLAN.....	19
13.9	DISPUTE BETWEEN PARTIES	20
13.10	ARBITRATION	20
13.11	LESSOR'S RIGHTS DISCRETIONARY.....	21
13.12	DEFINITION	21
14.	BUILDING IN THE LAST TEN YEARS OF THE LEASE.....	21
15.	EXPIRATION OR EARLIER DETERMINATION OF LEASE	21
15.1	OPTION OVER ASSETS	21
15.2	DETAILS TO BE PROVIDED TO LESSOR	22
15.3	PRICE OF PURCHASED ASSETS	22
15.4	ASSIGNMENT	24
15.5	LOAN SECURITY SUBORDINATE	24
15.6	REASONABLE EFFORTS OF LESSEE	24
15.7	EXPIRATION OR EARLIER DETERMINATION OF LEASE	24
16.	LOAN SECURITY	24
17.	QUIET ENJOYMENT.....	25
18.	NON DEROGATION.....	25
19.	TERMINATION.....	25
19.1	TERMINATION RIGHTS.....	25
19.2	ADDITIONAL LESSOR'S RIGHTS ON TERMINATION	25
19.3	FORCE MAJEURE EVENT	25
20.	OPTION TO RENEW.....	26
21.	WAIVER.....	26
22.	LESSEE'S ACKNOWLEDGMENTS	26
23.	PROVISION OF INFORMATION	27
24.	NOTICES	27
24.1	SERVICE OF NOTICE	27
24.2	RECEIPT OF NOTICE	28
25.	INTEREST ON OVERDUE MONEYS.....	28
26.	RATES AND LAND TAX AND TAXES.....	28
26.1	PAYMENT OF RATES AND LAND TAX AND TAXES	28
26.2	EX GRATIA PAYMENT IN LIEU OF RATES AND LAND TAX	28
27.	POWER OF ATTORNEY	30

28.	ENTIRE AGREEMENT.....	30
29.	FURTHER ASSURANCES	30
30.	GOVERNING LAW.....	30

Mr. Ruddy *to be had*
Shill

1. DEMISE

1.1 Lease

In consideration of the payment by the Lessee to the Lessor of a premium of \$3,647,850.80, receipt of which is acknowledged which is not refundable in any circumstances, the Lessor grants to the Lessee pursuant to section 13 of the *Airports Act 1996* a Lease of the Leased Area (including the Structures) for the Term.

1.2 Acknowledgment

The Lessee acknowledges that no component of the premium is to be regarded as consideration for any benefit the Lessee might receive from any future agreement that the parties might reach which results in:

- (a) the Leased Area not being required to be used as an airport; and/or
- (b) the conversion of the whole or any part of the Lease to freehold.

1.3 Reservation of Lessor's rights

The Lessor reserves to itself:

- (a) all mining rights and interests in minerals on the Airport Site; and
- (b) provided that it is not inconsistent with the development of the Leased Area in accordance with a Master Plan, the right to grant any easements over or rights of access or rights of way on, over, under, through or across the Leased Area for:
 - (i) the purpose of the supply of electricity, gas, telecommunications cables, water, sewerage, drainage or like services; and
 - (ii) the provision of transport or other services to the public,

such rights not to be to the exclusion of the right of the Lessee to also grant such rights where it would otherwise have the power to do so.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Lease, unless a contrary intention appears:

‘**Airports Act**’ means the *Airports Act 1996*.

‘**Airport Lease**’ means the lease between the Commonwealth and Sydney

Airports Corporation Limited dated 30 June 1998 for Sydney (Kingsford-Smith Airport) registered number 5305365.

'Airport-Management Agreement' means an airport-management agreement as defined in the Airports Act.

'Airport-Management Company' means an airport-management company as defined in the Airports Act.

'Airport Regulations' means the regulations under the Airports Act.

'Business Day' means a day which is not a Saturday, Sunday or public holiday in the State of New South Wales.

'Claims' means any claims, losses, suits, proceedings, actions, causes of action, demands, judgments, executions, liabilities or responsibilities for any Damages and for any Injuries.

'Commencement' means 7 April 2004.

'Commonwealth' means the Commonwealth of Australia but does not include any Commonwealth bodies which are separate legal entities.

'Costs' means all expenses, losses, charges and payments including any professional consultant and legal fees (on a "solicitor and own client" basis).

'Damages' means any loss, Costs or damage whatsoever including, but not limited to, direct, indirect, incidental, consequential or special damages, damage to property, to the Leased Area or to the environment of the Leased Area, or the diminution in value of the Leased Area or any part thereof.

'Force Majeure Event' means any event which is beyond the reasonable control of the Lessee and which bona fide prevents the Lessee from performing the Lessee's Covenants under sub-clause 3.2(a), sub-clause 3.2(b) or sub-clause 13.7 where that event could not have been prevented, overcome or remedied by the exercise of a standard of care and diligence consistent with that of a prudent person undertaking the obligation, including the expenditure of all reasonable sums of money.

'Governmental Authority' means the Commonwealth government or any government of any State or Territory of Australia, administrative body, governmental body, department or agency of any such government or local government authority.

'Injury' means any injury to the Leased Area or to the environment of the Leased Area or personal injury, or bodily injury, including death resulting therefrom and whether the death occurs before or after the expiry or earlier determination of this Lease.

'Land Tax' means any tax levied or imposed by a Governmental Authority on land.

'Lease' means this lease as amended from time to time.

'Leased Area' means the site (including the Structures thereon) being those areas of land in the certificates of title set out in Folio identifiers 1/830952, 2/830952, 12/1050464, 11/1050464 and 1/1054373 and Auto Consol 4694-25.

'Lessee's Covenants' means the obligations imposed on the Lessee in this Lease.

'Lessor' means the Commonwealth as owner of the Leased Area and landlord of this Lease.

'Loan Security' means any mortgage, charge, security interest, mortgage by way of sub-demise, or other encumbrance of whatever nature.

'Master Plan' means a final master plan as defined in the Airports Act.

'Rates' means all rates (including water rates and sewerage rates), and levies to defray expenses levied or imposed by a Governmental Authority on land or on owners or occupiers of land in relation to their ownership or occupation of that land.

'Specified Rate' means interest at a rate of four (4) percent per annum higher than that ordinarily charged by the principal bank of the Commonwealth on overdraft current accounts (or the nearest equivalent) not exceeding fifty thousand dollars (\$50,000). A certificate issued to the Lessor and signed by the manager or the assistant manager for the time being of the principal bank will be prima facie evidence of the Specified Rate.

'Structures' means all fixtures (including buildings and other improvements of whatever nature) forming part of or affixed to the Leased Area, whether constructed before or after the grant of this Lease, and includes without limitation such items as roads and dams on the Leased Area.

'Taxes' means all taxes (including stamp duty) costs, charges, expenses, duties, impositions, fees and penalties of whatever nature levied or imposed by a Governmental Authority in respect of instruments, transactions or activities relating to or carried out on the Leased Area.

'Term' means a period from the Commencement up to and including 30 June 2048.

2.2 Interpretation

In this Lease unless the context otherwise requires:

- (a) a reference to a clause is to a clause of this Lease and includes all sub-clauses;
- (b) words in the singular include the plural and vice versa;
- (c) words importing one gender include each of the other genders;
- (d) where the context permits, a reference to 'Lessor', 'Lessee', an organisation, body or person includes their employees, officers and agents as well as their respective successors in title and assigns;
- (e) references to parties, recitals, clauses, sub-clauses or attachments are references to parties, clauses, sub-clauses, attachments to or of this Lease and a reference to this Lease includes any attachment;
- (f) references to this Lease or any other deed, agreement, instrument or document will be deemed to include references to this Lease or such other deed, agreement, instrument or document as amended, novated, supplemented, varied or replaced from time to time;
- (g) headings in this Lease are for convenience only and are not part of, or to be used in the interpretation or construction of, this Lease;
- (h) "person" includes a corporation and a body politic;
- (i) a reference to legislation includes statutes, regulations, ordinances, by-laws or other legislative instruments and all amendments, consolidations or replacements thereof;
- (j) where any word or phrase is given a defined meaning any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
- (k) a reference to anything (including without limitation any amount) is to the whole and each part of that thing;
- (l) where the day on or by which any sum is payable under this Lease or any act, matter or thing is to be done is a day other than a Business Day, such sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;
- (m) if any provision of this Lease or its application to any person or circumstance is, or becomes, invalid or unenforceable, the remaining provisions are not affected and each provision of this Lease is valid and enforceable to the fullest extent permitted by law;

- (n) in the interpretation of this Lease, no rules of construction apply to the disadvantage of any party on the basis that it put forward this Lease;
- (o) terms used in this Lease and defined in the Corporations Law have the meaning given to them in the Corporations Law; and
- (p) no provision of this Lease operates as a merger of the rights and remedies of the parties under this Lease.

2.3 Lessee not Lessor's agent

Nothing in this Lease, whether express or implied, constitutes the Lessee the agent of the Lessor in respect of any matter or action taken.

2.4 Airport-Management Agreements and sub-leases

The fact that the Lessee enters into an Airport-Management Agreement or sub-lease does not excuse the Lessee from any of its obligations under this Lease and the Lessor holds the Lessee responsible for any acts or omissions of an Airport-Management Company or sub-lessee.

3. ACCESS TO AND USE OF LEASED AREA

3.1 Acknowledgement

The parties acknowledge that this Lease is an airport lease within the meaning of the Airports Act and can only be used for purposes permitted under the Airports Act.

3.2 Lessee to give access

The Lessee:

- (a) must not use, or permit to be used, the Leased Area for any unlawful purpose or in breach of legislation;
- (b) may:
 - (i) permit the Leased Area to be used for other lawful purposes that are not inconsistent with its use as an airport; and
 - (ii) subject to sub-clause 5.1 and clause 14, construct, alter, remove, add to or demolish the Structures.

4. RELEASE AND INDEMNITY

Notwithstanding any other provision of this Lease, as and from Commencement, the Lessee takes and is subject to the same responsibilities with regard to person and property and otherwise to which the Lessee would be subject if during the Term the Lessee were the owner of the freehold of

the Leased Area and the Lessee:

- (a) hereby releases the Lessor from and against all Claims by the Lessee in respect of any Damages, Costs or Injury which the Lessee may incur or sustain by reason of any act or omission on the part of the Lessor or the performance of this Lease or the use or occupation of the Leased Area by the Lessee;
- (b) hereby indemnifies the Lessor from and against all Claims, Damages or Costs incurred or sustained by the Lessor, or for which the Lessor may become liable, in respect of any Claims, Damages, Costs or Injury to any person by reason of any act or omission on the part of the Lessee or by the performance of this Lease or the use or occupation of the Leased Area by the Lessee or any other person (whether before or after Commencement), but this indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement; and
- (c) must, in any and every event in which the Lessor is made a party to any Claim to which the Lessee's obligation to indemnify and hold the Lessor harmless under any provision of this Lease extends, if so requested by the Lessor, defend such Claim in the name of the Lessor and must pay all costs of the Lessor in connection with the Claim provided that the Lessee may, in any such event, compromise, pay or satisfy any such claim with the consent of the Lessor.

The obligations of the Lessee under this clause continue after the expiration or earlier determination of this Lease in respect of any act, deed or thing happening before such expiration or determination.

5. INSURANCE

5.1 Insurance required at Commencement

The Lessee must ensure that from Commencement, its policies of insurance in relation to the Airport Lease include also the Leased Area and that it continues to include the Leased Area in its policies of insurance for the whole of the term.

The parties have the same obligations and same rights in relation to insurance as detailed in clause 5 of the Airport Lease, but for the purposes of this Lease only 'Structures' when used in that clause will be deemed to have the meaning given to that term in this lease.

6. ENVIRONMENT

6.1 Meaning of Environment of the Leased Area

For the purposes of sub-clause 2.1 and sub-clauses 6.2, 6.3 and 6.4, the expression "the environment of the Leased Area" includes, without limitation, the water, ground water, soil, subsoils, air, biota or habitat and sites of heritage value or of significance to Aboriginal or Torres Strait Islander people on, above or below the Leased Area and the Structures.

6.2 Maintenance of Environment of the Leased Area

Throughout the Term the Lessee must maintain the environment of the Leased Area in accordance with any obligation imposed on it by legislation which from time to time applies to the environment of the Leased Area and at the expiration or earlier determination of the Term the Lessee must yield up the environment of the Leased Area in a condition that complies with such obligation.

6.3 Release and indemnity for environmental damage

Notwithstanding and in addition to clause 4 the Lessee:

- (a) hereby releases the Commonwealth from all Claims by the Lessee and indemnifies the Commonwealth against all Claims by any other person in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area arising out of the use or occupation of the Leased Area before Commencement by the Commonwealth or any other person; and
- (b) hereby releases the Lessor from all Claims against the Lessor and indemnifies the Lessor against all Claims against the Lessor by any person other than the Lessee in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area which arises out of or during the use or occupation of the Leased Area by the Lessee or any other person after Commencement, but this release and indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement.

6.4 No liability of Lessor

Without limiting sub-clause 6.3, the Lessor has no liability to the Lessee in the event that the Lessee is required to expend monies on remedial action to have the environment of the Leased Area comply with any obligations

imposed on it by legislation.

7. LEGISLATION, LICENCES AND STATUTORY POWERS

7.1 Legislation and notices

The Lessee must, at its own expense, comply with all legislation (including the Airports Act) from time to time relating to the Leased Area and the Structures or to the use or occupation of the Leased Area and the Structures and with all requirements in notices and orders given or made (whether issued to either the Lessee or the Lessor) by a Governmental Authority.

7.2 Licences

The Lessee must, at its own expense, obtain and maintain (or cause to be obtained and maintained) at all times all licences and approvals required in relation to the airport and the Leased Area and must produce when required by the Lessor proof of compliance by the Lessee with its obligations under this sub-clause.

8. RIGHT OF INSPECTION

The Lessee must permit the Lessor (or its nominees) to have access to the Leased Area for the purpose of ascertaining whether the Lessee is complying with the Lessee's Covenants at a time agreed between the parties or, in the absence of agreement, within five (5) Business Days of service of notice from the Lessor stipulating the day on which the Lessor will be carrying out an inspection or, in the case of an emergency, at any time.

9. MAINTENANCE AND REPAIR

9.1 Maintenance of Site

The Lessee must keep and maintain the Leased Area including the Structures in good and substantial repair at all times during the Term (fair wear and tear excepted) and at the expiration or earlier determination of the Term, vacate and yield up the Leased Area and the Structures in that state of repair and condition and in accordance with the Lessee's Covenants. The Lessee accepts the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Area including the Structures during the Term.

9.2 Expert determination of disputes

Any dispute between the Lessor and the Lessee in relation to sub-clause 9.1 may be referred by either party to an expert and the written determination of the expert will be conclusive and binding on the parties and the Lessor and the Lessee must share equally the fees and expenses of such expert. In the event that the parties cannot agree upon an expert, the expert shall upon the

written request of either party be appointed by the President of the Institute of Engineers Australia (New South Wales Division) or an equivalent body.

10. SUB-LEASING

- (a) The Lessee must not grant any sub-lease or licence which is inconsistent with any prohibition on sub-leasing or licensing set out in the regulations to the Airports Act or, unless the Lessor agrees otherwise in writing, with any written commitment sought and obtained from the Lessee by the Lessor in relation to sub-leasing which specifies this clause 10.
- (b) Without limiting sub-clause 10(a), the Lessee must not permit a sub-lease or licence granted under this Lease to be held by a trust without the written approval of the Lessor.

11. COSTS

11.1 Legal costs, Stamp Duty and registration fees

Within 28 days of receiving an invoice from the Lessor the Lessee must pay all expenses incurred by the Commonwealth, including its reasonable legal costs on a solicitor/client basis in relation to this Lease or any variation of this lease. The lessee must pay any stamp duty imposed by legislation on this Lease and any counterpart, together with any registration costs of the Lease if registered.

11.2 Administrative costs

Within 28 days of receiving notice from the Lessor, the Lessee must pay to the Lessor the Lessor's reasonable costs of administering this Lease, including all matters relating to the monitoring by the Lessor of the Lessee's compliance with the Lessee's Covenants. For the avoidance of doubt, the Lessee's obligation under this sub-clause shall not include any costs arising out of the Lessor performing any functions or powers pursuant to any legislation.

11.3 Costs for default

The Lessee must pay to the Lessor on demand, all the Costs which the Lessor incurs or for which it becomes liable in consequence of or in connection with or arising out of any default by the Lessee in performing the Lessee's Covenants or any event that is or may be an event of termination under sub-clause 19.1.

12. COSTS OF AIRPORT ENVIRONMENT OFFICER

12.1 Purpose of clause 12

The purpose of this clause 12 is to provide for the Lessee to pay to the Commonwealth all unrecovered Airport Environment Officer Costs incurred by the Commonwealth in the period commencing on the day immediately following Commencement and ending on either:

- (a) the date on which the Commonwealth ceases to be responsible for the Airport Environment Officer Costs; or
 - (b) the date of the expiry or earlier termination of the Lease,
- whichever is the earlier.

12.2 Annual payment in advance by the Lessee

- (a) Within 20 Business Days of the commencement of each Payment Period, the Commonwealth will provide to the Lessee a written notice ('**Notice**') which states:
 - (i) the Commonwealth's estimate of the amount of the Airport Environment Officer's Costs for the Payment Period;
 - (ii) the Commonwealth's estimate of the amount of the Recovered Costs for the Payment Period; and
 - (iii) the payment amount, being the difference between the amount stated under paragraph (i) and the amount stated under paragraph (ii) (the '**Payment Amount**').
- (b) The Lessee will pay to the Commonwealth an amount equal to the Payment Amount within 15 Business Days of receipt of the Notice.

12.3 Annual reconciliation

- (a) Within 30 Business Days of the end of each Payment Period, the Commonwealth will provide to the Lessee a written statement for that Payment Period (the '**Reconciliation Statement**') which:
 - (i) states the actual Airport Environment Officer Costs for the Payment Period ('**Actual Airport Environment Officer Costs**');
 - (ii) states the actual Recovered Costs for the Payment Period ('**Actual Recovered Costs**');

- (iii) states the reconciliation payment, calculated as follows:

Reconciliation Payment = (Actual Airport Environment Officer Costs) minus (Actual Recovered Costs) less (the Payment Amount paid by the Lessee to the Commonwealth in respect of the Payment Period).

Provided that if (Actual Airport Environment Officer Costs - Actual Recovered Costs) is a negative amount, that amount will be deemed to be zero; and

- (iv) contains such other information or attaches such other documentation reasonably necessary to evidence or support the Reconciliation Payment.
- (b) If the Reconciliation Payment is a positive amount, the Lessee will pay to the Commonwealth an amount equal to the Reconciliation Payment within 15 Business Days of receipt of the Reconciliation Statement.
- (c) If the Reconciliation Payment is a negative amount, the Commonwealth will pay to the Lessee on delivery of the Reconciliation Statement an amount calculated by multiplying the Reconciliation Payment by minus one (-1).

12.4 Obligation of the Lessor to consult

The Commonwealth will consult with the Lessee in relation to methods of minimising costs incurred by the Airport Environment Officer carrying out its functions under the Airport (Environment Protection) Regulations including, where appropriate, the provision of such accommodation and other resources directly by the Lessee.

12.5 Efficiency review by the Lessor

- (a) At such times as it considers necessary the Commonwealth will conduct an efficiency review to determine whether the Airport (Environment Protection) Regulations are functioning effectively and whether the Airport Environment Officer has conducted its regulatory functions in a cost efficient manner. In carrying out such a review the Commonwealth will consult with the Lessee and take into account any matters that the Lessee reasonably requests the Commonwealth to consider in the review. The Commonwealth will give the Lessee an opportunity to comment on the final results of the review and consult with the Lessee in implementing any changes resulting from the review.
- (b) If the Lessee reasonably requires an efficiency review at any other time it may request the Commonwealth to carry out such a review provided that the Lessee does not request such a review more often

than once every twelve months. Where the Lessee requests the Commonwealth to conduct a review it will be responsible for the Commonwealth's reasonable costs of conducting the review.

12.6 Definitions

'Airport Environment Officer' means the person appointed under clause 10.01 of the Airports (Environment Protection) Regulations as the Airport Environment Officer for the purpose of those Regulations.

'Airport Environment Officer Costs' means all fees, costs, expenses and outgoings reasonably incurred by the Commonwealth in retaining the Airport Environment Officer in respect of the Leased Area, including, without limitation, all fees, costs, expenses and outgoings paid by or on behalf of the Commonwealth to the Airport Environment Officer for:

- (a) performing any of its duties, functions or responsibilities under the Airports (Environment Protection) Regulations in respect of the Leased Area; and/or
- (b) performing or doing any act or thing reasonably incidental to any of the Environmental Officer functions, duties or responsibilities referred to in paragraph (a);

but excluding

- (c) any administrative or legal costs of the Commonwealth; and
- (d) any legal costs incurred by the Airport Environment Officer in implementing, enforcing or defending its decisions made in the course of it carrying out its regulatory functions.

'Payment Period' means:

- (a) the period commencing on the day immediately following Commencement and ending on 30 June 2004 (**'Initial Payment Period'**); and
- (b) each 12 month period thereafter.

'Recovered Costs' means any fees paid to the Airport Environment Officer under any regulations that may be made under the Airports (Environment Protection) Regulations.

13. DEVELOPMENT DURING TERM OF LEASE

13.1 Development of Leased Area

Throughout the Term the Lessee must develop the Leased Area at its own

cost and expense having regard to:

- (a) the actual and anticipated future growth in, and pattern of, traffic demand for the Leased Area;
- (b) the quality standards reasonably expected of such an airport in Australia;
- (c) the provisions of sub-clause 13.2; and
- (d) Good Business Practice.

13.2 Compliance with Covenants and Restrictions

Throughout the Term the Lessee acknowledges that it must comply with the terms and conditions of any covenants (whether positive covenants or otherwise), restrictions as to user or easements that affect or may affect the title to the Leased Area and in particular in relation to any development of the Leased Area as contemplated by this clause 13.

13.3 Non-compliance by Lessee

If the Lessor believes that the Lessee is not complying with its obligations under sub-clause 13.1, it may give written notice to the Lessee requiring the Lessee to provide it with a detailed plan or plans referred to in sub-clause 13.4. The Lessor may only give a notice to the Lessee under this sub-clause 13.3 once every 5 years.

13.4 Provision of plan to Lessor

- (a) Subject to sub-clause 13.9, within 120 Business Days of the receipt of a written notice under sub-clause 13.3 the Lessee must provide the Lessor with a plan required to bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 within 5 years.
- (b) The relevant plan must contain at least the equivalent detail to that required of a major development plan under section 91 of the Airports Act. For the avoidance of doubt any plan lodged by the Lessee with the Lessor under this clause 13 will not constitute a major development plan or master plan for the purposes of the Airports Act.

13.5 Advice by Lessor on receipt of plan

The Lessor must advise the Lessee within 60 Business Days of receipt of a plan under sub-clause 13.4 whether it believes that giving effect to the plan provided under sub-clause 13.4(a) will bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 and:

- (a) if so, the Lessee must forthwith commence to give effect to the plan;

or

- (b) if not, the Lessee must provide a further plan within 60 Business Days of the date of the Lessor's advice.

13.6 Further plans

The provisions of sub-clause 13.5 will apply to any further plan provided by the Lessee under sub-clause 13.5 as if it were the original plan provided under sub-clause 13.4.

No review or approval by the Lessor of a plan submitted by the Lessee under sub-clause 13.5 will in any way fetter or constrain the exercise of any power, function, duty or discretion imposed upon:

- (a) the Minister by the Airports Act; or
- (b) any other person by any law of the Commonwealth.

13.7 Effect to be given to plan

The Lessee must give effect to a plan approved by the Lessor under sub-clause 13.5.

13.8 Failure to comply with plan

- (a) The parties agree that if the Lessee fails to comply with any part of this clause 13 damages will not be an adequate remedy to the Lessor.
- (b) Without prejudice to any other right or remedy which the Lessor may have, if the Lessee fails to comply with sub-clause 13.7:
 - (i) the Lessor may take such action as is necessary to give effect to the plan, in which event the Lessee will indemnify the Lessor against all claims, costs, losses or damages suffered or incurred by the Lessor arising out of or in connection with any act or omission in the course of giving effect to, or purporting to give effect to, the plan; and
 - (ii) the Lessee irrevocably appoints the Lessor as its agent for the purpose of giving effect to the plan and must itself do, or procure to be done by any Airport-Management Company or any other person, whatever is reasonably necessary to enable the Lessor to give effect to the plan.
- (c) In giving effect to the plan under this clause the Lessor must:
 - (i) use reasonable endeavours to mitigate the costs, losses and damages which may be suffered or incurred by the Lessor; and

- (ii) not exercise any of its rights under sub-clause 13.8(b) in respect of any matter or thing which is the subject of any incomplete dispute resolution proceedings under sub-clause 13.10.

13.9 Dispute between parties

Any dispute or difference which arises between the parties as to any matter under this clause 13 including (without limitation) whether:

- (a) the Lessee has complied with sub-clause 13.1; or
- (b) any plan provided by the Lessee under sub-clause 13.4 or 13.5 is sufficient to remedy its non-observance of sub-clause 13.1; or
- (c) the Lessee is giving effect to a plan approved by the Lessor under sub-clause 13.5,

will be resolved in accordance with sub-clause 13.10.

13.10 Arbitration

- (a) If a dispute or difference of the type described in sub-clause 13.9 arises either the Lessor or the Lessee may refer the matter for determination in accordance with this clause by giving written notice to the other party (the '**Arbitration Notice**') that it requires the dispute or difference to be referred to arbitration.
- (b) Upon receipt by the other party of the Arbitration Notice such dispute or difference will then be and is hereby referred to arbitration.
- (c) Any arbitration under paragraph (b) must be conducted by an arbitrator agreed between the parties, or failing such agreement, within 20 days after receipt by the other party of the Arbitration Notice, then by an arbitrator to be selected by the President for the time being of the Institute of Arbitrators, Australia or an equivalent body.
- (d) It is the intention of the parties that the arbitrator appointed to determine a dispute must have a technical understanding of the issues in contest and must have an appropriate level of understanding of the industry area.
- (e) The place of any arbitration shall be Canberra.
- (f) Any arbitrator appointed under this clause will have power to grant all legal, equitable and statutory remedies.

- (iii) states the reconciliation payment, calculated as follows:

Reconciliation Payment = (Actual Airport Environment Officer Costs) minus (Actual Recovered Costs) less (the Payment Amount paid by the Lessee to the Commonwealth in respect of the Payment Period).

Provided that if (Actual Airport Environment Officer Costs - Actual Recovered Costs) is a negative amount, that amount will be deemed to be zero; and

- (iv) contains such other information or attaches such other documentation reasonably necessary to evidence or support the Reconciliation Payment.
- (b) If the Reconciliation Payment is a positive amount, the Lessee will pay to the Commonwealth an amount equal to the Reconciliation Payment within 15 Business Days of receipt of the Reconciliation Statement.
- (c) If the Reconciliation Payment is a negative amount, the Commonwealth will pay to the Lessee on delivery of the Reconciliation Statement an amount calculated by multiplying the Reconciliation Payment by minus one (-1).

12.4 Obligation of the Lessor to consult

The Commonwealth will consult with the Lessee in relation to methods of minimising costs incurred by the Airport Environment Officer carrying out its functions under the Airport (Environment Protection) Regulations including, where appropriate, the provision of such accommodation and other resources directly by the Lessee.

12.5 Efficiency review by the Lessor

- (a) At such times as it considers necessary the Commonwealth will conduct an efficiency review to determine whether the Airport (Environment Protection) Regulations are functioning effectively and whether the Airport Environment Officer has conducted its regulatory functions in a cost efficient manner. In carrying out such a review the Commonwealth will consult with the Lessee and take into account any matters that the Lessee reasonably requests the Commonwealth to consider in the review. The Commonwealth will give the Lessee an opportunity to comment on the final results of the review and consult with the Lessee in implementing any changes resulting from the review.
- (b) If the Lessee reasonably requires an efficiency review at any other time it may request the Commonwealth to carry out such a review provided that the Lessee does not request such a review more often

than once every twelve months. Where the Lessee requests the Commonwealth to conduct a review it will be responsible for the Commonwealth's reasonable costs of conducting the review.

12.6 Definitions

'Airport Environment Officer' means the person appointed under clause 10.01 of the Airports (Environment Protection) Regulations as the Airport Environment Officer for the purpose of those Regulations.

'Airport Environment Officer Costs' means all fees, costs, expenses and outgoings reasonably incurred by the Commonwealth in retaining the Airport Environment Officer in respect of the Leased Area, including, without limitation, all fees, costs, expenses and outgoings paid by or on behalf of the Commonwealth to the Airport Environment Officer for:

- (a) performing any of its duties, functions or responsibilities under the Airports (Environment Protection) Regulations in respect of the Leased Area; and/or
- (b) performing or doing any act or thing reasonably incidental to any of the Environmental Officer functions, duties or responsibilities referred to in paragraph (a);

but excluding

- (c) any administrative or legal costs of the Commonwealth; and
- (d) any legal costs incurred by the Airport Environment Officer in implementing, enforcing or defending its decisions made in the course of it carrying out its regulatory functions.

'Payment Period' means:

- (a) the period commencing on the day immediately following Commencement and ending on 30 June 2004 (**'Initial Payment Period'**); and
- (b) each 12 month period thereafter.

'Recovered Costs' means any fees paid to the Airport Environment Officer under any regulations that may be made under the Airports (Environment Protection) Regulations.

13. DEVELOPMENT DURING TERM OF LEASE

13.1 Development of Leased Area

Throughout the Term the Lessee must develop the Leased Area at its own

cost and expense having regard to:

- (a) the actual and anticipated future growth in, and pattern of, traffic demand for the Leased Area;
- (b) the quality standards reasonably expected of such an airport in Australia;
- (c) the provisions of sub-clause 13.2; and
- (d) Good Business Practice.

13.2 Compliance with Covenants and Restrictions

Throughout the Term the Lessee acknowledges that it must comply with the terms and conditions of any covenants (whether positive covenants or otherwise), restrictions as to user or easements that affect or may affect the title to the Leased Area and in particular in relation to any development of the Leased Area as contemplated by this clause 13.

13.3 Non-compliance by Lessee

If the Lessor believes that the Lessee is not complying with its obligations under sub-clause 13.1, it may give written notice to the Lessee requiring the Lessee to provide it with a detailed plan or plans referred to in sub-clause 13.4. The Lessor may only give a notice to the Lessee under this sub-clause 13.3 once every 5 years.

13.4 Provision of plan to Lessor

- (a) Subject to sub-clause 13.9, within 120 Business Days of the receipt of a written notice under sub-clause 13.3 the Lessee must provide the Lessor with a plan required to bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 within 5 years.
- (b) The relevant plan must contain at least the equivalent detail to that required of a major development plan under section 91 of the Airports Act. For the avoidance of doubt any plan lodged by the Lessee with the Lessor under this clause 13 will not constitute a major development plan or master plan for the purposes of the Airports Act.

13.5 Advice by Lessor on receipt of plan

The Lessor must advise the Lessee within 60 Business Days of receipt of a plan under sub-clause 13.4 whether it believes that giving effect to the plan provided under sub-clause 13.4(a) will bring the Leased Area up to a standard consistent with that required by sub-clause 13.1 and:

- (a) if so, the Lessee must forthwith commence to give effect to the plan;

or

- (b) if not, the Lessee must provide a further plan within 60 Business Days of the date of the Lessor's advice.

13.6 Further plans

The provisions of sub-clause 13.5 will apply to any further plan provided by the Lessee under sub-clause 13.5 as if it were the original plan provided under sub-clause 13.4.

No review or approval by the Lessor of a plan submitted by the Lessee under sub-clause 13.5 will in any way fetter or constrain the exercise of any power, function, duty or discretion imposed upon:

- (a) the Minister by the Airports Act; or
- (b) any other person by any law of the Commonwealth.

13.7 Effect to be given to plan

The Lessee must give effect to a plan approved by the Lessor under sub-clause 13.5.

13.8 Failure to comply with plan

- (a) The parties agree that if the Lessee fails to comply with any part of this clause 13 damages will not be an adequate remedy to the Lessor.
- (b) Without prejudice to any other right or remedy which the Lessor may have, if the Lessee fails to comply with sub-clause 13.7:
 - (i) the Lessor may take such action as is necessary to give effect to the plan, in which event the Lessee will indemnify the Lessor against all claims, costs, losses or damages suffered or incurred by the Lessor arising out of or in connection with any act or omission in the course of giving effect to, or purporting to give effect to, the plan; and
 - (ii) the Lessee irrevocably appoints the Lessor as its agent for the purpose of giving effect to the plan and must itself do, or procure to be done by any Airport-Management Company or any other person, whatever is reasonably necessary to enable the Lessor to give effect to the plan.
- (c) In giving effect to the plan under this clause the Lessor must:
 - (i) use reasonable endeavours to mitigate the costs, losses and damages which may be suffered or incurred by the Lessor; and

- (ii) not exercise any of its rights under sub-clause 13.8(b) in respect of any matter or thing which is the subject of any incomplete dispute resolution proceedings under sub-clause 13.10.

13.9 Dispute between parties

Any dispute or difference which arises between the parties as to any matter under this clause 13 including (without limitation) whether:

- (a) the Lessee has complied with sub-clause 13.1; or
- (b) any plan provided by the Lessee under sub-clause 13.4 or 13.5 is sufficient to remedy its non-observance of sub-clause 13.1; or
- (c) the Lessee is giving effect to a plan approved by the Lessor under sub-clause 13.5,

will be resolved in accordance with sub-clause 13.10.

13.10 Arbitration

- (a) If a dispute or difference of the type described in sub-clause 13.9 arises either the Lessor or the Lessee may refer the matter for determination in accordance with this clause by giving written notice to the other party (the '**Arbitration Notice**') that it requires the dispute or difference to be referred to arbitration.
- (b) Upon receipt by the other party of the Arbitration Notice such dispute or difference will then be and is hereby referred to arbitration.
- (c) Any arbitration under paragraph (b) must be conducted by an arbitrator agreed between the parties, or failing such agreement, within 20 days after receipt by the other party of the Arbitration Notice, then by an arbitrator to be selected by the President for the time being of the Institute of Arbitrators, Australia or an equivalent body.
- (d) It is the intention of the parties that the arbitrator appointed to determine a dispute must have a technical understanding of the issues in contest and must have an appropriate level of understanding of the industry area.
- (e) The place of any arbitration shall be Canberra.
- (f) Any arbitrator appointed under this clause will have power to grant all legal, equitable and statutory remedies.

13.11 Lessor's rights discretionary

The rights conferred by this clause 13 upon the Lessor may be exercised or not, at the Lessor's absolute discretion.

13.12 Definition

'Good Business Practice' means the good business practices expected of an airport operator having regard to the duties and obligation of the Lessee including, without limitation, providing appropriate facilities for the comfort, ease of access, expeditious movement and efficient use of the Leased Area for Airport users.

14. BUILDING IN THE LAST TEN YEARS OF THE LEASE

If the Lessee has not exercised the option to renew pursuant to clause 20 the Lessee must:

- (a) not, nor may it permit or allow others during the last ten (10) years of the Term to, demolish or remove any Structures without the prior written consent of the Lessor; and
- (b) unless the Lessor otherwise agrees, re-build with all due expedition any Structure damaged or destroyed during the last ten (10) years of the Term to a standard agreed to by the Lessor and where agreement is not reached within twenty-eight (28) days of such Structure being destroyed or damaged to such standard as is specified by the Lessor acting reasonably.

15. EXPIRATION OR EARLIER DETERMINATION OF LEASE

15.1 Option over assets

- (a) The Lessee hereby grants the Lessor an option to purchase the following:
 - (i) those items of non-fixed plant and equipment, vehicles, machinery, appliances, office equipment, computer systems, computer programmes, and technology owned by the Lessee and used exclusively at or in relation to the Leased Area (**'Equipment'**);
 - (ii) the Lessee's interest as lessee/bailee in any lease/bailment of Equipment (**'Equipment Leases'**);

- (iii) the Lessee's interest in any Airport-Management Agreement or any other contract entered into by the Lessee in relation to the operation of the Leased Area or for the supply of goods or services at or in relation to the Leased Area ('Contracts'); and
- (iv) all other tangible personal property used by the Lessee in connection with the management, operation or maintenance of the Leased Area, together with the Lessee's interest in any computer programmes, computer systems, technology or intellectual property used in connection with the Leased Area ('Other Airport Assets'),

(together the 'Option Assets').

- (b) In order for the Lessor to be able to operate the Leased Area immediately upon the expiration (where the option to renew is not exercised pursuant to Clause 20) or sooner determination of the Term, the Lessor (or its nominee) may, by notice in writing to the Lessee, exercise its option by requiring the Lessee to sell to the Lessor (or its nominee) one or more of the Option Assets nominated in writing by the Lessor ('Purchased Assets').
- (c) If the Lessor exercises its option, the terms of the resulting sale must be determined in accordance with sub-clause 15.3.
- (d) The Lessee must ensure that all Equipment Leases, Contracts and Other Airport Assets are capable of being assigned to the Lessor.

15.2 Details to be provided to Lessor

At any time and from time to time (but not more often than once a year) the Lessee, upon written request from the Lessor, must provide the Lessor with such details of one or more of the categories of the Option Assets as may be nominated by the Lessor.

15.3 Price of Purchased Assets

If the Lessor exercises its option, the following provisions will apply:

- (a) the purchase price of the Purchased Assets must be an amount determined by a valuation of the Purchased Assets, such valuation to be conducted as follows:
 - (i) the valuer must be a person nominated by the Lessor and approved by the Lessee (such approval not to be unreasonably withheld). If the Lessor and the Lessee fail to agree on the identity of such valuer, either of them may request the President of the Australian Institute of Valuers and Land Economists (Inc)

(New South Wales Division) or an equivalent body to appoint a valuer who is appropriately qualified or experienced in the valuation of property of the kind comprising the Purchased Assets;

- (ii) the valuer's fees and expenses must be shared equally by the Lessor and the Lessee;
 - (iii) the valuation must be determined on the basis of the Market Value of the relevant assets. "Market Value" shall be the price at which the Purchased Assets might reasonably be expected to be sold at the date of the Lessor's notice of exercise of its option, assuming:
 - A. a willing seller and a willing buyer;
 - B. that a reasonable period has been allowed for the sale, taking into account the nature of the property and the state of the market;
 - C. that the Purchased Assets were freely exposed to the open market; and
 - D. that no account is taken of any higher price that may be paid by a purchaser with a special interest;
 - (iv) the parties must procure that the valuer prepares and delivers to them a valuation report ('**Valuation Report**') setting out his or her valuation of the Purchased Assets;
- (b) on the date which is thirty (30) days after the date of the Valuation Report, the purchase price (determined as outlined above) must be paid by the Lessor to the Lessee;
 - (c) title and risk to the Purchased Assets will pass to the Lessor upon the expiration or earlier determination of this Lease where notice under sub-clause 15.1(b) is given to the Lessee on or before the expiration or earlier determination of this Lease. Where notice is given after the expiration or earlier determination of this Lease, on the date upon which notice is served on the Lessee;
 - (d) the Lessor may, at its sole discretion, set off against any amounts payable by it as a result of the Lessor exercising its option, any amounts payable by the Lessee to the Lessor under or in respect of this Lease; and
 - (e) promptly after the Lessor exercises its option, the Lessee shall remove from the Leased Area at its expense those Option Assets that are not Purchased Assets.

15.4 Assignment

The parties acknowledge that the Lessor's rights under this clause 15 are assignable.

15.5 Loan Security subordinate

Any Loan Security granted by the Lessee must be granted, if permitted, subject to this clause 15.

15.6 Reasonable efforts of Lessee

Upon the expiration or earlier determination of this Lease, the Lessee must promptly and at its own expense use all reasonable efforts to assist in the transfer to the Lessor of all things necessary for the Lessor to continue operating the Leased Area as an airport including:

- (a) all documents (whether hard copies or in electronic form) owned by the Lessee and used for the operation of the Leased Area including, without limitation, as-built plans, operational manuals and specifications plans and diagrams relating to the Leased Area, the Structures, plant and equipment as well as leases, sub-leases, licences and related correspondence;
- (b) effecting an assignment of the Lessee's rights and obligations under relevant agreements (including leases) to the extent possible, in respect of which the Lessee must effect an assignment to the Lessor and to the extent that any agreement cannot be assigned to the Lessor, the Lessee must (subject to the Lessor or its nominee agreeing to assume any ongoing liability on the part of the Lessee under the agreement) continue to hold it for the benefit of the Lessor; and
- (c) assisting in the transfer of all necessary licences, permits and authorities (including business names).

15.7 Expiration or earlier determination of Lease

Upon the expiration or earlier determination of this Lease the Lessee must forthwith vacate the Leased Area.

16. LOAN SECURITY

The Lessee must not create a Loan Security over this Lease, the Leased Area or the Structures without obtaining the prior written consent of the Lessor.

17. QUIET ENJOYMENT

Except as provided for in this Lease, the Lessor covenants with the Lessee that the Lessee will have quiet enjoyment during the Term without interruption by the Lessor.

18. NON DEROGATION

Except as provided for in this Lease, the Lessor must not dedicate land or transfer, grant or create any easement, privilege or other right to any other person which will derogate from the enjoyment of rights conferred on the Lessee by this Lease.

19. TERMINATION

19.1 Termination rights

Save where the Lessor agrees, or Commonwealth legislation provides otherwise, if:

- (a) the Airport Lease is terminated; or
- (b) the Lessee breaches sub-clause 3.2(a),

the Lessor is entitled two (2) days after the said termination or breach to serve notice of termination of this Lease on the Lessee and this Lease will terminate upon receipt of the notice by the Lessee and the Lessee will forthwith vacate the Leased Area.

19.2 Additional Lessor's rights on termination

If the Lease is terminated by the operation of the Airports Act or under sub-clause 19.1 such termination will be without prejudice to, or limitation of, any rights of the Lessor under this Lease or at law and without releasing the Lessee from liability for breach of the Lessee's Covenants.

19.3 Force Majeure Event

- (a) If performance by the Lessee of its obligation under sub-clause 3.2(a) or 3.2(b) or sub-clause 13.7 is prevented due to any Force Majeure Event, then the Lessee must forthwith give notice to the Lessor specifying the event which it claims is preventing the Lessee from fulfilling its obligation and advising how long the Lessee expects the event will last, what steps the Lessee is taking or will take to overcome the event, how long the Lessee expects it will be delayed before it will be able to resume performance of its obligation, and such other information as the Lessor may require. The Lessee will be excused performance of such obligation for so long as the prevention lasts, but

only if the Lessee takes with all due expedition all reasonable steps to overcome such prevention at the earliest possible time.

- (b) If the Lessee becomes aware of circumstances which, if they come to pass, may become a Force Majeure Event, it must forthwith notify the Lessor and provide such information relating thereto as the Lessor may require.
- (c) The Lessee must when directed to do so by the Lessor confer with it in relation to any circumstance which may become a Force Majeure Event or any event that the Lessee claims to be a Force Majeure Event.
- (d) The Lessor may, after first consulting with the Lessee, take whatever action it considers necessary in order to avoid or lessen the impact of or overcome a Force Majeure Event and the Lessee must indemnify the Lessor against all Claims, Costs, Injury and Damages incurred by the Lessor in taking such action.

20. OPTION TO RENEW

If the Lessee exercises its option to renew the Airport Lease then it agrees that it will also renew this Lease on the same terms as this Lease amended as follows:

- (a) by excluding this clause;
- (b) by deleting from line one of clause 14 the words "If the Lessee has not exercised the option to renew pursuant to clause 20"; and
- (c) by replacing the definition of 'Term' in sub-clause 2.1 with the following, "Term means a term of 49 years commencing on 1 July 2048."

21. WAIVER

No consent or waiver, whether express or implied, to any breach of this Lease by either the Lessor or the Lessee is to be construed as a consent or waiver to any other breach.

22. LESSEE'S ACKNOWLEDGMENTS

The Lessee acknowledges that:

- (a) it has not been induced to enter into this Lease by reason of any promise, representation, warranty, guarantee or undertaking as to the use to which the Leased Area or the Structures may be put or by reason of any other matter whatsoever made or given by or on behalf of the Lessor;

- (b) it accepts the Leased Area and the Structures in their respective condition as at the Commencement and that the Lessor has not made any representation or warranty as to their condition or compliance with legislation; and
- (c) it meets the requirements of all relevant legislation in relation to the grant of this Lease.

23. PROVISION OF INFORMATION

Where the Lessor acting reasonably gives notice to the Lessee stating that it requires information relating to any matter under this Lease, the Lessee must provide such information to the Lessor within the time stated in the notice.

24. NOTICES

24.1 Service of notice

Any notice, given or served under this Lease will be duly given to or served on the

- (a) Lessor if in writing signed by the Lessee and addressed to:

Neil Williams
Assistant Secretary
Airport Planning and Regulation
Department of Transport and Regional Services
G P O Box 594
CANBERRA A C T 2601

Facsimile: (02) 6274 6719

(or to such other person or to such other address as may be notified by the Lessor in writing to the Lessee from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission;

- (b) Lessee if in writing signed by or on behalf of the Lessor and addressed to:

CEO
Sydney Airport Corporation Limited
Level 10
Airport Central
241 O'Riordan Street
MASCOT, NSW 2020

Facsimile: (02) 9667 1592

(or to such other person or to such other address as may be notified by the Lessee in writing to the Lessor from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission.

24.2 Receipt of notice

A notice is deemed to be received if:

- (a) delivered personally, on the date of delivery;
- (b) sent by person to person registered mail, on the date that the acknowledgment of the delivery is completed by the recipient; and
- (c) sent by facsimile, on the completion of transmission without evidence of garbling or incomplete transmission.

25. INTEREST ON OVERDUE MONEYS

Without prejudice to any other rights, powers or remedies of the Lessor under this Lease the Lessee must pay to the Lessor interest at the Specified Rate on money payable by the Lessee to the Lessor. Such interest must be computed from the due date for payment of the money until payment of such money in full. Due date for payment will be twenty-eight (28) days after receipt by the Lessee of notice of payment due.

26. RATES AND LAND TAX AND TAXES

26.1 Payment of Rates and Land Tax and Taxes

The Lessee must pay, on or before the due date, all Rates, Land Tax and Taxes without contribution from the Lessor.

26.2 Ex Gratia payment in lieu of Rates and Land Tax

- (a) Where Rates are not payable under sub-clause 26.1 because the Leased Area is owned by the Commonwealth, the Lessee must promptly pay to the relevant Governmental Authority such amount as may be notified to the Lessee by such Governmental Authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or

- (ii) on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law. The Lessee must use all reasonable endeavours to enter into an agreement with the relevant Governmental Authority, body or person to make such payments.

- (b) Where Land Tax is not payable under sub-clause 26.1 because the Leased Area is owned by the Commonwealth, payments in lieu of Land Tax must be made by the Lessee in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or

- (ii) on which trading or financial operations are undertaken including, but not limited to, retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from making payments by Commonwealth policy or law. Unless otherwise directed by the Lessor, the Lessee will make payments promptly in lieu of land tax at the relevant State rate to the Commonwealth addressed as provided for in sub-clause 24.1.

These payments in lieu of Land Tax will be levied on a financial year basis. The Lessee must submit an assessment of the payment in lieu of land tax to the Commonwealth on 31 August of the current financial year with this payment due 30 days later. Land value assessments for the purposes of making payments in lieu of land tax are required at least every three years.

- (c) Where Taxes such as stamp duty, payroll tax, financial institutions duty and debits tax imposed by a Governmental Authority are not payable by the Lessee because they are Taxes on transactions, instruments or activities on or related to the Leased Area owned by the Commonwealth, the Lessee must pay to the relevant Governmental Authority such amount as is equivalent to the amount which would be payable for such Taxes if such Taxes were leviable or payable.

27. POWER OF ATTORNEY

The Lessee appoints the Lessor (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Lessee a transfer or a surrender of this Lease at any time after this Lease shall have been terminated or the power to re-enter has become exercisable, a sufficient proof of which will be the statutory declaration of any duly authorised officer of the Lessor and the Lessee consents to it being registered for this purpose.

28. ENTIRE AGREEMENT

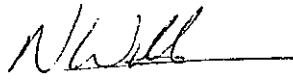
The terms of this Lease constitute the entire agreement between the parties for the subject matter referred to in this Lease and all prior arrangements, agreements, representations and undertakings will have no effect. No modification or alteration of any clause of this Lease will be valid except in writing signed by each party.

29. FURTHER ASSURANCES

The parties must do all things necessary to give effect to any provision of this Lease.

30. GOVERNING LAW

This Lease is governed by and construed in accordance with the laws of New South Wales.

Form: 97-07L
 Licence: 10V/0252/95
 Printed: 1196LTO

LEASE
 New South Wales
 Real Property Act 1900

Land Titles Office use only

Instructions for filling out
 this form are available
 from the Land Titles Office

Office of State Revenue use only

I hereby certify this document to be a true copy of
 the Sydney Airport Lease
 dated 30 June 1998

- (A) **PROPERTY LEASED**
 If appropriate, specify
 the part or premises.

See Annexure "A"

Colin Webeck
 Principal Solicitor
 Business and Commercial
 for the Australian Government Solicitor

Dated 2 July 1998

- (B) **LODGED BY**

LTO Box

Name, Address or DX and Telephone

REFERENCE (15 character maximum):

- (C) **LESSOR** **COMMONWEALTH OF AUSTRALIA**

- (D) The lessor leases to the lessee the property described above.

Encumbrances (if applicable) 1. 2. 3. 4.

- (E) **LESSEE**

L

**SYDNEY AIRPORTS CORPORATION LIMITED (ACN 082 578 809), a
 company duly incorporated in New South Wales and having its registered office
 situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, Sydney**

TENANCY:

- (G) 1. **TERM:** 50 years

2. **COMMENCING DATE:** 1 July 1998

3. **TERMINATING DATE:** 30 June 2048

4. With an **OPTION TO RENEW** for a period of 49 years set out in Annexure "B"

5. With an **OPTION TO PURCHASE** set out in

6. Together with and reserving the **RIGHTS** set out in

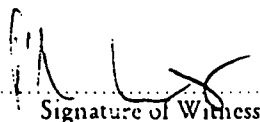
7. Incorporates the provisions set out in **ANNEXURE "B"** hereto.

8. Incorporates the provisions set out in **MEMORANDUM No.** filed in the Land Titles Office.

(F1) DATE 30 JUNE 1998

We certify this dealing correct for the purposes of the Real Property Act 1900.

Signed in my presence by the lessor who is personally known to me,


Signature of Witness

PETER HARRIS
Name of Witness (BLOCK LETTERS)

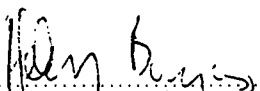
3 FAVERC CIRCLE, CAUFFIELD 2607
Address of Witness

THE HONOURABLE

MARK VAILE, MP in his capacity as
the Minister for Transport and Regional
Development for and on behalf of the
Commonwealth of Australia


Signature of Lessor

Signed in my presence by the lessee who is personally known to me


Signature of Witness

HELEN BURGESS
Name of Witness (BLOCK LETTERS)

241 OPHORDON ST, MARKET, NSW
Address of Witness

**SYDNEY AIRPORTS
CORPORATION LIMITED**
(ACN 082 578 809) by

ANTHONY JAMES STUART
being signed under a power of attorney
registered Book 4205 No. 341
who declares that he has no notice of
revocation of the power of attorney


Signature of Lessee

(1) **STATUTORY DECLARATION**

I solemnly and sincerely declare that the time for the exercise of Option to Renew/Purchase in expired lease No.
has ended and the lessee under that lease has not exercised the option.

I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths Act 1900.

Made and subscribed at in the State of on 19 ..
in the presence of

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)

.....
Address and Qualification of Witness

.....
Signature of Lessor

Lease Annexure "A"

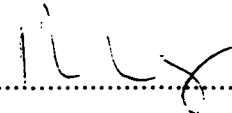
1/787029
401/816961
5/774363
21/819566
22/819566
23/819566
25/819566
7/787029
9/787029
13/787029
14/787029
15/787029
40/815358
1/809051
1/826101
3/31742
1/107987
5/107811
1/590109
31/819567



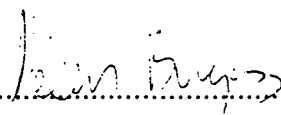
Signature of Lessor



Signature of Lessee



Signature of Witness

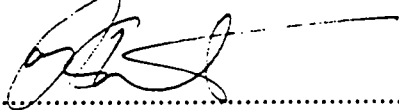


Signature of Witness

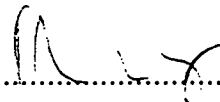
12/825649
643/727045
15/825649
724/48012
726/48012
1/869306
2/790186



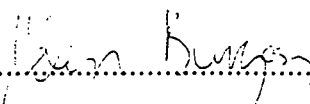
.....
Signature of Lessor



.....
Signature of Lessee



.....
Signature of Witness



.....
Signature of Witness



COMMONWEALTH OF AUSTRALIA

ANNEXURE "B"
TO THE
LEASE BETWEEN THE
COMMONWEALTH OF AUSTRALIA
AND
SYDNEY AIRPORTS CORPORATION LIMITED
DATED 30 JUNE 1998



COMMONWEALTH OF AUSTRALIA

**AIRPORT LEASE FOR
SYDNEY (KINGSFORD-SMITH) AIRPORT**

CONTENTS

1. DEMISE.....	1
1.1 LEASE AND CONCURRENT LEASE.....	1
1.2 ACKNOWLEDGMENT.....	1
1.3 RESERVATION OF LESSOR'S RIGHTS	1
2. DEFINITIONS AND INTERPRETATION.....	1
2.1 DEFINITIONS.....	1
2.2 INTERPRETATION.....	3
2.3 LESSEE NOT LESSOR'S AGENT.....	4
2.4 AIRPORT-MANAGEMENT AGREEMENTS AND SUB-LEASES	4
3. ACCESS TO AND USE OF AIRPORT SITE.....	4
3.1 LESSEE MUST GIVE ACCESS.....	4
3.2 REFUSAL TO GIVE ACCESS IN CERTAIN CIRCUMSTANCES.....	5
4. RELEASE AND INDEMNITY.....	5
5. INSURANCE.....	6
5.1 INSURANCE REQUIRED AT GRANT TIME.....	6
5.2 MAINTENANCE OF INSURANCE AND SUBSEQUENT POLICIES.....	6
5.3 COVERAGE NOT AVAILABLE	6
5.4 INSURANCE FOR CONSTRUCTION WORK	6
5.5 DUPLICATES TO LESSOR	6
5.6 PROOF OF PAYMENT.....	6
5.7 PRESERVATION OF POLICIES.....	6
5.8 LESSOR'S RIGHTS	7
5.9 LESSEE REMAINS RESPONSIBLE	7
5.10 PROCEEDS OF INSURANCE.....	7
6. ENVIRONMENT.....	7
6.1 MEANING OF ENVIRONMENT OF THE AIRPORT SITE.....	7
6.2 MAINTENANCE OF ENVIRONMENT OF THE AIRPORT SITE	7
6.3 RELEASE AND INDEMNITY FOR ENVIRONMENTAL DAMAGE.....	7
6.4 NO LIABILITY OF LESSOR.....	8
7. LEGISLATION, LICENCES AND STATUTORY POWERS.....	8
7.1 LEGISLATION AND NOTICES.....	8
7.2 LICENCES.....	8
8. RIGHT OF INSPECTION.....	8
9. MAINTENANCE AND REPAIR	8
9.1 MAINTENANCE OF SITE.....	8
9.2 MAINTENANCE OF RUNWAYS AND PAVEMENTS	8
9.3 EXPERT DETERMINATION OF DISPUTES.....	9
10. SUB-LEASING	9
11. COSTS.....	9
11.1 STAMP DUTY AND REGISTRATION FEES	9
11.2 ADMINISTRATIVE COSTS.....	9
11.3 COSTS FOR DEFAULT	9
12. COSTS OF AIRPORT ENVIRONMENT OFFICER.....	9
12.1 PURPOSE OF CLAUSE 12	9
12.2 ANNUAL PAYMENT IN ADVANCE BY THE LESSEE	10
12.3 ANNUAL RECONCILIATION.....	10
12.4 OBLIGATION OF THE LESSOR TO CONSULT.....	11
12.5 EFFICIENCY REVIEW BY THE LESSOR	11
12.6 DEFINITIONS	11

13. DEVELOPMENT DURING TERM OF LEASE	12
13.1 DEVELOPMENT OF AIRPORT SITE	12
13.2 NON-COMPLIANCE BY LESSEE.....	12
13.3 PROVISION OF PLAN TO LESSOR	12
13.4 ADVICE BY LESSOR ON RECEIPT OF PLAN.....	12
13.5 FURTHER PLANS	12
13.6 EFFECT TO BE GIVEN TO PLAN	13
13.7 FAILURE TO COMPLY WITH PLAN	13
13.8 DISPUTE BETWEEN PARTIES.....	13
13.9 ARBITRATION.....	13
13.10 LESSOR'S RIGHTS DISCRETIONARY	14
13.11 DEFINITION	14
14. BUILDING IN THE LAST TEN YEARS OF THE LEASE.....	14
15. EXPIRATION OR EARLIER DETERMINATION OF LEASE	14
15.1 OPTION OVER ASSETS	14
(A) THE LESSEE HEREBY GRANTS THE LESSOR AN OPTION TO PURCHASE THE FOLLOWING:.....	14
15.2 DETAILS TO BE PROVIDED TO LESSOR.....	15
15.3 PRICE OF PURCHASED ASSETS.....	15
IF THE LESSOR EXERCISES ITS OPTION, THE FOLLOWING PROVISIONS WILL APPLY:	15
15.4 ASSIGNMENT.....	16
15.5 LOAN SECURITY SUBORDINATE.....	16
15.6 REASONABLE EFFORTS OF LESSEE.....	16
15.7 EXPIRATION OR EARLIER DETERMINATION OF LEASE.....	17
16. LOAN SECURITY.....	17
17. QUIET ENJOYMENT.....	17
18. NON DEROGATION.....	17
19. TERMINATION	17
19.1 TERMINATION RIGHTS	17
19.2 LESSOR MAY REMEDY	17
19.3 LESSEE TO NOTIFY AND REMEDY	18
19.4 ADDITIONAL LESSOR'S RIGHTS ON TERMINATION	19
19.5 FORCE MAJEURE EVENT	19
20. OPTION TO RENEW.....	19
21. WAIVER.....	20
22. LESSEE'S ACKNOWLEDGMENTS.....	20
23. PROVISION OF INFORMATION.....	20
24. NOTICES.....	20
24.1 SERVICE OF NOTICE.....	20
24.2 RECEIPT OF NOTICE.....	21
25. INTEREST ON OVERDUE MONEYS.....	21
26. RATES AND LAND TAX AND TAXES	21
26.1 PAYMENT OF RATES AND LAND TAX AND TAXES	21
26.2 EX GRATIA PAYMENT IN LIEU OF RATES AND LAND TAX	21
27. POWER OF ATTORNEY.....	22
28. ENTIRE AGREEMENT	22
29. FURTHER ASSURANCES.....	22

30. GOVERNING LAW.....	23
------------------------	----

THIS LEASE is made the 30th day of JUNE 1998

BETWEEN:

COMMONWEALTH OF AUSTRALIA ("Lessor")

AND

SYDNEY AIRPORTS CORPORATION LIMITED (ACN 082 578 809), a company duly incorporated in New South Wales and having its registered office situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, Sydney in the State of New South Wales. ("Lessee")

1. DEMISE

1.1 Lease and concurrent lease

In consideration of the payment by the Lessee to the Lessor of a premium which is not refundable in any circumstances, the Lessor grants to the Lessee pursuant to section 21 of the *Airports (Transitional) Act 1996* a Lease of the Airport Site (including the Structures) for the Term. This Lease operates as a concurrent lease over all that part of the Airport Site which is the subject of leases existing as at the Grant Time.

1.2 Acknowledgment

The Lessee acknowledges that no component of the premium is to be regarded as consideration for any benefit the Lessee might receive from any future agreement that the parties might reach which results in:

- (a) the Airport Site not being required to be used as an airport; and/or
- (b) the conversion of the whole or any part of the Lease to freehold.

1.3 Reservation of Lessor's rights

The Lessor reserves to itself:

- (a) all mining rights and interests in minerals on the Airport Site; and
- (b) provided that it is not inconsistent with the development of the Airport Site in accordance with a Master Plan, the right to grant any easements over or rights of access or rights of way on, over, under, through or across the Airport Site for:
 - (i) the purpose of the supply of electricity, gas, telecommunications cables, water, sewerage, drainage or like services; and
 - (ii) the provision of transport or other services to the public,

such rights not to be to the exclusion of the right of the Lessee to also grant such rights where it would otherwise have the power to do so.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Lease, unless a contrary intention appears:

'Airports Act' means the *Airports Act 1996*.

'Airport-Management Agreement' means an airport-management agreement as defined in the Airports Act.

'Airport-Management Company' means an airport-management company as defined in the Airports Act.

'Airport Site' means the site (including the Structures thereon) which at Grant Time is named Sydney (Kingsford-Smith) Airport and the boundaries of which are as specified in regulations made pursuant to the Airports Act, a copy of relevant extracts of which regulations is attached to this Lease.

'Business Day' means a day which is not a Saturday, Sunday or public holiday in the State of New South Wales.

'Claims' means any claims, losses, suits, proceedings, actions, causes of action, demands, judgments, executions, liabilities or responsibilities for any Damages and for any Injuries.

'Commonwealth' means the Commonwealth of Australia but does not include any Commonwealth bodies which are separate legal entities.

'Costs' means all expenses, losses, charges and payments including any professional consultant and legal fees (on a "solicitor and own client" basis).

'Damages' means any loss, Costs or damage whatsoever including, but not limited to, direct, indirect, incidental, consequential or special damages, damage to property, to the Airport Site or to the environment of the Airport Site, or the diminution in value of the Airport Site or any part thereof.

'FAC' means the Federal Airports Corporation.

'FAC Land' means land which vests in the Commonwealth pursuant to a declaration of the Minister pursuant to section 11 of the *Airports (Transitional) Act 1996*.

'Force Majeure Event' means any event which is beyond the reasonable control of the Lessee and which bona fide prevents the Lessee from performing the Lessee's Covenants under sub-clause 3.1(a)(i), sub-clause 3.1(a)(ii) or sub-clause 13.6 where that event could not have been prevented, overcome or remedied by the exercise of a standard of care and diligence consistent with that of a prudent person undertaking the obligation, including the expenditure of all reasonable sums of money.

'Governmental Authority' means the Commonwealth government or any government of any State or Territory of Australia, administrative body, governmental body, department or agency of any such government or local government authority.

'Grant Time' means the time at which the Commonwealth grants this Lease to the Lessee, such time being the time on 1 July 1998 immediately after the FAC Land for Sydney Airport vests in the Commonwealth.

'Injury' means any injury to the Airport Site or to the environment of the Airport Site or personal injury, or bodily injury, including death resulting therefrom and whether the death occurs before or after the expiry or earlier determination of this Lease.

'Land Tax' means any tax levied or imposed by a Governmental Authority on land.

'Lease' means this lease as amended from time to time.

‘Lessee’s Covenants’ means the obligations imposed on the Lessee in this Lease.

‘Lessor’ means the Commonwealth as owner of the Airport Site and landlord of this Lease.

‘Loan Security’ means any mortgage, charge, security interest, mortgage by way of sub-demise, or other encumbrance of whatever nature.

‘Master Plan’ means a final master plan as defined in the Airports Act.

‘Rates’ means all rates (including water rates and sewerage rates), and levies to defray expenses levied or imposed by a Governmental Authority on land or on owners or occupiers of land in relation to their ownership or occupation of that land.

‘Specified Rate’ means interest at a rate of four (4) percent per annum higher than that ordinarily charged by the principal bank of the Commonwealth on overdraft current accounts (or the nearest equivalent) not exceeding fifty thousand dollars (\$50,000). A certificate issued to the Lessor and signed by the manager or the assistant manager for the time being of the principal bank will be prima facie evidence of the Specified Rate.

‘Structures’ means all fixtures (including buildings and other improvements of whatever nature) affixed to the Airport Site, whether constructed before or after the grant of this Lease, and includes without limitation such items as runways, taxiways, aprons, roads and dams on the Airport Site.

‘Taxes’ means all taxes (including stamp duty) costs, charges, expenses, duties, impositions, fees and penalties of whatever nature levied or imposed by a Governmental Authority in respect of instruments, transactions or activities relating to or carried out on the Airport Site.

‘Term’ means a term of fifty (50) years commencing at Grant Time.

2.2 Interpretation

In this Lease unless the context otherwise requires:

- (a) a reference to a clause is to a clause of this Lease and includes all sub-clauses;
- (b) words in the singular include the plural and vice versa;
- (c) words importing one gender include each of the other genders;
- (d) where the context permits, a reference to ‘Lessor’, ‘Lessee’, an organisation, body or person includes their employees, officers and agents as well as their respective successors in title and assigns;
- (e) references to parties, recitals, clauses, sub-clauses or attachments are references to parties, clauses, sub-clauses, attachments to or of this Lease and a reference to this Lease includes any attachment;
- (f) references to this Lease or any other deed, agreement, instrument or document will be deemed to include references to this Lease or such other deed, agreement, instrument or document as amended, novated, supplemented, varied or replaced from time to time;
- (g) headings in this Lease are for convenience only and are not part of, or to be used in the interpretation or construction of, this Lease;

- (h) "person" includes a corporation and a body politic;
- (i) a reference to legislation includes statutes, regulations, ordinances, by-laws or other legislative instruments and all amendments, consolidations or replacements thereof;
- (j) where any word or phrase is given a defined meaning any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
- (k) a reference to anything (including without limitation any amount) is to the whole and each part of that thing;
- (l) where the day on or by which any sum is payable under this Lease or any act, matter or thing is to be done is a day other than a Business Day, such sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;
- (m) if any provision of this Lease or its application to any person or circumstance is, or becomes, invalid or unenforceable, the remaining provisions are not affected and each provision of this Lease is valid and enforceable to the fullest extent permitted by law;
- (n) in the interpretation of this Lease, no rules of construction apply to the disadvantage of any party on the basis that it put forward this Lease;
- (o) terms used in this Lease and defined in the Corporations Law have the meaning given to them in the Corporations Law; and
- (p) no provision of this Lease operates as a merger of the rights and remedies of the parties under this Lease.

2.3 Lessee not Lessor's agent

Nothing in this Lease, whether express or implied, constitutes the Lessee the agent of the Lessor in respect of any matter or action taken.

2.4 Airport-Management Agreements and sub-leases

The fact that the Lessee enters into an Airport-Management Agreement or sub-lease does not excuse the Lessee from any of its obligations under this Lease and the Lessor holds the Lessee responsible for any acts or omissions of an Airport-Management Company or sub-lessee.

3. ACCESS TO AND USE OF AIRPORT SITE

3.1 Lessee must give access

The Lessee:

- (a) must at all times:
 - (i) subject to sub-clause 19.5, provide for the use of the Airport Site as an airport;
 - (ii) subject to sub-clause 19.5, provide for access to the airport by interstate and international air transport;
 - (iii) provide for access to the airport by intrastate air transport;

- (iv) not use, or permit to be used, the Airport Site for any unlawful purpose or in breach of legislation; and
- (v) not use any name other than Sydney (Kingsford-Smith) Airport or Sydney Airport for the Airport Site without the prior written consent of the Lessor;
- (b) may:
 - (i) permit the Airport Site to be used for other lawful purposes that are not inconsistent with its use as an airport; and
 - (ii) subject to sub-clause 5.10 and clause 14, construct, alter, remove, add to or demolish the Structures.

3.2 Refusal to give access in certain circumstances

The Lessee shall not be in default of its obligations under sub-clauses 3.1(a)(ii) and (iii) if it:

- (a) complies with a demand management scheme under the Airports Act or the Sydney Airport Demand Management Act 1997; or
- (b) refuses to give access to the Airport Site to all or any of the aircraft of an aircraft owner or operator:
 - (i) where the owner or operator of the aircraft has failed to pay to the Lessee within twenty-one (21) days after the due date any amount due to the Lessee by the aircraft owner or operator for the use of the Airport Site; and
 - (ii) where the Lessee has notified the Lessor of its intention to refuse access at least fourteen (14) days in advance of the first day on which it intends to refuse access.

4. RELEASE AND INDEMNITY

Notwithstanding any other provision of this Lease, as and from Grant Time, the Lessee takes and is subject to the same responsibilities with regard to person and property and otherwise to which the Lessee would be subject if during the Term the Lessee were the owner of the freehold of the Airport Site and the Lessee:

- (a) hereby releases the Lessor from and against all Claims by the Lessee in respect of any Damages, Costs or Injury which the Lessee may incur or sustain by reason of any act or omission on the part of the Lessor or the FAC or the performance of this Lease or the use or occupation of the Airport Site by the Lessee;
- (b) hereby indemnifies the Lessor from and against all Claims, Damages or Costs incurred or sustained by the Lessor, or for which the Lessor may become liable, in respect of any Claims, Damages, Costs or Injury to any person by reason of any act or omission on the part of the Lessee or by the performance of this Lease or the use or occupation of the Airport Site by the Lessee or any other person (whether before or after Grant Time), but this indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Airport Site after Grant Time; and
- (c) must, in any and every event in which the Lessor is made a party to any Claim to which the Lessee's obligation to indemnify and hold the Lessor harmless under

any provision of this Lease extends, if so requested by the Lessor, defend such Claim in the name of the Lessor and must pay all costs of the Lessor in connection with the Claim provided that the Lessee may, in any such event, compromise, pay or satisfy any such claim with the consent of the Lessor.

The obligations of the Lessee under this clause continue after the expiration or earlier determination of this Lease in respect of any act, deed or thing happening before such expiration or determination.

5. INSURANCE

5.1 Insurance required at Grant Time

The parties acknowledge that at Grant Time the Lessee has effected certain policies of insurance on terms and conditions acceptable to the Lessor.

5.2 Maintenance of insurance and subsequent policies

The Lessee must maintain the policies of insurance referred to in sub-clause 5.1 and, upon the reasonable request of the Lessor in writing, must effect variations to those policies or take out further policies with insurers acceptable to the Lessor.

5.3 Coverage not available

If the cover effected under any policy of insurance becomes obsolete or is no longer available the Lessee must promptly obtain insurance providing for similar coverage which is satisfactory to the Lessor acting reasonably. If no such similar cover is available then a mutually agreeable replacement for such cover is to be effected by the Lessee.

5.4 Insurance for construction work

Where the Lessee or any other person performs construction work ('Works') upon the Airport Site the Lessee must itself take out (or ensure that any person who performs such Works takes out) a policy of insurance for loss or damage to the Works and the Lessee must ensure that the Lessor is noted as insured on such policy. Such policy must remain in force until the last to expire of any defects liability periods stipulated in the relevant building contract for the Works.

5.5 Duplicates to Lessor

Duplicate (or certified) copies of all policies and any duly signed placing slips and endorsement slips or other evidence satisfactory to the Lessor together with all renewal certificates must be sent to the Lessor not less than twenty one (21) days (or such other period as the Lessor may agree) before the due date for renewal thereof. The Lessee must from time to time provide such evidence as the Lessor may reasonably require that any policy is in full force and effect and as to the terms thereof.

5.6 Proof of payment

The Lessee must before the due date pay all premiums and other moneys payable in respect of any policy (including stamp duty) and must provide to the reasonable satisfaction of the Lessor satisfactory proof of payment thereof.

5.7 Preservation of policies

The Lessee must not at any time during the Term do or omit to do or permit to be done or be omitted anything whereby any policy may be cancelled, vitiated, rendered void or voidable, adversely affected or limited in any respect.

5.8 Lessor's rights

If any insurance policy is cancelled or threatened to be cancelled or refused to be renewed or the coverage refused or cancelled in any way or the Lessee fails to comply with any of the requirements of this clause 5, the Lessor may take any action it considers necessary or desirable to fulfil the Lessee's obligations (including, without limitation, effecting any policy or paying the premium or other monies payable in respect of any policy) and recover from the Lessee all costs and expenses incurred in so doing. By the Lessor taking such action the Lessee will not be relieved of any of its obligations under this clause 5.

5.9 Lessee remains responsible

Delivery to and examination by the Lessor of any policy of insurance, certificate or other document relating to insurance shall in no way relieve the Lessee of any of its obligations under this clause 5.

5.10 Proceeds of insurance

Subject to clause 14(b), all insurance proceeds paid out for the damage or destruction of any Structures must be used either for:

- (a) the re-building or re-instatement of those damaged or destroyed Structures; or
- (b) in the event that the Lessee chooses not to re-instate the damaged or destroyed Structures, the building of such other Structures as the Lessor approves.

6. ENVIRONMENT

6.1 Meaning of Environment of the Airport Site

For the purposes of sub-clause 2.1 and sub-clauses 6.2, 6.3 and 6.4, the expression "the environment of the Airport Site" includes, without limitation, the water, ground water, soil, subsoils, air, biota or habitat and sites of heritage value or of significance to Aboriginal or Torres Strait Islander people on, above or below the Airport Site and the Structures.

6.2 Maintenance of Environment of the Airport Site

Throughout the Term the Lessee must maintain the environment of the Airport Site in accordance with any obligation imposed on it by legislation which from time to time applies to the environment of the Airport Site and at the expiration or earlier determination of the Term the Lessee must yield up the environment of the Airport Site in a condition that complies with such obligation.

6.3 Release and indemnity for environmental damage

Notwithstanding and in addition to clause 4 the Lessee:

- (a) hereby releases the Commonwealth from all Claims by the Lessee and indemnifies the Commonwealth against all Claims by any other person in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Airport Site arising out of the use or occupation of the Airport Site before Grant Time by the Commonwealth, the FAC or any other person: and
- (b) hereby releases the Lessor from all Claims against the Lessor and indemnifies the Lessor against all Claims against the Lessor by any person other than the Lessee in respect of any Damages, Costs or Injury which the Lessee or others may incur

or sustain in connection with any Damage or Injury to the environment of the Airport Site which arises out of or during the use or occupation of the Airport Site by the Lessee or any other person after Grant Time, but this release and indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Airport Site after Grant Time.

6.4 No liability of Lessor

Without limiting sub-clause 6.3, the Lessor has no liability to the Lessee in the event that the Lessee is required to expend monies on remedial action to have the environment of the Airport Site comply with any obligations imposed on it by legislation.

7. LEGISLATION, LICENCES AND STATUTORY POWERS

7.1 Legislation and notices

The Lessee must, at its own expense, comply with all legislation (including the Airports Act) from time to time relating to the Airport Site and the Structures or to the use or occupation of the Airport Site and the Structures and with all requirements in notices and orders given or made (whether issued to either the Lessee or the Lessor) by a Governmental Authority.

7.2 Licences

The Lessee must, at its own expense, obtain and maintain (or cause to be obtained and maintained) at all times all licences and approvals required in relation to the airport and the Airport Site and must produce when required by the Lessor proof of compliance by the Lessee with its obligations under this sub-clause.

8. RIGHT OF INSPECTION

The Lessee must permit the Lessor (or its nominees) to have access to the Airport Site for the purpose of ascertaining whether the Lessee is complying with the Lessee's Covenants at a time agreed between the parties or, in the absence of agreement, within five (5) Business Days of service of notice from the Lessor stipulating the day on which the Lessor will be carrying out an inspection or, in the case of an emergency, at any time.

9. MAINTENANCE AND REPAIR

9.1 Maintenance of Site

Subject to sub-clause 9.2 the Lessee must keep and maintain the Airport Site including the Structures in good and substantial repair at all times during the Term (fair wear and tear excepted) and at the expiration or earlier determination of the Term, vacate and yield up the Airport Site and the Structures in that state of repair and condition and in accordance with the Lessee's Covenants. The Lessee accepts the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Airport Site including the Structures during the Term.

9.2 Maintenance of runways and pavements

The Lessee must maintain the runways, taxiways, pavements and all parts of the airport essential for safe access by air transport to a standard no less than the standard at the commencement of the Lease.

9.3 Expert determination of disputes

Any dispute between the Lessor and the Lessee in relation to sub-clauses 9.1 or 9.2 may be referred by either party to an expert and the written determination of the expert will be conclusive and binding on the parties and the Lessor and the Lessee must share equally the fees and expenses of such expert. In the event that the parties cannot agree upon an expert, the expert shall upon the written request of either party be appointed by the President of the Institute of Engineers Australia (New South Wales Division) or an equivalent body.

10. SUB-LEASING

- (a) The Lessee must not grant any sub-lease or licence which is inconsistent with any prohibition on sub-leasing or licensing set out in the regulations to the Airports Act or, unless the Lessor agrees otherwise in writing, with any written commitment sought and obtained from the Lessee by the Lessor in relation to sub-leasing which specifies this clause 10.
- (b) Without limiting sub-clause 10(a), the Lessee must not permit a sub-lease or licence granted under this Lease to be held by a trust without the written approval of the Lessor.

11. COSTS

11.1 Stamp Duty and registration fees

The Lessee must pay any stamp duty imposed by legislation on this Lease and any counterpart, together with any registration costs of the Lease if registered.

11.2 Administrative costs

Within twenty-eight (28) days of receiving notice from the Lessor, the Lessee must pay to the Lessor the Lessor's reasonable costs of administering this Lease, including all matters relating to the monitoring by the Lessor of the Lessee's compliance with the Lessee's Covenants. For the avoidance of doubt, the Lessee's obligation under this sub-clause shall not include any costs arising out of the Lessor performing any functions or powers pursuant to any legislation.

11.3 Costs for default

The Lessee must pay to the Lessor on demand, all the Costs which the Lessor incurs or for which it becomes liable in consequence of or in connection with or arising out of any default by the Lessee in performing the Lessee's Covenants or any event that is or may be an event of termination under sub-clause 19.1.

12. COSTS OF AIRPORT ENVIRONMENT OFFICER

12.1 Purpose of clause 12

The purpose of this clause 12 is to provide for the Lessee to pay to the Commonwealth all unrecovered Airport Environment Officer Costs incurred by the Commonwealth in the period commencing on the day immediately following Grant Time and ending on either:

- (a) the date on which the Commonwealth ceases to be responsible for the Airport Environment Officer Costs; or
- (b) the date of the expiry or earlier termination of the Lease,

whichever is the earlier.

12.2 Annual payment in advance by the Lessee

- (a) Within 20 Business Days of the commencement of each Payment Period, the Commonwealth will provide to the Lessee a written notice (**'Notice'**) which states:
 - (i) the Commonwealth's estimate of the amount of the Airport Environment Officer's Costs for the Payment Period;
 - (ii) the Commonwealth's estimate of the amount of the Recovered Costs for the Payment Period; and
 - (iii) the payment amount, being the difference between the amount stated under paragraph (i) and the amount stated under paragraph (ii) (the **'Payment Amount'**).
- (b) The Lessee will pay to the Commonwealth an amount equal to the Payment Amount within 15 Business Days of receipt of the Notice.
- (c) The parties agree that the Payment Amount for the Initial Payment Period is \$301,000 such amount to be paid by the Lessee to the Commonwealth immediately upon Grant Time.

12.3 Annual reconciliation

- (a) Within 30 Business Days of the end of each Payment Period, the Commonwealth will provide to the Lessee a written statement for that Payment Period (the **'Reconciliation Statement'**) which:
 - (i) states the actual Airport Environment Officer Costs for the Payment Period (**'Actual Airport Environment Officer Costs'**);
 - (ii) states the actual Recovered Costs for the Payment Period (**'Actual Recovered Costs'**);
 - (iii) states the reconciliation payment, calculated as follows:

$\text{Reconciliation Payment} = (\text{Actual Airport Environment Officer Costs})$
minus (Actual Recovered Costs) less (the Payment Amount paid by the Lessee to the Commonwealth in respect of the Payment Period).

Provided that if (Actual Airport Environment Officer Costs - Actual Recovered Costs) is a negative amount, that amount will be deemed to be zero; and
 - (iv) contains such other information or attaches such other documentation reasonably necessary to evidence or support the Reconciliation Payment.
- (b) If the Reconciliation Payment is a positive amount, the Lessee will pay to the Commonwealth an amount equal to the Reconciliation Payment within 15 Business Days of receipt of the Reconciliation Statement.
- (c) If the Reconciliation Payment is a negative amount, the Commonwealth will pay to the Lessee on delivery of the Reconciliation Statement an amount calculated by multiplying the Reconciliation Payment by minus one (-1).

12.4 Obligation of the Lessor to consult

The Commonwealth will consult with the Lessee in relation to methods of minimising costs incurred by the Airport Environment Officer carrying out its functions under the Airport (Environment Protection) Regulations including, where appropriate, the provision of such accommodation and other resources directly by the Lessee.

12.5 Efficiency review by the Lessor

- (a) Prior to 30 June 1999, and thereafter at such times as it considers necessary the Commonwealth will conduct an efficiency review to determine whether the Airport (Environment Protection) Regulations are functioning effectively and whether the Airport Environment Officer has conducted its regulatory functions in a cost efficient manner. In carrying out such a review the Commonwealth will consult with the Lessee and take into account any matters that the Lessee reasonably requests the Commonwealth to consider in the review. The Commonwealth will give the Lessee an opportunity to comment on the final results of the review and consult with the Lessee in implementing any changes resulting from the review.
- (b) If the Lessee reasonably requires an efficiency review at any other time it may request the Commonwealth to carry out such a review provided that the Lessee does not request such a review more often than once every twelve months. Where the Lessee requests the Commonwealth to conduct a review it will be responsible for the Commonwealth's reasonable costs of conducting the review.

12.6 Definitions

'Airport Environment Officer' means the person appointed under clause 10.01 of the Airports (Environment Protection) Regulations as the Airport Environment Officer for the purpose of those Regulations.

'Airport Environment Officer Costs' means all fees, costs, expenses and outgoings reasonably incurred by the Commonwealth in retaining the Airport Environment Officer in respect of the Airport Site, including, without limitation, all fees, costs, expenses and outgoings paid by or on behalf of the Commonwealth to the Airport Environment Officer for:

- (a) performing any of its duties, functions or responsibilities under the Airports (Environment Protection) Regulations in respect of the Airport Site; and/or
- (b) performing or doing any act or thing reasonably incidental to any of the Environmental Officer functions, duties or responsibilities referred to in paragraph (a),

but excluding

- (c) any administrative or legal costs of the Commonwealth; and
- (d) any legal costs incurred by the Airport Environment Officer in implementing, enforcing or defending its decisions made in the course of it carrying out its regulatory functions.

'Payment Period' means:

- (a) the period commencing on the day immediately following Grant Time and ending on 30 June 1999 (**'Initial Payment Period'**); and
- (b) each 12 month period thereafter.

'Recovered Costs' means any fees paid to the Airport Environment Officer under any regulations that may be made under the Airports (Environment Protection) Regulations.

13. DEVELOPMENT DURING TERM OF LEASE

13.1 Development of airport site

Throughout the Term the Lessee must develop the Airport Site at its own cost and expense having regard to:

- (a) the actual and anticipated future growth in, and pattern of, traffic demand for the Airport Site;
- (b) the quality standards reasonably expected of such an airport in Australia; and
- (c) Good Business Practice.

13.2 Non-compliance by Lessee

If the Lessor believes that the Lessee is not complying with its obligations under sub-clause 13.1, it may give written notice to the Lessee requiring the Lessee to provide it with a detailed plan or plans referred to in sub-clause 13.3. The Lessor may only give a notice to the Lessee under this sub-clause 13.2 once every 5 years and in any event, not before 1 July 1999.

13.3 Provision of plan to Lessor

- (a) Subject to sub-clause 13.8, within 120 Business Days of the receipt of a written notice under sub-clause 13.2 the Lessee must provide the Lessor with a plan required to bring the Airport Site up to a standard consistent with that required by sub-clause 13.1 within 5 years.
- (b) The relevant plan must contain at least the equivalent detail to that required of a major development plan under section 91 of the Airports Act. For the avoidance of doubt any plan lodged by the Lessee with the Lessor under this clause 13 will not constitute a major development plan or master plan for the purposes of the Airports Act.

13.4 Advice by Lessor on receipt of plan

The Lessor must advise the Lessee within 60 Business Days of receipt of a plan under sub-clause 13.3 whether it believes that giving effect to the plan provided under sub-clause 13.3(a) will bring the Airport Site up to a standard consistent with that required by sub-clause 13.1 and:

- (a) if so, the Lessee must forthwith commence to give effect to the plan; or
- (b) if not, the Lessee must provide a further plan within 60 Business Days of the date of the Lessor's advice.

13.5 Further plans

The provisions of sub-clause 13.4 will apply to any further plan provided by the Lessee under sub-clause 13.4 as if it were the original plan provided under sub-clause 13.3.

No review or approval by the Lessor of a plan submitted by the Lessee under sub-clause 13.4 will in any way fetter or constrain the exercise of any power, function, duty or discretion imposed upon:

- (a) the Minister by the Airports Act; or
- (b) any other person by any law of the Commonwealth.

13.6 Effect to be given to plan

The Lessee must give effect to a plan approved by the Lessor under sub-clause 13.4.

13.7 Failure to comply with plan

- (a) The parties agree that if the Lessee fails to comply with any part of this clause 13 damages will not be an adequate remedy to the Lessor.
- (b) Without prejudice to any other right or remedy which the Lessor may have, if the Lessee fails to comply with sub-clause 13.6:
 - (i) the Lessor may take such action as is necessary to give effect to the plan, in which event the Lessee will indemnify the Lessor against all claims, costs, losses or damages suffered or incurred by the Lessor arising out of or in connection with any act or omission in the course of giving effect to, or purporting to give effect to, the plan; and
 - (ii) the Lessee irrevocably appoints the Lessor as its agent for the purpose of giving effect to the plan and must itself do, or procure to be done by any Airport Management Company or any other person, whatever is reasonably necessary to enable the Lessor to give effect to the plan.
- (c) In giving effect to the plan under this clause the Lessor must:
 - (i) use reasonable endeavours to mitigate the costs, losses and damages which may be suffered or incurred by the Lessor; and
 - (ii) not exercise any of its rights under sub-clause 13.7(b) in respect of any matter or thing which is the subject of any incomplete dispute resolution proceedings under sub-clause 13.9.

13.8 Dispute between parties

Any dispute or difference which arises between the parties as to any matter under this clause 13 including (without limitation) whether:

- (a) the Lessee has complied with sub-clause 13.1; or
- (b) any plan provided by the Lessee under sub-clause 13.3 or 13.4 is sufficient to remedy its non-observance of sub-clause 13.1; or
- (c) the Lessee is giving effect to a plan approved by the Lessor under sub-clause 13.4,

will be resolved in accordance with sub-clause 13.9.

13.9 Arbitration

- (a) If a dispute or difference of the type described in sub-clause 13.8 arises either the Lessor or the Lessee may refer the matter for determination in accordance

with this clause by giving written notice to the other party (the '**Arbitration Notice**') that it requires the dispute or difference to be referred to arbitration.

- (b) Upon receipt by the other party of the Arbitration Notice such dispute or difference will then be and is hereby referred to arbitration.
- (c) Any arbitration under paragraph (b) must be conducted by an arbitrator agreed between the parties, or failing such agreement, within 20 days after receipt by the other party of the Arbitration Notice, then by an arbitrator to be selected by the President for the time being of the Institute of Arbitrators, Australia or an equivalent body.
- (d) It is the intention of the parties that the arbitrator appointed to determine a dispute must have a technical understanding of the issues in contest and must have an appropriate level of understanding of the industry area.
- (e) The place of any arbitration shall be Canberra.
- (f) Any arbitrator appointed under this clause will have power to grant all legal, equitable and statutory remedies.

13.10 Lessor's rights discretionary

The rights conferred by this clause 13 upon the Lessor may be exercised or not, at the Lessor's absolute discretion.

13.11 Definition

'**Good Business Practice**' means the good business practices expected of an airport operator having regard to the duties and obligation of the Lessee including, without limitation, providing appropriate facilities for the comfort, ease of access, expeditious movement and efficient use of the Airport Site by passengers and other users.

14. BUILDING IN THE LAST TEN YEARS OF THE LEASE

If the Lessee has not exercised the option to renew pursuant to clause 20 the Lessee must:

- (a) not, nor may it permit or allow others during the last ten (10) years of the Term to, demolish or remove any Structures without the prior written consent of the Lessor; and
- (b) unless the Lessor otherwise agrees, re-build with all due expedition any Structure damaged or destroyed during the last ten (10) years of the Term to a standard agreed to by the Lessor and where agreement is not reached within twenty-eight (28) days of such Structure being destroyed or damaged to such standard as is specified by the Lessor acting reasonably.

15. EXPIRATION OR EARLIER DETERMINATION OF LEASE

15.1 Option over assets

- (a) The Lessee hereby grants the Lessor an option to purchase the following:
 - (i) those items of non-fixed plant and equipment, vehicles, machinery, appliances, office equipment, computer systems, computer programmes, and technology owned by the Lessee and used exclusively at or in relation to the Airport Site ('**Equipment**');

- (ii) the Lessee's interest as lessee/bailee in any lease/bailment of Equipment ('**Equipment Leases**');
- (iii) the Lessee's interest in any Airport-Management Agreement or any other contract entered into by the Lessee in relation to the operation of the Airport Site or for the supply of goods or services at or in relation to the Airport Site ('**Contracts**'); and
- (iv) all other tangible personal property used by the Lessee in connection with the management, operation or maintenance of the Airport Site, together with the Lessee's interest in any computer programmes, computer systems, technology or intellectual property used in connection with the Airport Site ('**Other Airport Assets**'),

(together the '**Option Assets**').

- (b) In order for the Lessor to be able to operate the Airport Site immediately upon the expiration (where the option to renew is not exercised pursuant to Clause 20) or sooner determination of the Term, the Lessor (or its nominee) may, by notice in writing to the Lessee, exercise its option by requiring the Lessee to sell to the Lessor (or its nominee) one or more of the Option Assets nominated in writing by the Lessor ('**Purchased Assets**').
- (c) If the Lessor exercises its option, the terms of the resulting sale must be determined in accordance with sub-clause 15.3.
- (d) The Lessee must ensure that all Equipment Leases, Contracts and Other Airport Assets are capable of being assigned to the Lessor.

15.2 Details to be provided to Lessor

At any time and from time to time (but not more often than once a year) the Lessee, upon written request from the Lessor, must provide the Lessor with such details of one or more of the categories of the Option Assets as may be nominated by the Lessor.

15.3 Price of Purchased Assets

If the Lessor exercises its option, the following provisions will apply:

- (a) the purchase price of the Purchased Assets must be an amount determined by a valuation of the Purchased Assets, such valuation to be conducted as follows:
 - (i) the valuer must be a person nominated by the Lessor and approved by the Lessee (such approval not to be unreasonably withheld). If the Lessor and the Lessee fail to agree on the identity of such valuer, either of them may request the President of the Australian Institute of Valuers and Land Economists (Inc) (New South Wales Division) or an equivalent body to appoint a valuer who is appropriately qualified or experienced in the valuation of property of the kind comprising the Purchased Assets;
 - (ii) the valuer's fees and expenses must be shared equally by the Lessor and the Lessee;
 - (iii) the valuation must be determined on the basis of the Market Value of the relevant assets. "Market Value" shall be the price at which the Purchased Assets might reasonably be expected to be sold at the date of the Lessor's notice of exercise of its option, assuming:
 - A. a willing seller and a willing buyer;

- B. that a reasonable period has been allowed for the sale, taking into account the nature of the property and the state of the market;
 - C. that the Purchased Assets were freely exposed to the open market; and
 - D. that no account is taken of any higher price that may be paid by a purchaser with a special interest;
- (iv) the parties must procure that the valuer prepares and delivers to them a valuation report ('**Valuation Report**') setting out his or her valuation of the Purchased Assets;
- (b) on the date which is thirty (30) days after the date of the Valuation Report, the purchase price (determined as outlined above) must be paid by the Lessor to the Lessee;
 - (c) title and risk to the Purchased Assets will pass to the Lessor upon the expiration or earlier determination of this Lease where notice under sub-clause 15.1(b) is given to the Lessee on or before the expiration or earlier determination of this Lease. Where notice is given after the expiration or earlier determination of this Lease, on the date upon which notice is served on the Lessee;
 - (d) the Lessor may, at its sole discretion, set off against any amounts payable by it as a result of the Lessor exercising its option, any amounts payable by the Lessee to the Lessor under or in respect of this Lease; and
 - (e) promptly after the Lessor exercises its option, the Lessee shall remove from the Airport Site at its expense those Option Assets that are not Purchased Assets.

15.4 Assignment

The parties acknowledge that the Lessor's rights under this clause 15 are assignable.

15.5 Loan Security subordinate

Any Loan Security granted by the Lessee must be granted, if permitted, subject to this clause 15.

15.6 Reasonable efforts of Lessee

Upon the expiration or earlier determination of this Lease, the Lessee must promptly and at its own expense use all reasonable efforts to assist in the transfer to the Lessor of all things necessary for the Lessor to continue operating the Airport Site as an airport including:

- (a) all documents (whether hard copies or in electronic form) owned by the Lessee and used for the operation of the Airport Site including, without limitation, as-built plans, operational manuals and specifications plans and diagrams relating to the Airport Site, the Structures, plant and equipment as well as leases, sub-leases, licences and related correspondence;
- (b) effecting an assignment of the Lessee's rights and obligations under relevant agreements (including leases) to the extent possible. in respect of which the Lessee must effect an assignment to the Lessor and to the extent that any agreement cannot be assigned to the Lessor, the Lessee must (subject to the Lessor or its nominee agreeing to assume any ongoing liability on the part of the Lessee under the agreement) continue to hold it for the benefit of the Lessor; and

- (c) assisting in the transfer of all necessary licences, permits and authorities (including business names).

15.7 Expiration or earlier determination of Lease

Upon the expiration or earlier determination of this Lease the Lessee must forthwith vacate the Airport Site.

16. LOAN SECURITY

The Lessee must not create a Loan Security over this Lease, the Airport Site or the Structures without obtaining the prior written consent of the Lessor.

17. QUIET ENJOYMENT

Except as provided for in this Lease, the Lessor covenants with the Lessee that the Lessee will have quiet enjoyment during the Term without interruption by the Lessor.

18. NON DEROGATION

Except as provided for in this Lease, the Lessor must not dedicate land or transfer, grant or create any easement, privilege or other right to any other person which will derogate from the enjoyment of rights conferred on the Lessee by this Lease.

19. TERMINATION

19.1 Termination rights

Save where the Lessor agrees, or Commonwealth legislation provides otherwise, if:

- (a) Commonwealth legislation requires a licence to operate the airport and such licence is suspended or cancelled other than due to an administrative oversight; or
- (b) the Lessee breaches sub-clause 3.1(a)(i) or sub-clause 3.1(a)(ii),

the Lessor is entitled two (2) days after the said suspension cancellation or breach to serve notice of termination of this Lease on the Lessee and this Lease will terminate upon receipt of the notice by the Lessee and the Lessee will forthwith vacate the Airport Site.

19.2 Lessor may remedy

(a) Where the Lessor believes that:

- (i) a licence referred to in sub-clause 19.1(a) may be suspended or cancelled; or
- (ii) the Lessee may breach its obligations under sub-clause 3.1(a)(i) or sub-clause 3.1(a)(ii),

the Lessor may take such action as it considers necessary (except for entering into possession of the Airport Site for the purpose of operating the Airport Site as an airport for interstate and international air transport) to prevent or cure such a situation.

- (b) Where:
 - (i) a licence referred to in sub-clause 19.1(a) has been suspended or cancelled; or
 - (ii) the Lessee has breached its obligations under sub-clause 3.1(a)(i) or sub-clause 3.1(a)(ii),

the Lessor may take any of the actions it is able to take under sub-clause 19.2(a) and in addition the Lessor may either itself or through its agents, enter into immediate possession of the Airport Site for the purpose of carrying out all of the functions that the Lessor considers necessary to operate the Airport Site as an airport for interstate and international air transport.

- (c) Where the Lessor enters into possession under sub-clause 19.2(b) the Lessee must do all things necessary to:
 - (i) assist the Lessor to take possession of the Airport Site;
 - (ii) allow the Lessor to use all of its Option Assets which the Lessor considers necessary or desirable to use for the purpose of operating the Airport Site as an airport,

and the Lessee appoints the Lessor (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Lessee all documents that the Lessor considers necessary or desirable to assist it to operate the Airport Site as an airport, a sufficient proof of which will be the statutory declaration of any duly authorised officer of the Lessor and the Lessee consents to it being registered for this purpose.

- (d) Where the Lessor takes any action under sub-clause 19.2(a) or (b) or enters into possession under sub-clause 19.2(b), the Lessee must indemnify the Lessor against all Claims, Costs, Injury and Damages incurred by the Lessor in taking such action. Any of the rights of the Lessor under sub-clause 19.2 are without prejudice to the Lessor's rights under sub-clause 19.1.

19.3 Lessee to notify and remedy

- (a) Forthwith upon notice being received by the Lessee or any other person either to show cause why a licence required by Commonwealth legislation to operate the airport should not be suspended or cancelled or that such licence has been suspended or cancelled, the Lessee must forthwith give to the Lessor a copy of that notice.
- (b) Where the notice received by the Lessee in sub-clause 19.3(a) is a notice of suspension or a notice to show cause why a licence required by Commonwealth legislation to operate the airport should not be suspended or cancelled, the Lessee must forthwith provide to the Lessor details of how and within what time-frame it intends to take action to rectify the matters set out in the notice and the Lessee must take all necessary action to rectify the matters set out in the notice in the shortest time possible and in any event no later than the earliest of:
 - (i) the period specified in the notice received by the Lessee under (a) above;
 - (ii) the time-frame provided by the Lessee to the Lessor under (b) above; or
 - (iii) twenty-eight (28) days.

- (c) The obligations of the Lessee under sub-clause 19.3(b) are without prejudice to any rights that the Lessor has under sub-clauses 19.1 or 19.2.

19.4 Additional Lessor's rights on termination

If the Lease is terminated by the operation of the Airports Act or under sub-clause 19.1 such termination will be without prejudice to, or limitation of, any rights of the Lessor under this Lease or at law and without releasing the Lessee from liability for breach of the Lessee's Covenants.

19.5 Force Majeure Event

- (a) If performance by the Lessee of its obligation under sub-clause 3.1(a)(i) or 3.1(a)(ii) or sub-clause 13.6 is prevented due to any Force Majeure Event, then the Lessee must forthwith give notice to the Lessor specifying the event which it claims is preventing the Lessee from fulfilling its obligation and advising how long the Lessee expects the event will last, what steps the Lessee is taking or will take to overcome the event, how long the Lessee expects it will be delayed before it will be able to resume performance of its obligation, and such other information as the Lessor may require. The Lessee will be excused performance of such obligation for so long as the prevention lasts, but only if the Lessee takes with all due expedition all reasonable steps to overcome such prevention at the earliest possible time.
- (b) If the Lessee becomes aware of circumstances which, if they come to pass, may become a Force Majeure Event, it must forthwith notify the Lessor and provide such information relating thereto as the Lessor may require.
- (c) The Lessee must when directed to do so by the Lessor confer with it in relation to any circumstance which may become a Force Majeure Event or any event that the Lessee claims to be a Force Majeure Event.
- (d) The Lessor may, after first consulting with the Lessee, take whatever action it considers necessary in order to avoid or lessen the impact of or overcome a Force Majeure Event and the Lessee must indemnify the Lessor against all Claims, Costs, Injury and Damages incurred by the Lessor in taking such action.

20. OPTION TO RENEW

If the Lessee wishes to renew the Lease of the Airport Site for a further term of forty-nine (49) years the Lessee must, during the fortieth (40th) year of the Term, give to the Lessor notice of its intention to renew the Lease and if at the time of giving notice and at the expiration of the Term the Lessee has remedied any default under this Lease of which the Lessor has given the Lessee notice, the Lessor must grant to the Lessee a new lease of the Airport Site (without payment by the Lessee of any further premium) for a further term of forty-nine (49) years, on the same terms as this Lease amended as follows:

- (a) by excluding this clause;
- (b) by deleting from line one of clause 14 the words "If the Lessee has not exercised the option to renew pursuant to clause 20";
- (c) by deleting from the definition 'Term' in sub-clause 2.1 the words "fifty (50) years commencing at Grant Time" and substituting the words "forty-nine (49) years"; and
- (d) by deleting from line two of clause 15.1(b) the words "(where the option to renew is not exercised pursuant to Clause 20)".

21. WAIVER

No consent or waiver, whether express or implied, to any breach of this Lease by either the Lessor or the Lessee is to be construed as a consent or waiver to any other breach.

22. LESSEE'S ACKNOWLEDGMENTS

The Lessee acknowledges that:

- (a) it has not been induced to enter into this Lease by reason of any promise, representation, warranty, guarantee or undertaking as to the use to which the Airport Site or the Structures may be put or by reason of any other matter whatsoever made or given by or on behalf of the Lessor;
- (b) it accepts the Airport Site and the Structures in their respective condition as at the Grant Time and that the Lessor has not made any representation or warranty as to their condition or compliance with legislation; and
- (c) it meets the requirements of all relevant legislation in relation to the grant of this Lease.

23. PROVISION OF INFORMATION

Where the Lessor acting reasonably gives notice to the Lessee stating that it requires information relating to any matter under this Lease, the Lessee must provide such information to the Lessor within the time stated in the notice.

24. NOTICES

24.1 Service of notice

Any notice, given or served under this Lease will be duly given to or served on the

- (a) Lessor if in writing signed by the Lessee and addressed to:

Secretary
Department of Transport and Regional Development
Trace Building, Level 3
22 Cooyong Street
CANBERRA ACT 2601
G P O Box 594

Facsimile: (02) 6274 7804

(or to such other person or to such other address as may be notified by the Lessor in writing to the Lessee from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission;

- (b) Lessee if in writing signed by or on behalf of the Lessor and addressed to:

CEO
Sydney Airports Corporation Limited
Level 10
Airport Central
241 O'Riordan Street
MASCOT, NSW 2020

Facsimile: (02) 9667 1592

(or to such other person or to such other address as may be notified by the Lessee in writing to the Lessor from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission.

24.2 Receipt of notice

A notice is deemed to be received if:

- (a) delivered personally, on the date of delivery;
- (b) sent by person to person registered mail, on the date that the acknowledgment of the delivery is completed by the recipient; and
- (c) sent by facsimile, on the completion of transmission without evidence of garbling or incomplete transmission.

25. INTEREST ON OVERDUE MONEYS

Without prejudice to any other rights, powers or remedies of the Lessor under this Lease the Lessee must pay to the Lessor interest at the Specified Rate on money payable by the Lessee to the Lessor. Such interest must be computed from the due date for payment of the money until payment of such money in full. Due date for payment will be twenty-eight (28) days after receipt by the Lessee of notice of payment due.

26. RATES AND LAND TAX AND TAXES

26.1 Payment of Rates and Land Tax and Taxes

The Lessee must pay, on or before the due date, all Rates, Land Tax and Taxes without contribution from the Lessor.

26.2 Ex Gratia payment in lieu of Rates and Land Tax

- (a) Where Rates are not payable under sub-clause 26.1 because the Airport Site is owned by the Commonwealth, the Lessee must promptly pay to the relevant Governmental Authority such amount as may be notified to the Lessee by such Governmental Authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the Airport Site:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law. The Lessee must use all reasonable endeavours to enter into an agreement with the relevant Governmental Authority, body or person to make such payments.

- (b) Where Land Tax is not payable under sub-clause 26.1 because the Airport Site is owned by the Commonwealth, payments in lieu of Land Tax must be made by the Lessee in respect of those parts of the Airport Site:
 - (i) which are sub-leased to tenants; or

- (ii) on which trading or financial operations are undertaken including, but not limited to, retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from making payments by Commonwealth policy or law. Unless otherwise directed by the Lessor, the Lessee will make payments promptly in lieu of land tax at the relevant State rate to the Commonwealth addressed as provided for in sub-clause 24.1.

These payments in lieu of Land Tax will be levied on a financial year basis. The Lessee must submit an assessment of the payment in lieu of land tax to the Commonwealth on 31 August of the current financial year with this payment due 30 days later. Land value assessment for the purposes of making payments in lieu of land tax are required at least every three years.

- (c) Where Taxes such as stamp duty, payroll tax, financial institutions duty and debits tax imposed by a Governmental Authority are not payable by the Lessee because they are Taxes on transactions, instruments or activities on or related to the Airport Site owned by the Commonwealth, the Lessee must pay to the relevant Governmental Authority such amount as is equivalent to the amount which would be payable for such Taxes if such Taxes were leviable or payable.

27. POWER OF ATTORNEY

The Lessee appoints the Lessor (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Lessee a transfer or a surrender of this Lease at any time after this Lease shall have been terminated or the power to re-enter has become exercisable, a sufficient proof of which will be the statutory declaration of any duly authorised officer of the Lessor and the Lessee consents to it being registered for this purpose.

28. ENTIRE AGREEMENT

The terms of this Lease constitute the entire agreement between the parties for the subject matter referred to in this Lease and all prior arrangements, agreements, representations and undertakings will have no effect. No modification or alteration of any clause of this Lease will be valid except in writing signed by each party.

29. FURTHER ASSURANCES

The parties must do all things necessary to give effect to any provision of this Lease.

30. GOVERNING LAW

This Lease is governed by and construed in accordance with the laws of the Australian Capital Territory.

SIGNED as a Deed.

SIGNED SEALED AND DELIVERED

by **THE HONOURABLE**

MARK VAILE, MP in his

capacity as the Minister for Transport

and Regional Development for

and on behalf of the

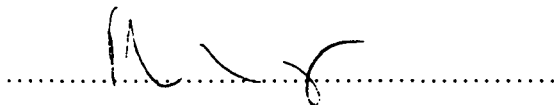
Commonwealth of Australia

in the presence of:

)
)
)
)
)
)



(Signature)



(Signature of witness)

PETER HARRIS

(Name of witness in full)

SIGNED SEALED AND DELIVERED

by **SYDNEY AIRPORTS**

CORPORATION LIMITED

(ACN 082 578 809) by

ANTHONY JAMES STUART

being signed under a power of attorney

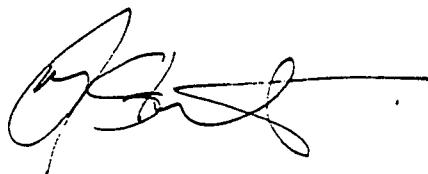
registered Book 4205 No. 341

who declares

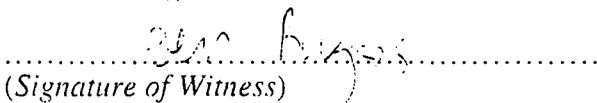
that he has no notice of revocation of the

power of attorney in the presence of:

)
)
)
)
)
)
)
)
)
)



(Signature)



(Signature of Witness)

HELEN BURROWS

(Name of Witness in full)



Statutory Rules 1998 No. 1

Airports Regulations² (Amendment)

I, THE GOVERNOR-GENERAL of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Airports Act 1996*.

Dated *18 March* 1998.

WILLIAM DEANE
Governor-General

By His Excellency's Command,

Minister for Immigration and Multicultural Affairs
for the
Minister for Transport and Regional Development

1. Commencement

1.1 These Regulations commence on 1 April 1998.

2. Amendment

2.1 The Airports Regulations are amended as set out in these Regulations.

3. Regulation 1.02 (Interpretation)**3.1 Insert:**

"Secretary means the Secretary to the Department."

4. Regulation 1.03 (Airport sites)**4.1 Omit the regulation, substitute:****Airport sites**

"1.03. (1) For the definition of *airport site* in section 5 of the Act, each of the following places (to the extent that it is a Commonwealth place) is declared to be an airport site:

- (a) Adelaide Airport—that is, the place made up of the land described in Part 1.1 of Schedule 1;
- (b) Alice Springs Airport—that is, the place made up of the land described in Part 1.2 of that Schedule;
- (c) Archerfield Airport—that is, the place made up of the land described in Part 1.3 of that Schedule;
- (d) Brisbane Airport—that is, the place made up of the land described in Part 1.4 of that Schedule;
- (e) Canberra Airport—that is, the place made up of the land described in Part 1.5 of that Schedule;
- (f) Coolangatta Airport—that is, the place made up of the land described in Part 1.6 of that Schedule;
- (g) Darwin Airport—that is, the place made up of the land described in Part 1.7 of that Schedule;
- (h) Essendon Airport—that is, the place made up of the land described in Part 1.8 of that Schedule;
- (i) Hobart Airport—that is, the place made up of the land described in Part 1.9 of that Schedule;
- (j) Jandakot Airport—that is, the place made up of the land described in Part 1.10 of that Schedule;
- (k) Launceston Airport—that is, the place made up of the land described in Part 1.11 of that Schedule;
- (l) Melbourne (Tullamarine) Airport—that is, the place made up of the land described in Part 1.12 of that Schedule;
- (m) Moorabbin Airport—that is, the place made up of the land described in Part 1.13 of that Schedule;

- (n) Mount Isa Airport—that is, the place made up of the land described in Part 1.14 of that Schedule;
 - (o) Parafield Airport—that is, the place made up of the land described in Part 1.15 of that Schedule;
 - (p) Perth Airport—that is, the place made up of the land described in Part 1.16 of that Schedule;
 - (q) Tennant Creek Airport—that is, the place made up of the land described in Part 1.17 of that Schedule;
 - (r) Townsville Airport—that is, the place made up of the land described in Part 1.18 of that Schedule.
- “(2) In Schedule 1:
- (a) a reference to land by the number of a certificate of title, or registered or deposited plan, is taken to continue to be a reference to the land if the certificate of title or plan is cancelled, replaced or consolidated with another certificate or plan, but the interest of the proprietor of the land remains unchanged; and
 - (b) a reference to the Land Titles Office of a State or Territory is a reference to the authority (however described) that has the function of registering land titles under the law of the State or Territory.”.

5. Schedule 1 (Airport sites)

5.1 Omit the Schedule, substitute Schedule 1 set out in the Schedule.



Statutory Rules 1998 No. 1

Airports Regulations² (Amendment)

I, WILLIAM PATRICK DEANE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Airports Act 1996*.

Dated 18 JUN 1998 1998.

WILLIAM DEANE
Governor-General

By His Excellency's Command,

MARK VAILE
Minister for Transport and Regional Development

1. Commencement

1.1 These Regulations commence on gazettal.

2. Amendment

2.1 The Airports Regulations are amended as set out in these Regulations.

2

*Airports Regulations (Amendment)
1998, No.*

3. Regulation 1.03 (Airport sites)

3.1 Subregulation 1.03 (1):

After paragraph 1.03 (1) (c), insert:

“(ca) Bankstown Airport—that is, the place made up of the land described in Part 1.3A of that Schedule;”.

3.2 Subregulation 1.03 (1):

After paragraph 1.03 (1) (d), insert:

“(da) Camden Airport—that is, the place made up of the land described in Part 1.4A of that Schedule;”.

3.3 Subregulation 1.03 (1):

After paragraph 1.03 (1) (i), insert:

“(ia) Hoxton Park Airport—that is, the place made up of the land described in Part 1.9A of that Schedule;”.

3.4 Subregulation 1.03 (1):

After paragraph 1.03 (1) (p), insert:

“(pa) Sydney (Kingsford-Smith) Airport—that is, the place made up of the land described in Part 1.16A of that Schedule;”.

4. Regulation 2.03 (Grounds for refusing to approve an airport-management agreement or variation of an agreement)

4.1 Subregulation 2.03 (1):

Omit “paragraphs 34 (4C) (a) and (4F) (a)”, substitute “paragraphs 33 (4C) (a) and (4F) (a)”.

5. Schedule 1 (Airport sites)

5.1 After Part 1.3 (Archerfield Airport), insert:

“Part 1.3A (Bankstown Airport)

The land in the following New South Wales certificates of title:

- (a) folio identifier 1/623875;
- (b) folio identifier 2/623875;
- (c) folio identifier 3/623875;
- (d) folio identifier 1/213387”.

***Airports Regulations (Amendment)
1998, No.***

3

5.2 After Part 1.4 (Brisbane Airport), insert:

“Part 1.4A (Camden Airport)

The land in the following New South Wales certificates of title:

- (a) folio identifier 7/791307;**
- (b) folio identifier 3/791287”.**

5.3 After Part 1.9 (Hobart Airport), insert:

“Part 1.9A (Hoxton Park Airport)

The land in New South Wales certificate of title folio identifier 1/546264”.

5.4 After Part 1.16 (Perth Airport), insert:

“Part 1.16A (Sydney (Kingsford-Smith) Airport)

The land in the following New South Wales certificates of title:

- (a) folio identifier 1/787029;**
- (b) folio identifier 401/816961;**
- (c) folio identifier 5/774363;**
- (d) folio identifier 21/819566;**
- (e) folio identifier 22/819566;**
- (f) folio identifier 23/819566;**
- (g) folio identifier 25/819566;**
- (h) folio identifier 7/787029;**
- (i) folio identifier 9/787029;**
- (j) folio identifier 13/787029;**
- (k) folio identifier 14/787029;**
- (l) folio identifier 15/787029;**
- (m) folio identifier 40/815358;**
- (n) folio identifier 1/809051;**
- (o) folio identifier 1/826101;**
- (p) folio identifier 3/31742;**
- (q) folio identifier 1/107987;**

4

***Airports Regulations (Amendment)
1998, No.***

- (r) folio identifier 5/107811;
- (s) folio identifier 1/590109;
- (t) folio identifier 31/819567;
- (u) folio identifier 12/825649;
- (v) folio identifier 643/727045;
- (w) folio identifier 15/825649;
- (x) folio identifier 724/48012;
- (y) folio identifier 726/48012;
- (z) folio identifier 1/869306;
- (za) folio identifier 2/790186".

NOTES

1. Notified in the *Commonwealth of Australia Gazette* on 1998.
2. Statutory Rules 1997 No. 8 as amended by 1997 Nos. 103, 104, 113, 177, 199, 269 and 367; 1998 Nos. 51, 70 and 97.

Reg:R355999 /Doc:DL 8071306 /Rev:02-Nov-2001 /Sts:NO.OK /Prt:30-Jan-2012 12:57 /Pgs:ALL /Seq:1 of 22
 Ref:11072494 PSP /Src:C

Form: 97-07L

Licence: 026CN/0537/96

LEASE
 New South Wales
 Real Property Act 1900



8071306W

Instructions for filling out
 this form are available
 from the Land Titles
 Office

Office of State Revenue use only

INTERIM
 STAMP ONLY

(A) PROPERTY LEASED

Show no more than
 20 titles.
 If appropriate, specify
 the part or premises.

Folio identifier 1/878489
 Folio identifier 2/878489

(B) LODGED BY

LTO Box	Name, Address or DX and Telephone	17/4/01 DSR
41J	Malleons Stephen Jaques DX 113 Sydney (02) 9296 2000	
REFERENCE (15 character maximum): 064228201 DJR 02-5005-		

(C) LESSOR COMMONWEALTH OF AUSTRALIA

7769

(D) The lessor leases to the lessee the property described above.

Encumbrances (if applicable) 1. 2. 3. 4.

(E) LESSEE

L	SYDNEY AIRPORTS CORPORATION LIMITED (ACN 082 578 809), a company duly incorporated in New South Wales and having its registered office situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, Sydney
	TENANCY:

(G) 1. TERM: A term commencing on the Commencement Date and expiring on 30 June 2048, being 47 years

2. **COMMENCING DATE:** The date on which this lease is executed by the Lessor and the Lessee, being 1 July 2001

3. **TERMINATING DATE:** 30 June 2048

4. With an **OPTION TO RENEW** for a period of 49 years set out in Annexure "A" (Clause 17)

5. ~~With an OPTION TO PURCHASE set out in~~

6. ~~Together with and reserving the RIGHTS set out in~~

7. Incorporates the provisions set out in ANNEXURE "A" hereto.

8. ~~Incorporates the provisions set out in MEMORANDUM No.~~ filed in the Land Titles Office.

CT PROD - 245 R

Page 1 of 2

CHECKED BY (LTO use)

20/8/01

PRO, 245R

20/8

Reg 3

(H) DATE We certify this dealing correct for the purposes of the Real Property Act 1900.

See Annexure A for execution.

Signed in my presence by the lessor who is personally known to me.

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)

.....
Address of Witness

.....
Signature of Lessor

Signed in my presence by the lessee who is personally known to me.

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)

.....
Address of Witness

.....
Signature of Lessee

(I) **STATUTORY DECLARATION**

I solemnly and sincerely declare that the time for the exercise of the Option to *Renew *Purchase in expired lease
No has ended and the lessee under that lease has not exercised the option.

I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths Act 1900.

Made and subscribed at in the State of on 19 ...
in the presence of

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)

.....
Address and Qualification of Witness

.....
Signature of Lessor

ANNEXURE "A"



COMMONWEALTH OF AUSTRALIA

LEASE FOR ALEXANDRA CANAL

AK DB

CONTENTS

1. DEMISE	1
1.1 LEASE	1
1.2 RESERVATION OF LESSOR'S RIGHTS	1
2. DEFINITIONS AND INTERPRETATION	1
2.1 DEFINITIONS	1
2.2 INTERPRETATION	3
2.3 LESSEE NOT LESSOR'S AGENT	4
2.4 AIRPORT-MANAGEMENT AGREEMENTS AND SUB-LEASES	4
2.5 ACKNOWLEDGEMENT	5
3. USE OF LEASED AREA	5
LESSEE TO GIVE ACCESS	5
4. RELEASE AND INDEMNITY	5
5. INSURANCE	6
5.1 INSURANCE REQUIRED AT COMMENCEMENT	6
5.2 MAINTENANCE OF INSURANCE AND SUBSEQUENT POLICIES	6
5.3 INSURANCE FOR CONSTRUCTION WORK	6
5.4 EVIDENCE OF INSURANCE POLICIES	6
5.5 LESSOR'S RIGHTS	6
5.6 PROCEEDS OF INSURANCE	6
6. ENVIRONMENT	7
6.1 MEANING OF ENVIRONMENT OF THE LEASED AREA	7
OBLIGATION TO COMPLY WITH ENVIRONMENTAL LEGISLATION	7
6.3 RELEASE AND INDEMNITY FOR ENVIRONMENTAL DAMAGE	7
6.4 NO LIABILITY OF LESSOR	7
7. LEGISLATION, LICENCES AND STATUTORY POWERS	8
7.1 LEGISLATION AND NOTICES	8
7.2 LICENCES	8
8. RIGHT OF INSPECTION	8
9. MAINTENANCE AND REPAIR	8
9.1 MAINTENANCE OF SITE	8
9.2 EXPERT DETERMINATION OF DISPUTES	8
10. SUB-LEASING	8
11. COSTS	9
11.1 STAMP DUTY AND REGISTRATION FEES	9
11.2 ADMINISTRATIVE COSTS	9
11.3 COSTS FOR DEFAULT	9
12. BUILDING IN THE LAST TEN YEARS OF THE LEASE	9
13. LOAN SECURITY	9
14. QUIET ENJOYMENT	9
15. NON DEROGATION	10
16. TERMINATION	10
16.1 TERMINATION RIGHTS	10
16.2 ADDITIONAL LESSOR'S RIGHTS ON TERMINATION	10

17. OPTION TO RENEW	10
18. WAIVER	10
19. LESSEE'S ACKNOWLEDGMENTS	10
20. PROVISION OF INFORMATION	11
21. NOTICES	11
21.1 SERVICE OF NOTICE.....	11
21.2 RECEIPT OF NOTICE.....	11
22. INTEREST ON OVERDUE MONEYS.....	12
23. RATES AND LAND TAX AND TAXES	12
23.1 PAYMENT OF RATES AND LAND TAX AND TAXES.....	12
23.2 EX GRATIA PAYMENT IN LIEU OF RATES AND LAND TAX.....	12
24. POWER OF ATTORNEY	13
25. ENTIRE AGREEMENT.....	13
26. FURTHER ASSURANCES.....	13
27. GOVERNING LAW	13

THIS LEASE is made the 20th day of September 2000

BETWEEN:

COMMONWEALTH OF AUSTRALIA ("Lessor")

AND

SYDNEY AIRPORTS CORPORATION LIMITED (ACN 082 578 809), a company duly incorporated in New South Wales and having its registered office situated at Level 10, Airport Central, 241 O'Riordan Street, Mascot, Sydney in the State of New South Wales. ("Lessee")

1. DEMISE

1.1 Lease

In consideration of:

- (a) the Lessee releasing the Commonwealth from its obligations under clause 3 of the deed entered into between the Lessor and the Lessee dated 29 July 1998; and
- (b) the payment by the Lessee to Sydney Water of the sum of \$604,609.74 by way of a premium which is not refundable in any circumstances and the payment of which the Lessor hereby irrevocably acknowledges,

the Lessor grants to the Lessee pursuant to the Airports Act a lease of the Leased Area for the Term.

1.2 Reservation of Lessor's rights

The Lessor reserves to itself:

- (a) all mining rights and interests in minerals on the Leased Area; and
- (b) provided that it is not inconsistent with the development of the Leased Area in accordance with a Master Plan, the right to grant any easements over or rights of access or rights of way on, over, under, through or across the Leased Area for:
 - (i) the purpose of the supply of electricity, gas, telecommunications cables, water, sewerage, drainage or like services; and
 - (ii) the provision of transport or other services to the public,

such rights not to be to the exclusion of the right of the Lessee to also grant such rights where it would otherwise have the power to do so.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Lease, unless a contrary intention appears:

'Airports Act' means the *Airports Act 1996*.

'Airport Lease' means the lease between the Commonwealth and Sydney Airports Corporation Limited dated 30 June 1998 for Sydney (Kingsford-Smith) Airport, registered number 5305365.

'Airport-Management Agreement' means an airport-management agreement as defined in the Airports Act.

'Airport-Management Company' means an airport-management company as defined in the Airports Act.

'Airport Regulations' means the regulations under the Airports Act.

'Airport Site' means the site (including the Structures thereon) which is named Sydney (Kingsford-Smith) Airport being those areas of land in the certificates of title set out in the Airports Regulations, including folio identifiers 1/878489 and 2/878489.

'Business Day' means a day which is not a Saturday, Sunday or public holiday in the State of New South Wales.

'Claims' means any claims, losses, suits, proceedings, actions, causes of action, demands, judgments, executions, liabilities or responsibilities for any Damages and for any Injuries.

'Commencement' means the date on which this Lease is executed by the parties.

'Commonwealth' means the Commonwealth of Australia but does not include any Commonwealth bodies which are separate legal entities.

'Costs' means all expenses, losses, charges and payments including any professional consultant and legal fees (on a "solicitor and own client" basis).

'Damages' means any loss, Costs or damage whatsoever including, but not limited to, direct, indirect, incidental, consequential or special damages, damage to property, to the Leased Area or to the environment of the Leased Area, or the diminution in value of the Leased Area or any part thereof.

'Governmental Authority' means the Commonwealth government or any government of any State or Territory of Australia, administrative body, governmental body, department or agency of any such government or local government authority.

'Injury' means any injury to the Leased Area or to the environment of the Leased Area or personal injury, or bodily injury, including death resulting therefrom and whether the death occurs before or after the expiry or earlier determination of this Lease.

'Land Tax' means any tax levied or imposed by a Governmental Authority on land.

'Lease' means this lease as amended from time to time.

'Leased Area' means the land which the subject of this Lease, being that land described in folio identifiers 1/878489 and 2/878489.

'Lessee's Covenants' means the obligations imposed on the Lessee in this Lease.

'Lessor' means the Commonwealth as owner of the Leased Area and landlord of this Lease.

'Loan Security' means any mortgage, charge, security interest, mortgage by way of sub-demise, or other encumbrance of whatever nature.

'Master Plan' means a final master plan as defined in the Airports Act.

'Rates' means all rates (including water rates and sewerage rates), and levies to defray expenses levied or imposed by a Governmental Authority on land or on owners or occupiers of land in relation to their ownership or occupation of that land.

'Specified Rate' means interest at a rate of four (4) percent per annum higher than that ordinarily charged by the principal bank of the Commonwealth on overdraft current accounts (or the nearest equivalent) not exceeding fifty thousand dollars (\$50,000). A certificate issued to the Lessor and signed by the manager or the assistant manager for the time being of the principal bank will be prima facie evidence of the Specified Rate.

'Structures' means all fixtures (including buildings and other improvements of whatever nature) affixed to the Leased Area, whether constructed before or after the grant of this Lease, and includes without limitation such items as runways, taxiways, aprons, roads and bridges on the Leased Area.

'Taxes' means all taxes (including stamp duty) costs, charges, expenses, duties, impositions, fees and penalties of whatever nature levied or imposed by a Governmental Authority in respect of instruments, transactions or activities relating to or carried out on the Leased Area.

'Term' means a term commencing at Commencement and finishing on 30 June 2048.

2.2 Interpretation

In this Lease unless the context otherwise requires:

- (a) a reference to a clause is to a clause of this Lease and includes all sub-clauses;
- (b) words in the singular include the plural and vice versa;
- (c) words importing one gender include each of the other genders;
- (d) where the context permits, a reference to 'Lessor', 'Lessee', an organisation, body or person includes their employees, officers and agents as well as their respective successors in title and assigns;
- (e) references to parties, recitals, clauses, sub-clauses or attachments are references to parties, clauses, sub-clauses, attachments to or of this Lease and a reference to this Lease includes any attachment;

- (f) references to this Lease or any other deed, agreement, instrument or document will be deemed to include references to this Lease or such other deed, agreement, instrument or document as amended, novated, supplemented, varied or replaced from time to time;
- (g) headings in this Lease are for convenience only and are not part of, or to be used in the interpretation or construction of, this Lease;
- (h) "person" includes a corporation and a body politic;
- (i) a reference to legislation includes statutes, regulations, ordinances, by-laws or other legislative instruments and all amendments, consolidations or replacements thereof;
- (j) where any word or phrase is given a defined meaning any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
- (k) a reference to anything (including without limitation any amount) is to the whole and each part of that thing;
- (l) where the day on or by which any sum is payable under this Lease or any act, matter or thing is to be done is a day other than a Business Day, such sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;
- (m) if any provision of this Lease or its application to any person or circumstance is, or becomes, invalid or unenforceable, the remaining provisions are not affected and each provision of this Lease is valid and enforceable to the fullest extent permitted by law;
- (n) in the interpretation of this Lease, no rules of construction apply to the disadvantage of any party on the basis that it put forward this Lease;
- (o) terms used in this Lease and defined in the Corporations Law have the meaning given to them in the Corporations Law; and
- (p) no provision of this Lease operates as a merger of the rights and remedies of the parties under this Lease.

2.3 Lessee not Lessor's agent

Nothing in this Lease, whether express or implied, constitutes the Lessee the agent of the Lessor in respect of any matter or action taken.

2.4 Airport-Management Agreements and sub-leases

The fact that the Lessee enters into an Airport-Management Agreement or sub-lease does not excuse the Lessee from any of its obligations under this Lease and the Lessor holds the Lessee responsible for any acts or omissions of an Airport-Management Company or sub-lessee.

2.5 Acknowledgement

The parties acknowledge that this Lease is an airport lease within the meaning of the Airports Act.

3. USE OF LEASED AREA

Lessee to give access

The Lessee:

- (a) must:
 - (i) not use, or permit to be used, the Leased Area for any unlawful purpose or in breach of legislation; and
 - (ii) permit access to the Airport Site for purposes connected with interstate air transport or international air transport, or both; and
- (b) may:
 - (i) permit the Leased Area to be used for lawful purposes that are not inconsistent with the use of the Airport Site as an airport; and
 - (ii) subject to sub-clause 5.6 and clause 12, construct, alter, remove, add to or demolish the Structures.

4. RELEASE AND INDEMNITY

Notwithstanding any other provision of this Lease, as and from Commencement, the Lessee takes and is subject to the same responsibilities with regard to person and property and otherwise to which the Lessee would be subject if during the Term the Lessee were the owner of the freehold of the Leased Area and the Lessee:

- (a) hereby releases the Lessor from and against all Claims by the Lessee in respect of any Damages, Costs or Injury which the Lessee may incur or sustain by reason of any act or omission on the part of the Lessor or the performance of this Lease or the use or occupation of the Leased Area by the Lessee;
- (b) hereby indemnifies the Lessor from and against all Claims, Damages or Costs incurred or sustained by the Lessor, or for which the Lessor may become liable, in respect of any Claims, Damages, Costs or Injury to any person by reason of any act or omission on the part of the Lessee or by the performance of this Lease or the use or occupation of the Leased Area by the Lessee or any other person (whether before or after Commencement), but this indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement; and
- (c) must, in any and every event in which the Lessor is made a party to any Claim to which the Lessee's obligation to indemnify and hold the Lessor harmless under any provision of this Lease extends, if so requested by the Lessor, defend such Claim in the name of the Lessor and must pay all costs of the Lessor in

connection with the Claim provided that the Lessee may, in any such event, compromise, pay or satisfy any such claim with the consent of the Lessor.

The obligations of the Lessee under this clause continue after the expiration or earlier determination of this Lease in respect of any act, deed or thing happening before such expiration or determination.

5. INSURANCE

5.1 Insurance required at Commencement

The Lessee must ensure that from Commencement its policies of insurance in relation to the Airport Lease include also the Leased Area and that it continue to include the Leased Area in its policies of insurance for the whole of the Term.

5.2 Maintenance of insurance and subsequent policies

The Lessee must maintain the policies of insurance referred to in sub-clause 5.1 and, upon the reasonable request of the Lessor in writing, must effect variations to those policies or take out further policies with insurers acceptable to the Lessor.

5.3 Insurance for construction work

Where the Lessee or any other person performs construction work ('Works') upon the Leased Area the Lessee must itself take out (or ensure that any person who performs such Works takes out) a policy of insurance for loss or damage to the Works and the Lessee must ensure that the Lessor is noted as insured on such policy. Such policy must remain in force until the last to expire of any defects liability periods stipulated in the relevant building contract for the Works.

5.4 Evidence of Insurance Policies

The Lessee must from time to time provide such evidence as the Lessor may reasonably require that any policy is in full force and effect and as to the terms thereof.

5.5 Lessor's rights

If an insurance policy required under clause 5.3 is cancelled or threatened to be cancelled or refused to be renewed or the coverage refused or cancelled in any way or the Lessee fails to comply with any of the requirements of this clause 5, the Lessor may take any action it considers necessary or desirable to fulfil the Lessee's obligations (including, without limitation, effecting any policy or paying the premium or other monies payable in respect of any policy) and recover from the Lessee all costs and expenses incurred in so doing. By the Lessor taking such action the Lessee will not be relieved of any of its obligations under this clause 5.

5.6 Proceeds of insurance

Subject to clause 12(b), all insurance proceeds paid out for the damage or destruction of any Structures must be used either for:

- (a) the re-building or re-instatement of those damaged or destroyed Structures; or

- (b) in the event that the Lessee chooses not to re-instate the damaged or destroyed Structures, the building of such other Structures as the Lessor approves.

6. ENVIRONMENT

6.1 Meaning of Environment of the Leased Area

For the purposes of sub-clauses 6.2, 6.3 and 6.4, the expression "the environment of the Leased Area" includes, without limitation, the water, ground water, soil, subsoils, air, biota or habitat and sites of heritage value or of significance to Aboriginal or Torres Strait Islander people on, above or below the Leased Area and the Structures.

Obligation to comply with Environmental legislation

- 6.2** Throughout the Term the Lessee must maintain the environment of the Leased Area in accordance with any obligation imposed on it by legislation which from time to time applies to the environment of the Leased Area and at the expiration or earlier determination of the Term the Lessee must yield up the Leased Area in a condition that complies with such obligation.

6.3 Release and indemnity for environmental damage

Notwithstanding and in addition to clause 4 the Lessee:

- (a) hereby releases the Commonwealth from all Claims by the Lessee and indemnifies the Commonwealth against all Claims by any other person in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area arising out of the use or occupation of the Leased Area before Commencement by the Commonwealth, or any other person; and
- (b) hereby releases the Lessor from all Claims against the Lessor and indemnifies the Lessor against all Claims against the Lessor by any person other than the Lessee in respect of any Damages, Costs or Injury which the Lessee or others may incur or sustain in connection with any Damage or Injury to the environment of the Leased Area which arises out of or during the use or occupation of the Leased Area by the Lessee or any other person after Commencement, but this release and indemnity will not apply where the Claims, Damages, Costs or Injury are incurred or sustained by the Lessor as a result of the acts or omissions of the Commonwealth, its servants, agents, employees, contractors or licensees in carrying out any of their functions on the Leased Area after Commencement.

6.4 No liability of Lessor

Without limiting sub-clause 6.3, the Lessor has no liability to the Lessee in the event that the Lessee is required to expend monies on remedial action to have the environment of the Leased Area comply with any obligations imposed on it by legislation.

7. LEGISLATION, LICENCES AND STATUTORY POWERS

7.1 Legislation and notices

The Lessee must, at its own expense, comply with all legislation (including the Airports Act) from time to time relating to the Leased Area and the Structures or to the use or occupation of the Leased Area and the Structures and with all requirements in notices and orders given or made (whether issued to either the Lessee or the Lessor) by a Governmental Authority.

7.2 Licences

The Lessee must, at its own expense, obtain and maintain (or cause to be obtained and maintained) at all times all licences and approvals required in relation to the airport and the Leased Area and must produce when required by the Lessor proof of compliance by the Lessee with its obligations under this sub-clause.

8. RIGHT OF INSPECTION

The Lessee must permit the Lessor (or its nominees) to have access to the Leased Area for the purpose of ascertaining whether the Lessee is complying with the Lessee's Covenants at a time agreed between the parties or, in the absence of agreement, within five (5) Business Days of service of notice from the Lessor stipulating the day on which the Lessor will be carrying out an inspection or, in the case of an emergency, at any time.

9. MAINTENANCE AND REPAIR

9.1 Maintenance of Site

The Lessee must keep and maintain the Leased Area including the Structures in good and substantial repair at all times during the Term (fair wear and tear excepted) and at the expiration or earlier determination of the Term, vacate and yield up the Leased Area and the Structures in that state of repair and condition and in accordance with the Lessee's Covenants. The Lessee accepts the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Area including the Structures during the Term.

9.2 Expert determination of disputes

Any dispute between the Lessor and the Lessee in relation to sub-clauses 9.1 may be referred by either party to an expert and the written determination of the expert will be conclusive and binding on the parties and the Lessor and the Lessee must share equally the fees and expenses of such expert. In the event that the parties cannot agree upon an expert, the expert shall upon the written request of either party be appointed by the President of the Institute of Engineers Australia (New South Wales Division) or an equivalent body.

10. SUB-LEASING

- (a) The Lessee must not grant any sub-lease or licence which is inconsistent with any prohibition on sub-leasing or licensing set out in the Airport Regulations or, unless the Lessor agrees otherwise in writing, with any written commitment

11

sought and obtained from the Lessee by the Lessor in relation to sub-leasing which specifies this clause 10.

- (b) Without limiting sub-clause 10(a), the Lessee must not permit a sub-lease or licence granted under this Lease to be held by a trust without the written approval of the Lessor.

11. COSTS

11.1 Stamp Duty and registration fees

The Lessee must pay any stamp duty payable on this Lease and any counterpart, together with any registration costs of the Lease if registered.

11.2 Administrative costs

Within twenty-eight (28) days of receiving notice from the Lessor, the Lessee must pay to the Lessor the Lessor's reasonable costs of administering this Lease, including all matters relating to the monitoring by the Lessor of the Lessee's compliance with the Lessee's Covenants. For the avoidance of doubt, the Lessee's obligation under this sub-clause shall not include any costs arising out of the Lessor performing any functions or powers pursuant to any legislation.

11.3 Costs for default

The Lessee must pay to the Lessor on demand, all the Costs which the Lessor incurs or for which it becomes liable in consequence of or in connection with or arising out of any default by the Lessee in performing the Lessee's Covenants or any event that is or may be an event of termination under sub-clause 16.1.

12. BUILDING IN THE LAST TEN YEARS OF THE LEASE

If the Lessee has not exercised the option to renew pursuant to clause 17 the Lessee must:

- (a) not, nor may it permit or allow others during the last ten (10) years of the Term to, demolish or remove any Structures without the prior written consent of the Lessor; and
- (b) unless the Lessor otherwise agrees, re-build with all due expedition any Structure damaged or destroyed during the last ten (10) years of the Term to a standard agreed to by the Lessor and where agreement is not reached within twenty-eight (28) days of such Structure being destroyed or damaged to such standard as is specified by the Lessor acting reasonably.

13. LOAN SECURITY

The Lessee must not create a Loan Security over this Lease, the Leased Area or the Structures without obtaining the prior written consent of the Lessor.

14. QUIET ENJOYMENT

Except as provided for in this Lease, the Lessor covenants with the Lessee that the Lessee will have quiet enjoyment during the Term without interruption by the Lessor.

15. NON DEROGATION

Except as provided for in this Lease, the Lessor must not dedicate land or transfer, grant or create any easement, privilege or other right to any other person which will derogate from the enjoyment of rights conferred on the Lessee by this Lease.

16. TERMINATION

16.1 Termination rights

If the Commonwealth terminates the Airport Lease this Lease will automatically terminate at the same time.

16.2 Additional Lessor's rights on termination

If the Lease is terminated by the operation of the Airports Act or under sub-clause 16.1 such termination will be without prejudice to, or limitation of, any rights of the Lessor under this Lease or at law and without releasing the Lessee from liability for breach of the Lessee's Covenants.

17. OPTION TO RENEW

If the Lessee exercises its option to renew the Airport Lease then it agrees that it will also renew this Lease on the same terms as this Lease amended as follows

- (a) by excluding this clause;
- (b) by deleting from line one of clause 12 the words "If the Lessee has not exercised the option to renew pursuant to clause 17" and
- (c) by replacing the definition of 'Term' in sub-clause 2.1 with the following, "Term means a term of 49 years commencing on 1 July 2048".

18. WAIVER

No consent or waiver, whether express or implied, to any breach of this Lease by either the Lessor or the Lessee is to be construed as a consent or waiver to any other breach.

19. LESSEE'S ACKNOWLEDGMENTS

The Lessee acknowledges that:

- (a) it has not been induced to enter into this Lease by reason of any promise, representation, warranty, guarantee or undertaking as to the use to which the Leased Area or the Structures may be put or by reason of any other matter whatsoever made or given by or on behalf of the Lessor;
- (b) it accepts the Leased Area and the Structures in their respective condition as at Commencement and that the Lessor has not made any representation or warranty as to their condition or compliance with legislation; and
- (c) it meets the requirements of all relevant legislation in relation to the grant of this Lease.

20. PROVISION OF INFORMATION

Where the Lessor acting reasonably gives notice to the Lessee stating that it requires information relating to any matter under this Lease, the Lessee must provide such information to the Lessor within the time stated in the notice.

21. NOTICES

21.1 Service of notice

Any notice, given or served under this Lease will be duly given to or served on the

- (a) Lessor if in writing signed by the Lessee and addressed to:

Secretary
Department of Transport and Regional Services
Trace Building, Level 3
22 Cooyong Street
CANBERRA A C T 2601
G P O Box 594

Facsimile: (02) 6274 7804

(or to such other person or to such other address as may be notified by the Lessor in writing to the Lessee from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission;

- (b) Lessee if in writing signed by or on behalf of the Lessor and addressed to:

Chief Executive Officer
Sydney Airports Corporation Limited
Level 10
Airport Central
241 O'Riordan Street
MASCOT, NSW 2020

Facsimile: (02) 9667 1592

(or to such other person or to such other address as may be notified by the Lessee in writing to the Lessor from time to time) and delivered by hand or sent by person to person registered mail or facsimile transmission.

21.2 Receipt of notice

A notice is deemed to be received if:

- (a) delivered personally, on the date of delivery;
- (b) sent by person to person registered mail, on the date that the acknowledgment of the delivery is completed by the recipient; and
- (c) sent by facsimile, on the completion of transmission without evidence of garbling or incomplete transmission.

114

22. INTEREST ON OVERDUE MONEYS

Without prejudice to any other rights, powers or remedies of the Lessor under this Lease the Lessee must pay to the Lessor interest at the Specified Rate on money payable by the Lessee to the Lessor. Such interest must be computed from the due date for payment of the money until payment of such money in full. Due date for payment will be twenty-eight (28) days after receipt by the Lessee of notice of payment due.

23. RATES AND LAND TAX AND TAXES

23.1 Payment of Rates and Land Tax and Taxes

The Lessee must pay, on or before the due date, all Rates, Land Tax and Taxes without contribution from the Lessor.

23.2 Ex Gratia payment in lieu of Rates and Land Tax

- (a) Where Rates are not payable under sub-clause 23.1 because the Leased Area is owned by the Commonwealth, the Lessee must promptly pay to the relevant Governmental Authority such amount as may be notified to the Lessee by such Governmental Authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including but not limited to retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from paying rates by Commonwealth policy or law. The Lessee must use all reasonable endeavours to enter into an agreement with the relevant Governmental Authority, body or person to make such payments.

- (b) Where Land Tax is not payable under sub-clause 23.1 because the Leased Area is owned by the Commonwealth, payments in lieu of Land Tax must be made by the Lessee in respect of those parts of the Leased Area:

- (i) which are sub-leased to tenants; or
- (ii) on which trading or financial operations are undertaken including, but not limited to, retail outlets and concessions, car parks and valet car parks, golf courses and turf farms, but excluding runways, taxiways, aprons, roads, vacant land, buffer zones and grass verges, and land identified in the airport Master Plan for these purposes,

unless these areas are occupied by the Commonwealth or an authority constituted under Commonwealth law which is excluded from making payments by Commonwealth policy or law. Unless otherwise directed by the Lessor, the

Lessee will make payments promptly in lieu of land tax at the relevant State rate to the Commonwealth addressed as provided for in sub-clause 21.1.

These payments in lieu of Land Tax will be levied on a financial year basis. The Lessee must submit an assessment of the payment in lieu of land tax to the Commonwealth on 31 August of the current financial year with this payment due 30 days later. Land value assessment for the purposes of making payments in lieu of land tax are required at least every three years.

24. POWER OF ATTORNEY

The Lessee appoints the Lessor (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Lessee a transfer or a surrender of this Lease at any time after this Lease shall have been terminated or the power to re-enter has become exercisable, a sufficient proof of which will be the statutory declaration of any duly authorised officer of the Lessor and the Lessee consents to it being registered for this purpose.

25. ENTIRE AGREEMENT

The terms of this Lease constitute the entire agreement between the parties for the subject matter referred to in this Lease and all prior arrangements, agreements, representations and undertakings will have no effect. No modification or alteration of any clause of this Lease will be valid except in writing signed by each party.

26. FURTHER ASSURANCES

The parties must do all things necessary to give effect to any provision of this Lease.

27. GOVERNING LAW

This Lease is governed by and construed in accordance with the laws of the Australian Capital Territory.

28. DISCLOSURE AND PRIVATISATION

28.1 Disclosure

Notwithstanding any other clause of this lease, the Commonwealth agrees that SACL or the Commonwealth may provide a copy of this lease or any other information which relates to this lease to any person in connection with the operation, management or privatisation (including any preparatory steps) of SACL (or its assets) or any related party of SACL (or that party's assets) (including any change in control or ownership of SACL or any related party of SACL, or any assignment, novation, statutory vesting or other transfer or disposal of any rights or obligations under this lease) ("Airport Privatisation").

28.2 Privatisation

Notwithstanding any other clause of this lease:

- (a) the Commonwealth agrees that the entering into or carrying out of, or any steps taken in connection with the formulation of or preparation for, any Airport

Privatisation will not place SACL in breach of this lease or give rise to any right or remedy in favour of the Commonwealth; and

- (b) agrees that it will execute and deliver to SACL or any related party of SACL such assignment, novation or other transfer or disposal documentation as SACL may reasonably prescribe to effect the assignment, novation or other transfer or disposal of all or any of SACL's or the Commonwealth's rights or obligations under this lease to a third party as part of the preparation for, or implementation of, an Airport Privatisation.

AK *OK* 17

SIGNED as a Deed.

SIGNED SEALED AND DELIVERED

by Paul Merner, First Assistant Secretary,)
Airports Division, Department of Transport and)
Regional Services on behalf of the Commonwealth)
of Australia in the presence of:)

UB Merner
(Signature) a/g PAS.

RL Field of *111 Alinga Street*
(Signature of witness) *Canberra ACT 2600*

RAYMOND LAURENCE FIELD
(Name of witness in full)

SIGNED SEALED AND DELIVERED)
by *DAVID JOHN ROHR*)
Solicitor for the Lessee and a Partner of the Firm)
Mallesons Stephen Jaques in the presence of:)

David John Rohr
(Signature)

[Signature] of *Level 60, 1 Farrer Place*
(Signature of Witness) *Sydney NSW 2000*

DAVID ANDREW TINDALE
(Name of Witness in full)



Office of State Revenue
NSW Treasury

POLICY AND LEGISLATION BRANCH

FACSIMILE COVER SHEET

TO: Mr David Tindale

ORGANISATION: Mallesons Stephen Jaques

FAX NUMBER: 9296 3999

FROM: Peter Johnson

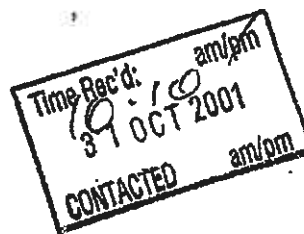
SENDER'S TELEPHONE NUMBER: 9689 6236

SUBJECT: Sydney Airports Corporation Limited – Lease to
Commonwealth of Australia – Airspace over Alexandra
Canal

TOTAL NUMBER OF PAGES: 2
(including this page)

DATE: 8/10/01

MESSAGE:



IMPORTANT - CONFIDENTIALITY NOTICE FOR RECIPIENTS EXTERNAL TO OSR.

THE INFORMATION ON THIS FACSIMILE IS INTENDED FOR THE NAMED RECIPIENT ONLY. IT MAY CONTAIN PRIVILEGED AND CONFIDENTIAL INFORMATION. IF YOU ARE NOT THE INTENDED RECIPIENT, YOU MUST NOT COPY, DISTRIBUTE, TAKE ANY ACTION IN RELIANCE ON IT, OR DISCLOSE ANY DETAILS OF THE FACSIMILE TO ANY OTHER PERSON, FIRM OR CORPORATION. IF YOU RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY REVERSE CHARGE CALL AND RETURN THE ORIGINAL TO US BY MAIL. WE WILL REIMBURSE YOU FOR ANY COST YOU MAY INCUR IN NOTIFYING US AND RETURNING THE ORIGINAL TO US.

ADDRESS: Level 5, 132 Marsden Street, PARRAMATTA 2150
POSTAL: PO Bag 5215, PARRAMATTA 2124
FACSIMILE: (02) 9689 6241



Office of State Revenue
NSW TREASURY

ABN: 77 456 270 698

Mr David Tindale
Senior Associate
Mallesons Stephen Jaques
Level 60
Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Sir

**SYDNEY AIRPORTS CORPORATION LIMITED – LEASE TO
COMMONWEALTH OF AUSTRALIA – AIRSPACE OVER ALEXANDRA
CANAL**

I refer to your facsimile of 16 October. I confirm that the Office of State Revenue is holding a copy of a lease between the above parties folio identifiers 1 and 2/878489.

I also confirm that the question of duty on the lease will not be determined until finalisation of the implementation of the Commonwealth Place (Mirror Taxes) Act 1998.

The lease has been marked 'INTERIM STAMP DUTY' by the NSW Office of State Revenue.

In view of the above comments, I have no objection to the registration of the lease marked 'INTERIM STAMP ONLY' by the Land and Property Information New South Wales.

Yours sincerely


Peter Johnson
for COMMISSIONER OF STATE REVENUE

31/10/2001

Lang Centre
Cnr Hunter and Marsden Streets
Parramatta
Locked Bag 5215, Parramatta 2124
DX 28400 Parramatta
Phone (02) 9689 6200
Facsimile (02) 9689 6464