

MADRID BARAJAS AND BARCELONA EL PRAT AIRPORTS CONCESSION MODELS - CLIFFORD CHANCE

Posted on 23/08/2011



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The Spanish Government has now announced the timetable and concession framework for the privatisation of Spain's two largest airports, Madrid Barajas and Barcelona El Prat. The airports operator AENA Aeropuertos (Aena) is now set to incorporate the companies managing each of the airports and to send all the necessary documentation to the Consulting Body on Privatisations, ahead of the launch of the bidding process on July 29th, 2011.

A timetable has been established setting out the requirements that will cover bid pre-qualification, the due diligence process, the scope of technical and economic offers and filings, and the award, scheduled for the end of November 2011 including a maximum three-month transitory period. The announcement has also set out the canons payable to AENA for each airport, as well as the ongoing annual payments. The proposed term of the concession agreements is 20 years, extendable by five years.

The bidding process and the regime surrounding the concession contracts of Madrid Barajas and Barcelona El Prat airport is gaining speed and definition pursuant to the Agreement of the Council of Ministers, on 15 July 2011.

Timetable

The Council authorised Aena Aeropuertos SA (Aena) to incorporate the companies managing the airports of Madrid Barajas and Barcelona El Prat and to send all the necessary documentation to the Consulting Body on Privatisations in order for it to report. The Council of Ministers intends to authorise the bidding on 29 July 2011, after this report. The bidding rules are not yet available, although they must be soon, to meet the tight calendar that has been established.

Intended dates for the bidding process:

- a) Pre-qualification: it is intended that the documents proving the technical and economic requirements be available from 30 July 2011.
- b) Due diligence: the bidders that comply with the technical and economic requirements will have access to the selling prospectus (describing the assets) and to the data room that includes the operative, technical, legal and financial documents that will enable the bidders to know the situation of the company.
- c) Technical and economic offers: filing is scheduled up to the end of October 2011.
- d) Award: this is scheduled by the end of November 2011.
- e) Transitory period: a maximum of three months after which, during the spring of 2012, the concessionaire will fully assume the management of the airport.
- f) Incorporation of the companies supervising and controlling the concession: between October and December 2011. The Autonomous Regions, the municipalities and the economic agents will be represented.

Object of the concession and term

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.

The concessionaire company may also carry on activities aimed at enhancing the accessibility and connectivity of the airport with other transportation means, reaching at its own risk the relevant agreements with public administrations and entities. The concessionaire company will have access to and freedom to use all assets currently included on the surface area covered by the airport.

Aena will continue to hold the ownership of all the assets as well as all the existing debt of the airports. The term of the agreement is 20 years, extendable by 5 years, counting from the entry of the private partner into the capital of the concessionaire company.

Canon payable to Aena

The concessionaire company will pay Aena an initial canon, with the following minimum for the bids: €3,700million for Madrid Barajas, and €1,600million for Barcelona El Prat.

Also, the concessionaire company will pay Aena an annual canon of 20 per cent of the revenues of the airport, with the following minimum amount: €150 million for Madrid Barajas, and €80 million for Barcelona-El Prat.

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 updates will be based on a formula that takes into consideration covering the costs and the benefit foreseen by the manager and a part of the commercial revenues.

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. The concessionaire company may also propose new accessibility investments.

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