

Main elements of the concession model for the Madrid-Barajas and Barcelona-El Prat airports

Introduction

In the context of the modernisation process of the Spanish airport system, Aena Aeropuertos S.A. ("**Aena Aeropuertos**") opened a public consultation period on 22 June last on the concession process for the Madrid-Barajas and Barcelona-El Prat airports, open to all interested parties until 1 July next.

The aim of this public consultation is to gather comments and suggestions on the main elements of the concession model from those interested in the process. Below are the main elements of the concession model that Aena Aeropuertos currently proposes and on which comments and suggestions may be made to the following email address concesiones.aeroportuarias@aena.es.

Tender process

The tender process is divided into two stages. In the first stage, Aena Aeropuertos establishes a concession agreement with two vehicle companies for Madrid-Barajas and Barcelona-El Prat, said companies being 100% owned by Aena Aeropuertos. In the second stage, Aena Aeropuertos will ask for bids for a majority stake in the concessionaire companies from private participants.

The bidding process for acquiring capital of the new concessionaire companies is organised in two Tranches, the first corresponding to Aeropuerto de Madrid-Barajas and the second to Aeropuerto de Barcelona-El Prat.

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In the context of the tender process, the private participants will respect a series of requirements: (a) they may include more than one private entity in a consortium; (b) they may hold the stake in the capital of the concessionaire companies directly or via a vehicle company incorporated by a private participant or a consortium to which it belongs; (c) they will observe the leverage limits; and (d) Aena Aeropuertos' stake will remain constant throughout the concession period.

Object of the concession

The main object of the concession is the management of the airport and, to a lesser degree, the development of the airport infrastructure. Management by the concessionaire company includes the operation, administration, promotion, conservation, maintenance and, if applicable, adaptation and financing of the airport infrastructures. In this regard, the concessionaire company will have access to and freedom to use all assets currently included on the surface area covered by the airport, which will however continue to be owned by Aena Aeropuertos.

The term of the agreement is 15 years, extendable by 5 years, counting from the entry of the private partner into the capital of the concessionaire company.

Remuneration

The remuneration of the concessionaire company will consist of the income from the operation of the airport infrastructure, including income from commercial and other activities such as the real estate development included in the same.

The income will come from activities with regulated tariffs and other activities with free pricing. The activities with regulated tariffs will initially be the ones broken down in the concepts of public prices defined in Law 1/2011, of 4 March, which establishes the State Programme for Operational Security of Civil Aviation and amends Law 21/2003, of 7 March, on Air Security ("**Law 1/2011**") and the initial value of the same will be defined in the agreement. Any tariff changes and up-date will be based on the principles set out in Law 1/2011 for Aena Aeropuertos, and the increase target of tariffs will be adjusted depending on efficiency criteria and achievement of levels of service. An adjusted "single-till system" will be applied, which takes into account part of the commercial income for subsidising aeronautical tariffs.

Investment plan

The concessionaire company will develop an investment plan that guarantees the optimum management of the airport activities while maintaining service quality levels and including obligatory investments, continuing with the planning already envisaged by Aena Aeropuertos.

Service quality levels

The concessionaire company will maintain service quality levels equal to IATA "C", except for investments related to capacity increases, which will reached IATA "B" level. The degree of compliance with service levels will affect any tariff updating.

Canon payable to Aena Aeropuertos

The concessionaire will pay Aena Aeropuertos an initial fee and an annual canon consisting of the higher of (i) a fixed value and (ii) a percentage of the total income of the airport.

Monitoring performance of the agreement

A body responsible for the execution of the concession will be constituted, comprising representatives of Aena Aeropuertos, the Autonomous Community, City Councils, if applicable, and other economic and social agents. The concessionaire will agree on the strategic positioning of the airport with this body.

This Client briefing does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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