

Hiroshima Airport Concession Project Implementation Policy Briefing Handout

March 14, 2019

Civil Aviation Bureau

Ministry of Land, Infrastructure,
Transportation and Tourism

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Overview of the Hiroshima Airport

Outline of the Facilities

- Installed and managed by Minister of Land, Infrastructure, Transport and Tourism
- Area: 198ha
- Runway: 3,000m x 60m
- Operation hours: 15 hours (7:30~ 22:30)
- Apron: 9 stands (Large-sized x 8, Small-sized x 1)
- Sub-apron: 3 stands (For small-sized, Used by the Japan Coast Guard and the Prefectural Police)
- ILS: Category III b
- Access (by bus): Approx. 45mins from Hiroshima station, 55mins from Hiroshima Bus Center



Aviation Network

- Domestic: 5 routes, 26 round trips per day
- International: 6 routes, 31 round trips per week

(As of Feb 2019)



Domestic routes (5 routes)

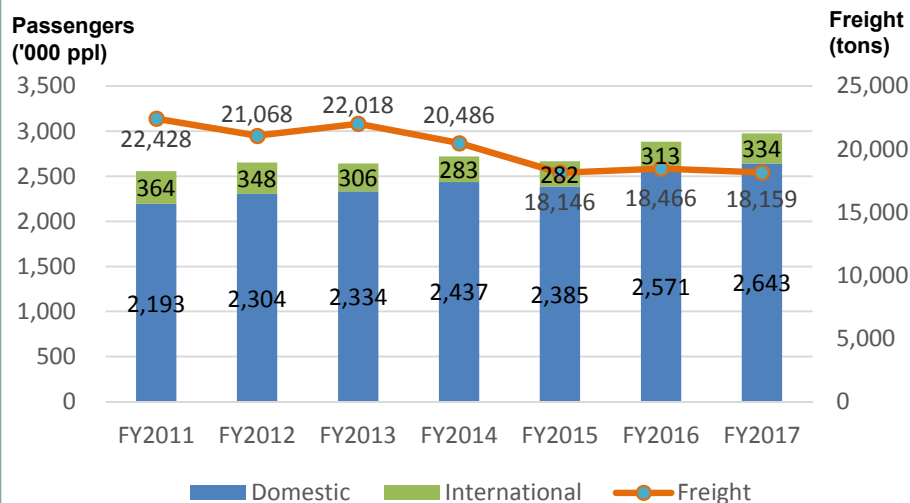
Routes	Time duration*	Airline	Number of flights
Hiroshima⇄Tokyo (Narita)	Approx. 90 minutes	Japan Airlines All Nippon Airways	8 round trips/ day 10 round trips/ day
Hiroshima⇄Sapporo (New Chitose)	Approx. 110 minutes	All Nippon Airways	1 round trip/ day
Hiroshima⇄Sendai	Approx. 85 minutes	IBEX Airlines/ All Nippon Airways	2 round trips/ day
Hiroshima⇄Okinawa (Naha)	Approx. 110 minutes	All Nippon Airways	1 round trip/ day
Hiroshima⇄Narita	Approx. 100 minutes	IBEX Airlines/ All Nippon Airways Spring Airlines Japan	1 round trip/ day 2 round trips/ day

International routes (6 routes, 7 cities)

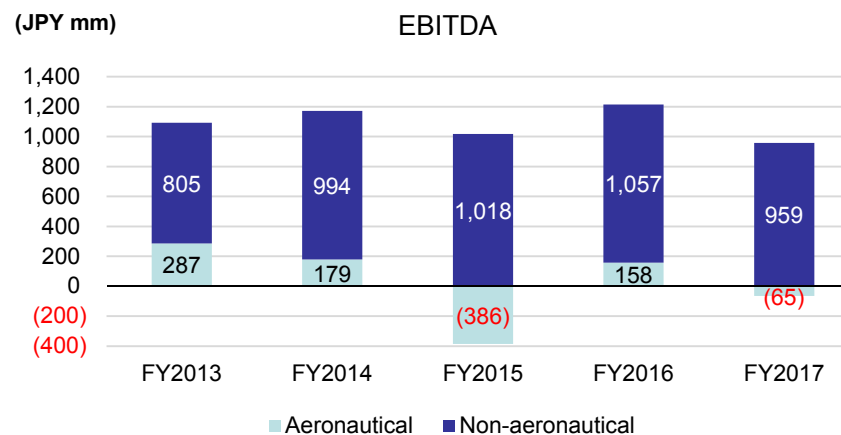
Route	Time duration*	Airline	Number of flights
Hiroshima⇄Seoul	Approx. 1 hour and 30 minutes	Air Seoul/ Asiana Airlines	3 round trips/ week
Hiroshima⇄Dalian	Approx. 2 hours and 5 minutes	Air China/ All Nippon Airways	4 round trips/ week
Hiroshima⇄Beijing (Stop over in Dalian)	Approx. 4 hours and 30 minutes	Air China/ All Nippon Airways	4 round trips/ week
Hiroshima⇄Shanghai	Approx. 1 hour and 30 minutes	China Eastern Airlines/ Japan Airlines	7 round trips/ week
Hiroshima⇄Taipei	Approx. 2 hours and 30 minutes	China Airlines/ Japan Airlines	7 round trips/ week
Hiroshima⇄Hong Kong	Approx. 3 hours and 45 minutes	Hong Kong Express	3 round trips/ week
Hiroshima⇄Singapore	Approx. 6 hours and 30 minutes	SilkAir/ Singapore Airlines	3 round trips/ week

<Source: Official SNS of the Hiroshima Prefecture>

Airport Traffic

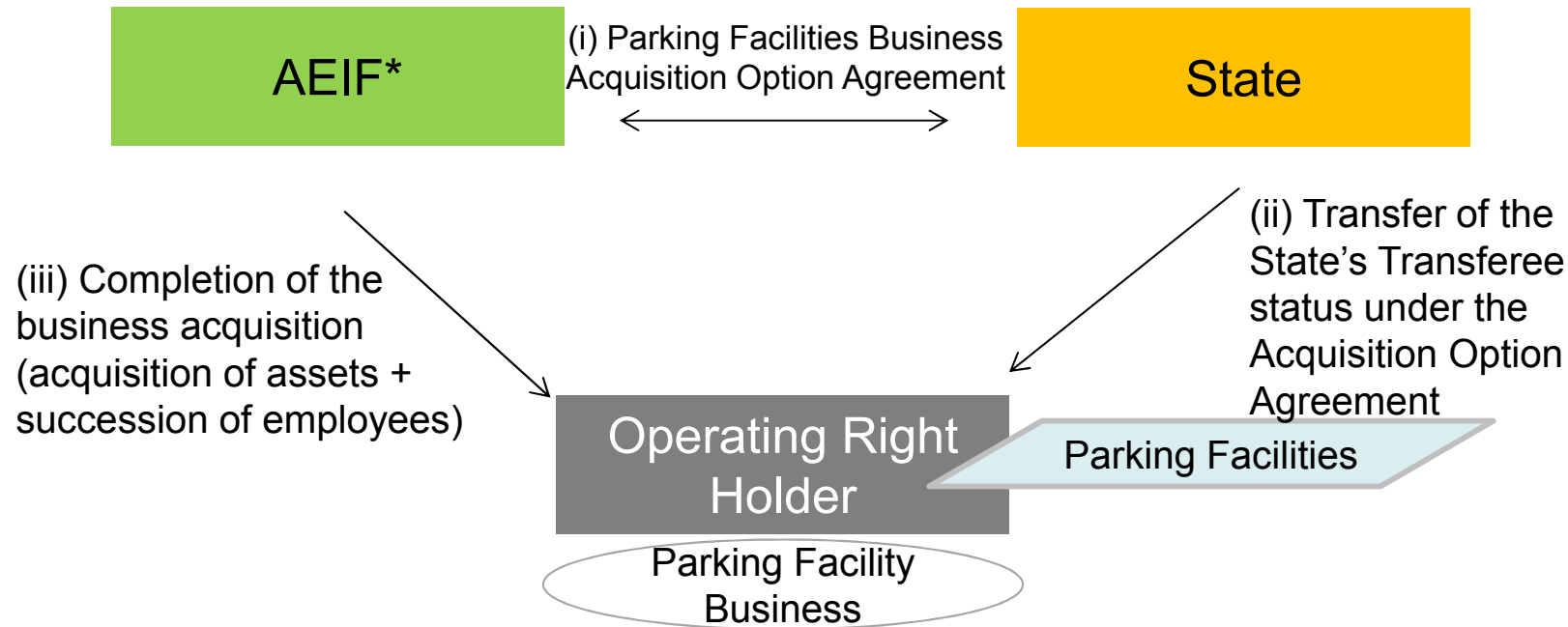


Historical Financial Performance

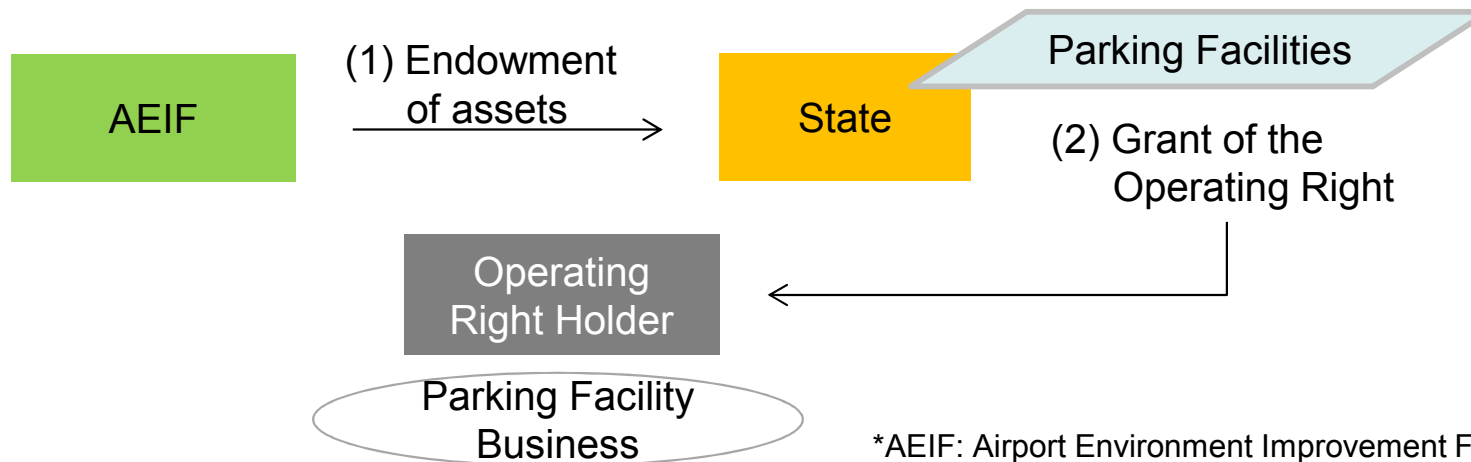


MS Questions	Basic Scheme (draft)	Comments from the MS participants	Reflection in the Implementation Policy
(1) Project Period	30 years + 5-year agreed extension	Most comments were <u>affirmative</u> . Some preferred a longer period or requested for an extension option.	Considering the assumed capex schedule, it is set at 30 years.
(2) Succession of the Airport Hotel business	Succession of the business through the acquisition of the Building Facility Operator Shares	The majority was <u>affirmative to succeeding the hotel business</u> . A few participants commented that the hotel business should be separated from the airport operation.	Succession of the business and assets through the acquisition of shares. Discussion shall be held with the State if the Operating Right Holder wishes to dispose the hotel business during the Project Period.
(3-1) Prefecture-managed Parking	Appointment of the Operating Right Holder as designated manager of the Parking (by Prefecture)	Most comments <u>were affirmative to operating it together with the AEIF parking</u> . <u>Rights for pricing and changing the usage of land</u> was strongly demanded.	Prefecture leases the land to the Operating Right Holder to ensure flexible use.
(3-2) Forest Hills Garden	Appointment of the Operating Right Holder as designated manager of the facility (by Prefecture)	There were <u>some affirmative comments and relatively more negative comments to operating it together with the airport</u> . Some commented that the <u>financial support is necessary</u> if Forest Hills Garden is to be operated together with the airport.	The Operating Right Holder shall succeed the designated manager service (until March 31, 2024). Considering the comments received during the MS, it is the Operating Right Holder's discretion after the administration period expires in 2024.
(4) Payment Method of the Consideration for the Operating Right	Lump-sum payment	Various comments (lump-sum payment, install payment and combination of both, etc) were received.	Considering the PFI Guidelines for the Operating Right, it is set as lump-sum payment.

◆ Unifying the parking business into the SPC under the business acquisition scheme

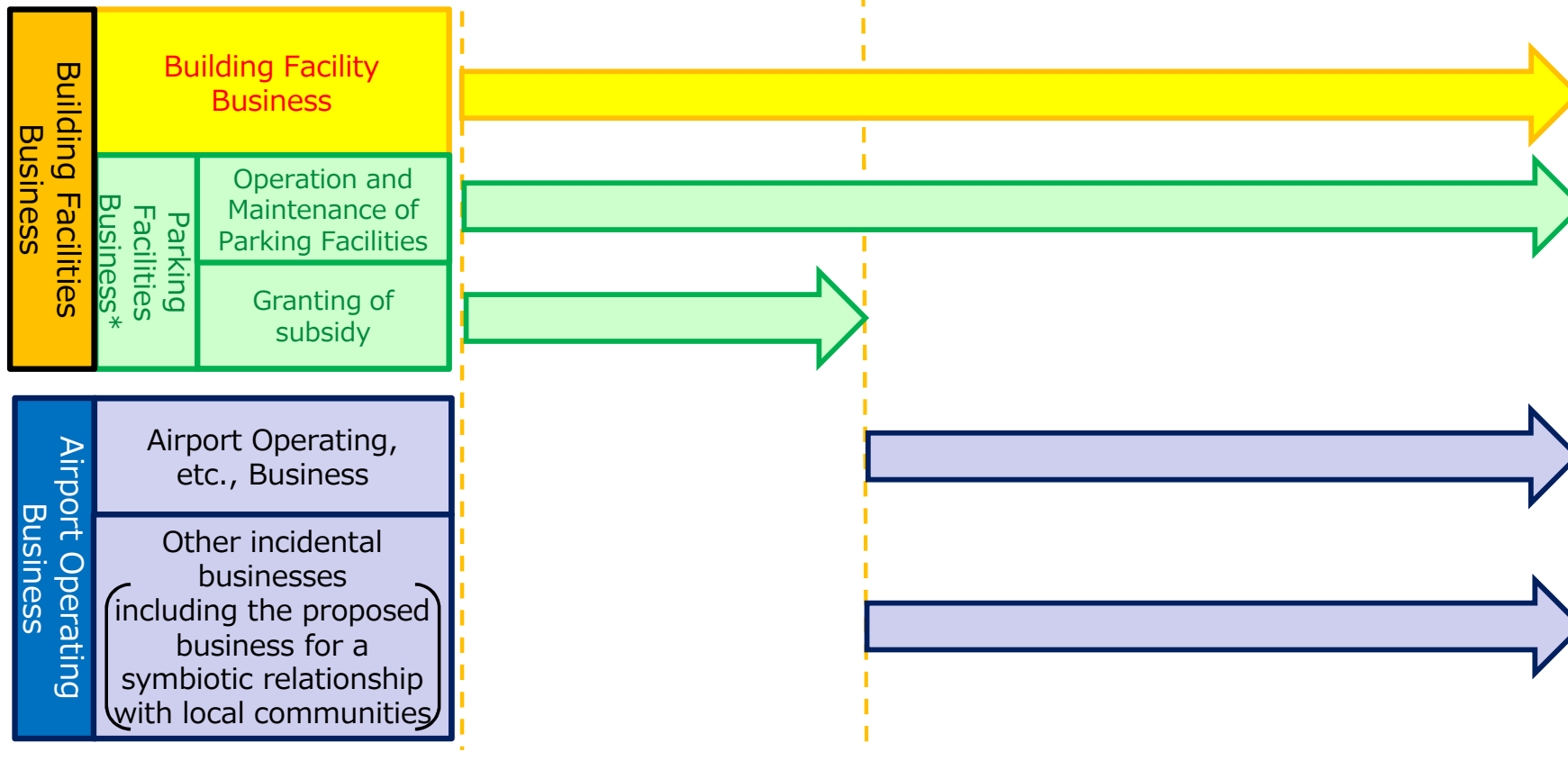
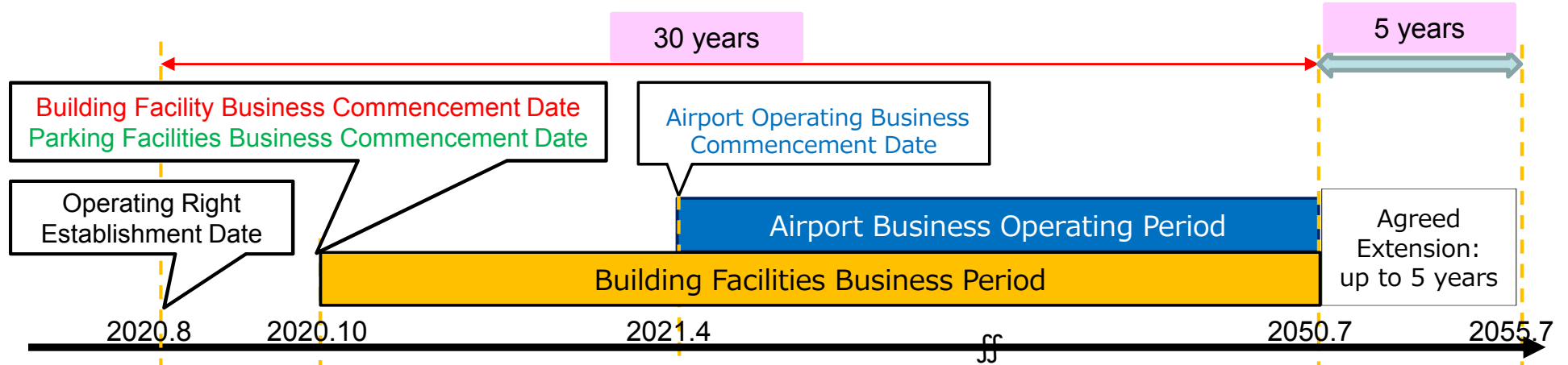


【Reference: Scheme used in preceding airport concession projects】



*AEIF: Airport Environment Improvement Foundation

Timeline of Each Business



* Business to be succeeded from AEIF.

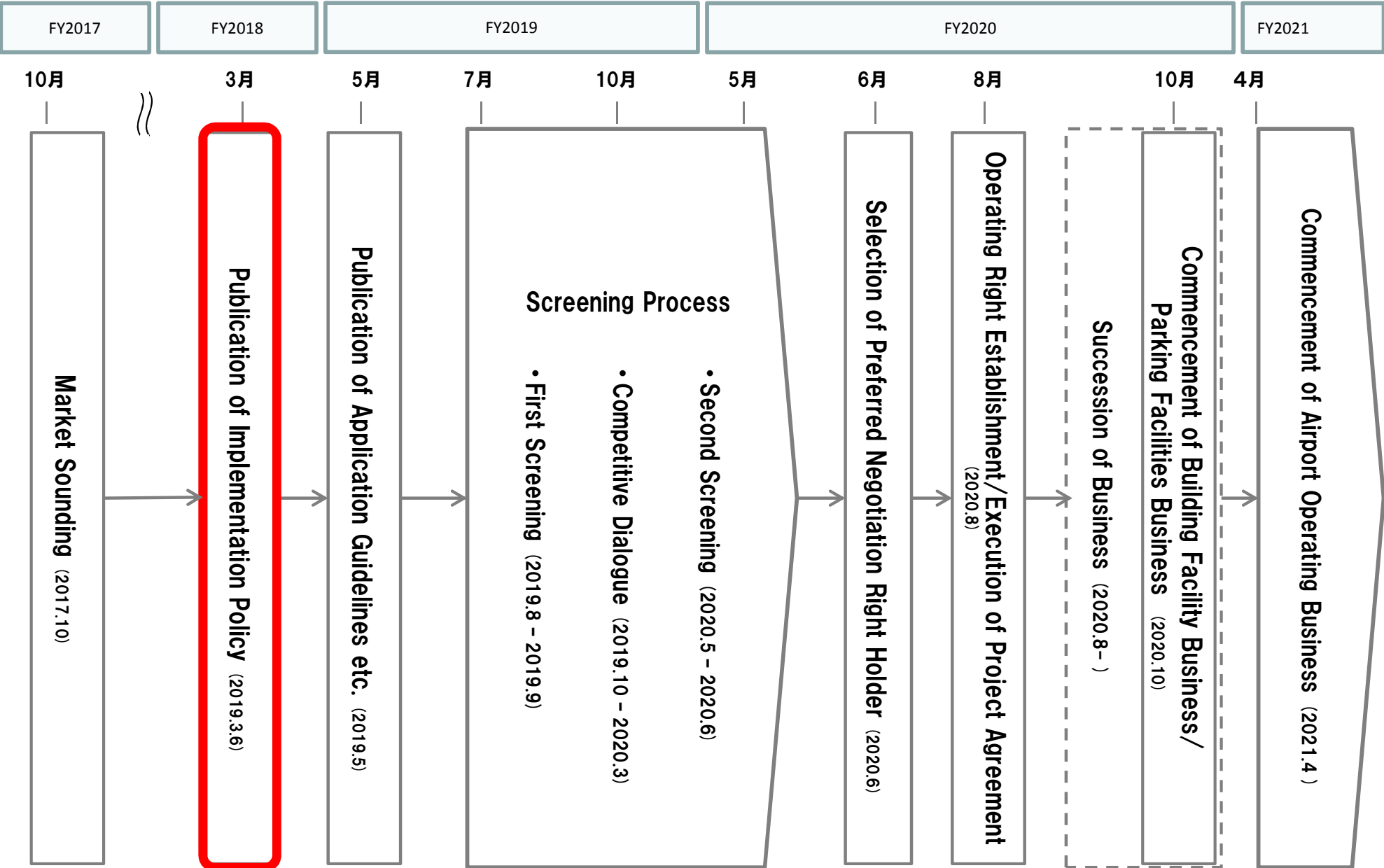


	Current	On the Commencement Date	During the Project Period
Airport Hotel	The Building Facility Operator's group owns and operates the hotel	Succession of the business through the acquisition of the Building Facility Operator Shares	The Operating Right Holder may dispose upon discussion with the State
Prefecture-managed Parking	Prefecture outsources the management to a designated manager	Prefecture leases the land to the Operating Right Holder. Usage can be converted.	Prefecture maintains the land lease agreement
Forest Hills Garden	Prefecture outsources the management to the Building Facility Operator's group	Succession of the designated manager service through the acquisition of the Building Facility Operator Shares	Up to the Operating Right Holder's discretion after the administration period expires in 2024

Items	Basic Scheme (draft)	Implementation Policy
Businesses and Services for promoting the use of the Airport	To be carried out in cooperation with the State and the relevant local governments	<p>Applicants shall propose the businesses to be carried out in cooperation with the State, the relevant local governments and other related local bodies/businesses for enhancing the air transport networks and aviation demand.</p> <p>The Operating Right Holder's responsibilities shall be determined in the Project Agreement and the Required Standards Document based on their proposal.</p>
Collaboration with the Relevant Local Governments	Not described	<p>After the Preferred Negotiation Right Holder is selected, public-private partnership methods shall be discussed with the relevant local governments and determined prior to the commencement of the Airport Operating Business.</p>
Participation Requirements (Composition of Applicant)	Change in the composition of applicants shall not be allowed after the submission of the First Screening Documents.	<p>Applicants may add new consortium members after they pass the First Screening only if the following conditions are satisfied:</p> <ul style="list-style-type: none"> (i) that the Applying Company or the Key Consortium Members at the time of submission for the First Screening are, in total, holding the majority of the Voting Shares of the Operating Right Holder. (ii) that the number of the Voting Shares of the added Consortium Member does not exceed the number of the Voting Shares of the Applying Company or the member who holds the largest number of such shares among the Key Consortium Members <p>In principle, withdrawal of the Applying Company, the Representative Company, or the Consortium Members shall not be allowed after submission of the First Screening Documents</p>

Schedule of the Project (Tentative)

※This schedule is tentative and subject to change.



1. This handout (both Japanese and English) will be published on the MLIT website on Friday, 15 March.

2. Acceptance of Opinions on the Implementation Policy

Period for acceptance: From 10:00 Friday, 15 March to 15:00 Friday, 29 March

Contact: Bidding advisor

Submission method: Please refer to the MLIT website

http://www.mlit.go.jp/en/report/press/koku05_hh_000014.html

3. FAQs on the Implementation Policy

FAQs on the Implementation Policy will be published on the MLIT website shortly.