



GRANTLEY ADAMS INTERNATIONAL AIRPORT

Transaction Highlights and Process



Investor Conference
Bridgetown, Barbados
November 27, 2019

Transaction Objectives

⇒ **Grantley Adams International Airport Inc. (GAIA Inc.) is seeking to identify a reputable private airport operator to expand and operate the airport**

Specific objectives include:

- Improving and expanding GAIA's infrastructure to meet current and future demand
- Introducing private sector management to improve operational efficiencies
- Improving service quality standards in line with international best practices
- Enhancing passenger experience
- Positioning GAIA as the airport of choice for interconnectivity within the Eastern Caribbean
- Mobilizing private sector investment in airport infrastructure



Proposed PPP – Concession Structure

- Objectives will be met by a concession whereby asset ownership and regulatory control remain with GAIA Inc
- Private concessionaire will be responsible for financing, expansion, upgrading and operation of GAIA
- Operations and maintenance risks will be transferred to the concessionaire during the concession period
- GAIA Inc to be remunerated through a revenue share as an annual concession fee
 - Proposed annual gross revenue share percentage with GAIA Inc. over life of the concession
- Performance managed through concession contract
 - Will stipulate clearly defined performance standards and penalties for non compliance



Investment Highlights

⇒ GAIA represents an attractive investment opportunity:

- Highly supportive government, committed to a timely and transparent process
- Strong economic growth prospects for Barbados
- Strategically relevant asset to Barbados' economy
- Sole airport in Barbados, which serves as a regional gateway to destinations in the Eastern Caribbean
- Historic traffic with very low volatility
- Well maintained and modern airport facility which has undergone substantial expansion and redevelopment
- Significant potential for non-aeronautical revenue and operational efficiency improvements
- Attractive tax regime with the lowest OECD-compliant corporation taxes in the world and a regressive tax structure



Strong Growth Prospects

⇒ Robust growth forecasted for passenger traffic and Barbados' economy

- Steady growth in passenger traffic in excess of 1.4% CAGR between 2009 and 2018
- Passenger throughput expected to grow from 2.2 million pax in 2018 to 4 million by 2050
- Future traffic development based on long-haul markets where potential exists for further increases (North America, UK & Continental Europe, South America)
- GAIA is strategically relevant, as tourism directly accounts for over 12% of GDP and as much as 40% of GDP indirectly*
- Barbados has substantially grown its tourism product recording 3 consecutive years growth in tourist arrivals*
- Barbados recognized as an international destination for pleasure as well as a destination of choice for business in the Caribbean*

678,537 TOURISTS



836,155 CRUISE-SHIP PASSENGERS



US\$ 1.2 BILLION VISITOR SPEND**



17,600 EMPLOYED



6,573 ROOMS*



2.2 MILLION PASSENGERS (2018)



Sources: Barbados Statistical Service,*Barbados Tourism Investment Inc, **Caribbean Tourism Organization

Supportive Legislative and Regulatory Framework

⇒ Barbadian legislative and regulatory framework well developed

- Stable aviation policy which resides within the Ministry of Tourism and International Transport
- Signatory of the International Civil Aviation Organisation (ICAO) and adopts standards and recommended practices (SARPs)
- Mature framework which ensures legal certainty and stability to the Concessionaire and its financiers
- Economic regulation to be addressed contractually through the concession contract
- Technical regulation of the airport sector provided by the Civil Aviation Department
- Appropriate institutional structures in place to manage and administer the PPP



Stable Aviation Policy

⇒ Barbados has well established Civil Aviation Act and aviation policy, with two agencies that will play a critical role in the GAIA concession namely:

- **Civil Aviation Department (“CAD”):**

- Regulator responsible for ensuring the safety and efficiency of International Air Transport in Barbados
- Certifies the airport operator and issues Aerodrome Operator Certificate
- Enforces ICAO SARPs
- Provides air navigation services (Barbados Terminal Manoeuvring Area up to FL245, within the Picaro Flight Information Region)

- **Grantley Adams International Airport Inc. (“GAIA Inc”):**

- Granting authority of the concession
- Will develop performance standards for the contract and monitor concessionaire’s performance against them

Key Concession Terms

Concession Term

- 30 years

Concessionaire

- Responsible for the construction and financing of required capital improvements and the operation and maintenance of both airside and landside facilities

GoB/GAIA Inc.

- Responsible for immigration and customs, police, quarantine and access control and screening security
- Air Navigation Services (Barbados TMA)
- Technical and Economic regulation

Financial Bid Structure

- Bid Variable: annual concession fee as % of gross revenue from years 1 to 30

Capital Investment

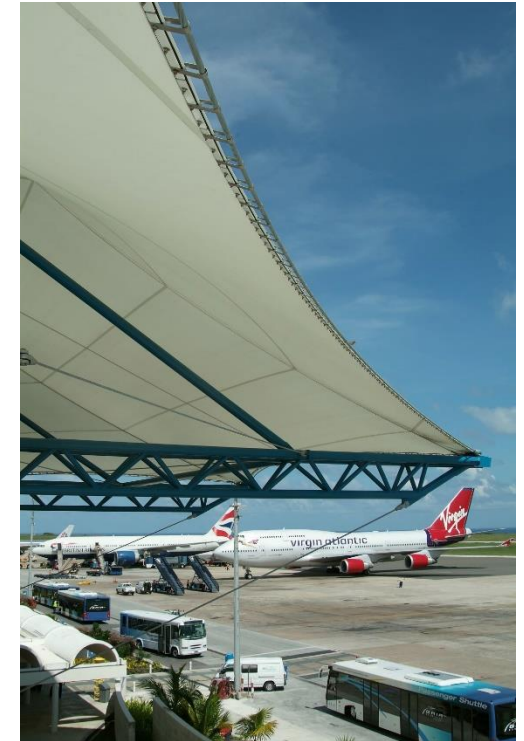
- Safety/Security Capex (compliant with SARPs and Barbados)
- Capacity Capex (compliant with “Optimum” IATA LoS)
- Various Terminal and Ancillary Facilities improvements

Capital Investment

⇒ **Preliminary capex estimate:** US \$125 million of which estimated capex for the first 4 years is approximately US \$54 million

■ **Mandatory capex includes:**

- Terminal expansion of boarding areas, including 3 boarding bridges
- Improvements in security screening flows
- New Airport Operations Centre
- Relocation of Ramp Operations offices
- New Incinerator facility with co-generation plant
- Full refurbishment of TWR building and ANS civil works
- Climate controlled cooling solution for workers at check-in desks
- Improved space for airport employees



Transaction Process: Request for Qualification (RFQ)

» **Request for Qualification (RFQ) will be made available to all interested parties, indicatively January 6, 2020 which sets out:**

- Timetable for the bidding process
- Prequalification criteria (technical and financial)
- Rules for interested parties to submit their statement of pre-qualification

» **To be qualified, a bidder must demonstrate:**

- Technical experience in airport management and construction; and
- Financial capacity including recent financing experience and adequate net worth

Transaction Process: Request for Proposal (RFP)

- » **Following the RFQ stage, a Request for Proposals (RFP) will be made available to prequalified bidders which sets out:**
 - Draft PPP Contract
 - Bid process
 - Bid evaluation criteria
 - Preparation and submittal instructions for technical and financial proposals

Bid Evaluation Criteria

» Technical:

- Strategic and operational plan: long-term vision for operating all aspects of GAIA
- Capital plan: implementation of the capital improvements (including terminal building conceptual design)
- Management plan: staffing, know-how and technology transfer, communications, operational improvements, safety, security, environmental
- Marketing plan: strategies to grow traffic, and to increase aeronautical and commercial revenues

» Financial:

- Proposed annual gross revenue sharing percentage with GAIA Inc.
- A bidder must pass technical evaluation to have its financial bid opened

Opportunities for Local Participation

- Inclusion of local firms as part of bidding consortia potentially as:
 - Financial Investors
 - Developers / Construction Firms
- Retail Concessionaires :
 - To participate in expansion of commercial activities
 - Space to be expanded for food and beverage, retail shops and services



Indicative Transaction Timeline

Target Date	Activity
January 6, 2020	Issuance of Request for Qualification (RFQ) and Information Memorandum
February 17, 2020	Receipt of RFQ Applications
February 24, 2020	Announcement of pre-qualified bidders
March 2, 2020	Issuance of bid documents (RFP, draft concession agreement) and opening of data room
March 20, 2020	First round of bidders questions/clarifications
Week of March 23, 2020	Bidders' conference and site visits in Barbados
April 20, 2020	First round of bidders mark up to bid documents
May 4, 2020	Issuance of revised bid documents
May 18, 2020	Second round of bidders mark up to bid documents
June 1, 2020	Issuance of final bid documents
June 29, 2020	Bid Submission Deadline and Bid Opening
August 10, 2020	Commercial Closing/Signing of Concession Agreement

Thank You!

