This presentation only provides an overview of Contract and Bidding Documents. The information here presented does not exempt a thorough and comprehensive analysis of the original documents in Portuguese. If the contents of the original documents conflict or diverge in any way from this presentation, the information in the original documents should prevail.
Esta apresentação fornece apenas os principais aspectos do Edital e Contrato de Concessão. As informações aqui presentes não dispensam a leitura completa e compreensiva dos documentos originais em português. Havendo qualquer divergência entre os documentos originais e o conteúdo desta apresentação, considera-se que aqueles se sobrepõem a esta.
Summary

Initial Remarks

Legal Documents

Bidding Documents

Contract
Initial Remarks

Tariff Structure
- Connection Fee: R$ 7,00 (domestic and international)
- Incorporation of ATAERO: 20.75%
- Viracopos airport tariffs adjusted to Category 1

Concession Fee
- Guarulhos: 10% of gross revenue
- Viracopos: 5% of gross revenue
- Brasília: 2% of gross revenue

Contract Term
- Viracopos: 30 years
- Brasília: 25 years
- Guarulhos: 20 years

Master Plan
- Brasília: 2 runways (independent)
- Viracopos: 4 runways (2 independent + 2 segregated)
- Guarulhos: 2 runways

Minimum Separation: from 5 NM to 3 NM

Capacity Assumptions
Bidding Documents – Main Dispositions

- Object
- Bidding Documents Access
- Participation

- Phases
- Proposal Guarantee (Bid Bond)
- Economic Proposal

- Qualification Documents
- Public Auction
- Open Outcry Auction

- Administrative Appeal
- Pre-contractual Obligations
Contract - Objects

• Concession for expansion, maintenance and operation of the Airports

• There are 3 distinct objects:
  – Brasilia International Airport (SBBR or BSB)
  – Campinas International Airport (SBKP or VCP)
  – Guarulhos International Airport (SBGR or GRU)

• A single participant may present economic proposals for all 3 airports

• Each participant may only win the auction of 1 airport
Bidding Documents Access and Explanations

• **Final Bidding Documents will be available to the public through**
  – electronic media, at the National Civil Aviation Agency - ANAC
  – the website www.anac.gov.br

• **Technical Visits are optional**

• **Notice of appeal**
  – Final deadline: up to 5 (five) days prior to the submission of economic proposals
  – It can be submitted for all 3 airports or for each airport individually

• **Feasibility Studies**
  – Studies findings are only indicative and does not bind ANAC or the future Concessionaire
Participation

• **Possibilities:**

It is allowed the participation of the following bidders, individually or in consortium*:

- Brazilian or foreign legal entities
- Pension funds
- Investment Funds

* A single entity, its parent, subsidiaries, affiliates or entities under common control may not participate in more than one consortium

*There can be no change in the consortium until the date of contract signature

*Airport Operator must have at least 10% of consortium participation

• **Restrictions:**

General: inapt, unable to bid and contract, convicted of environmental crimes, officials or technical managers who have worked at ANAC, Ministry of Defense (MD), Secretary of Civil Aviation (SAC) and Infraero in the last 180 days

Airlines, its parents, subsidiaries and affiliates, individually or in consortium, in a proportion equal to or greater than 2%

Airlines parents and affiliates, controlled or also affiliated to Brazilian public law entities (or from another country that has signed air services agreement with Brazil) in a proportion greater than 20%
Phases

Joint submission of all the envelopes for the three airports

Sequential opening of envelopes

1st
- Statements, representations and Proposal Guarantee (1 envelope)

2nd
- Economic Proposal (1 envelope for each airport)

3rd
- Qualification Documents (1 envelope)
Proposal Guarantee (Bid Bond)

- Cash, federal government bonds, surety bond or bank guarantee.
- Up to 0.7% of contract value.
- The Bidder shall provide a guarantee for each airport that he intends to submit a proposal, according to the following values:

  - **GRU**: R$ 123,879,000.00
  - **VCP**: R$ 90,887,000.00
  - **BSB**: R$ 37,342,000.00

- **The Proposal Guarantee may be executed in the following cases:**
  - Total or partial default on obligations to participate in the auction
  - Qualification Documents or winning bidder’s economic proposal inconsistent with bidding documents provisions
  - Failure to comply with pre-contractual obligations
  - Successful bidder's refusal to celebrate the concession contract
  - Fines, penalties and compensations enforcement

National Civil Aviation Agency
Economic Proposal

• **Statement of a financial institution stating that:**
  – Examined the bidding documents, the business plan and the economic proposal
  – Considers that the economic proposal and business plan are economically feasible
  – Considered feasible to grant funding for the Concessionaire’s future obligations

• **Financial institutions must meet the following:**
  – Net worth of over R$ 1 billion
  – Must not be related to the bidder’s economic group and must not participate in the auction

**Total Fixed Contribution Value offered for each airport**
- Annual Payments
- Adjusted annually by IPCA (price index)
Qualification Documents

• Legal Qualification
• Economic and Financial Qualification
• Fiscal and Labor Regularity
• Technical Qualification
  ✓ Minimum experience of 5 years operating airport
  ✓ Must have operated airport, in the last 10 years, that has processed at least 5 million passengers/year, including boarding, landing and connecting.
Public Auction

- Opening of Economic Proposals
- Classification of Bidders in descending order of Total Fixed Contribution Value for each airport

Three top ranked in each airport

+ All other proposals whose values are higher than 90% of the best active bid value
## Public Auction

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Object</th>
<th>% of best offer</th>
<th>Open outcry auction participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bidder 1</td>
<td>R$ 200</td>
<td>-</td>
<td>Yes - Automatic</td>
</tr>
<tr>
<td>Bidder 2</td>
<td>R$ 190</td>
<td>-</td>
<td>Yes – Automatic</td>
</tr>
<tr>
<td>Bidder 3</td>
<td>R$ 189</td>
<td>-</td>
<td>Yes – Automatic</td>
</tr>
<tr>
<td>Bidder 4</td>
<td>R$ 185</td>
<td>92,5%</td>
<td>Yes - higher than 90%</td>
</tr>
<tr>
<td>Bidder 5</td>
<td>R$ 150</td>
<td>75%</td>
<td>No – lower than 90%</td>
</tr>
<tr>
<td>Bidder 6</td>
<td>R$ 100</td>
<td>50%</td>
<td>No – lower than 90%</td>
</tr>
<tr>
<td>Bidder 7</td>
<td>R$ 76</td>
<td>38%</td>
<td>No – lower than 90%</td>
</tr>
</tbody>
</table>
Open outcry auction

- Simultaneously for the three airports
- Each bidder may take part of the auction for all three airports, but may not be awarded with more than one

General Procedures:

If the same bidder submits the highest bid for more than one airport, the bid resulting in a lower Global Fixed Contribution Value will be considered inactive.

The bidder that submitted the highest active bid to the airport by the end of the auction will be awarded with it.

The auction ends only with the absence of new bids.

If the winning bidder is disqualified, the winner will be the second highest active bid of its airport.

National Civil Aviation Agency
Administrative Appeals

- Unique appellate stage for the public session:
  - Possibility of a single appeal after the decision on the winners of the auction
  - Appeal may include all previous decisions of the Session Public Committee
  - Deadline of 5 working days for the submission of the appeal, starting from the publication of the decision that will declare the winners of the public session
Pre-contractual Obligations

• **Private Shareholder Formation**
  – SPE composed of the companies that won the auction and presentation of its bylaws

• **Indication of its corporate structure**

• **Minimum Share Capital Payment:** (corresponding to the need for capital relative to first investments cycle):
  – **Brasilia:** R$ 243,251,000.00
  – **Campinas:** R$ 435,513,000.00
  – **Guarulhos:** R$ 543,315,000.00

• **Signing of Private Shareholders’ agreement**
  – Binding 50% plus one of the voting capital shares of the Private Shareholder

• **Performance Security Guarantee** (corresponding to 5% of contract value):
  – **Brasilia:** R$ 266,732,000.00
  – **Campinas:** R$ 649,197,550.00
  – **Guarulhos:** R$ 884,853,800.00

• **Refund to preliminary studies to the auction:**
  – **Brasilia:** R$ 2,536,053.46
  – **Campinas:** R$ 7,697,166.54
  – **Guarulhos:** R$ 7,031,910.77
Contract – Main Dispositions

- Parties to the Contract
- Contract Annexes
- Object of the Concession
- Implementation phases of the object
- Airport Operation Plan
- Term and Value of Contract
- Concession fees
- Current Committed Capital Program
- Rights and Duties
- Remuneration of the Concessionaire
- Risks Allocation
- Economic and Financial Balance
- Transfer of Concession / Control
- Airport Areas Assignment
- Employee Dispositions
- Shareholders Agreement

National Civil Aviation Agency
Parties to the Contract

- Concessionaire corporate structure chart:
Equipment supply and the provision of air traffic services are not included in the object of concession.
Implementation phases of the object

Phase I
- Phase I-A
- Phase I-B
- Phase I-C

Phase II
- Phase II

Operation Transfer and infrastructure adequacy

Operation until the end of Concession
Phase I

**Phase I-A: Operation Transition**

**Stage 1**
- Operational transfer plan elaboration
- 30 days

**Stage 2**
- Infraero operates (revenues and expenses)
- Concessionaire monitors (full access)
- Company Notifications
- + 90 days

**Stage 3**
- Concessionaire operate (revenues and expenses)
- Infraero monitors
- Assignment of employees (indemnity)
- + 3-6 months

**Phase I-B: Initial investments in runways, apron and passenger terminal. Infrastructure adequacy and level of service compliance within 22 months**
Implementation phases of the object

Phase I

Phase I-C: Airport expansion and infrastructure adequacy to fully comply to PEA’s level of service

+ 24 months

Phase II

Airport Operational Plan (PEA)
- Expansion
- Maintenance
- Operation
- Plans
  - Infrastructure Management
  - Quality of Service

...until the end of concession
Airport Operation Plan (PEA)

- Object of the Concession
- Airport Complex (site)
- Auxiliary activities (Non-aero revenue)
- Required Airport Elements
- Minimum Specifications (TPS)
- Airport Infrastructure Improvements
- Infrastructure Management Plan
- Quality of Service Plan (Q factor)
- Monitoring:
  - Planning
  - Investment trigger
  - Quality of Service Indicators
  - Q Factor

National Civil Aviation Agency
## Term and Value of Contract

<table>
<thead>
<tr>
<th>Airport</th>
<th>Guarulhos</th>
<th>Viracopos</th>
<th>Brasilia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>20 years</td>
<td>30 years</td>
<td>25 years</td>
</tr>
<tr>
<td>Contract Value (aero and non-aero revenues)</td>
<td>R$ 17,697,076,000.00</td>
<td>R$ 12,983,951,000.00</td>
<td>R$ 5,334,640,000.00</td>
</tr>
</tbody>
</table>

National Civil Aviation Agency
Concession Fees

**Fixed Fee**
- Paid annually based on the total amount defined in the auction
- Adjusted annually by the Consumer Price Index - IPCA

**Percentage Fee**
- Pay annually and levied on the Concessionaire gross revenues:
  - BSB: 2% (above the estimated for the year: 4.5%)
  - VCP 5% (above the estimated for the year: 7.5%)
  - GRU 10% (above the estimated for the year: 15%)
Current Committed Capital Program

• Current committed capital program in progress will be completed by Infraero

• The Concessionaire can take over the contracts in progress
  – Rescind and indemnify contractors, being reimbursed by Infraero within the limits of the contract
  – Maintain the contract, being reimbursed for the costs of the works contracted within the limits of the contract

• ANAC may mediate any disputes arising from the execution of Infraero contracts
Rights and Duties

General Duties
- Fully comply with the contract
- Meet ANAC requirements
- Comply with labor and social security obligations

Provision of Services
- Provide adequate, continued, quality service
- Maintain customer service system
- Maintain emergency care system
- Train and equip airport employees

Operational Activities
- Obtain approval for the projects relating to the expansion and operation of the Airport
- Provide the necessary licenses
- Comply with the conditions of existing licenses
- Have Runway System Capacity assured by DECEA
Rights and Duties

Information
• Provide information and explanations required
• Generate reports
• Possess electronic database
• Inform financing terms
• Inform 30 days in advance every new charge rate

Governance
• Observe standards of corporate governance
• Presentation of Financial Statements
• Independent Audit Report
• Ensure employees the right to appoint a member of the Board of Directors

Insurance
• Engineering risk insurance
• Property damage insurance
• Liability insurance
• Insurance must be updated according to investment cycle
Rights and Duties

Share Capital

• Subscribe share capital (in cash, BRL) of at least:
  • BSB: R$ 243,251,000.00
  • VCP: R$ 435,513,000.00
  • GRU: R$ 543,315,000.00

Performance Security Guarantee

Guarantee up to the end of Phase I-B:
- BSB: R$ 266,732,000.00
- VCP: R$ 649,197,550.00
- GRU: R$ 884,853,800.00

After the end of Phase I-B:
- BSB: R$ 133,366,000.00
- VCP: R$ 324,598,775.00
- GRU: R$ 442,426,900.00

At each investment trigger:
10% of estimated investments

After the end of contract:
- BSB: R$ 19,159,000.00
- VCP: R$ 40,127,000.00
- GRU: R$ 64,476,000.00
Rights and Duties

Expropriation

Public Authority
- Continue the expropriation lawsuits already initiated
- Perform the expropriation of the areas that have already being target of declaration of public purpose federal decrees, published before the public session of the auction

Concessionaire
- Request the publication of declaration of public purpose decrees of new expansion areas
- Execute the expropriation of land subject to these new decrees
- Meet all requirements for environmental licensing

National Civil Aviation Agency
Source of Revenue

**Tariff Revenue**

- **Annex 4 – Price-Cap Tariffs**
  - Boarding charges
  - Connection charges
  - Landing and Parking charges
  - Storage and Handling charges

- **Price-caps**
  - Freedom to practice discounts (non-discriminatory)

**Non-Aeronautical Revenues**

- **Operational Areas and Activities**
  - Freely negotiated. ANAC may regulate prices of these areas and activities in presence of abusive or discriminatory practices.

- **Commercial Areas (PEA)**
  - Provision of services to airlines, retail and food concession areas, rental cars, hotels etc.

- **General Rule**
  - The Concessionaire may only operate an activity different from the airport operation by the formation of wholly owned subsidiary with separate accounts
  - The assignment of airport areas in the airport complex will follow its own rules in the contract
Risk Allocation

• **ANAC**
  – Complete set of risks are allocated in the contract
  – Subject to Economic and Financial Balance (EFB)

• **Concessionaire**
  – Non-exhaustive set of allocated risks
  – Fully and exclusively accountable for all other risks related to the Concession
  – Not subject to Economic and Financial Balance

Concept

Allocation of risks is determined by agent’s capability to manage each risk
Risk Allocation

ANAC

- Service changes caused by new security requirements
- Operational constraints due to government decision or omission
- Occurrence of events of force majeure or of unforeseeable circumstances, unless timely insured

Concessionaire

- Demand risks, including new airports
- Input price increases
- Incorrect estimate of the cost of investments to be made by the Concessionaire;
- Other risks not pertaining to ANAC
Economic and Financial Balance

Regulatory tools

Tariff Regulation

Review of Concession´s parameters
- Public Hearing
- X Factor
- IQS / Q Factor
- WACC to MCF
  Every 5 years

Extraordinary Revision
- Reset EFB
- Requested by Concession/ANAC
- Modification of charges, term, contract obligations
- Marginal Cash Flow
## Transfer of Concession/Control

<table>
<thead>
<tr>
<th>Direct or indirect change in Concessionaire’s control:</th>
<th>Changes in shareholder’s composition which does not change control</th>
<th>Admission of new shareholders who participate in the other two Concessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires ANAC’s authorization during Concessionaire’s term</td>
<td>Requires authorization from ANAC until the concession’s 5th year</td>
<td>Prohibited until the concession’s 5th year</td>
</tr>
<tr>
<td>Private shareholder must always control the Concessionaire</td>
<td>Does not require ANAC’s authorization after the concession’s 6th year</td>
<td>ANAC may consent after the concession’s 6th year</td>
</tr>
</tbody>
</table>

National Civil Aviation Agency
Airport area assignment contracts:
- Limited to the term of the Concessions
- Freely negotiated

Contracts involving relevant investments may need ANAC’s previous consent to ensure continuity in case of early concession’s extinction

There must be full accounting transparency by the Concessionaire and the other parties

Current Infraero contracts are binding
Airport Areas Assignment

- Pending ANAC’s approval, the Concessionaire may enter into contracts with air carriers to build, maintain or operate, exclusively or preferably terminal or parts of it.

The following rules apply to auxiliary air transport services:

| Free access to air carriers and other companies | In case of capacity constraints to new entrants, the Concessionaire must require ANAC to limit the minimum amount of companies | The Concessionaire may request ANAC for authorization to exclusively provide services, if infrastructure constraints requires so |
Employee Dispositions

- Concessionaire must select, within 18 months from the end of Phase I-A, which Infraero employees it intends to hire
- Employees may choose to either work for Infraero or for the Concessionaire

<table>
<thead>
<tr>
<th>The employees transferred to the Concessionaire will be granted the following rights:</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years stability after the transfer is concluded, limited to December 31th, 2018</td>
</tr>
<tr>
<td>Contract conditions at least equivalent to Infraero’s</td>
</tr>
<tr>
<td>Infraprev (contribution paid by Concessionaire)</td>
</tr>
</tbody>
</table>
Shareholders’ Agreement

- Between Infraero and Private Shareholder, prior to contract’s signature
- Concessionaire’s governance rules
- Payment of Concessionaire’s Share Capital rules
- Specific rules to the extinction of shareholder’s agreement
Shareholders’ Agreement

Infraero’s Veto Rights

Any alteration or amendment to Bylaws
Any decision regarding Concession’s extinction, except expropriation
Any partnership, consortium, joint venture or similar enterprise
Acquisitions or participation of other companies
Change of corporate purpose

Assignment or change in Independent Audit
Sale of essential assets of the Concessionaire below market value
Any indebtedness which is not connected to the fulfillment of investments according to the Airport Operation Plan
Any contract with a Related Party, except if its terms and conditions are according to market or permitted by the financier
Any corporate restructuring
Guarulhos – Current Situation
3D Final Project - Guarulhos
Viracopos – Current Situation
National Civil Aviation Agency

3D Final Project - Brasília