CONCESSION CONTRACT OF THE NEW CHINCHERO INTERNATIONAL AIRPORT – CUSCO (AICC)

Private Investment Promotion Agency

PROINVERSION’S COMMITTEE ON ROAD INFRASTRUCTURE PROJECTS, RAILWAY INFRASTRUCTURE AND AIRPORT INFRASTRUCTURE – PRO INTEGRATION

April, 2013
NEW VERSION 2

Important: This is an unofficial translation. In case of divergence between the English and Spanish text, the version in Spanish shall prevail.
CONCESSION CONTRACT OF THE NEW CHINCHERO INTERNATIONAL AIRPORT –
CUSCO (AICC, by its Spanish acronym)

Mr. Notary:

May it be recorded in your Registry of Public Deeds, the concession contract for the design, financing, construction, operation and maintenance of the new Chinchero International Airport in Cusco (hereinafter referred to as the “Contract”) by the State of the Republic of Peru (hereinafter referred to as the “Grantor”) acting through the Ministry of Transport and Communications (MTC, by its Spanish acronym) entitled under article 30°, subsection a) of the Supreme Decree N° 060-96-PCM domiciled at Jr. Zorritos 1203, Lima 1, Peru duly represented by ______________________, with Peruvian ID No. ______________, duly entitled by Ministerial Resolution No. ___________________ dated ___________________ and the Concession Partnership _________________________ (hereinafter referred to as the CONCESSIONAIRE) domiciled at _______________________, Republic of Peru, duly represented by _______________________, identified by _________________________ duly entitled by _______________________.

In this Contract, the Successful Bidder __________________________, domiciled at _______________________, duly represented by ____________________________, identified by ________________________ duly entitled by ________________ who at the Closing Date shall constitute the CONCESSIONAIRE.

BACKGROUND

Pursuant to Act No. 27528, published on October 11, 2001, the Special Project “Chinchero International Airport”, manage by the Commission for the Promotion of Private Investment (COPRI, by its Spanish acronym).

According to what it is indicated in such act, it was declared that the development of the Special Project “Chinchero International Airport”, in the province of Urubamba, Department of Cusco is a national high priority and useful need for the State.

Article 4° of such act authorized the Commission for the Promotion of Private Investment (COPRI, for its Spanish acronym) the granting in concession to the private sector for the construction, operation and exploitation of the new Chinchero International Airport with the established mechanisms and procedures.

Pursuant to Supreme Decree N° 027-2002-PCM, it was stipulated the takeover of COPRI, the National Commission on Investment and Foreign Technologies (CONITE, by its Spanish acronym) and the Economic Commission’s Management of the Commission on the Promotion of Peru (PROMPERU, by its Spanish acronym) by the Executive Management of the Investment
Promotion Fund (FOPRI, by its Spanish acronym); therefore, FOPRI was renamed Private Investment Promotion Agency (PROINVERSION).

Pursuant to Supreme Resolution N° 047-2009-EF, modified by Supreme Resolution N° 046-2010-EF, the permanent members of PROINVERSION’s Special Committees were appointed, among them, PROINVERSION’s Special Committee on Road Infrastructure Projects, Railway Infrastructure and Airport Infrastructure – PRO INTEGRACION and such appointments were ratified by Supreme Resolution 010-2012-EF. Subsequently, by Supreme Resolution N° 021-2013-EF, the rearrangement of the members of such committee was ruled.

Pursuant to PROINVERSION’s Agreement N° 357-01-2010 dated July 07, 2010, PROINVERSION’s Steering Council approved the Private Investment Promotion Plan of the new Chinchero International Airport – Cusco, which was published in the Official Newspaper “El Peruano” on July 16, 2010 and modified by Agreements of PROINVERSION’s Steering Council dated August 27, 2010, January 20, 2011 and October 18, 2012. Pursuant to the last agreement ratified by Supreme Resolution N° 079-2012-EF, PROINVERSION’s Steering Council approved the amendment to the Private Investment Promotion Plan of the new Chinchero International Airport (AICC) in order to classify the Public-Private Partnership as a co-financed partnership and exclude from the concession design, the management of the “Velasco Astete” International Airport (AIVA) concessionaire.

On August 27, 2010, PROINVERSION’s Steering Council agreed to approve the Comprehensive Projects Bidding Terms for the granting in concession of the new Chinchero International Airport – Cusco.

On August 31, 2010, the Bidding Terms were published and the call for the Comprehensive Projects Bid for the granting in concession of the new Chinchero International Airport– Cusco.

Pursuant to Act No. 29908, an act which declares that “the expropriation of real state for the execution of the highly important work of the Chinchero International Airport in Cusco was a national need”. It was published on August 23, 2012 and entitles the Regional Government of Cusco to assign resources for the acquisition of the necessary pieces of land for the development of the promotion process of the private investment of the new Chinchero International Airport– Cusco, including the necessary actions for the compensation, relocation and/or resettlement of the population affected by such process. Likewise, such Act regulates that the Regional Government of Cusco shall transfer the pieces of land acquired for free in favor of the Ministry of Transport and Communications and such pieces of land shall be free and clear from any kind of encumbrances, charges, liens or possession of third parties.

Pursuant to Ministerial Resolution N° 082-2013-EF/10 published on March 21, 2013, PROINVERSION’s Regulation for Organization and Duties was approved.

Pursuant to PROINVERSION’s Steering Council dated _____________________, this Contract was approved.
On ______________________, the Committee granted the award to the Bidder ______________________________________________________________;

Pursuant to Ministerial Resolution No. _______________ Mr. ______________________ was authorized to sign this Contract on behalf of the Ministry of Transport and Communications (MTC).

In accordance with the Bidding Terms, the Successful Bidder or the Successful Bidders, if applicable, constitute the CONCESSIONAIRE in accordance with the regulations of the Republic of Peru.

CORPAC S.A. is the state-owned company of the Transport and Communications Sector, and the hundred per cent of its stocks are owned by the State. CORPAC S.A. is organized as a public limited company and is in charge of the administration of the airport infrastructure and the airports of the Republic of Peru; such infrastructure under its responsibility is national in scope, according to what it is stipulated in Supreme Decree No.019-2007-MTC.

Therefore, in consideration of the foregoing, the Parties agreed to sign this Contract in accordance with the following terms and conditions:

CLAUSE ONE
DEFINITIONS

Any reference, in this Contract to “Sections”, “Annexes”, “Appendices”, “Clauses” or “Literals” shall be understood as annexes, appendices, Sections, clauses or sections of this Contract, respectively, except as expressly provided herein. All the Annexes and Appendices of this Contract form an integral part of it.

Any reference to a certain Governmental Authority shall be understood as such authority or any agency which substitute it or replace it, or the person appointed by such Governmental Authority in order to comply with the acts stipulated in this Contract or in the Applicable Laws.

In this Agreement, the terms listed below shall have the following meanings:

1.1 “Permitted Creditors”, the concept of Permitted Creditors is only applicable to assumptions of guaranteed and permitted indebtedness. To this purpose, permitted creditors shall be the following:
   (i) any multilateral credit institution of which the State of the Republic of Peru is a member.
   (ii) any institution, credit agency to export or any governmental agency of any country with which the State of the Republic of Peru maintains
diplomatic relations,
(iii) any financial and commercial institution approved by the State of the Republic of Peru and appointed as a foreign bank of first category in Circular Letter No. 007-2013-BCRP, issued by the Central Reserve Bank of Peru or in any other circular letter which modifies it and additionally those which substitute them in the extent that new institutions be incorporated.
(iv) any other international financial institution approved by the GRANTOR having a risk classification not less than “A” for long-term debts appointed by a well-known agency registered by the National Supervisory Commission on Companies and Securities (CONASEV, by its Spanish acronym).
(v) any other national financial institution approved by the GRANTOR having a long-term classification appointed by a national risk rating agency,
(vi) all institutional investors considered in such a way by current legal regulations acquiring directly or indirectly any type of stock market security issued by the CONCESSIONAIRE,
(vii) any individual or legal person acquiring directly or indirectly any type of stock market security issued by the CONCESSIONAIRE by public bid.
(viii) any legal person acquiring directly or indirectly any type of stock market security, issued in the framework of an asset securitization process by public bid; and
(ix) Trust funds administered by trustees or securitization firms.
It is hereby expressly stated that under no circumstances CONCESSIONAIRE’s shareholders or partners or shareholders be Authorized Creditors directly or indirectly. Likewise, the authorized creditor shall not have any type of link with the CONCESSIONAIRE pursuant to the terms established in Resolution 090-2005-EF-94.10, modified by CONASEV’s Resolution N° 005-2006-EF/94.10 or the regulation which substitutes it.

1.2 “Certificate of Reversion of Assets” is the document and annexes signed by the GRANTOR and the CONCESSIONAIRE by which it is stated the delivery in favor of the GRANTOR of the Concession’s Assets, included the executed Works, New Works, Equipment and Additional Equipment acquired once the Expiration of the Concession or the early reimbursement of the Concession’s Assets.

1.3 “Certificate of Receipt of Works and Equipment” is (are) the document(s) and the annexes signed by the GRANTOR and the CONCESSIONAIRE by which it is stated the receipt of the Works and Equipment and that those comply with what is stipulated in the Agreement.

1.4 “Certificate of Receipt of New Works and/or New Equipment” is the document and annexes signed by the GRANTOR and the CONCESSIONAIRE by which it is stated the receipt of New Works and/or New Equipment which is not enshrined in the Certificate of Receipt of Works and Equipment, and that those comply with the Contract.

1.5 “Delivery Certificate of the Concession Area” is the document and
annexes signed by the GRANTOR and the CONCESSIONAIRE by which it is stated that the CONCESSIONAIRE has taken possession of the totality of the Concession Area which shall be assigned for the execution of this Contract.

1.6 "Successful Bidder" is the bidder benefited from the award of the Bidding Process.

1.7 "Airport or AICC" refers to the new Chinchero International Airport – Cusco.

1.8 “Private Investment Promotion Agency (PROINVERSION)" is the agency referred by Act N° 28660 and Ministerial Resolution N° 083-2013-EF/10 in charge, among other functions, of promoting private investment in public works of public infrastructure and services.

1.9 “AIVA" is the acronym of the “Alejandro Velasco Astete” International Airport of the city of Cusco.

1.10 “Calendar Year” is the period between January 01 and December 31, including both dates.

1.11 “Concession Year(s)” is every period of twelve (12) months, from January 01 to December 31 except for the first Concession Year shall begin from the Closing Date and shall finish on December 31 of the same year.

The last Concession Year shall begin on January 01 and shall finish on the date in which the anniversary corresponding to the Closing Date takes place.

The number of Concession Years shall correspond to the total of Concession Years in addition to the corresponding extensions.

1.12 “Concession Area” is the area described in Annex 2 of this Contract, which belongs to the Concession Assets and which is delivered to the CONCESSIONAIRE by the LICENSOR.

1.13 “Competent Environmental Authority" is the General Directorate of Social and Environmental Affairs (DGASA, by its Spanish acronym) of the Ministry of Transport and Communications or the agency substituting it in the performance of its duties.

1.14 “Governmental Authority” is any government or national, regional, departmental, provincial or municipal authority or any of its dependences or regulatory or administrative agencies, or any other Peruvian agency or organizations that, according to law, carries out executive, legislative, administrative or judicial branches belonging to any of the above-mentioned governments, authorities or institutions with jurisdiction over the people or the issues concerned.

1.15 “Functioning Authorization” is the authorization granted by the General Directorate of Civil Aviation of the Ministry of Transport and Communications in order that the CONCESSIONAIRE can operate the Airport according to the Applicable Laws.

1.16 “Bidding Terms” is the document issued by PROINVERSION's Committee on Road Infrastructure Projects, Railway Infrastructure and Airport
Infrastructure – PRO INTEGRACION which established the terms under which the Bidding Process was developed. It includes forms, annexes, appendices and circular letters which were issued by the Committee.

1.17 “Concession Assets” is the Concession Area, including the Works and New Works that the CONCESSIONAIRE carries out within it, as well as the Equipment and Additional Equipment acquired during the Concession’s Term and that are assigned for its Operation by the CONCESSIONAIRE. The Concession Assets shall be returned and/or delivered to the GRANTOR at the end of the Concession.

1.18 “CONCESSIONAIRE’s Assets”, are all the assets built, acquired or implemented by the CONCESSIONAIRE with its resources in the Concession Area. These assets are assigned to the rendering of Non-Airport Services and are different from the Concession’s Assets and they are subject to the regulations of the Contract and/or the Applicable Laws. The design and construction of the CONCESSIONAIRE’s Assets shall be regulated by the National Regulation of Edifications and other norms which turn out to be applicable to civilian constructions.

1.19 “Concession’s Expiration” is the completion or extinction of the Concession by the grounds stipulated in this Contract.

1.20 “Access Charge”, is the monetary compensation that any Downstream User is obliged to pay to the CONCESSIONAIRE for using the essential qualified facilities such as those in REMA, regardless of the denomination granted, according to the manner or modality corresponding to the contractual type adopted by the corresponding Access Contract.

1.21 “Aerodrome Certificate or Certificate of Operation and Airport Services” is the certificate, issued by the General Directorate of Civil Aviation after the acceptance or approval of the Aerodrome Manual, in the framework of subpart B of RAP 139 and its amended and complementary regulations, which shall be obtained by the CONCESSIONAIRE in order to exploit an aerodrome.

1.22 “Financial Closing Process” is the process by which the CONCESSIONAIRE shall authorize the GRANTOR that it has the necessary financing to execute Works and Equipment. The procedure for the obtaining of the Financial Closing Process is detailed in Section 9.2 of the Clause Nine of this Contract.

1.23 “Cofinancing” is the amount of money expressed in Dollars that the GRANTOR shall pay out to the CONCESSIONAIRE for the Concession according to what is set forth in the Contract. The Cofinancing shall also consider, if possible, the awarding or hiring of financial guarantees or non financial guarantees having a significant probability of demanding the use of public resources, according to what is established in section 4.3 of Article 4 of the Regulation of the Legislative Decree N° 1012, approved by the D.S. 146-2008-EF. In the event of requiring the granting or hiring of financial guarantees for this concession, such guarantees shall be subject to what is established in the General Act of the National System of Indebtedness approved by Act No. 28563.
1.24 “GRANTOR” is the State of the Republic of Peru, at National Government level, who acts represented by the Ministry of Transport and Communications (MTC).

1.25 “Concession” is the legal relationship of public law established between the GRANTOR and the CONCESSIONAIRE from the Closing Date by which the GRANTOR grants the CONCESSIONAIRE the right to the economic exploitation of the Concession Assets and the obligation to design, finance, build, operate and maintain the Airport during the Concession’s term in full compliance with the Applicable Laws.

1.26 “CONCESSIONAIRE” is the legal person constituted by the Successful Bidder, who signs the Concession Contract with the GRANTOR.

1.27 “Bidding Process” is the Comprehensive Project Bid for the granting in concession to the private sector of the new Chinchero International Airport–Cusco carried out by PROINVERSION and regarding which the Bidding Process’ Award was granted to the Successful Bidder. It begins with the public call and finishes with the Closing Date.

1.28 “Contract or Concession Contract” is this document including its Annexes and Appendices, entered into by the GRANTOR and the CONCESSIONAIRE and which regulates the relationships between the Parties during the Concession’s term as well as any other document incorporated to it, including its addendums or amendments.

1.29 “Access Contract” is the document which according to what it is established in REMA specifies the Access Charges and other conditions.

1.30 “Construction Contract” is the contract entered into by the CONCESSIONAIRE and a constructor, the one who shall comply at least with the constructor’s prequalification requirements established in the Bidding Terms, in order that the latter be in charge of, at the CONCESSIONAIRE’s expense of the design and execution of the Works. The entering of the Construction Contract shall not limit the CONCESSIONAIRE’s responsibilities.

1.31 “Effective Control” is the control exerted by an individual or legal person of other individual or legal person according to the definition contained in CONASEV’s Resolution Nº 090-2005-EF-94.10 modified by CONASEV’s Resolution Nº 005-2006-EF/94.10 or the regulation which substitutes it.

1.32 “CORPAC” is the Peruvian Corporation of Airports and Commercial Aviation S.A. or the agency which substitutes it.

1.33 “Provision Account of the Chinchero International Airport - Cusco” is the Trust’s account in which a reserve fund shall be constituted in order to complete the payment of the AICC’s Cofinancing in the event that such institution does not have the necessary funds to feed the Trust’s Collection Account. The amount to be deposited in the AICC’s Provision Account shall add up to ___________ Dollars and shall be maintained as a minimum in such account according to what is stipulated in the Annex.

1.34 “Trust’s Collection Account” is the Trust’s account in which the necessary economic flow(s) are deposited in order to comply with the contractual
obligations of payment(s) to the CONCESSIONAIRE according to what is set forth in this Contract.

1.35 “DGAC” is the General Directorate of Civil Aviation (DGAC, by its Spanish acronym), a line agency of the Transport subsector of the Ministry of Transport and Communications, which exerts the Peruvian Civil Aviation Authority. Its responsibilities include promoting, planning and ensuring a safe and efficient service of the transport and the civil air navigation within the territory of the Republic of Peru.

Likewise, for the purposes of this Contract, DGAC, on behalf of the GRANTOR, is the competent direction of the approval and authorization included but not limited to:

- Master Plans
- Engineering Definitive Studies
- Technical Files on Regular Maintenance Works
- Investment Plan on Equipment
- Program of Regular Maintenance

1.36 “DGASA”, is the General Directorate of Social and Environmental Affairs, line agency and Sectoral Environmental Authority of the Ministry of Transport and Communications.

1.37 “Day or Days” are the business days, in other words, days different from Saturday, Sunday or a non business day declared as such by the Governmental Authority in the city of Lima or in the Cusco Region. Likewise it is also understood as holidays the days in which banks in the city of Lima are not forced to be opened by provision of the Governmental Authority.

1.38 “Calendar Days” are the business days, non-business days and holidays declared as non-business days.

1.39 “Dollars” or “US$” is the legal currency in the United States of America.

1.40 “Affiliated Company” is the company considered as affiliated to another company when the Effective Control of such companies depends on a sole Parent Company.

1.41 “Banking Companies” are the agencies which are defined in Annex N° 6 of the Bidding Terms, authorized to issue bond letters for the Concession purposes.

1.42 “Parent Company” is the company which has the Effective Control of one or several companies. It is also considered in this definition companies having the Effective Control of a Parent Company and so forth.

1.43 “Sub-holding company” is the company whose Effective Control is exerted by the Parent Company.

1.44 “Related Companies” are all companies related with the CONCESSIONAIRE, according to the definition contained in CONASEV’s current regulations. In such sense, related companies are companies having such a relationship that it causes a related behavior, either because: i) they belong to the same economic group, ii) because a legal person has, directly
or indirectly, a share in the share capital of another that allows it to have a presence in its directory, iii) a sole guarantee support obligations of both, iv) more than 50% of the obligations of a company are guaranteed by the other or v) when more than 50% of the obligations of the legal person are debts of the other. A Related Company is also any Affiliated Company, Sub-holding Company or Parent Company.

1.45 “Permitted Guaranteed Debt”, is the debt for operations of finance or credit, issuing of securities and/or money borrowed from any Permitted Creditor under any modality, whose funds shall be assigned to the compliance of the subject matter of this Contract, including any renewal or refinancing of such debt and it is guaranteed according to what is established in Section 10.4.1.

The main financial terms of the debt, including the amounts of the principal, interest rate(s), provisions on, including but not limited to, amortization, issuing fees, commissions, penalties for payment in advance, insurance, taxes, shall require the GRANTOR's approval, prior OSITRAN's favorable opinion. The GRANTOR shall not refuse the approval without a justified cause.

1.46 “Equipment” is the equipment, electrical or electrical and mechanical systems acquired by the CONCESSIONAIRE during the Concession’s term which are necessary to render Airport Services.

1.47 “Air Navigation Equipment” is the equipment which shall be acquired, installed and put into operation by the CONCESSIONAIRE and which is necessary for the rendering of Air Navigation Services the ones which shall be under CORPAC’s responsibility. This equipment is described in Annex 19 of this Contract.

1.48 “Basic Standards” refers to the directives, manuals, specifications, recommendations, regulations and/or guidelines, which shall be complied by the CONCESSIONAIRE in all Concession stages and which shall be issued by the following national and international organizations:

a. International Civil Aviation Organization (ICAO) – Applicable to aspects related to the design, operation and planning of the Airport, facilitation and security, according to what is established in the annexes of the International Civil Aviation Organization.

b. General Directorate of Civil Aviation (DGAC, by its Spanish acronym). Applicable to the aspects related to the design, operation and planning of the Airport, facilitation and security, according to what is stipulated in the Peruvian Aviation Regulations.

c. International Airline Transport Association (IATA) – Applicable to the aspects related to the Levels of Service given to passengers, preparation of Development Master Plans, management of environmental affairs, including but not limited to other relevant issues, according to what is indicated in the last edition of its publication “Airport Development Reference Manual”.

d. Federal Aviation Administration (FAA) – Applicable to the aspects related to the analysis of the dimension and design of the runways and other
aspects related with the development of road surfaces, as well as the design of passenger terminals.

e. Airport Council International (ACI) – Applicable to aspects related to the selection of criteria and survey fulfillment and execution of satisfaction surveys from passengers, visitors and companions from the Airport as well as for comparison purposes of the results in relationship to other airports.

f. Transport Security Administration (TSA) – Applicable to aspects related to safety guidelines recommended for the planning, design and construction of the Airport.

g. International Standards Organization (ISO) – Applicable to aspects related to the standardization of processes and the quality management in the operation of the Airport.

1.49 “Definitive Engineering Studies” (EDI, by its Spanish acronym) are the engineering studies that the CONCESSIONAIRE shall develop over the basis of the Technical Proposal and pre-investment studies declared as feasible by the General Office of Planning and Budget of the Ministry of Transport and Communications (MTC), Development Master Plan and Investment Plan on Equipment, as appropriate, which shall allow the execution and the supervision of Works, Equipment, Air Navigation Equipment, New Works and/or New Equipment, during the corresponding stages established in Annex 19 of this Agreement.

1.50 “Stage of Building Works” is the period in which the CONCESSIONAIRE shall carry out Building Works, acquisition, installation and implementation of Equipment and Air Navigation Equipment corresponding to the “Opening” stage of Annex 19 of this Contract, in compliance with the requirements set forth in this Contract until the signing of the corresponding Certificate of Receipt of Works and Equipment.

1.51 “Operation Stage”, is the period in which the CONCESSIONAIRE shall operate the airport infrastructure in compliance with the requirements established in this Contract.

1.52 “Environmental Impact Assessment” is a participating and technical-administrative process in order to prevent, minimize, correct and/or mitigate and inform about the negative environmental potential impacts which can derived from policies, plans, programs and investment projects as well as to intensify its positive impacts.

1.53 “Closing Date” is the day and time in which the Concession Agreement, prior fulfillment of the conditions established in Section 3.3 contained in the Third Clause of this Agreement.

1.54 “Trust”, is the fund constituted by the CONCESSIONAIRE, at its sole cost and risk, whose trust fund is comprised of the transfers of resources of the CONCESSIONAIRE for GRANTOR’s Net Incomes and resources for the Cofinancing and other obligations of the GRANTOR derived from this Contract. Using the resources of this fund, the CONCESSIONAIRE shall receive the amount corresponding to the payment commitment(s) of the GRANTOR defined in Annex 23 of this Contract.
“Concession Agreement’s Performance Bond” is the bond letter granted by a Banking Company that the CONCESSIONAIRE shall deliver to the GRANTOR in order to ensure the fulfillment of each and any obligations set forth in this Contract, including the payment of penalties and other sanctions, pursuant to Section 10.2.2 of the Tenth Clause except for the obligations of the CONCESSIONAIRE which are covered by the Performance Bond of Construction Works. The above-mentioned Bond Letter shall be included as the Annex 15 of this Contract.

“Performance Bond of Construction Works” is the Performance Bond granted by Banking Company that the CONCESSIONAIRE shall deliver to the GRANTOR in order to ensure the correct execution of the Works, according to what is established in Section 10.2.3 of Clause Ten. The above-mentioned bond letter shall be issued in accordance with the terms and conditions established in Annex 16 of this Contract.

“Expenses for Preparatory Acts of the Process” are the expenses incurred by the State of the Republic of Peru for the hiring of studies, consultations and other, which are necessary for the execution of the promotion process of AICC’s private investment. The total amount of such expenses shall be announced by Circular Letter.

“Liens” is the lien or security right, mortgage, security interest on movable property, usufruct, charge or another involvement or security interest on movable property, either voluntary or involuntary (including any sale with property retention or another similar retention agreement or property retention and any leasing), and any other agreement granting a security right.

“IATA” is the International Air Transport Association

“VAT” is the Value Added Tax, according to what it is established in Supreme Decree N° 055-99-EF, Consolidated Text (TUO, by its Spanish acronym) of the Value Added Tax Act and the Selective Tax on Consumption, or the regulation which substitutes it as well as the Municipal Promotion Tax referred by the Supreme Decree N° 156-2004-EF, Homologized Text of the Municipal Taxation Law, or regulations which substitutes them.

“Airport Infrastructure” is the group of constructions, passenger terminals, landing strips, taxiways, platforms, parking spaces, internal access roads, equipment and installations and civil works which form part of the Airport, assigned for the rendering of Airport Services and Non-Airport Services. This infrastructure shall be located both in the Air Side as well as in the Land Side.

“Regulated Incomes”, are those incomes which are invoiced and which result from the collection of Rates and Access Charges by the Concessionaire.

“Net Income” is the result of deducting the VAT from the incomes obtained by the CONCESSIONAIRE for the rendering of AICC’s Airport Services. They shall not be considered as Net Incomes, the incomes which the
CONCESSIONAIRE may receive for the reimbursement of the payment of public services as referred in Sections 7.1.7 and 7.7.6 of Clause Seven of this Contract.

1.64 “Non-Regulated Incomes” are the incomes invoiced resulting from the Non-Airport Services derived from the Operation of Airport Infrastructure rendered by the CONCESSIONAIRE which are under the regime of free competition, be either earned or accrued.

1.65 “Inventory” are the inventories either initial, annual or final of the Concession Assets prepared and presented according to the following terms:

- “Initial Inventory” is the inventory of the Concession Assets possessed by the CONCESSIONAIRE at the moment of the Operation Start Date.
- “Annual inventory” is the listing of Concession Assets possessed by the CONCESSIONAIRE to the annual closing dates of every Concession Year until the Maturity of the Concession.
- “Final inventory” is the listing of the Concession Asset possessed by the CONCESSIONAIRE at the date of the Maturity of the Concession.

1.66 “Strategic Investor(s)” is a member of the CONCESSIONAIRE who accredits the technical and operational requirements of prequalification established in the Bidding Terms of the Bidding Process and who is the holder of at least the Minimum Participation in the CONCESSIONAIRE.

1.67 “Airside or Aviation Part”, is the movement area¹ of an airport, as well as the adjoining lands and buildings or parts thereof, whose access is controlled.

1.68 “Landside or Public Part” is the area comprised by the passenger terminal, the commercial areas, customs, parking spaces, among other facilities of public access assigned to receive and treat the passenger or the load arriving by land or air.

1.69 “Applicable Laws” is the group of legal provision regulating in the events of regulatory gaps or with complementary purposes. They include the Political Constitution of Peru, the binding rules, the Regulatory Rules, supreme decrees, regulations, directives and resolutions which may be passed by any competent Governmental Authority in accordance with its Act of Incorporation, and which shall be of mandatory compliance for the Parties.

1.70 “LIBOR” is the London InterBank Offered Rate of 180 days of its establishment by the Cable Reuter at the closing time in the city of London.

1.71 “Maintenance” comprises the necessary activities that the CONCESSIONAIRE shall carry out from the Operation Start Date in order to keep the components of the Airport Infrastructure ensuring the reliability and effectiveness of the Concession Assets and complying with the Minimum

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¹ Movement Area: Part of the aerodrome which shall be used for the takeoff, landing and the running of
Technical Requirements set forth in this Contract. It includes:

- “Preventive Maintenance”: Scheduled labor of maintenance carried out to avoid the defects of the Airport Infrastructure or the reduction of the efficiency of it. It may be in a routine or regular manner.
  - Routine Maintenance”, those activities which are carried out repeatedly within the different annual tax years in order to ensure the reliability and effectiveness of the Airport Infrastructure, as it was designed in order to comply properly with the traffic of aircraft, passengers and cargo in compliance with the Minimum Technical Requirements demanded for the Airport. It comprises those activities indicated in Appendix 3, Annex 8.
  - “Regular Maintenance”, those activities carried out in terms greater than a year and which usually imply significant maintenance costs. Its regularity shall be stipulated in the Program of Regular Maintenance and shall be subject to the number of air operations and the corresponding passenger and cargo traffic or when it is required in the event of erosion or any other factor caused over time. It includes the activities indicated in Appendix 3, Annex 8.

- “Corrective Maintenance”: Corrective maintenance is the group of maintenance works carried out in order to correct immediately any defect or unexpected failure in the Airport Infrastructure which threatens the Safety of the Airport’s Civil Aviation.

1.72 “Service Levels” are those minimum indicators of quality service that the CONCESSIONAIRE shall achieve and maintain during the Operation of the Airport according to what is specified in Appendix 1 of Annex 8 of this Contract.

1.73 “Regulatory Rules” are the regulations, directives and resolutions which pursuant to its Act of Incorporation shall be passed by OSITRAN and DGAC and which shall be complied with the CONCESSIONAIRE on an obligatory basis.

1.74 “New CONCESSIONAIRE” is the bidder obtaining the Award in the new Bidding Process which shall be carried out as a consequence of the resolution of the Contract.

1.75 “Works” are the result of investments in Airport Infrastructure carried out by the CONCESSIONAIRE in the Concession Area.

1.76 “New Works and/or New Equipment” are those Works and/or Equipment which are considered as necessary for the correct functioning of the Airport for operation, safety and facilitation reasons which were not considered in the Engineering Definitive Studies (EDIs) and/or Development Master Plan, Investment Plan on Equipment, and its corresponding updates.

1.77 “Operation or Exploitation” comprises the operation of the Airport Infrastructure, the presentation of Airport Services, the use of Concession Assets for the development of activities and commercial services and
related services linked to an appropriate use of the infrastructure, among others, as well as the right to collect the Rates and Access Charges in the terms set forth in this Contract.

1.78 “Main Operations” are the services related with the collection of the Single Fee for Airport Use (TUUA, by its Spanish acronym), rescue services and Firefighting (SEI, by its Spanish acronym), Safety, Landing Services and Takeoff and Parking Service of Aircraft, described in Section 1) of Appendix 1 of Annex 5 of this Contract. The responsibility for the execution of the Main Operations corresponds to the CONCESSIONAIRE who shall carry it with his own staff or through the subcontracting of third parties. In the latter case, the limitations established in Act N° 28404, Civil Aviation Security Act.

1.79 “Secondary Operations” are those services different from the Main Operations which are detailed in Section 2), Appendix 1, Annex 5 of this contract, which may be carried out by the CONCESSIONAIRE and/or by any other legal person selected by the CONCESSIONAIRE according to what is established in Clause Seven of this Contract.

1.80 “OSITRAN” is the Supervisory Organism of Investment in Infrastructure of Transport of Public Use. It complies with the functions set forth in this Contract, in Act N° 26917 and its regulatory, complementary, amended and expanded rules; or any agency which substitutes it in the future. Likewise, it shall supervise the compliance of the CONCESSIONAIRE’s obligations set forth in this Contract.

1.81 “Party” is the GRANTOR or the CONCESSIONAIRE, as the case may be.

1.82 “Parties” are, jointly the GRANTOR and the CONCESSIONAIRE.

1.83 “Minimum Share” is the percentage of shares or stocks within the CONCESSIONAIRE which corresponds to the Strategic Investor according to what is established in the Bidding Terms.

1.84 “Environmental Liabilities” is the environmental situation, generated by men in the past and with progressive deterioration over time. Currently, it represents a risk for the environment and to the quality of life of people.

1.85 “Investment Plan on Equipment” is the document which the CONCESSIONAIRE shall present to the GRANTOR within the first hundred (100) Calendar Days counted from the Closing Date, containing the equipment which shall guarantee the correct functioning of the operations in safe and efficient conditions, according to the Basic Standards, including but not limited to, the provisions passed by DGAC through the Peruvian Aviation Regulations (RAP, by its Spanish acronym), within them those linked to the provision of airport safety regulations until the Concession is completed. The equipment shall be acquired by the CONCESSIONAIRE after the GRANTOR has approved such plan.

1.86 “Development Master Plan” is the document which shall be prepared by the CONCESSIONAIRE and submitted to the GRANTOR, containing the Works and Equipment, according to what is established in Clause Eight of this Contract.

1.87 “Program of Regular Maintenance” is the document which the
CONCESSIONAIRE shall present to OSITRAN every five (5) Years counted from the Operation Start Date, in which it shall be detailed the activities of Regular Maintenance which are expected to be carried out in order to guarantee the reliability and effectiveness of the Airport Infrastructure.

1.88 “Rehabilitation Program” is the document which the CONCESSIONAIRE shall present to OSITRAN, subject to the result of the functional and structural assessments every five (5) Years counted from the Operation Start Date. Such Program shall detail the Rehabilitation Works which are expected to be executed during the Concession Term.

1.89 “National Program of Civil Aviation Security” is the document which requires the responsibilities and tasks towards ensuring the certainty of civil aviation, approved by MTC’s Ministerial Resolution. The CONCESSIONAIRE shall comply mandatorily within its competence.

1.90 “Economic Proposal” is the document presented by the Successful Bidder included in its Envelope No. 3, whose minimum content is indicated in the Bidding Terms of the Bidding Process.

1.91 “Technical Proposal” is the document presented by the Successful Bidder, included in its Envelope No. 2, whose minimum content was indicated in the Bidding Terms of the Bidding Process.

1.92 “RAP” is the Acronym of the Peruvian Aviation Regulations and they comprise the group of regulations of mandatory compliance, approved by the DGAC regulating the aspects of operative technical order of the civil aviation activities. Many of the RAPs have been the result of the transposition of some of the annexes of ICAO to the Peruvian legislation.

1.93 “Rehabilitation” is the execution of works required in the surfaces of the Air Side including the pavements and its corresponding strips and safety areas which are part of the Airport Infrastructure. It aims to restore the technical levels and characteristics established in RAP 314 and the provisions that DGAC may pass. Such Works do not include the Maintenance tasks indicated in the definition of “Maintenance”.

1.94 “TUO’s Regulation” is the Regulation of the Consolidated Text of the binding rules regulating the granting in concession to the private sector of the Public Infrastructure Works and Public Services approved by Supreme Decree N°060-96-PCM and its modifying and complementary regulations.

1.95 “REMA” is the Framework Regulation of Access to Infrastructure approved by President’s Office Resolution of OSITRAN’s Board of Directors 014-2003-CD/OSITRAN and its amendments.

1.96 “RETA” is the General Tariff Regulation, approved by the Resolution of OSITRAN’s Boards of Directors N° 043-2004-CD/OSITRAN and its amendments.

1.97 “Minimum Technical Requirements” are those minimum quality criteria consistent with the Basic Standards, that the CONCESSIONAIRE must maintain for the design, construction, reparation, Maintenance and Airport operation, stipulated in Annex 8 of this Agreement as modified or complemented regularly by OSITRAN, having the favorable opinion of the
CONCESSIONAIRE, in the framework of the Users’ needs in the extent deemed convenient by OSITRAN.

1.98 “Legal Clearing” refers that Concession Assets are the property of the GRANTOR and are free of liens and possession by third parties.

1.99 “Civil Aviation Safety” is the airport activity which consider the following aspects:

- Aviation Security: comprises the aspects of security related with the physical integrity of the Final and Downstream Users, within them, without being selective or exclusive, passengers, partners, airline personnel, airport employees, among others, and with the Airport Infrastructure. The methods and recommendations are regulated and governed by the RAP 107.

- Operational safety: comprises the operational safety aspects of the airport, specifically, those made in the airport Airside. The methods and recommendations are regulated and governed by RAP 314

1.100 “Air Navigation Services” are the services identified in Annex 3 of the Contract and which shall be provided by CORPAC, except for the services described in section 1.101 of this Contract, which shall be provided by the CONCESSIONAIRE.

The provision of these services is regulated by the Civil Aviation Act (LAC, by its Spanish acronym), its Regulation and applicable Regulations.

1.101 “Airport Services” are the regular and usual services of the airport for the transport of passengers, loading and unloading of aircraft, according to the definitions of the Main Operations and Secondary Operations. It also includes the following services of air navigation, which, for the purposes of this Contract, shall be under CONCESSIONAIRE’s responsibility: a) visual air services and b) services of aircraft control and movement on ground, pursuant to Annex 3 of this Contract.

1.102 “Non-Airport Services” are the additional services which may be offered by CONCESSIONAIRE may offer and/or third parties and which are not included in the regular and usual services of the airport for the transport of passengers, loading and unloading of aircrafts.

1.103 “Main Partners” is any legal person that directly or indirectly possess or is the holder, under any title or modality, of five percent (5%) or more of the capital stock of a certain legal person.

1.104 “Fee” is the economic compensation that the CONCESSIONAIRE charges to the User for the rendering of Airport Services corresponding to the Main Operations, according to Section 9.1 of Clause Nine of this Contract.

1.105 “Exchange Rate” is the average exchange rate of sale in Dollars established by the Superintendence of Banking, Insurance and AFP, and published in the “El Peruano” official newspaper for the conversion of Dollars to soles and vice versa.

1.106 “Take of Possession” is the act by which the CONCESSIONAIRE takes possession of the totality of the Concession Area delivered by the
GRANTOR to be assigned to the execution of the Contract, leaving a record in the Delivery Certificate of the Concession Area.

1.107 “TUO” is the Supreme Decree N° 059-96-PCM, the Consolidated Text of binding rules which regulate the granting in concession to the private sector of the Public Works of Infrastructure and Public Services, its amending and complementary regulations.

1.108 “UIT” is the Peruvian Tax Unit (UIT, its Spanish acronym), the same which is determined by the Executive Branch and whose value is expressed in nuevos soles and published in “El Peruano” official newspaper.

1.109 “User” is the Final User and Downstream User.

1.110 “Final User” is the individual or legal person who uses in a final way the Airport Services and Non-Airport Services offered by the CONCESSIONAIRE or by a third party, if applicable.

1.111 “Downstream Users” is the legal person who uses the transport infrastructure of public use to offer essential services of transport or related to this activity.

CLAUSE TWO
NATURE, SUBJECT MATTER, MODALITY AND CONCESSION CHARACTERS

2.1 Legal nature

2.1.1 The Concession, subject matter of this Contract, is granted as a part of the process carried out by the State of the Republic of Peru, represented by the GRANTOR, for the transfer of productive activities to the private sector. This process is aimed at improving the quality of services and increasing the scope of the Airport Infrastructure in the country in order to contribute to the development of foreign trade, tourism and regional integration.

2.1.2 The transfer of the above-mentioned activities does not imply the transfer of the ownership of the infrastructure which forms part of the Airport, the same that in every moment remains public. The CONCESSIONAIRE acquires the ownership of the Concession during its validity.

2.1.3 The subject matter of the right of the Concession is the design, financing, construction, operation and maintenance of a public work of infrastructure for the Concession’s term.

2.2 Subject Matter

2.2.1 By means of this Contract, the GRANTOR grants in Concession to the CONCESSIONAIRE, the design, financing, construction, Operation and Maintenance of AICC.
2.2.2 The main activities and renderings which form part of the Concession and that as a consequence are subject matter of the rights and obligations of the Parties by virtue of this Contract are the following:

a) The delivery, transfer, use and reversion of the Concession Assets, according to what is regulated in Clause Five of this Contract.

b) Design, financing and construction of Works and acquisition of Equipment, according to what is detailed in Clause Eight and Nine of this Agreement.

c) The Maintenance of the Concession Assets according to the terms of Clause Six of this Contract.

d) The Operation of the Concession according to the conditions of Clause Seven of this Contract.

2.3 Modality

The modality under which the Concession is Co-financed by the State according to subsection c) of Article 14° of TUO – Supreme Decree N° 059-96-PCM, being this concession a Public-Private Partnership (APP) classified as Co-financed in accordance with what is stipulated in subsection b) of article 4° of Legislative Decree N° 1012 and its regulations.

2.4 Characters

2.4.1 The Contract is of unit nature and responds to a single cause, without prejudice to the multiplicity of activities and renderings in which the object is divided, according to what is described in preceding Section 2.2.

2.4.2 The Contract is the main agreement, it has reciprocal renderings and it needs a continuing performance and execution.
CLAUSE THREE
DECLARATIONS AND GUARANTEES OF THE CONCESSIONAIRE
AND THE GRANTOR

3.1 The Parties declare and assume the following obligations:

3.2 Declarations of the Parties

3.2.1 The CONCESSIONAIRE guarantees the GRANTOR that the following declarations, at the Closing Date and after carrying out the operations and transactions provided in this Contract are and shall be true, correct and complete in all substantial aspect:

a) The Strategic Investor or the consortium member who accredited the requirements established in subsection a), Section 5.1.1 of the Bidding Terms shall be those in charge of the Operation of the Airport. In case the consortium member who accredited the requirements established in subsection a), Section 5.1.1 of the Bidding Terms is not a Strategic Investor, the provisions of this Contract shall be complied.

b) The Strategic Investor(s) shall comply with the rules and provisions regulating the Minimum Participation as well as its permanence in such corporate situation which shall not be modified until the completion of the Stage of Work Execution or up to five (05) years counted from the Start Date of the Operation Stage, according to the technical and operational requirements accredited in the Bidding Process, in compliance with the requirements of the Bidding Terms

c) The shares of the shareholders in the stock capital of the CONCESSIONAIRE are established in Annex 18 of this Contract. The shares of stock and other shares of the CONCESSIONAIRE are the property of the people or agencies indicated in such annex and in the amounts established in it. A share of stock or share of the CONCESSIONAIRE which is not described have been issued or are pending issuing. Except as set forth in Annex 18, there are no rights of preferential acquisition nor other rights, options, guarantees, convertible obligations, agreements or similar agreements pending for the purchase or acquisition of share capital, share or other values of the CONCESSIONAIRE.

d) The CONCESSIONAIRE is duly authorized and in the capacity to assume the obligations corresponding to him as a consequence of the entering into of this Contract in all the circumstances in which such authorization be necessary due to the nature of its activities or due to the property, leasing or operation of its assets except for those in which the lack of authorization does not have a substantially adverse effect over the businesses or
operations set forth in this Contract and having complied with the necessary requirements for the formalization of the Contract and in order to comply with the stipulated commitments.

e) The execution of the acts or procedures by the CONCESSIONAIRE in order to authorize the signing and compliance of the obligations which correspond to them according to this Contract.

f) The Concessionaire shall not have any impediment to enter into an Contract according to what is regulated by Article 1366 of the Civil Code and; moreover, the Concessionaire shall have never ceased to be the CONCESSIONAIRE due to an unfulfillment of a concession Contract entered into with the State of the Republic of Peru under the framework of the process for the promotion of the private investment as referred in the TUO regarding Concessions approved by Supreme Decree N° 059-96-PCM or the Act 280598, Decentralized Investment Promotion Framework Law and which is not penalized administratively with temporary or permanent disqualification in the exercise of his rights to enter into an Contract with the State.

In the event that after the signing of the Contract the falseness of the above-mentioned declaration be demonstrated, this Contract shall be resolved absolutely and ipso jure, and it shall be carried out in accordance with the provisions of Clause Fifteen of this Contract, and in order to execute the Performance Bond of the Contract as referred in Section 10.2.2 of Clause Ten of this Contract.

g) On the other hand, the Strategic Investor(s) of the CONCESSIONAIRE hereby resign irrevocably, unconditionally and expressly to any diplomatic claim due to the dispute or conflict which may arise from the Contract. Likewise, there is no legal impediment for the CONCESSIONAIRE, or for his partners to enter into agreements with the State of the Republic of Peru according to the Applicable Laws. This Contract constitutes a lawful and valid obligation of the CONCESSIONAIRE and by means of this declaration guarantees that he will comply with each and every one of the obligations contained herein considering at all times the Applicable Laws.

h) The share capital indicated in subsection a), Section 3.3.1 of this Clause and the term for its payment are in compliance with the requirements set forth in this Contract.

i) Should the CONCESSIONAIRE make increases and/or reduction of capital, he shall comply with what is established in subsection c), Section 3.3.1 of Clause Three of this Contract.
j) The Maintenance and execution of the Works in the Airport shall be in charge of the CONCESSIONAIRE in compliance with this Contract.

3.2.2 The GRANTOR shall guarantee the CONCESSIONAIRE, on the Closing Date, the truthfulness of the following statements:

a) The Ministry of Transport and Communications is duly authorized according to the Applicable Laws in order to represent the GRANTOR in the Contract.

b) The signing, delivery and fulfillment by the GRANTOR of the commitments referred herein are included within its competences; furthermore, they comply with the Applicable Laws and they were duly authorized by the Governmental Authority. No action or procedure by the GRANTOR or any other governmental agency is necessary to authorize the signing of the Contract or for the fulfillment of the CONCESSIONAIRE’s obligations provided herein. Likewise, the GRANTOR’s representative(s) signing this Agreement are duly authorized to that purpose.

c) The administrative acts, requirements and demands which are necessary for the entering into of this Contract and in order to duly comply with its provisions.

d) That there are current regulations which impede the GRANTOR the fulfillment of its obligations under this Contract. That there are no legal claims, suits, litigations or procedures which are imminent or in progress before a judicial body, arbitral tribunal or Governmental Authority which prohibit, be against or in any manner prevent the signing or compliance of the terms of the Contract by the GRANTOR.

e) That the CONCESSIONAIRE shall have the right for Operation from the obtaining of the “Functioning Authorization” by the DGAC to the expiration of the Contract and such right shall only include the assumptions of the Expiration of the Concession provided for in this Contract.

f) That the scopes of the stipulations in the Contract have been formulated over the basis of the Applicable Laws.

g) That the GRANTOR shall transfer the ownership of the totality of the Concession Area in favor of the CONCESSIONAIRE in the Take of possession, and the assets shall be legally cleared.
h) That there are no liabilities, obligations or administrative, labor, fiscal, judicial or legal contingencies or contingencies of any other nature that affect in any way or may affect the right to Operation by the CONCESSIONAIRE. In the event of liabilities or contingencies after the Closing Date and which has started before such date, those shall assumed by the GRANTOR prior its corresponding assessment and verification.

i) That the GRANTOR undertakes to inform the CONCESSIONAIRE sixty (60) Calendar Days before the Operation Start Date, the list of CORPAC’s employees who work in AIVA and the CONCESSIONAIRE is obliged to send a job offer to those employees indicating their remunerations and the distribution by category. Likewise, the GRANTOR declares that he is responsible and that he assumes any obligation which legally or contractually corresponds regarding any CORPAC’s employee at the Operation Start Date.

j) For the purpose of what is established in the preceding Section, CORPAC shall pay and settle the corresponding amounts to the remunerations, social benefits and other labor of the employees included in the list which shall be presented to the GRANTOR according to what is indicated in preceding subsection i). Likewise the GRANTOR declares and guarantees that at the hiring date of such employees by the CONCESSIONAIRE, the contribution to the National Pension System, the Private Pension System and ESSALUD - Health social security institution (ESSALUD, by its Spanish acronym) and Complementary Workers Compensation Insurance (Insurance against Employment Accidents and Occupational Diseases) and National Industrial Work Training Service (SENATI, by its Spanish acronym), and any other contributions required by the Peruvian laws. THE GRANTOR is obliged to reimburse the CONCESSIONAIRE any payment that the CONCESSIONAIRE be obliged to make in accordance with what is stipulated in this section within thirty (30) Days after it was requested by the CONCESSIONAIRE.

k) That, should the CONCESSIONAIRE and its stockholders or shareholders comply with what is established in the Applicable Laws\(^2\), a Legal Stability Contract shall be granted as referred in Legislative Decrees N° 662 and N° 757 and Act N° 27342.

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\(^2\) According to what is established in Act N° 27342, the minimum amount of stock capital required in order to access the regime of legal stability amounts to US$ 5’000,000.00 (Five Million and 00/100 Dollars of the United States of America).
l) That for contractual effects, the declarations, securities, guarantees and obligations assumed by the GRANTOR in this Contract shall not be affected by variations in the Applicable Laws. The GRANTOR undertakes before the CONCESSIONAIRE to grant the necessary legal formalities to give the sufficient efficiency to the declarations contained in this section within the framework established in the Decree-law N° 25570, its modifying and complementary regulations.

m) That the GRANTOR in the framework of what is established in Act N° 29908 shall carry out, directly and/or through CORPAC, all the corresponding proceedings and formalities in order to finish the airport operations and any operation of commercial nature carried out in AIVA; therefore, such airport shall cease its activities immediately, permanently and definitively, once the AICC’s Operation begins.

n) That before the Operation Start Date, the access roads of the existing national road to the Concession Area the Airport shall become operative at the latest after three (03) years counted from the Closing Date, giving them the proper maintenance. Likewise, the GRANTOR is obliged to carry out the necessary improvements in the existing national road within such period. Access roads shall address the Airport needs and take into account the ICAO’s documents and Applicable Laws.

3.3 Findings at the Closing Date

3.3.1 At the Closing Date, the CONCESSIONAIRE shall comply with the following:

a) Presenting the Certified Copy of Public Deed of the Articles of Incorporation and the by-laws of the CONCESSIONAIRE and the public deed of the last modification of the social share, if applicable, with the Registration Certificate in order to prove that it is a partnership validly incorporated according to the Applicable Laws, of the Republic of Peru, regulated by the General Corporation Law and according to what is set forth in Section 13.2.1 of the Bidding Terms. This Certificate is enclosed to this Contract as Annex 17.

The CONCESSIONAIRE shall accredit a minimum social share of

Nuevos Soles (S/. ). Such social share shall be
fully signed in compliance with the General Corporation Law taking into account the following:

1. As of the Signing Date of the Contract, the paid-up capital shall amount, at least, to twenty five percent (25%) of the minimum social share established.

2. By the beginning of the Operation Stage, the CONCESSIONAIRE shall have paid the full minimum share capital.

b) The CONCESSIONAIRE shall submit a copy of the documents where it is stated that the competent internal bodies have approved the Contract.

c) The by-laws of the CONCESSIONAIRE shall contain at the very least the following aspects:

- That the creation of any real right or transfer of trust dominion or lien of stocks and shares may only be carried out to the Permitted Creditors.

- A restriction to a free transfer, provision or liens of stocks or shares representing the Minimum Share of the Strategic Investor(s) in the CONCESSIONAIRE, to third parties or to other partners of the CONCESSIONAIRE until at least five (05) years counted from the the beginning of Operation Stage or until the completion of the Stage of Work Execution, according to the technical-operative requirements accredited by the Strategic Investor(s) in the Bidding Process, except as expressly provided in subsection c) of Section 10.4.1 of Clause Ten regarding the possibility to tax the Minimum Participation from the Concession Start Date in order to obtain financing.

- From the completion of the Stage of Work Execution, the Strategic Investor(s) who have accredited the technical and operational requirements established in subsection b) of Section 5.1.1 of the Bidding Terms, may transfer, stipulate or tax its stocks or shares representing the Minimum Share, provided that the airport operator who have accredited the technical and operational requirements established in subsection a) of Section 5.1.1 of the Bidding Terms remains or becomes Strategic Investor.

- From the sixth year of the Operation Stage, the Strategic Investor(s) who have accredited the technical and operational requirements established in subsection a) of Section 5.1.1 of the Bidding Terms, may transfer, stipulate or tax its stocks or shares representing the Minimum Share, provided that the purchaser
comply with the same technical and operational requirements established in subsection a) of Section 5.1.1 of the Bidding Terms.

- Transfers of Minimum Share shall have prior written approval by the GRANTOR, together with OSITRAN’s opinion, and the purchaser of such share shall maintain the conditions established as technical and financial requirements for the Bidding Process prequalification.

- A restriction to the free transfer, provide or tax the stocks or shares different from the Minimum Share in favor of other legal persons who are bidders or from members of other consortia who presented economic proposals during the Bidding Process, until the completion of the fifth year of the Concession counted from the Operation Start Date after which the stockholders or shareholders may transfer, provide or tax such stocks or shares freely.

The above-mentioned limitation also includes the transfer, provision or taxation of the stocks or shares in favor of companies which may have a direct or indirect correlation or which belong to an economic group related with legal persons who are bidders or members of the consortia who presented economic proposals during the Bidding Process.

- Any amendment to the by-laws until the completion of the fifth year of the Operation Start Date or the completion of the Stage of Work Execution in the extent that it complies with the technical and operative requirements accredited for the Strategic Investor(s) in the Bidding process, which implies a change in the regimen of majorities, of the types of stocks and the proportions that partners shall maintain between them, of its authorities, as well as all the process of increase or reduction of share capital, merger, spin-offs, transformation, corporate reorganization, dissolution or settlement of the CONCESSIONAIRE shall be approved by the stockholders or partners of the CONCESSIONAIRE that together represent, at least, two thirds (2/3) of its share capital, both in its first and second call. This clause shall be expressly included in the By-laws.

- In the event that the CONCESSIONAIRE decides to carry out any of the above-mentioned processes, the CONCESSIONAIRE shall present the draft resolution of the General Meeting of Stockholders to the GRANTOR and OSITRAN. The draft resolution shall be authorized by the GRANTOR after twenty (20) Calendar Days and informed to OSITRAN. Except in the event of reduction of equity, the additional prior favorable opinion of OSITRAN, which shall have twenty (20) Calendar Days to express its opinion. Should the GRANTOR or OSITRAN, if applicable, fail to express their opinion
in the established term, such draft resolution shall be understood as denied.

− The CONCESSIONAIRE’s corporate purpose is sole and exclusive and it shall indicate its quality as CONCESSIONAIRE of the State of the Republic of Peru. It shall consist exclusively in the exercise of its rights and obligations related to the Airport Concession and other obligations established in the Contract.

− The CONCESSIONAIRE shall adopt one of the corporate forms regulated by the General Corporation Law except regarding Publicly Trade Corporations.

− For the purposes of the incorporation, operation and performance of the CONCESSIONAIRE, the CONCESSIONAIRE shall be strictly regulated by the provisions of the Peruvian legal system.

− The term of the partnership formed by the CONCESSIONAIRE shall be, as a minimum, of forty and forty-five (45) years. If by any reason an extension of the Concession takes place, the CONCESSIONAIRE is obliged to extend the term of the partnership for an additional term equivalent or greater than that of the extension.

− Without prejudice to the foregoing, the CONCESSIONAIRE shall not be dissolved or settled until the emerging obligations of the Concession related due to this Contract at the GRANTOR’s satisfaction.

d) The CONCESSIONAIRE shall grant the Performance Bond of the Concession Contract established in Section 10.2.2 of Clause Ten of this Contract.

e) The CONCESSIONAIRE shall grant the powers of attorney of its legal representatives duly recorded in the Registry Office of Lima.

f) The CONCESSIONAIRE shall have paid the amount in favor of PROINVERSION for Expenses regarding Preparatory Acts of the Concession Process, pursuant to the Bidding Terms of the Bidding Process.

g) The CONCESSIONAIRE shall present its Affidavit Statements and the Main Partner’s Affidavit Statements affirming that they are able to enter into Contracts with the State and that they are not included
h) Presentation of the certificate proving that it is not ineligible to enter into Contracts with the State issued by the Supervisory Agency of the Government Procurement, of the Successful Bidder or its members when it is a Consortium.

i) The CONCESSIONAIRE shall present the Construction Agreement when the Strategic Investor(s) have failed to prove the experience in construction during the stage of the Bidding Process or when the outsourcing of this labor through other constructor who complies with the demanded requirements is deemed convenient. The Construction Agreement shall be presented in a notarial certified copy.


3.3.2 The GRANTOR, in this Contract, is obliged to the following:

a) Return the Guarantee of Validity, Enforceability and Relevance of the Offer, submitted by the Successful Bidder during the Bidding Process Procedure.

b) Provide a copy of the Concession Contract duly signed by the CONCESSIONAIRE.

c) Provide the CONCESSIONAIRE, by virtue of what is established in Article 4° of Act 26885 “Law on Incentives to Concessions of Infrastructure Works and Public Services”, with a certified copy of the Supreme Decree that is referred in Article 2° of Decree Law Nº 25570, a complementary regulation to Legislative Decree Nº 674, modified by Article 6° of Act Nº 26438, by which the State of the Republic of Peru guarantees the declarations, securities and obligations of the GRANTOR established in this Contract, unless that Supreme Decree have been published before the Closing Date and sign the corresponding Contract of Securities and Guarantees.

d) Provide a copy of the Legal Stability Agreement provided the CONCESSIONAIRE have requested it and to this purpose the CONCESSIONAIRE shall have complied with the requirements established in Act Nº 27342, its regulatory, modifying and complementary rules.

e) Provide the CONCESSIONAIRE with the Concession Area, an act which shall be verified with the Take of Possession in compliance with section 5.6 of this Contract.
CLAUSE FOUR

CONCESSION TERM

4.1 Concession Term

Unless the Concession is resolved in advance or is extended according to what is expected in this Agreement, the period of validity by which the Concession is forty (40) years counted from the Closing Date.

4.2 Suspension of the Obligations of the Parties

4.2.1 The obligations of the Parties may be suspended during the Concession term, at the request of either party, in case one or more of the events which are detailed below take place and that at the discretion of the competent authorities have affected the Airport and that shall be supported in the corresponding legal and technical reports:

a) Force majeure or unforeseeable circumstances, according to the definition of this concepts provided in Sections 15.6.1 and 15.6.3 of the Clause Fifteen of this Contract and the Civil Code of the Republic of Peru.

b) Partial or total destruction of the Concession Assets for whatsoever reason not attributable to the CONCESSIONAIRE which prevent the rendering of Airport Services in the conditions established in this Contract.

c) Contract between the Parties, derived from the circumstances different from those referred in the preceding subsections, in which case it shall be necessary to count on OSITRAN’s prior opinion. The procedure to be followed shall be that established by the Parties previously.

4.2.2 In the event the assumption detailed in subsection a) or b) of the preceding section, any of the Parties shall be entitled to request the suspension of its obligations regarding the Contract. For that purpose, the Party affected by the occurrence of the event shall send a communication to its counterparty, with a copy to OSITRAN within the term established in Section 4.2.5 supporting its request. The Party that may have been notified shall express its pronouncement in a term not greater to thirty (30) Calendar Days counted from the date of the presentation of the request. OSITRAN’s prior favorable
opinion shall be issued in a term not greater than fifteen (15) Calendar Days after it was notified by means of the request. In case the Party or OSITRAN fail to express an opinion regarding the request within the expected term, it shall be understood that it was refused. The Party affected by the unfavorable pronouncement of its counterparty shall be entitled to resort to the procedure of dispute resolution provided in Clause Sixteen.

In case there are no disputes between the Parties regarding the occurrence of the assumptions indicated in Subsections a) and b) of Section 4.2.1 of this Clause, the suspension of the obligations of the affected Party shall take place from the date indicated in the communication submitted by the affected Party by the force majeure event without the need of OSITRAN’s later intervention.

4.2.3 Pursuant to what is established in the preceding section, the obligations, affected by a Force Majeure event or by the partial or total destruction of the Concession Assets by a reason non attributable to the CONCESSIONAIRE, shall remain automatically suspended from the occurrence of the Force Majeure event or the partial or total destruction of the Concession Assets and as long as such event lasts.

4.2.4 The Force Majeure or the partial or total destruction of the Concession Assets by a reason non attributable to the CONCESSIONAIRE shall not release the Parties from the fulfillment of the obligations which are not affected by those events.

4.2.5 The Party, affected by a Force Majeure event or the partial or total destruction of the Concession Assets within the seven (07) Days following the event or after being aware of it, as the case may be, shall present to its counterparty with a copy to OSITRAN, a report regarding
   i) The events constituting such Force Majeure event, and
   ii) The estimated terms of total or partial restriction of its activities or the expected degree of impact. Additionally, it shall keep the other Party informed about the development of such events.

The Parties shall do their best efforts to ensure the recommencement of the compliance of its obligations within the shortest possible time after the occurrence of such events.

Should the counterparty fail to express its approval with the estimated period regarding the suspension or the causes which motivate it according to what is provided in the report as referred in the preceding section, the CONCESSIONAIRE shall continue to render services in order that Users may use the Airport Infrastructure, in the extent that it is materially possible and provided that it does not entails an imminent risk for the environment, health or safety of people. Without prejudice to the foregoing, the CONCESSIONAIRE shall comply with the obligations derived from this
Agreement and which are not affected by the subject matter of the suspension. Likewise, within the suspension term, the GRANTOR shall continue to comply with the obligations established in the Contract. During the suspension, the application to the CONCESSIONAIRE of penalties related to the unfulfillment of an obligation affected by the event shall not be appropriate. In the event the report has not been previously approved by the GRANTOR, the penalties corresponding to the CONCESSIONAIRE may be applied retroactively.

4.3 Extension of the Concession Term

4.3.1 The CONCESSIONAIRE may request the GRANTOR the extension of the Concession Term according to the rules established in Clause Seventeen of this Contract. The CONCESSIONAIRE’s request shall be presented not less than three (3) years before the expiration of the Concession term established in Section 4.1 of this Clause.

4.3.2 The Concession term may be extended by the GRANTOR, prior OSITRAN’s previous opinion, provided that the CONCESSIONAIRE have complied with the obligations assumed in this Contract and provided that, in the event of an unfulfillment, the CONCESSIONAIRE shall not caused a prejudice which affected the operations and formal administration of the Airport.

4.3.3 The CONCESSIONAIRE shall present the GRANTOR its request with the proper support, and the GRANTOR shall submit such request to OSITRAN for its prior opinion and such opinion shall be expressed within the twenty (20) Days following the receipt of such request. If the requested opinion is not expressed in the indicated term, such opinion shall not be deemed favorable. Likewise, the GRANTOR shall have twenty (20) Days counted from the receipt of OSITRAN’s favorable opinion in order to issue its pronouncement. No matter the GRANTOR’s pronouncement, it must be duly supported. The GRANTOR reserves the right to check the financial and economic conditions, under which he may accept the extension of the Concession. Should the GRANTOR fail to issue its pronouncement in the above-mentioned term, it shall be understood that the request may be denied.

4.3.4 In no case, the Concession term, in addition to the term of any extension(s) which may be granted, shall exceed the maximum term established in the Applicable Laws.

CLAUSE FIVE

DISTRIBUTION OF ASSETS
5.1 Within the Concession Term, the GRANTOR shall maintain the property right of the Concession Assets. Without prejudice to the foregoing, such Concession is a sufficient title in order that the CONCESSIONAIRE exerts exclusive rights of Operation of the Concession Terms and exerts its rights over third parties. Likewise, the Concession is also a sufficient title to guarantee the economic operations and of any other similar nature of the CONCESSIONAIRE, directly related to the Concession, in the banking and financial system, within what is established in Clause Ten of this Contract.

5.2 The CONCESSIONAIRE shall have the property, use and benefit of all the Concession Assets, the right to provide Airport and Non-Airport Services, the design and the execution of Works, as well as the exercise of its rights which are necessary in order to comply with the obligations under its responsibility set forth in this Contract and the Applicable Laws.

5.3 The CONCESSIONAIRE is obliged to carry out the activities of the Routine, Regular and Preventive Maintenance aimed at preserving during the Concession term, the preservation status and the nature of the Concession Assets.

5.4 The Concession Area shall be transferred by the GRANTOR to the CONCESSIONAIRE free from charges, liens and physical occupations by third parties. The CONCESSIONAIRE is under the responsibility of maintaining the Concession Assets free from charges and liens and free from unlawful physical occupations from third parties within the Concession Term.

5.5 The GRANTOR shall be responsible before the CONCESSIONAIRE of any claim, court suit or action that third parties may bring related to the Concession Assets and when the cause of the claim started before the Take of Possession.

5.6 Take of Possession

5.6.1 The Take of Possession shall be carried out on the Closing Date.

5.6.2 Within the Take of Possession, the GRANTOR and the CONCESSIONAIRE shall sign the Delivery Certificate of the Concession Area before a Notary Public who certifies the delivery of it. In the Certificate, the general conditions of its delivery and specific affectation at the fulfillment of the subject matter of the Concession, as well as other important aspects.

5.6.3 Within the Take of Possession, the GRANTOR and the CONCESSIONAIRE shall sign the Delivery Certificate of the Concession Area before a Notary Public who certifies the delivery of it. In the Certificate, the general conditions of its delivery and specific affectation at the fulfillment of the subject matter of the Concession, as well as other important aspects.
5.6.4 The Delivery Certificate of the Concession Area shall be signed in three (03) original copies, one of which shall be submitted by OSITRAN and the others to the Parties.

5.7 Asset Ownership

5.7.1 The Concession Assets derived from the Works and New Works shall be registered in the corresponding Registry of Lands, on behalf of the GRANTOR, within a maximum term of six (06) months after the completion of the construction or execution with the approval of the GRANTOR and OSITRAN and after the technical information was submitted. The technical information of the new Concession Assets shall be submitted by the CONCESSIONAIRE to the GRANTOR within the six (06) months after the construction or execution of Works and New Works, prior OSITRAN’s approval. The CONCESSIONAIRE shall acquire automatically the right of use over the assets which derive from the Works and New Works once they are available.

The Works and New Works executed by the CONCESSIONAIRE, for the registry in the corresponding Registry of Lands, the ones that are regulated by the Contract and by the regulation applicable to the Control of Additions and Withdrawals of the Concession Assets approved by OSITRAN, if applicable, they shall be registered in favor of the GRANTOR and shall be established as Works or New Works.

5.7.2 The Concession Assets as referred to Equipment, New Equipment and any other personal property purchased by the CONCESSIONAIRE during the CONCESSION term shall be new, complete, appropriate and operative as well as they shall be delivered to the GRANTOR after the Concession Term or the early termination of it. It shall be applied what is stipulated in Article 22° of the TUO.

5.8 Delivery or return of the Concession Assets

5.8.1 Once the Concession Term is completed by any reason, the CONCESSIONAIRE is obliged to deliver or return to the GRANTOR, not later than the following ninety (90) Calendar Days, all the Concession Assets as well as the Concession Area which was delivered in the Take of Possession, including the Works, New Works, Equipment and any other personal asset purchased by the CONCESSIONAIRE due to a replacement or substitution and excluding those which were released from the inventory and/or substituted due a loss or obsolescence. The Concession Assets shall be well-preserved and in conditions of use and Operation, if applicable, taking into account the grounds which caused the Expiration of the Concession.
5.8.2 Likewise, after the Expiration of the Concession by any reason, the CONCESSIONAIRE is obliged to deliver or return to the GRANTOR within the ninety (90) Calendar Days, in a single act, the personal and real property which may be incorporated, having been subject to the CONCESSION or which constitute accessory assets which shall not be separated from the its purpose.

5.8.3 During the act of return, the CONCESSIONAIRE and the GRANTOR shall sign the corresponding Reversion Act of the Assets before the Public Notary who certifies the correct delivery and return of the Concession Assets. In the Act, the data of the representatives and the description of the purpose of the return shall be stated, specifying in general, or for any one of its components about the functioning and the performance and other relevant elements. The Final Inventory of the Airport shall be prepared previously between the CONCESSIONAIRE’s and the GRANTOR’s representative before a Notary Public.

5.8.4 It is included within the Reversion Act of Assets, the list of the Concession Assets of the Final Inventory, as well as any other element which help to understand the object that was returned and its status. Within the interpretative elements shall be included plans, photographs or drawings. Regarding the Concession Assets which shall be transfer by the CONCESSIONAIRE according to what is established in this Clause, the Reversion Act of Assets shall indicate the place of origin and the final place where those assets shall be sent.

5.8.5 The Reversion Act of Assets shall be signed in three (03) original copies, one for each of the Parties and one for OSITRAN.

5.8.6 The return of the Concession Assets to the GRANTOR shall not be subject to any tax created or to be created pursuant to Article 22° of the TUO.

5.9 CONCESSIONAIRE’s assets and its transfer to the GRANTOR

5.9.1 Within the Concession Area, the CONCESSIONAIRE may construct, purchase and implement, directly or through third parties, assets for the provision of Non-Airport Services that allow earning Non-Regulated Incomes

5.9.2 CONCESSIONAIRE’s assets shall be covered by the CONCESSIONAIRE’s resources or through the financing that he may deemed convenient.

5.9.3 CONCESSIONAIRE’s real property shall be transferred freely to the GRANTOR on the Expiration of the Concession. The property of those
assets shall be automatically transferred to him according to the terms and conditions set forth in this Contract regarding Concession Assets.

5.9.4 Taxes that may be applicable to the transfer of the CONcessionaire’s Assets in favor of the GRantor shall be charged to whom it may concern according to the Applicable Laws.

5.10 Protection of Possession

After the Delivery Act of the Concession Area is signed, the CONcessionaire is obliged to execute any of the following modes of Protections of Possession, in the attempt of usurpation of the Concession Areas at risk, as well as in the event of activities which are not consistent with the proper use of such area by third parties.

a) Extrajudicial protection of possession, applied to repel the force used against the CONcessionaire and be able recover the asset, without a period of time, in the event that it is dispossessed, but always abstaining from the use on a de facto basis of means which are justifiable by the circumstances.

b) Judicial protection of possession, such as the interdictions and other judicial actions so that the CONcessionaire shall, in case any damage, dispossession, occupation, usurpation, among others fall upon the Concession, inform OSITRAN and the GRantor about those facts and use the mechanisms and judicial resources that hold the GRantor harmless from the Concession Areas and the Concession Assets.

Without prejudice to the exercise of the above-mentioned protections, the CONcessionaire, in the event of any of such events, shall coordinate immediately with the GRantor, the corresponding lodging of legal actions. The GRantor shall use his best efforts to cooperate with the CONcessionaire in those purposes.

The exercise of the above-mentioned protections, does not exempt the responsibility of the CONcessionaire who in the event of any of the above-mentioned events, shall communicate and coordinate with the GRantor, the legal actions that had been lodged or are about to be lodge; therefore, the GRantor shall be free to lodge the legal actions as its sole discretion in order to hold harmless his right over the Concession Assets.

5.11 Easements
5.11.1 The GRANTOR shall obtain the easements that had been required by the CONCESSIONAIRE to comply with his obligations pursuant to this Contract, previously requested by him, and meet all the requirements provided in the Applicable Laws.

The CONCESSIONAIRE shall prepare plans regarding obstacle limitation surfaces and easements such as communication easements, in coordination with the GRANTOR, the provider of air navigation services and/or competent authorities, in compliance with Annex 20 of this Contract.

The CONCESSIONAIRE shall register in the corresponding Public Records, easements imposed in properties owned by third parties within ninety (90) Calendar Days after the easement was established.

5.11.2 The GRANTOR shall give for free the easements regarding state-owned assets.

5.11.3 The easements for assets occupancy shall be, including but not limited to, as follows:

a. Temporary occupancy of essential assets for the design, building, Airport Maintenance and Operation.

b. Right of way, for the custody, Maintenance and repair, as well as the installation of Equipment, if applicable.

5.11.4 The easements, once being imposed, shall be considered as Concession rights.

5.11.5 The temporary occupancy easements grant the owner of the servant estate the right to earn the payment from the indemnities and compensations established by the Applicable Laws, during the necessary time to execute the Works, provided that they affect private property. The negotiation and payment of indemnities, which may take place, as a result of imposing such easements, shall by under the CONCESSIONAIRE’s responsibility.

5.11.6 The GRANTOR acknowledges the CONCESSIONAIRE’s right to avoid or be opposed to any correction or amendment that any public or private body, favored or not with an easement and whose exercise results incompatible with the Airport Infrastructure, may attempt to make, the CONCESSIONAIRE shall request the GRANTOR to intervene and appropriately defend his right.

5.11.7 In the event that an easement is extinguished because of the CONCESSIONAIRE and for that reason a new easement is necessary, the CONCESSIONAIRE shall obtain it at his own expense.
5.11.8 In the event any reason non-attributable to the CONCESSIONAIRE causes him to lose any easement already constituted, the GRANTOR shall support the CONCESSIONAIRE in order to obtain a new easement that shall substitute it.

5.12 The CONCESSIONAIRE’s obligations regarding Concession Assets

5.12.1 The CONCESSIONAIRE is obliged to perform activities to preserve, during the term of the Concession, the welfare estate and nature of the Concession Assets.

5.12.2 THE CONCESSIONAIRE is obliged to carry out all the Works that attempts to maintain the operation of the Concession Assets and avoids a negative environmental impact.

5.12.3 The CONCESSIONAIRE is obliged to replace or substitute the Concession Assets, such as machinery and equipment, electric, mechanical and electronic systems, among other real property that can be lost or obsolete in no longer than three (03) months as from the asset was lost or declared obsolete. The replacement or substitution shall be performed as long as the replaced or substituted assets are new and comply with the same operational functions as the lost or obsolete ones.

5.12.4 In the event that the assets that were declared obsolete, apart from the obligation mentioned in the preceding section, the CONCESSIONAIRE shall put at the GRANTOR’s disposal those obsolete assets in no longer than three (03) months as from the OSITRAN communicates the withdrawal of the assets that were declare obsolete. The custody and return of the assets declared obsolete to the CONCESSIONAIRE shall be established in Annex 22, which complies with what is set forth in the Applicable Regulations to the Control of Additions and Withdrawals of the Concessions Assets, approved by OSITRAN.

5.12.5 In the event that the lost assets had a minimum unit value equivalent to the 12.5% of an UIT, the CONCESSIONAIRE shall report opportunely to a corresponding public authority and inform the GRANTOR within the five (05) days as from that loss was informed. The procedure to withdraw that asset shall be performed according to what is set forth in the Control of Additions and Withdrawals of the Concession Assets, approved by OSITRAN, without prejudice to the replacement that may take place. The replaced asset shall be part of the Concession Assets.
5.12.6 The Concession Assets that the CONCESSIONAIRE incorporates, through building or acquisition, during the Concession, as long as they are subject to that, shall not be transferred separately from the Concession. They shall not be mortgaged, transferred by trustee, affected in real property guarantee regulated in the Act N° 28677, Real Property Guarantee Act or subject to taxes of any type during the Concession Term, without the prior GRANTOR’s authorization, but taking into account OSITRAN’s prior opinion.

5.12.7 Whether they have been delivered with the Concession or incorporated during its term, all the Concession Assets which were not returned to the GRANTOR prior to the Concession’s Term shall be part of the Final Inventory and shall be reverted to the GRANTOR except for the tangible assets such as industrial property rights, intellectual property rights, technology agreements and know-how agreements and related agreements.

5.12.8 The CONCESSIONAIRE shall be responsible by the damages or losses caused by the Concession Assets from the Take of Possession, Acquisition or execution of the Works to the signing of the Reversion Act of the Concession Assets, except for the force majeure events or unforeseeable circumstances legally regulated and in this Contract. Any loss or deterioration of a Concession Asset shall be replaced or substituted by the CONCESSIONAIRE.

5.12.9 The CONCESSIONAIRE shall hold harmless the GRANTOR regarding and against any legal, administrative, arbitral or contractual claim or exception regarding the Concession Assets, provided that this situation may have taken place in the term from the Take of Possession and the Reversion of them by the CONCESSIONAIRE to the GRANTOR, provided that the affectation is not a consequence of an action or an omission of the GRANTOR.

The GRANTOR acknowledges that any other claim, legal action or act started by third parties regarding the Concession Assets delivered by him for facts or situations started before the Take of Possession shall not be under the CONCESSIONAIRE’s responsibility since they are the responsibility of the person deemed convenient in compliance with the Applicable Laws. The GRANTOR is obliged to hold the CONCESSIONAIRE’s harmless from any responsibility due to the above-mentioned claims, legal actions or acts.

5.12.10 The CONCESSIONAIRE shall be responsible and shall be obliged to pay the taxes, rates and contributions as well as water, electricity, telephone, Internet and other public or private services which are applicable to
Concession Assets, from the Take of Possession of those assets whether he purchases or construct them.

5.13 **Air Navigation Equipment**

5.13.1 The CONCESSIONAIRE may acquire Air Navigation Equipment for AICC, including its corresponding replacement kits which shall be new, complete, appropriate and operative; subsequently, they shall be transferred to the GRANTOR and the GRANTOR shall, in its turn, transfer them to CORPAC or the agency which substitutes it before the beginning of AICC’s Operation.

In order that the transfer of Air Navigation Equipment to the GRANTOR is carried out by the CONCESSIONAIRE, a Certificate of Receipt of Air Navigation Equipment shall be signed.

The transfer of Air Navigation Equipment from the GRANTOR to CORPAC shall be carried out in compliance with the Applicable Laws.

5.13.2 The CONCESSIONAIRE shall install and carry out the necessary assessments in order to verify the correct functioning of the Air Navigation Equipment before its delivery to the GRANTOR.

5.13.3 Air Navigation Equipment is not included within the Concession Assets nor within the Concessionaire’s Assets, which are regulated by what is stipulated in Section 7.7 of this Contract.

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**CLAUSE SIX**

**MAINTENANCE OF CONCESSION ASSETS**

6.1. The CONCESSIONAIRE shall be responsible of the Maintenance and Proper Preservation of the Concession Assets, including Works, New Works, Equipment and others personal assets, in compliance with the Basic Standards and Minimum Technical Requirements set forth in Annex 8 of this Contract during the Concession Term and until the return and/or delivery of the Concession Assets.

6.2. The CONCESSIONAIRE shall carry out the necessary activities regarding the Maintenance of the Airport Infrastructure to meet the Minimum Technical Requirements established in Annex 8 of this Contract. Within them, the Routine Maintenance activities, which shall be carried out in detail and in accordance with the specifications of the works described in Appendix 3 of Annex 8.
6.3. Without prejudice to the Routine Maintenance activities which the CONCESSIONAIRE is obliged to do, he shall carry out the activities of Regular Maintenance once the Program of Regular Maintenance is approved.

6.4. The CONCESSIONAIRE, within the Contract term, shall develop a Program of Regular Maintenance to be carried out during the five (5) following years after its approval. The above-mentioned program shall be submitted to OSITAN no later than the sixty (60) Calendar Days before the due day of the current five-year period. OSITRAN shall send such program to DGAC attaching its opinion about it in fifteen (15) calendar days. The DGAC shall have thirty (30) calendar days to approve the proposal. Once the deadline is reached and no approval is communicated to OSITRAN, it is understood that the program was denied.

Within the three (03) Days after the expiration of the above-mentioned term, the CONCESSIONAIRE shall request the GRANTOR, with a copy to OSITRAN, to inform him about the observations on the Program of Regular Maintenance made by DGAC which prevented its approval. The GRANTOR shall meet the requirement made by the CONCESSIONAIRE within the seven (07) Days after the request was submitted.

6.5. Alternatively, the CONCESSIONAIRE, due to technical and/or operational reasons, may review and/or modify the Program of Regular Maintenance previously submitted to OSITRAN, within the term of five (05) years of the program’s term originally submitted; therefore, he shall attach a report in which the amendments made are identified and justified.

6.6. The first Program of Regular Maintenance (to be carried out after the first five (05) years of the Concession counted from the Operation start date) shall be submitted to OSITRAN sixty (60) calendar days before the Operation start date.

6.7. In the event that during the Concession, failures or imperfections are shown in the Concession Assets which prevent the maintenance of the regular development of the Concession operation and do not allow maintaining AICC’s safety, the CONCESSIONAIRE shall carry out the Corrective Maintenance works.

6.8. Maintenance Supervision

6.8.1. One of OSITRAN’s duties is to carry out the supervision and technical oversight of the obligations assumed by the CONCESSIONAIRE in this Contract, related to the Airport Maintenance and Operation. For this purpose, it shall execute its functions according to what is established in the “Regulatory Rules”, including but not limited to, OSITRAN’s General Regulation of Supervision and Regulations of Infractions and Penalties.

OSITRAN shall carry out the supervision and technical assessments in order to verify the complete compliance with the Basic Standards and other conditions set forth in this Contract.

6.8.2. The CONCESSIONAIRE shall provide OSITRAN free access to the Concession Areas to carry out its duties with the proper accuracy and with no impediments.
Likewise, the CONCESSIONAIRE shall provide free access to the GRANTOR to carry out his duties without any impediments.

6.8.3. In case of breach, OSITRAN shall inform in written to the CONCESSIONAIRE, the results of the technical assessment, specifying the detected problems or defects which are not in compliance with the Minimum Technical Requirements.

6.9. Correction terms

Without prejudice to the penalties assumed by the CONCESSIONAIRE due to noncompliance of the obligations of Maintenance and/or Rehabilitation, the CONCESSIONAIRE shall be responsible of the correction of defects informed by OSITRAN. In order to correct the observations that OSITRAN informs about the noncompliance of what is established in Section 6.1 and the following ones from this Contract, OSITRAN shall provide the CONCESSIONAIRE a term to correct them. The corrections shall be made according the nature and complexity of the observation.

CLAUSE SEVEN
CONCESSION OPERATION

7.1. CONCESSIONAIRE’s Rights and Duties

7.1.1. The CONCESSIONAIRE’s Airport Operation is a right, to the extent that is the mechanism through which the CONCESSIONAIRE shall generate incomes from the Concession and shall earn the Cofinancing, it is as well a duty, to the extent that the CONCESSIONAIRE has the obligation to provide Airport Services to the Users and maintain the Airport Infrastructure according to the Minimum Technical Requirements and the Basic Standards.

Through the Concession Operation, the CONCESSIONAIRE shall earn the Regulated and Non-Regulated Incomes, according to what is set forth in this Contract.

Regarding earning Non-Regulated Incomes, OSITRAN shall be in charge of supervising and over sighting of these incomes.

7.1.2. The CONCESSIONAIRE shall design and manage the Airport Services according to the parameters set forth for that purpose in this Contract.

7.1.3. The CONCESSIONAIRE is obliged to meet the Minimum Technical Requirements established in Annex 8 of this Contract, to obtain the Aerodrome Certificate issued by the DGAC, according to what is established in RAP 139, to comply with the Technical Proposal, the Master Development Plan, the
Investment Plan on Equipment, the Program of Regular Maintenance and the Rehabilitation Program, among others.

7.1.4. The CONCESSIONAIRE is committed to oblige, in the event that the Secondary Operations are provided by third parties, that such parties previously obtain the administrative and technical permissions required by the DGAC according to the requirements established in RAP.

7.1.5. In order to start the Airport Operation, the CONCESSIONAIRE shall process and obtain the Functioning Authorization by DGAC, in compliance with the procedure established in Appendix C of RAP 139.

7.1.6. Likewise, he has the obligation to include in the agreements, to be subscribed with the secondary operations, a subsequent condition that establishes that in case the secondary operators do not comply with the rules issued by DGAC on Civil Air force Safety and the applicable Regulatory Rules, the agreements shall terminate.

7.1.7. The CONCESSIONAIRE shall provide in a fee way, unfurnished but appropriate offices to public bodies according to Annex 4, in order that such authorities be able to work at AICC. Regarding SUNAT, the CONCESSIONAIRE shall provide all the necessary spaces so that such body is able carry out its control duties pursuant to Legislative Decree N° 1053 which approves the General Customs Law, its rules and other Applicable Laws.

Each public body shall pay the CONCESSIONAIRE the expenses for electricity, water, telephone, access to Internet and private networks or any other similar services, created or about to be created, that have been generated from the use of these areas. The CONCESSIONAIRE shall not generate any margin of return for these concepts.

The CONCESSIONAIRE may relocate or reassign such offices whenever there are Airport operational needs or when there is a greater return to the Airport and does not affect the bodies’ functions; which shall be previously coordinated with the corresponding body.

7.1.8. The CONCESSIONAIRE shall provide OSITRAN and the CONCESSIONAIRE with reports about the achieved goals within the Concession no later than the first quarter of the following year of the informed period. The periods to be informed correspond to each Year of the Concession. The reports shall include an annual summary of the performance and goals achieved by the CONCESSIONAIRE. Besides, it shall include the results of a survey of the Concession Users as referred in Appendix 3 and Annex 8. This survey shall be made by a prestigious survey company accepted by OSITRAN and not related to the CONCESSIONAIRE on aspects such as quality of service and infrastructure, rate levels and safety.
7.1.9. The CONCESSIONAIRE shall submit the DGAC monthly information on passenger and cargo traffic and operations in the Airport, according to the format established by DGAC.

7.2. Airport Certification

7.2.1. In order to start the Concession Operation, after the obtaining of the Functioning Authorization, the CONCESSIONAIRE shall obtain the Aerodrome Certificate issued by DGAC from the Ministry of Transport and Communications, according to the rules of RAP 139 and the procedure indicated in the following sections.

The CONCESSIONAIRE shall request the corresponding Aerodrome Certificate from the AICC, once the Works execution, the acquisition, installation and setting up of the Equipment and Air Navigation Equipment are finished as well as the activities and the necessary interventions of the Airport operation are carried out in compliance with Annex N° 14 of the International Civil Aviation Organization (ICAO) and RAP 314.

In order to comply with what was indicated in the preceding section, the CONCESSIONAIRE shall have a maximum of thirty (30) calendar days after the signing date of the Certificate of Receipt of Works and Equipment and the certificate regarding Air Navigation Equipment without observations, to submit the request of Aerodrome Certificate.

7.2.2. The request of Aerodrome Certificate presented by the CONCESSIONARE shall comply with the requirements and conditions established in RAP 139.

THE GRANTOR shall have a maximum of thirty (30) calendar days for the approval of the request and the issue of the Aerodrome Certificate.

In case, there are observations on the request of the Aerodrome Certificate, the CONCESSIONAIRE shall have a maximum of ten (10) calendar days to correct the observations made by the GRANTOR, since the date they were duly notified.

7.2.3. Without prejudice to what is established in Annex 6 from the present Contract, the CONCESSIONAIRE shall verify and update the aviation data\(^3\) corresponding to the Airport in order to obtain the Aerodrome Certificate, this data shall meet the requirements of exactitude to be incorporated in the Aviation Information Publication (AIP-PERU).

7.3. Essential Assistance

\(^3\) Aviation Data: They are the representation of aeronautical facts, concepts or instructions in a formal way so that they can be communicated, interpreted or proceeded. This data shall be collected according to what is established in Annex 15 of ICAO, meeting the quality requirements.
For the access and use of the airport essential assistance, qualified as such by the REMA, the CONCESSIONAIRE and the Downstream Users shall be subject to the compliance and application of such regulations, as well as its modifying rules.

7.4. Integral Safety

7.4.1. The CONCESSIONAIRE shall comply with Act No 28404 “Civil Aviation Security Act” and its regulations, approved by Supreme Decree No 007-2006-MTC, as well as a current regulation related to aviation security regarding to aerodromes operators.

In accordance with what is established in Article 6°, Supreme Decree No 007-2006-MTC, the CONCESSIONAIRE may not refer to the Airport Security Procedures to prevent the compliance with the control functions corresponding to the Governmental Authorities which perform activities within the Airport.

Furthermore, the CONCESSIONAIRE shall comply with all the requirements established in RAP 107 before and during its operation, as appropriate.

7.4.2. The CONCESSIONAIRE shall provide the services related to “Airport Security” according to what is set forth in the Regulations of the Civil Aviation Security Act. The service of Airport Security inside the “Restricted Security Area” shall be provided by the CONCESSIONAIRE’s staff, unless the current regulations, at the time the Main Operations are provided, allow that services be carried out by means of outsourcing.

7.4.3. Likewise, the CONCESSIONAIRE is obliged to implement, operate and maintain an airport security system with the necessary staff and equipment for the inspection of passengers carrying their hand luggage, as well as any person entering the restricted security areas and the general protection of the Airport.

7.4.4. THE CONCESSIONAIRE is obliged to implement the systems, equipment, service station and rescue and firefighting staff, in compliance with RAP 314, both for the aviation and public part, in order to maintain the levels of protection corresponding to the Airport category.

7.4.5. THE CONCESSIONAIRE is obliged to implement the necessary security equipment systems to maintain the adequate levels of efficacy and efficiency in the Airport security services within the following twenty four (24) hours, all the Calendar Days from the Operation Start Date.

7.4.6. The CONCESSIONAIRE shall carry out a security study based on the requirements established in the Program of Aviation Security (AVSEC, by its Spanish acronym)

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4 Term defined in the Regulations of the Civil Aviation Security.
The term to carry out these security studies regarding the Airport shall not be longer than one hundred and eighty (180) Calendar Days from the Operation start date.

7.4.7. The CONCESSIONAIRE shall provide all the assistance to the airlines so that they can comply with their obligations regarding the inspection of the checked baggage, cargo and mail, according to what is set forth in Act N° 28404 and its regulations.

The CONCESSIONAIRE shall appoint and isolate an area for the inspection of luggage, through the use of physical barriers, which cannot hinder the efficient development of the inspection activities.

7.4.8. The CONCESSIONAIRE shall provide all the facilities to the airlines so that they are able store the unaccompanied, unidentified or unclaimed baggage that they have in custody, in order to avoid manipulation and access of non-authorized persons.

The access restriction excludes officials of the Government who in the scope of their functions may require to inspect the stored baggage in such areas, for which, they shall be duly authorized or when the CONCESSIONAIRE notifies a minimum term of two (02) Days to visit and inspect the area and this may happen because of sanitary, electric, risky, infrastructure and security maintenance aspects, among others.

7.5. Procedures for Users’ complaints

7.5.1. The CONCESSIONARE shall implement a complaints handling system according to what is set forth in the Regulations of the Resolution of Complaints and Disputes and others dispositions which were passed for that purpose by OSITRAN.

7.5.2. Once the complaint is presented, the CONCESSIONAIRE shall decide and express his opinion within the given terms and according to the procedural mechanisms established by OSITRAN for AICC’s Users complaint management.

7.5.3. Should the CONCESSIONAIRE and the Users fail to resolve the conflict that has arisen, it may be resolved by OSITRAN according to the corresponding legislation.

7.6. Applicable Principles to Provide Airport Services

7.6.1. Airport Services shall be provided according to the Applicable Laws regulating the free access to the market; noticing in the provision of those, in addition to the principles listed below principles, the regulations on the matter passed by

In order to supervise the provisions which are indicated as follows, in the event that the CONCESSIONAIRE provides two or more services in competence and in a simultaneous way, with Downstream Users, he has the obligation to keep the accounts separate. This shall allow having a better control of the incomes and expenditures attributable to each service. The form and opportunity, in which this obligation shall be carried out, as well as the charge rules when common rules exist, shall be determined by OSITRAN.

OSITRAN shall supervise that the content of the agreements with Downstream Users violates neither the dispositions set forth in Agreement nor in the REMA, being able to instruct the CONCESSIONAIRE to render void and null those provisions that infringe them.

7.6.2. Principle of No Discrimination: In the business relationships between the CONCESSIONAIRE and the Downstream Users, it is forbidden to apply different conditions to equivalent provisions that create unfavorable situations among competitors.

The CONCESSIONAIRE shall guarantee that the Airport Services and the local areas of the terminal shall be provided and be available for all the Downstream Users without any type of discrimination. Besides, the CONCESSIONAIRE and the Downstream User shall comply with all the Applicable Laws, related to the equitable availability and equality of prices and Rates of Assets and/or services and the reasonable, non-discriminatory access to the Airport in equal circumstances.

7.6.3. Principle of Neutrality: The CONCESSIONAIRE or the Downstream Users related to the CONCESSIONAIRE that provide services which serve as a base to provide other services or that have a dominant position in the market, have the obligation not to use the said situations to provide in a simultaneous way other services in more favorable conditions and to the detriment of their competitors.

7.6.4. Prohibition of crossed allowances: The CONCESSIONAIRE and the Downstream Users related to the CONCESSIONAIRE shall not use the incomes from the provision of services subject to the regime of regulations to subsidize in a crossed way other services, whether they are regulated or not.

7.7. Air Navigation Services

7.7.1. AICC’s Air Navigation Equipment, including its corresponding replacement kit, shall be acquired and installed by the CONCESSIONAIRE who shall transfer them to the GRANTOR, immediately after its installation, verification of operation and acceptance of the latter.
Air Navigation Equipment is described in Annex 19.

7.7.2. The CONCESSIONAIRE shall provide the necessary infrastructure for the installation and the correct functioning of the Air Navigation Equipment as well as the necessary facilities for the staff in charge of the operation of such equipment.

7.7.3. The provision of Air Navigation Services shall be in charge of the GRANTOR, through CORPAC or the body which substitutes it, according to the technical and security requirements established by DGAC, by which the CONCESSIONAIRE does not assume any type of responsibility derived from the provision of the Air Navigation Services. Therefore, the GRANTOR shall transfer the Air Navigation Equipment to CORPAC, on the signing date of the Certificate of Receipt of Air Navigation Equipment, in order that the GRANTOR assumes the operation and maintenance cost of this equipment during the Concession term.

7.7.4. The CONCESSIONAIRE, prior to the transfer of the Air Navigation Equipment to the GRANTOR, is obliged to train the CORPAC’s staff in the adequate use of the referred equipment for Air Navigation Services. For this purpose, CORPAC shall submit a nominal list of the officers participating in such training, within the term granted by the CONCESSIONAIRE.

7.7.5. Without prejudice to what is established in Section 7.7.3, the CONCESSIONAIRE shall provide the following Air Navigation Services and assume the responsibility and expenses from the operation and maintenance associated to them: a) visual aids services and b) control and maintenance services of aircraft on ground; in compliance with Annex 3 of this Contract.

7.7.6. The CONCESSIONAIRE shall provide CORPAC the areas that are intended only and exclusively for providing Air Navigation Services including equipment, infrastructure and buildings for the staff. Without prejudice to the foregoing, CORPAC shall pay the CONCESSIONAIRE, in a maximum of (30) calendar days after the invoice issuance, the expenses indicated in the Agreement of Business Cooperation between the CONCESSIONAIRE and CORPAC, contained in Annex 10. The CONCESSIONARE shall generate no margin of return for these concepts.

7.7.7. In the event that CORPAC assigns the areas provided by the CONCESSIONAIRE to purposes different from Air Navigation Services, they shall be cleared and returned to the CONCESSIONAIRE in a maximum of fifteen (15) Calendar Days after the CONCESSIONAIRE was duly notified, prior verification by OSITRAN in case CORPAC misuses them.

7.7.8. The relationships and responsibilities between CORPAC and the CONCESSIONAIRE, regarding the above-mentioned areas shall be regulated in the Agreement of Business Cooperation as referred in Annex 10, which shall be signed on the Closing Date and shall come into force at the start of the Airport Operation.
CLAUSE EIGHT
WORK EXECUTION AND INSTALLATION OF EQUIPMENT AND AIR NAVIGATION EQUIPMENT

8.1 General Responsibility

8.1.1 The CONCESSIONAIRE shall be in charge of the design and construction of the Works and New Works; the purchase, installation and operation of the Equipment; and the acquisition, installation and setting up of the Air Navigation Equipment. Likewise, the CONCESSIONAIRE shall be in charge of the necessary activities to ensure the correct functioning of the operations in safe and efficient conditions in accordance with the Applicable Laws.

8.1.2 Likewise, the CONCESSIONAIRE shall comply with the Basic Standards, the Minimum Technical Requirements and Annex 19 pursuant to this Contract, during the execution of the Works and New Works, during the acquisition, installation and operation of the Equipment, during the acquisition and installation of Air Navigation Equipment, as well as during the execution of the Regular Airport Maintenance.

8.1.3 The Works, New Works and the acquisition, installation and operation of Equipment, as well as the acquisition and installation of Air Navigation Equipment shall be executed in order to ensure the correct provision of Airport and Air Navigation Services, which would be acknowledged by the GRANTOR, based on the criteria set forth in the Contract.

The Works, New Works and installation and operation of the Equipment shall be executed so that the provision of Airport Services is guaranteed in a continuous way as possible.

8.2 Stage of Works Execution

The stage of Works Execution shall start within the thirty (30) calendar days counted from the date in which all the following conditions are achieved:

a) The EDIs regarding Works and Equipment are approved by the GRANTOR.

b) The corresponding Environmental Impact Assessment or a Social and Environmental Management document are submitted and approved by the General Directorate of Social and Environmental Affairs (DGASA) of the Ministry of Transport and Communications in compliance with Clause Twelve of this Contract.

c) The Financial Closing is accredited before the GRANTOR.

d) Take of Possession has occurred.

e) The corresponding municipality permissions and licenses have been obtained at the CONCESSIONAIRE’s expense.
f) The Ministry of Culture has obtained the permissions to execute the Works, as well as the approval of the Archaeological Monitoring Plan in compliance with Section 12.1.6 of the Contract.

The GRANTOR and the CONCESSIONAIRE shall sign a certificate in order to set a date to start the stage of Works Execution.

The stage of Works Execution shall end in no longer than four (04) calendar years after the Operation Start Date.

In the event the CONCESSIONAIRE fail to meet the expected term of the Stage of Works Execution causes in a cumulative way a delay greater than twelve (12) months from the total term, in addition to the corresponding penalties, the GRANTOR may terminate the Agreement, prior OSITRAN’s opinion.

8.3 Submission of the Master Development Plan

The CONCESSIONAIRE shall present, together with a copy to OSITRAN, a Master Development Plan of the Airport Within the first a hundred (100) calendar days following the Closing Date.

The Master Development Plan shall be developed based on the Technical Proposal, the pre-investment studies deemed feasible and the guidelines established in Annexes 20 and 21 of this Contract.

The Master Development Plan shall be evaluated and approved by the GRANTOR, through DGAC, by means of Board Resolution, prior OSITRAN’s opinion.

The CONCESSIONAIRE shall submit the GRANTOR and OSITRAN the Master Development Plan for its corresponding evaluation. OSITRAN shall have thirty (30) Days for the review and evaluation of the Master Development Plan. The GRANTOR shall have thirty (30) Days as from the receipt date of the evaluation made by OSITRAN to evaluate and approve the Master Development Plan.

In cases when the GRANTOR make observations on the Master Development Plan submitted by the CONCESSIONAIRE, the GRANTOR shall grant a maximum of thirty (30) Days to correct the observations made by the GRANTOR, as from the date they were duly notified.

Next, the GRANTOR shall have ten (10) calendar days, starting from the opinion received from OSITRAN, to evaluate the corrections submitted by the CONCESSIONAIRE. For such purpose, OSITRAN shall have maximum ten (10) Calendar Day as from the date the corrections were received to issue its pronouncement.

In case the GRANTOR, prior OSITRAN’s opinion, agrees with the corrections of the observations made in the Master Development Plan, the GRANTOR shall approve it.
The Master Development Plan shall be updated at least once every five-year period starting from its approval; therefore, the CONCESSIONAIRE shall submit again to the GRANTOR and OSITRAN all the documentation indicated in Annex 20 of this Contract not later than one hundred and eighty (180) calendar days before the end of the each five-year period.

Nevertheless, referring to what was indicated in the preceding section; in case the CONCESSIONAIRE is irrefutably accredited before OSITRAN, through a technical report that is not necessary to carry out an update of the Master Development Plan in the established term and with prior OSITRAN’s pronouncement; therefore, the CONCESSIONAIRE is exempted from that obligation.

OSITRAN’s pronouncement shall be issued within the fifteen (15) days after the corresponding technical report was sent. In case that there is no response from OSITRAN, in the established term, it is understood that the request was denied.

8.4 Submission of the Investment Plan on Equipment

The CONCESSIONAIRE shall develop an Investment Plan on Equipment, which shall be submitted to the GRANTOR within the same established terms for the submission of the Master Development Plan.

The procedures and terms for the approval of the Investment Plan on Equipment shall be regulated in compliance with Section 8.3 of this Clause, for Master Development Plan.

Investment Plan on Equipment shall be updated each three (03) Calendar Years after its approval.

8.5 Definitive Engineering Study (EDI)

The CONCESSIONAIRE shall prepare the EDI which shall be approved by the GRANTOR, prior OSITRAN’s opinion. The EDI shall be prepared based on the Technical Proposal and the pre-investment studies deemed feasible by MTC’s General Office of Planning and Budget Plan according to the specifications set forth in this Contract.

The CONCESSIONAIRE shall submit the EDIs of the “Opening” Stage not later than three hundred (300) Calendar Days as from the Closing Date. The EDIs shall contain at least what is indicated in Annex 21 of this Contract.

The CONCESSIONAIRE shall verify in advance that the provisions of the EDI maintain the feasibility of the project within the framework of the National Public Investment System (SNIP, by its Spanish acronym)
THE CONCESSIONARE shall submit the EDIs to the GRANTOR with a copy to OSITRAN on the date indicated in the preceding paragraph for its corresponding evaluation and issuance of opinion. The GRANTOR shall have a maximum of thirty (30) Calendar Days, as from the receipt date of the EDI, in order to make his pronouncement.

OSITRAN shall have a maximum of thirty (30) Calendar Days to make its pronouncement concerning the EDIs.

The approval of EDIs by the GRANTOR shall be subject to the compliance of the Minimum Technical Requirements indicated in Annex 8 of this Contract.

In case, there are observations to the EDIs, the CONCESSIONAIRE shall have a maximum of ten (10) Calendar Days to correct the observations made by the GRANTOR, as from the date when they were duly notified.

Next, the GRANTOR shall have ten (10) calendar days, as from the date when OSITRAN’s opinion was received to evaluate the corrections submitted by the CONCESSIONAIRE. For this purpose, OSITRAN shall have a maximum of ten (10) Calendar Days as from the date when the corrections were sent in order to pronounce itself.

Once the above-mentioned term of the preceding section ends; and should the CONCESSIONAIRE and the GRANTOR fail to agree about the corrections of the observations in the EDIs, it can be considered a technical dispute that can be submitted to arbitration according to what is indicated in Section Sixteen. In case the GRANTOR, prior OSITRAN’s opinion, agrees about the corrections of the observations to the EDIs, the CONCESSIONAIRE shall approve them.

8.6 Program of Works Execution and Equipment and Program of Air Navigation Equipment

These programs are based on identifying the opportunity in which the Works shall be executed and the Equipment shall be installed, as well as the purchase, installation and setting up of the Air Navigation Equipment.

In the same established term for the submission of EDI, the CONCESSIONAIRE shall submit the GRANTOR, with a copy to OSITRAN, the Program of Works Execution and Equipment and the Program of Air Navigation Equipment, in physical and electronic copy. The Program of Works Execution and Equipment and the Program of Air Navigation shall be approved by the GRANTOR before the start of the Works Execution, having ten (10) counted from the receipt of those. In case there is no response by the GRANTOR within the established term, it is understood that the Program of Works Execution and Equipment and the Program of Air Navigation Equipment are approved.
The Program of Works Execution and Equipment and the Program of Air Navigation Equipment shall comply with the maximum established term in Section 8.2 of this Clause.

8.7 Development of the Program of Works Execution and Equipment

The Program of Works Execution and Equipment indicated in preceding Section 8.6 shall be submitted, based on EDI regarding Works and Equipment.

THE CONCESSIONAIRE may make amendments to the Program of Works Execution and Equipment, prior GRANTOR’s approval together with OSITRAN’s opinion, without extending the term of total Works Execution and acquisition and Equipment Implementation.

The extension or amendment of the term for the execution of Works and Equipment approved by the GRANTOR may cause the Program of Works Execution and Equipment to be restructured, provided that it has OSITRAN’s prior opinion within ten (10) business days.

8.8 Term Extension of the Stage of Works Execution and Equipment

In the event that due to reasons attributable to the GRANTOR or that are not of the CONCESSIONAIRE’s responsibility, there is a delay in the Works execution and Equipment, the CONCESSIONAIRE may request the term extension for the Works execution and Equipment, which is required to be justified.

Term extension requests for the Stage of Works Execution and Equipment are submitted to the GRANTOR, with a copy to OSITRAN, they shall be duly justified, including the new proposed Program of Works Execution and Equipment. OSITRAN shall send his opinion to the GRANTOR not later than thirty (30) calendar days, as from the request notice. GRANTOR shall pronounce himself in thirty (30) calendar days as from the receipt of OSITRAN’s opinion. Once the indicated term finishes, and the GRANTOR fails to declare, it shall be understood that the request was denied. When the extensions are approved and granted for reasons non-attributable to the CONCESSIONAIRE, these reasons shall prevent from applying penalties and other predicted measures to penalize a breach of contract caused by delay in the Works execution or purchase and equipment implementation.

Once the term extension is approved, the CONCESSIONAIRE shall submit the GRANTOR, with a copy to OSITRAN, an updated Program of Works Execution and Equipment, not later than the ten (10) Calendar Days as from the approval of such extension.

In the event that at the start or during the Works, or purchase and implementation of equipment is delayed because of a fact attributable to the GRANTOR, the
CONCESSIONAIRE, at his request, shall have the right to suspend the term according to what is established in Clause Four for a term not less than the term of the delay.

When the CONCESSIONAIRE requests the term extension for the Stage of Works Execution or for the acquisition or implementation of Equipment, due to reasons strictly attributable to him, without prejudice to observe the procedure described in the preceding sections, it shall result in the application of the respective penalty, according to Annex 9 of this Contract.

8.9 Works and Equipment Approval

As the Works are being completed and/or it is needed to purchase or implement equipment, the CONCESSIONAIRE shall request the GRANTOR, with a copy to the OSITRAN, the receipt of them, attaching the respective report where its completion shall be established according to the approved EDI.

The Works and Equipment shall comply with all the standards and technical parameters of design and construction, indicated in Annex 8 of the Contract. Likewise, they shall comply with the Applicable Laws and Basic Standards.

Within the term of forty-five (45) calendar days in which the Works and/or Equipment are communicated and available, the GRANTOR shall determine the acceptance or denial of them, with OSITRAN’s prior opinion. By means of Certificate of Receipt of Works and/or Equipment, The GRANTOR shall certify that the execution of work and/or acquisition and implementation of the equipment comply with what is set forth in the Contract. Should the GRANTOR fail to declare in the established period, it shall be understood that the works or equipment had been accepted.

The GRANTOR shall approve with observations the Works and/or Equipment in case that defects that do not affect the regular compensation of the services are found, whose correction, according to the report presented by OSITRAN, do not represent more than one percent (1%) of the estimated budget in the corresponding EDI. In this case, the CONCESSIONAIRE shall have thirty (30) extendable Calendar Days up to additional fifteen (15) Calendar Days to make the correction of the observations.

In case of denial of the Works and/or Equipment by the GRANTOR and without prejudice to the penalties described in Annex 9, the CONCESSIONAIRE shall comply with lifting objections or amending the irregularities detected, in such a way that the Operation may start.

In case the established term for the corresponding correction expires, and that the Works and Equipment have not been accepted for causes attributable to the CONCESSIONAIRE, the GRANTOR shall be able to request the termination of the Agreement, with the OSITRAN’s prior opinion according to what is established in Clause Fifteen of this Contract and to claim compensation for the corresponding damages,
without prejudice to the penalties that may have been charged or that may have been 
accrued previously.

Should the CONCESSIONAIRE fail to agree with the GRANTOR’s declaration regarding 
the formulated observations, he may request that the dispute be resolved by a technical 
assessment; an expert elected by mutual agreement among the Parties shall be in charge 
of it. Within the fifteen (15) calendar days after the expert is appointed, the Parties shall 
support their position.

In the event that after fifteen (15) calendar days as from the date of the summon, the 
Parties have not appointed the common expert, the dispute shall be considered to have 
technical character and shall be solved according to the corresponding procedure 
established in Clause Sixteen of this Contract.

The expert’s pronouncement shall be issued not later than the thirty (30) calendar days 
following the date when both Parties supported their position and it shall be final and 
irrefutable. The costs of the assessment shall be defrayed in equal parts.

The established term for the correction shall be suspended until the expert’s 
pronouncement is expressed. The costs of the assessment shall be assumed by the Party 
that was not benefited by the expert’s pronouncement.

8.10 Submission of the Rehabilitation Program

The CONCESSIONAIRE shall submit the Rehabilitation Program, subject to the results 
from the functional and structural assessments, which the CONCESSIONAIRE is obliged 
to comply with every five (5) years counted from the Operation Start Date, taking into 
account the Basic Standards. Such program shall include a schedule of works execution 
and an estimated budget of the total costs.

In order to submit the Rehabilitation Program, the CONCESSIONAIRE shall follow the 
presentation procedure indicated in Section 8.3 of this Clause.

8.11 Guidelines for the Rehabilitation Program

The Program shall be prepared taking into account that the provision of Airport Services 
shall be guaranteed in a uninterrupted way; provided that it is technically possible and 
adopting the coordinating mechanisms and aviation notices (NOTAM, by its Spanish 
acronym) which are necessary to reduce the damage of the scheduling of operations and, 
to the extent possible, as they are provided in the Airport, within the execution period of 
such works.

Regarding pavements, the rehabilitation works shall ensure that the value of Pavement 
Classification Number (PCN); exceeds the value of the Aircraft Classification Number 
(ACN).
THE CONCESSIONAIRE may request the GRANTOR, with a copy to OSITRAN, the extension of the partial terms referred to the stages contained in the above-mentioned program. When the extensions are given due to justified and non-attributable causes to the CONCESSIONAIRE, they shall prevent from applying penalties and other established measures to punish the breach of contract caused by the delay of the corresponding work execution. When the amendments of the works execution term corresponding to the stages of such program are granted due to causes attributable to the CONCESSIONAIRE, according to an OSITRAN’s justified opinion through the works supervisor, the CONCESSIONAIRE shall not be excused from the application of penalties accrued as from the date when the breach of contract took place until the date when works are completed. In the event that a breach of contract caused by the CONCESSIONAIRE be produced more than three (3) times during the execution of the Rehabilitation Works, the GRANTOR, in addition to the application of the corresponding penalties, may proceed to terminate the agreement, unless OSITRAN express an opposite opinion, which may establish new parameters.

The term extensions for the fulfillment of the tasks of the stages which approved may cause the reformulation of the above-mentioned Rehabilitation Program, corresponding to the following stages, provided that there are Rehabilitation Works. The completion of the works of the stage for which the CONCESSIONAIRE has requested the terms extension, shall be a necessary condition to start the works of the next stage, with the OSITRAN’s favorable opinion.

In the event that the beginning of works execution delays due to a fact attributable to the GRANTOR, the CONCESSIONAIRE shall have the right to proportionately extend the term of works execution to such delay.

The Program shall be evaluated and approved by the GRANTOR, through DGAC, taking into account OSITRAN’s prior opinion. For that purpose, the procedure to follow shall be established in Section 8.9 of this Clause.

The Program shall be updated at least every five-year period after its approval.

8.12 New Works

In the event that within the Concession, the GRANTOR or the CONCESSIONAIRE determines the need to carry out New Works, the procedure established in this Clause shall be applied.

In this case, the Party requesting New Works shall submit the other Party, with a copy to OSITRAN, a request for performing works where there is a justification of performing them, as well as the technical studies where the corresponding details are indicated.
In the event that, the CONCESSIONAIRE requests New Works, the documentation presented by the CONCESSIONAIRE shall be submitted to the GRANTOR, with a copy to OSITRAN, in order that this agency submits its prior opinion not later than the ten (10) Days as from the receipt date of the requirement. Such documentation shall include an EDI which shall comply with the regulations of the National Public Investment System (SNIP) for public investment projects.

In the event that the New Works are accepted by the GRANTOR, the CONCESSIONAIRE shall execute them in the terms established in the technical file and the GRANTOR shall recognize a new payment for the execution of such investments in the conditions and opportunities previously agreed by the Parties.

In the event that New Works are requested by the GRANTOR, the execution shall be performed with his own resources. For this purpose, the CONCESSIONAIRE shall submit an EDI in compliance with all the regulations of the National Public Investment System (SNIP) for public investment projects. In such case, the GRANTOR shall register in their budget items the amount corresponding to New Works in order to pay for such New Works.

The approval of New Works shall be done in compliance with the procedure established in Section 8.9 of this Clause.

### 8.13 Works Supervision

One of OSITRAN’s duties, through the works supervisor, to carry out technical compliance activities which are of its competence during the development of the Works indicated in Clause Eight. OSITRAN shall appoint a third party as a works supervisor, which shall be informed irrefutably in written to the GRANTOR and the CONCESSIONAIRE not later than the five (05) days, as from the date of selection or appointment of the above-mentioned works supervisor, if applicable.

The assigned functions to the works supervisor and those set forth in the Contract shall be executed according to the faculties granted by OSITRAN and according to what is set forth in the policies and regulations that OSITRAN establishes for that purpose.

The CONCESSIONAIRE shall grant OSITRAN, through the works supervisor and the available equipment, free access to the Concession Area to work with no obstacles and with the appropriate accuracy, within the work schedules of the corresponding area. It shall correspond to the works supervisor to inform regularly the progress of the Works to OSITRAN, in the required format of information.

In the event that it is detected that the CONCESSIONAIRE fails to comply with his obligations, OSITRAN shall demand the necessary corrections.
In the event that the Works complies neither with the demanded parameters by the Applicable Laws, nor with the Minimum Technical Requirements, OSITRAN shall demand the necessary corrections according to the instructions indicated for that purpose, applying the corresponding penalties as established by Clause Eighteen.

The CONCESSIONAIRE is entitled to consider until a five percent (5%) of the Works value and the execution of assessments related to them for supervisory purposes. The amount to consider to that purpose shall correspond to the payments set forth in the corresponding supervision agreement.

The procedure of hiring the Works supervisor shall be done according to the procedures established in Section 14.3 of Clause Fourteen of this Contract.

CLAUSE NINE
ECONOMIC AND FINANCIAL REGIME

9.1. Access Fees and Charges

9.1.1. The CONCESSIONAIRE will collect Access Fees and Charges resulting from the Concession Operation from the beginning of Operations. Fees charged by the CONCESSIONAIRE shall be those established in Annex 7 of this Contract and those set by OSITRAN, if applicable, according to what is stated in the RETA system. Access Charges that the CONCESSIONAIRE will collect are those indicated in Annex 7 as well as those regulated by the REMA. The amounts to be charged by the CONCESSIONAIRE should consider Access Fees and Charges plus respective IGV.

9.1.2. The CONCESSIONAIRE agrees to notify users of the corresponding price list in the manner prescribed by OSITRAN.

9.1.3. The CONCESSIONAIRE may request Users the payment of Access Fees and Charges and other charges in Dollars or the equivalent in national currency at the Sell Exchange Rate of the Day on which they accrue operations, being the Concessionaire’s responsibility the cost of charging them. In any case will Final Users or Downstream Users be required to make higher payments than those resulting from applying the aforesaid Exchange Rate to Access Fees and Charges to be paid in Dollars. Payment of Access Fees and Charges will be in accordance with applicable provisions.

9.1.4. From the Second Year until the Fourth Year of the Concession Operation stage, the CONCESSIONAIRE will adjust Fees according to the following procedure:

\[
T_i = 0.5 \frac{IPC_{i-1}}{IPC_{i-2}} + 0.5 \frac{T_{i-1}}{CPI_{i-1}} \frac{CPI_{i-1}}{CPI_{i-2}}
\]
Where:

- **t**: Calendar Year when the adjustment will be in force
- **Tt**: Fee at the beginning of Calendar Year t
- **Tt-1**: Fee at the beginning of Calendar Year t-1

**IPCt-1**: Level of Consumer price index of Lima Metropolitana published by the National Institute of Statistics and Informatics (INEI) during the last Calendar Year at the time of calculation in the t-1 period.

**IPCt-2**: Level of Consumer price index of Lima Metropolitana published by the National Institute of Statistics and Informatics (INEI) during the last Calendar Year at the time of calculation in the t-2 period.

**CPIt-1**: Level of Consumer price index of the United States published by the Bureau of Labor Statistics during the last Calendar Year at the time of calculation in the t-1 period.

**CPIt-2**: Level of Consumer price index of the United States published by the Bureau of Labor Statistics during the last Calendar Year at the time of calculation in the t-2 period.

9.1.5. A US$ 1.00 Fee will be charged for landing, takeoff and parking services, and cargo access (if applicable) for the following activities:

i. Civil aircraft, Peruvian Red Cross and Armed and Police Forces performing airport activities for humanitarian purposes, with no financial compensation in cases of natural disasters or civil commotion, provided they are declared as such by the competent authority.

ii. Civil aircraft while operating exclusively in Search and Rescue Service (SAR) activities.

iii. Foreign State aircraft from countries that grant the same privileges to National State aircraft, for which the GRANTOR shall send the CONCESSIONAIRE a communication approving this situation.

iv. Civil aircraft transporting official delegations or visits coming to the country and that grant the same privileges to National State aircraft, for which the GRANTOR shall send the CONCESSIONAIRE a communication approving this situation.

9.1.6. The Single Fee for Airport Use (TUUA) will not be charged to personnel working for the National Institute of Civil Defense INDECI, Ministry of Health, Public
Ministry (Institute of Legal Medicine), General Corps of Voluntary Firefighters, Armed and Police Forces and Peruvian Red Cross when performing flights for humanitarian aid and support operations in the event of natural disaster or emergency declared as such by the competent authority.

9.1.7. The CONCESSIONAIRE is responsible for verifying that the Fees referred to in Sections 9.1.5 and 9.1.6 above are applied solely and exclusively to aircraft and/or persons referred to in those sections taking the actions they deem relevant, approving the Affidavit statement formats that institutions or persons accessing the price list regime provided for in the preceding sections must sign.

9.1.8. Fees referred to in Section 9.1.5 of this Clause are not subject to price list adjustments referred to in Section 9.1.4.

9.1.9. The GRANTOR and/or the CONCESSIONAIRE may request OSITRAN the fixing and/or revision of fees. The conditions and requirements for requesting Fee changes by the CONCESSIONAIRE or the GRANTOR and the evaluation and approval of such request by OSITRAN will be those laid down in the RETA system.

9.1.10. The Price List, trade policy and application of discounts procedures as well as amendments thereto shall be established according to the RETA system, being the CONCESSIONAIRE’s obligation to inform them through their website, at no cost to User(s).

9.2. Financial Closure

9.2.1. The CONCESSIONAIRE shall provide evidence to the GRANTOR, before thirty (30) Calendar Days of the start of the Works Execution Stage, that it has financial resources or contracts signed establishing funding commitments which are necessary for the execution of such stage, as set forth in the Contract.

To prove that the CONCESSIONAIRE has the appropriate funding, the following must be submitted alternatively or jointly for GRANTOR approval: (i) Notary certified copy of financing contracts, guarantees, trusts and generally any relevant contractual text, that the CONCESSIONAIRE has agreed with Admitted Creditor(s) who will participate in the financing of the Works, or (ii) Notary certified copy of financing contracts, guarantees, trusts and generally any relevant contractual text with Related Companies working with the CONCESSIONAIRE. Contracts referred to in item (i) shall contain a provision expressly addressing the event that if financing is no longer in force or if the CONCESSIONAIRE commits a default resulting in termination or resolution, the Authorized Creditor shall immediately communicate this situation to the
GRANTOR. Contracts referred to in subsection (ii) shall not constitute Permitted Guaranteed Debt.

In the event that CONCESSIONAIRE has not provided evidence for Financial Closure, it shall be considered a default by the CONCESSIONAIRE and therefore the GRANTOR, following a report issued by OSITRAN, may choose to invoke the Expiry of the Concession by the CONCESSIONAIRE’s default, and provisions established in Section 15.3 of this Contract shall apply.

9.2.2. Regarding the Financial Closing of the following stages of Works Execution and Equipment Implementation, the CONCESSIONAIRE shall follow the procedure described in the preceding section in compliance with Annex 19,

9.3. Economic Balance

9.3.1. The Parties declare their commitment to maintain economic - financial balance throughout the entire duration of the Contract, stating that this Contract is in an economic - financial balance situation in terms of rights, risks and responsibilities assigned to the Parties.

9.3.2. This Contract provides a mechanism for restoring the economic - financial balance to which the CONCESSIONAIRE and the GRANTOR are entitled in case the Concession is subject, exclusively and explicitly, to changes in Applicable Laws, to the extent that any such changes are directly related to financial economic aspects regarding the CONCESSIONAIRE’s variations in costs related to the construction and/or provision of Airport Services.

Balance shall be restored if the above conditions have had implications on the variation of costs related to the construction and/or provision of Airport Services. Any Party who believes that the Contract’s economic - financial balance has been affected may invoke its recovery, proposing this in writing to the other Party and with sufficient support for solutions and procedures to be followed in balance reinstatement.

Economic - financial balance reinstatement shall be made based on the audited profit and loss statement for the year, where cost variations mentioned above may be verified. Notwithstanding the foregoing, OSITRAN may request information to support variations noted.

Economic - financial balance reinstatement shall proceed provided that no adjustment was made on the same grounds according to relevant provisions of Annex 23 of the Contract.

9.3.3. OSITRAN will state that economic – financial balance has been affected when, due to changes in Applicable Laws, proof of the existence of variations in costs related to the provision of Airport Services has been shown.
OSITRAN shall establish the magnitude of imbalance according to differences between:

a) Results before tax for the year, specifically related to the provision of Airport Services and recognized by the GRANTOR and/or OSITRAN.

b) The recalculation of results before tax for the same year, related to the provision of Airport Services, applying cost values corresponding to the time prior to the variation occurring as a result of changes in Applicable Laws.

To this end, OSITRAN may request the CONCESSIONAIRE the necessary information on the costs that have been subject to changes in Applicable Laws.

9.3.4. If imbalance is produced in various periods, without having restored it, the cumulative difference of results will be calculated following the same procedure. Then the percentage of imbalance will be calculated dividing the difference resulting from procedures described in subsections a) and b) of the preceding Section, between results before tax for the last year or cumulative results, as appropriate. If the result exceeds ten percent (10%), it shall be restored, granting compensation to the CONCESSIONAIRE or the GRANTOR, as appropriate, for the calculated imbalance.

In both cases, such compensation may be added or deducted respectively, to the amount of the GRANTOR’s payment commitment defined in Annex 23 of the Contract, for the amount derived without including interests. The Parties may agree on a different compensation mechanism.

If the amount obtained in subsection b) of Section 9.3.3 is zero (0), in order to restore the financial - economic imbalance the difference in amount obtained in a) will only be taken into account less the amount obtained in b), without being necessary to recalculate the imbalance percentage mentioned above.

9.3.5. In the event that the CONCESSIONAIRE invokes economic – financial balance reinstatement, it is OSITRAN’s obligation to determine within thirty (30) Days after receipt of such request, the source thereof, pursuant to the provisions of the preceding sections. If it is the case, OSITRAN shall establish a period not later than thirty (30) days from the determination of the source of the request, the amount payable to the CONCESSIONAIRE, applying for this purpose, the valuation criteria set forth in this Clause and reporting the result to the GRANTOR, to take corresponding measures, and to the CONCESSIONAIRE. The amount determined shall be paid to the CONCESSIONAIRE within the following six (06) months excluding interests. For any delay, an interest at LIBOR
rate plus one percent (1%) will be recognized on the unpaid balance after the
maximum period of payment stated.

9.3.6. In the event that the GRANTOR invokes economic – financial balance
reinstatement, it is OSITRAN’s obligation to determine within the thirty (30)
following Days, the source pursuant to the provisions of the preceding sections. If
this is the case, OSITRAN shall establish within a period not later than thirty (30)
days from the time it was issued, the amount payable for the GRANTOR, using
for this purpose, the valuation criteria set out in this Clause and shall report the
results to the GRANTOR and the CONCESSIONAIRE so they take the
corresponding measures. The resulting amount shall be paid by the
CONCESSIONAIRE to the GRANTOR within six (06) months. For any delay, an
interest at LIBOR rate plus one percent (1%) will be recognized on the unpaid
balance after the maximum period of payment stated.

On the same occasion that the GRANTOR or CONCESSIONAIRE invokes
economic – financial balance reinstatement, they shall address OSITRAN to
issue its technical review in accordance with its powers legally attributed in this
area.
Any other payment mechanism for the economic – financial balance restitution
will be agreed by the Parties.

The discrepancy regarding the amount of compensation due to the breakdown of
economic - financial balance shall be resolved in accordance with the dispute
resolution mechanisms regulated in Clause Sixteenth of this Contract, governing
the other provisions of this clause if relevant.

This clause will not be applicable for those changes resulting of provisions issued
by OSITRAN, on issues related to Fees, infringements or sanctions, which were
referred to in the Agreement or were due to acts, events or results attributable to
the CONCESSIONAIRE’s performance.

9.4. Concession Tax and Customs Regime

9.4.1. The CONCESSIONAIRE will be subject to the national, regional and municipal
tax legislation that may be applicable, complying with all tax obligations that
apply to the exercise of its activity. The CONCESSIONAIRE will be required, in
the terms provided by Applicable Laws, to pay all taxes, levies and duties that
apply among others to the Concession Assets or those that apply or are
incorporated into the Concession, whether such taxes are administered by the
national, regional or municipal government from the time of the Take of
Possession, provided that such taxes, levies and duties are directly related to the
exercise of Airport Activities.
9.4.2. Any variation in taxes, including any change of tax, customs rates arising after the Closing Date, will be taken into account for purposes of the provisions in Section 9.3 of this Contract.

9.4.3. The CONCESSIONAIRE can subscribe a legal stability agreement with the Republic of Peru, which has contract-law status according to the applicable regulations, in accordance with the provisions of Legislative Decrees No. 662 and No. 757 and the TUO, subject to compliance with the conditions and requirements of these regulations.

9.4.4. In addition, the CONCESSIONAIRE may access the tax benefits that apply, provided the requirements and substantive and formal conditions outlined in the Applicable Laws are complied with.

9.4.5. The CONCESSIONAIRE shall be subject to customs provisions that are applicable as required by Applicable Laws, complying with all customs duties corresponding to the nature of its business.

9.4.6. Regulations contained in Legislative Decree No. 1053 and Supreme Decree No. 037-2008-MTC will be applicable, as well as other related rules and amendments.

9.5. Co-financing

9.5.1. The GRANTOR shall recognize payment(s) identified in Annex 23 of this Contract.

9.5.2. In order to comply and/or ensure payments provided for in Annex 23 of this Contract, the GRANTOR shall promptly comply with disbursements of money for Co-financing in accordance with Annex 23 of this Contract.

9.5.3. Co-financing includes all payments to be made by the GRANTOR under the contract, plus IGV and any other taxes that may arise in the future.

9.6. Trust

9.6.1. In order to facilitate and ensure the proper implementation of obligations under this Contract, including the disbursement of Co-financing, the CONCESSIONAIRE agrees to prepare and maintain, at its expense as a trustee,
an irrevocable management trust, which will be governed by the provisions of Annex 24 of this Contract and the respective trust Contract.

9.7. Payment of Air Navigation Equipment

9.7.1. Thirty (30) Calendar Days after the signing date of the Certificate of Receipt of Air Navigation Equipment, the GRANTOR shall pay such equipment to the CONCESSIONAIRE. Such payment shall not be included in the co-financing.

9.7.2. For this purpose, the Ministry of Transport and Communications shall consider the payment described in the preceding Section in the corresponding budget certification.

CLAUSE TEN
GUARANTEES

10.1. GRANTOR Guarantee in favor of the CONCESSIONAIRE

10.1.1. The GRANTOR shall perform procedures and coordination deemed appropriate so that, under the provisions of Article 4 of Law No. 26885 “Incentives Act for Infrastructure and Utilities Services Concession Works”, the Executive issues Supreme Decree referred to in Article 2 of Decree Law No. 25570, which supplements Legislative Decree No. 674, as amended by Article 6 of Law No. 26438, whereby the State of the Republic of Peru supports the GRANTOR’s representations, obligations and warranties under the Contract.

10.1.2. The GRANTOR guarantees that CORPAC will comply with the implementation of activities delegated by the DGAC in accordance with applicable regulations with respect to Operational Safety and Aviation Security, pursuant to applicable regulations. The GRANTOR shall assume all liability, damages, compensation, redress or obligation of any kind resulting from damages that CORPAC may cause in performing its functions for reasons directly attributable to it.

10.1.3. The GRANTOR guarantees the CONCESSIONAIRE that it shall not authorize the construction or operation of a commercial airport within a radius of not less than one hundred fifty (150) kilometers around the Airport, when the latter has started the Operation stage.

10.1.4. The GRANTOR guarantees that prior to the start of Operations, access roads to the airport will be operational with proper maintenance.
10.1.5. The Grantor guarantees the transfer of funds to the Trust in a complete and timely manner in accordance with the terms of Clause Nine of this Contract.

10.2. Guarantees for the GRANTOR

10.2.1. The guarantees provided for in this Section to be granted in favor of the GRANTOR by the CONCESSIONAIRE shall comprise bank letters of guarantee issued by a banking or international financial institution in accordance with the provisions of the Bidding Terms, which shall be several, unconditional, irrevocable, without benefit of discussion or division and of automatic execution from the Closing Date, and which will be renewed annually to keep them in force. In case of a bond issued by an international financial institution, it will have to be initialed and endorsed by one of the banking entities established in these Bidding Terms.

10.2.2. Concession Contract Performance Bond

To ensure compliance with each and every one of its obligations under the Contract, including payment of penalties, and to ensure quality and service levels of the Works, except the CONCESSIONAIRE’s obligations covered by the Works Performance Bond, the CONCESSIONAIRE will deliver to the GRANTOR a Concession Contract Performance Bond to be included as Annex 15, as follows:

(i) An amount equivalent to Five million two hundred and fifty thousand and 00/100 Dollars (US$ 5’250,000.00) from the Closing Date until the completion of the Works Execution Stage. This guarantee must be delivered on the Closing Date, renewed annually and kept in force until the completion of the Works Execution Stage with OSITRAN’s approval, and

(ii) An amount equivalent to Six million and 00/100 Dollars (US$ 6’000,000.00) from the start of Operations until the twentieth year of Concession. From the twentieth year of Concession, the amount of the bond must be equivalent to Ten million and 00/100 Dollars (US$ 10’000,000.00) which shall be valid until the end of the Concession. This Bond shall be submitted within fifteen (15) Days prior to the start of Operations and remain in force, by virtue of subsequent renewals during the term of the Concession up to twelve (12) months after completion of the Concession.

10.2.3. Works Performance Bond

To ensure the proper execution of Works, including payment of penalties, the CONCESSIONAIRE will deliver to the GRANTOR a Works Performance Bond. This bond’s amount is to Thirty-Three Million Nine Hundred Thousand and 00/100 Dollars (US$ 33’900,000.00). This bond shall be delivered up to fifteen (15) days before the start of the Works Execution Stage, it must be renewed
annually and remain in effect up to three (3) months after the signing of the Job Delivery Receipt with OSITRAN’s approval.

The Works Performance Bond must remain in force, by virtue of subsequent renewals, as described in the preceding sections.

10.3. Enforcement of performance bonds

10.3.1. The Concession Contract Performance Bond may be enforced by OSITRAN in whole or in part, upon the GRANTOR’s instructions, once failure of all or any of the obligations of the Contract is identified and provided the same has not been remedied by the CONCESSIONAIRE within the time granted for that purpose. Resources obtained by the enforcement of the Concession Contract Performance Bond shall be deposited into the account opened for that purpose by the GRANTOR.

In case of partial execution of the Concession Contract Performance Bond, the CONCESSIONAIRE shall restitute or make restitute the Concession Contract Performance Bond to the amount established. If the CONCESSIONAIRE fails to restitute the Concession Contract Performance Bond to the amount specified in this clause, within twenty (20) Calendar Days from the date on which partial execution was carried out, renewable for twenty (20) additional Calendar Days, then the provisions of Section 15.8 of Clause Fifteen of this Contract shall apply.

Notwithstanding the provisions of this clause, for purposes of Guarantee enforcement as a result of the application of penalties provided for in Annex 9, the provisions of Clause Eighteen hereof shall apply.

10.3.2. The Works Performance Bond shall be executed in whole or in part prior instruction by the GRANTOR or by OSITRAN, once breach of some or all of the obligations of the contract has been verified related to implementation of the Works, provided the same has not been remedied by the CONCESSIONAIRE within the time granted for that purpose. Resources obtained from the execution of the Works Performance Bond shall be deposited into the account designated by the GRANTOR for that purpose.

In case of partial execution of the Works Performance Bond, the CONCESSIONAIRE shall restitute the Bond to the amount established. If the CONCESSIONAIRE fails to restitute the Works Performance Bond to the amount specified in this clause, within twenty (20) Calendar Days from the date on which partial execution was carried out, then OSITRAN by written notice to that effect, shall declare the Agreement terminated in the date of such notice.
Notwithstanding the provisions of this clause, for purposes of Guarantee enforcement as a result of the application of penalties provided for in Annex 9, the provisions of Clause Eighteen hereof shall apply.

10.3.3. If the CONCESSIONAIRE has started the dispute settlement procedure referred to in Clause Sixteen, the Concession Contract Performance Bond and the Works Performance Bond may not be executed for the reason that prompted the Arbitration during the arbitration proceedings. Their execution will be subject to the decision in the arbitral award.

10.4. Guarantees for Authorized Creditors

10.4.1. In order to finance the design, implementation of Works, New Works and/or Airport Maintenance, the CONCESSIONAIRE may, prior authorization by the GRANTOR and with OSITRAN’s approval, provide guarantees for Authorized Creditors in order to guarantee Permitted Guaranteed Debt, among other rights, on:

   a) Concession rights, as provided in Article 3 of Law No. 26885.
   b) The Concession’s net proceeds, calculating the regulation rate referred to in Article 14, Subsection a) of Law No. 26917 and any amount committed to state institutions.
   c) Shares or stakes corresponding to the CONCESSIONAIRE, in accordance with the provisions of subsection c) Section 3.3.1 in Clause Three of the Contract.

10.4.2. The CONCESSIONAIRE agrees and acknowledges that any such guarantee or allocations shall not relieve it from his obligations or from the Contract.

10.4.3. The GRANTOR agrees and acknowledges that neither the Authorized Creditors nor any person acting on their behalf, shall be responsible for compliance with the Contract on behalf of the CONCESSIONAIRE until the Authorized Creditors favorably exercise the rights referred to in this clause regarding the execution of the mortgage, in which case whoever is the holder thereof pursuant to their execution, will assume in his capacity of new concessionaire all obligations and rights of this Contract.

10.4.4. The GRANTOR and the CONCESSIONAIRE ensure that the rights provided for Authorized Creditors in this Contract are inalienable, irrevocable and immutable, except for the prior express consent of such Authorized Creditors, understanding that by mere communication sent by Authorized Creditors, to the GRANTOR and CONCESSIONAIRE, informing they will make use of these rights the acceptance of the respective Authorized Creditor referred to in Article 1458 of the Civil Code shall be considered as fulfilled.
10.4.5. For purposes of the authorization to provide guarantees referred to in Section 10.4.1 of Clause Ten, the CONCESSIONAIRE shall deliver to the GRANTOR and OSITRAN a copy of the draft contract and other documents relating to operations as well as a statement of the prospective Authorized Creditor, as provided in Annex 14.

10.4.6. Once such documents have been delivered, OSITRAN will have ten (10) Days to issue its opinion. Upon receipt of OSITRAN's opinion the GRANTOR shall have twenty (20) Days to authorize the operation or make relevant observations, which will be remedied by the CONCESSIONAIRE within a period not exceeding ten (10) days.

If after the period specified above, the GRANTOR does not respond, the authorization will be considered rejected.

10.4.7. Authorized Creditors may seek enforcement of the guarantees established for them, according to established procedures in Sections 10.4.8 and 10.4.9, as applicable.

10.4.8. The procedure for enforcing security interest on movable property of shares or stake corresponding to the CONCESSIONAIRE, in accordance with the provisions of subsection c) Section 10.4.1 shall be carried out by the Authorized Creditor(s)’s representatives with the GRANTOR’s participation and shall be mandatorily governed by the following rules:

10.4.8.1 The Authorized Creditor(s)’s decision to exercise their right to enforce the security interest on movable property, regulated by Law No. 28677, of shares or stakes provided to them, must be notified in writing to the GRANTOR and the CONCESSIONAIRE in a reliable way, prior to taking any action or adopting any measure which could jeopardize the Concession either directly or indirectly.

10.4.8.2 From that moment: a) the GRANTOR may not declare the termination of the Agreement and shall be required to immediately initiate the necessary coordination with Authorized Creditor(s) in order to designate the legal person that, under the same terms set forth in the Contract and under a retribution to be agreed with the Authorized Creditor(s), will act as Controller and will be temporarily in charge of the Concession operation for the time it takes to replace the CONCESSIONAIRE referred to in the following points, and b) no act by the CONCESSIONAIRE may suspend the security interest on movable property enforcement procedure, being unable to comply with the obligations that led to the execution of the said guarantee.
10.4.8.3 To that end, the Authorized Creditor(s) may propose to the
GRANTOR qualified operators who will act as controllers considering
the parameters established in the Bidding Terms. The operator
accepted by the GRANTOR shall be authorized to temporarily operate
the Concession as controller. Its appointment shall be communicated
in writing to the CONCESSIONAIRE.

10.4.8.4 From that moment, the CONCESSIONAIRE is obliged to coordinate
its actions with the appointed controller in order to carry out the
transfer as efficiently as possible completing it within sixty (60) days
after having elected the Controller.

10.4.8.5 The CONCESSIONAIRE will be responsible for any act or omission
that by fraud or negligence attributable to the CONCESSIONAIRE
may prevent, delay or impede the transfer of the Concession to the
controller as well as the damage it may cause to the GRANTOR, to
Authorized Creditors, Users and/or third parties.

10.4.8.6 Once the Concession is under the transient operation of the
controller, the Authorized Creditor(s) shall coordinate with the
GRANTOR the full text of the call and the bidding terms of the new
CONCESSIONAIRE selection procedure, which must observe the
guidelines contained in the Bidding Terms, especially those related to
the general characteristics of the Concession and the technical
proposal respectively and must be approved by the GRANTOR.

10.4.8.7 Once the text of the call and the selection procedure bidding terms to
be implemented have been submitted for consideration, the
GRANTOR must submit its comments. In order to and approve it, the
GRANTOR will take into account the development of the Contract to
date and possible causes of financial problems that were raised, with
the purpose of considering such situations in the text of the new call,
if necessary.

10.4.8.8 These comments must be contained in a statement that should be
issued within ten (10) Days from the date the reference text was
communicated. If the GRANTOR has not made any comments after
this deadline the text shall be deemed approved and Authorized
Creditor(s) may start the selection procedure.

10.4.8.9 If the GRANTOR makes observations, and once the Authorized
Creditor(s) have knowledge of them, they will have no later than ten
(10) Days to remedy or reject them and submit for the second time
the text of the call and the selection procedure bidding terms for
transferring the CONCESSIONAIRE’s participation. Next, the
GRANTOR shall approve the reference text within five (05) Days from
the date on which he was informed thereof. However, once the

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referred deadline is over and no approving decision has been issued, the referred text shall be deemed rejected.

10.4.8.10 Once the text of the call and the selection procedure bidding terms for transferring the CONCESSIONAIRE’s participation have been approved, the Authorized Creditor(s) shall start the procedure established within no more than five (05) Days thereafter, until the Authorized Creditor(s) grant the project, which may not occur at a date later than one hundred eighty (180) Days from the time the GRANTOR was informed about the decision to enforce the security interest on movable property, except that under the circumstances, the process of this procedure demands a longer period, in which case the extension determined by the GRANTOR shall apply.

10.4.8.11 Once the project has been granted in accordance with the bidding terms and approved by the GRANTOR, such decision must be notified in writing as stated in this clause to both the GRANTOR and the legal controlling entity. From that moment, the latter is obliged to initiate the respective coordination in order to carry out the transition of the Concession operation as efficiently as possible.

10.4.8.12 The permanent replacement of the CONCESSIONAIRE’s shares by the successful bidder shall be completed within a period not to exceeding thirty (30) Days from the date the Project was granted, under the sole responsibility of the latter. Such permanent replacement must be accredited by the respective shares or rights certificates or transfer deeds. A copy of these documents must be submitted to the Authorized Creditors, the GRANTOR and OSITRAN, as well as the registration in the corresponding Public Records.

10.4.8.13 Under the procedure established previously, the successful bidder will be acknowledged by the GRANTOR as the new CONCESSIONAIRE shareholder or participant. To that end, the new CONCESSIONAIRE member shall be subject to the terms of the Concession Contract signed by the latter for the remaining term.

10.4.9. **Mortgage of Concession rights**

The CONCESSIONAIRE has the right to mortgage his Concession rights in accordance with Applicable Laws as a guarantee to Permitted Guaranteed Debts. The request for authorization and establishment of the guarantee will follow the principles and mechanisms for the implementation of the security interest on movable property, indicated in Section 10.4.8 of this Clause, in accordance with the provisions of the Law 26885 or rules that complement or replace it, implementation procedure to be established in the mortgage agreement.
10.5. Authorized Creditors’ Right of Rectification

10.5.1. OSITRAN shall notify Authorized Creditors and the CONCESSIONAIRE at the same time of the occurrence of any default of the CONCESSIONAIRE’s obligations under the Contract that constitute grounds for the termination of the Concession as provided in Clause Fifteen of the Contract, so that Authorized Creditors may perform the actions they deem necessary to contribute to the full implementation of the CONCESSIONAIRE’s obligations.

10.5.2. The GRANTOR acknowledges that the Contract may not be terminated or the Expiry of the Concession may not be declared without prior notice to the Authorized Creditors of such intention and without the Authorized Creditors having had the right to rectify the cause that had produced the GRANTOR’s right to declare the expiry the Contract in accordance with the provisions of this Clause and with the procedure outlined below:

a) In case of any grounds mentioned in Clause Fifteen of the Contract and if the term for the CONCESSIONAIRE to remedy the event had expired and the GRANTOR wishes to exercise its right to terminate the Contract, the GRANTOR must first send a written notice to the Authorized Creditors. The GRANTOR shall expressly state in such notice the cause or causes for termination. For such notice to be considered valid it must have the delivery receipt or be sent by email or fax, requiring verification of receipt.

b) The Authorized Creditors shall have a period of sixty (60) Days from the notification referred to in Subsection a) above, to remedy the cause or causes of expiry that have been notified. If after this period the Authorized Creditors do not rectify the cause of expiry, the GRANTOR may exercise its right to terminate the Contract, assuming the obligations towards the Authorized Creditors pursuant to Clause Fifteen.

The non-exercise of the right of rectification by Authorized Creditors does not affect or shall not affect the benefits and/or rights established for Authorized Creditors in this Contract.

c) The intention of rectifying or the rectification of the cause by Authorized Creditors cannot be understood in any way as the assumption by Authorized Creditors of any covenants, agreements or obligations of the CONCESSIONAIRE in this Contract.

If the CONCESSIONAIRE rectifies the cause of termination during the period of sixty (60) Days referred to in subsection b) above, the GRANTOR agrees to notify the Authorized Creditors within a maximum period of seventy-two (72) hours of the said event communicating the non-existence of cause for termination.
CLAUSE ELEVEN
INSURANCE SCHEME

11.1 Approval

During the term of the Contract the CONCESSIONAIRE shall have insurance policies required by this Clause, with policy proposals duly approved by OSITRAN.

The proposed policies shall be submitted in the following term:

i. Policies referred to in Section 11.2.1 shall be submitted no later than forty-five (45) Calendar Days prior to the Closing Date.
ii. Policies referred to in Subsections a) and c) Section 11.2.2 shall be submitted no later than forty-five (45) Calendar Days prior to the Closing Date.
iii. Policies referred to in Subsections b) and d) Section 11.2.2 shall be submitted no later than thirty (30) Calendar Days prior to the start of the Operations.

In the opportunities listed above, the GRANTOR must submit such proposals to OSITRAN. OSITRAN has a period of fifteen (15) Calendar Days for their approval. If no comments are made within the prescribed period, such proposals will be considered approved.

If observations are made, the CONCESSIONAIRE will have ten (10) Calendar Days to rectify this them. This period may be extended only once by OSITRAN at the CONCESSIONAIRE’s request.

Once the proposed policies have been approved, the CONCESSIONAIRE will have a term of five (05) Calendar Days to hire approved policies and deliver them to the GRANTOR with a copy to OSITRAN.

11.2 Types of Insurance Policies

11.2.1 Personal Insurance for Workers. The CONCESSIONAIRE must comply with hiring and submitting all policies required by laws and regulations on liability and workers insurance in Peru, covering and protecting the life and health of all employees directly related to the purpose of the Agreement, such as: Life Insurance (L.D.688) and Supplemental Work related Risk, Health and Retirement Insurance (Law No. 26790). Such insurance shall be hired considering as a minimum the coverage required by Law.
11.2.2 **Property and Liability Insurance.** During the term of this Agreement, the CONCESSIONAIRE shall hire and keep in force the following insurance covering the Airport, its employees and its Users, and shall obtain the necessary endorsements for the GRANTOR, or its designee, to be considered as an additional insured on respective policies taken in order to allocate, if necessary, the insurance compensation in restitution, replacement and repair of damaged property. Policies will have the CONCESSIONAIRE as the beneficiary who will allocate the amounts from compensation for any loss, necessarily to repair the damage caused by such loss. Only if it is physically impossible to restitute, replace or repair damaged property, compensation shall be delivered to the GRANTOR.

   a) A full liability coverage insurance for damages to employees (Employers Liability), third parties and property and public liability with coverage for death, damage, loss or injury to property or persons. Coverage should include a liability clause whereby compensation is guaranteed by each of the parties in accordance with the definition of "insured party", as if a separate policy for each of them had been issued.

   b) A full coverage insurance of airport operators liability for damages to persons (expressly including the CONCESSIONAIRE’s workers) and property and general liability coverage in respect of death, damages, loss or injury which may affect property or persons, including damage that may be generated. Coverage should include a liability clause whereby compensation is guaranteed for each of the parties in accordance with the definition of "insured party", as if a separate policy for each of them had been issued.

   c) All Risks Property Damage and Business Interruption Insurance covering all material damage that may occur to Concession Assets, up to the replacement value of all such assets. This policy should also consider coverage for the following risks: political risk (strikes, civil commotion, malicious damage, vandalism and terrorism), earthquake and other natural hazards.

   d) A 3D Dishonesty insurance that includes all persons serving in the Airport covering dishonesty, robbery by assault and theft of Concession assets. It states that the compensation will be for the policyholder of the insurance policy to the extent that it serves to replace, repair or restore a damaged asset given in Concession or acquired by the CONCESSIONAIRE during the concession period. The GRANTOR will be indemnified in all cases they are not meant to replace, repair or restore property that forms part of the Concession.

11.2.3 **Insurance on Property under Construction**

The CONCESSIONAIRE is required to hire, during the implementation of the Works and New Works, a construction all risk insurance, C.A.R policy
(Construction All Risk) covering within Basic Coverage ("A") one hundred percent (100%) of the replacement value of assets under construction that are damaged.

In addition to Basic Coverage ("A"), the C.A.R policy should have other coverage such as: design risks, engineering risks and catastrophic events such as earthquakes, floods, rain, fire, explosion, terrorism, vandalism, social commotion, theft and any other coverage under a C.A.R policy issued to an insured sum enough to deal with any loss that may occur during construction of Works and New Works.

Policies hired shall have the CONCESSIONAIRE as the sole beneficiary, who shall be bound to immediately allocate the proceeds obtained to activities required to restore service and productivity levels.

This insurance shall include a clause stating that the proceeds of compensation for any loss shall be necessarily allocated to repair damage caused by the incident.

The value declared in the insurance policy will be equal to the replacement value of the total amount of the Works or New Works in progress and it should be appropriate to the nature of each asset. The book value of each asset will not be considered under any circumstances.

The calculation of the amount corresponding to the work in progress will be established on the basis of physical progress schedule of the work and its validity will be equal to the period of works implementation.

Authorized Creditors may be additional insured parties in the policy prior approval by OSITRAN.

Once the Works or New Works have the respective acceptance according to the procedure set out in Sections 8.9, and 8.12, such property shall be covered by the policy regulated in subsection c) of Section 11.2.2.

11.2.4 Other Policies

Notwithstanding the mandatory policies indicated in Sections 11.2.1 to 11.2.3 of this Clause, the CONCESSIONAIRE may, according to its own management and distribution of risk strategic vision either complying with the provisions of Applicable Laws or by any other duly justified cause, hire any other insurance policy, communicating this to the GRANTOR and OSITRAN.
11.2.5 **Communications.** The policies hired in accordance with the provisions of this Agreement shall contain a provision requiring the respective insurance company to give written notice to OSITRAN and the GRANTOR regarding any breach by the CONCESSIONAIRE on payment of premiums and any circumstance affecting the validity or effectiveness of the policy, with an anticipation not less than twenty five (25) Calendar Days from the date on which such breach may result in partial or total cancellation of the policy.

The notification requirement in this Clause will also be required in the event of cancellation or non-renewal of any insurance, in which case a pre-notification must be made ten (10) Days in advance. The corresponding policy must simultaneously establish that its maturity will only occur if the insurance company has complied with the obligation referred to in the first part of this section.

The CONCESSIONAIRE shall notify OSITRAN, with ten (10) days in advance, the dates when the related policies will be renewed, in order for OSITRAN to review and comment on the conditions in which they are issued. For the purpose of policies renewal, the procedure to follow shall be as specified in Section 11.1

11.2.6 **Remedy/Policy restitution by the Grantor.** If the CONCESSIONAIRE does not keep the policies in force, as is required in accordance with this Clause, the GRANTOR may hire them and pay premiums on behalf of the CONCESSIONAIRE, prior notification to the CONCESSIONAIRE of such hiring and payment. The amount of such premiums plus interest, from the time they were paid by the GRANTOR until reimbursement thereof at an annual interest rate (based on a 360-day year and actual days elapsed) equal to the highest interest rate in force in the Peruvian financial system for operations in Dollars during that period, should be reimbursed by the CONCESSIONAIRE to the GRANTOR in a maximum period of five (5) Days after notification by the GRANTOR, subject to the applicable penalty set forth in Annex 9 of the Agreement.

11.2.7 **Obligations Unaffected.** The hiring of insurance does not reduce or alter in any way other obligations assumed by the CONCESSIONAIRE according to this Agreement.

11.2.8 **Compliance with Policies.** The CONCESSIONAIRE is liable to the GRANTOR to comply with the terms and conditions of all insurance policies in accordance with the provisions of this Agreement. In case of loss, the CONCESSIONAIRE shall inform the insurance company without delay also notifying the GRANTOR. If insurance coverage is canceled for lack of timely notice of a loss, liability incurred will be borne by the CONCESSIONAIRE relieving the GRANTOR of any responsibility for the amount the insured party should have been indemnified in case of having communicated the loss in a timely manner; likewise deductible amounts will be borne by the CONCESSIONAIRE.
11.2.9 **Coverage Report.** Before the first thirty (30) Calendar Days of each Concession Year and during the term thereof, the CONCESSIONAIRE will submit the following to OSITRAN:

a) A list of insurance policies to be hired and/or maintained by the CONCESSIONAIRE during the year in question, indicating at least the coverage, the insurance company, the claims made in the previous year and its current situation, and

b) A certificate issued by the authorized representative of the insurance company indicating that the CONCESSIONAIRE has met the terms of this Clause over the past year.

c) A list of all property acquired or built and culminated works that form part of the Concession Assets and which must be included in insurance policies to be renewed annually.

11.2.10 Notwithstanding the above, during the course of the Agreement and whenever OSITRAN requires it, up to a maximum of four (4) times per Concession Year, the CONCESSIONAIRE shall provide satisfactory proof to OSITRAN and the GRANTOR that all insurance policies remain valid and duly paid.

11.2.11 If breach of the obligation to maintain policies in force is verified, the procedure laid down in Section 15.8 of Clause Fifteen of this Agreement shall apply.

11.2.12 Events Not Covered. Losses and/or damage not covered by such insurance policies or by a deficiency or lack of coverage will be the CONCESSIONAIRE’s responsibility, being solely liable to the GRANTOR for any damage caused.

**11.3 CONCESSIONAIRE’s Liability**

11.3.1 The hiring of insurance policies by the CONCESSIONAIRE does not diminish its liability, being directly responsible for all obligations under the Agreement over any insured liability and agrees to hold the GRANTOR harmless against any claim, delay or complaint associated with its operation, provided that such claim, delay or complaint is attributable to the GRANTOR’s actions or omissions.

11.3.2 Notwithstanding the provisions of this clause and the obligations contained therein, the CONCESSIONAIRE shall pay all amounts owed to any person in accordance with Applicable Laws. This means that, in case of loss due to fraud or negligence on his part, not covered by such insurance policies, the CONCESSIONAIRE shall be solely responsible for any damage whatsoever caused.
In no case will the CONCESSIONAIRE be responsible for acts or events committed or incurred by the GRANTOR that according to Applicable Laws shall be the latter's responsibility.

11.3.3 The CONCESSIONAIRE will assume all costs and each and every one of the deductibles and/or coinsurance hired in the insurance policies required.

11.3.4 The CONCESSIONAIRE will hire all insurance policies required under this Agreement with insurance and reinsurance companies that are rated B+ or higher, according to information from the Superintendence of Banking, Insurance and AFP and/or risk rating agencies operating in Peru and/or abroad. The insurance certificates for each policy listed above shall contain the following:

a) A statement where the GRANTOR appear as additional beneficiary, as appropriate.

b) A statement that the Insurance Company has waived subrogation rights with respect to the GRANTOR.

c) A statement from the insurance company accepting to notify in writing to OSTIRAN and the GRANTOR about any failure to pay premiums incurred by the CONCESSIONAIRE and any circumstances affecting the validity or effectiveness of the policy.

11.4 GRANTOR’s Obligations

In accordance with the provisions of Section 11.2.2 of this Clause, the following is agreed:

11.4.1 If the GRANTOR receives or perceives any amount for reimbursement of damage caused to the Concession Assets, such amount will be used solely and exclusively by the CONCESSIONAIRE to repair, replace or rebuild such damages, pursuant to the terms agreed in the policies referred to in this Clause. To this end, the GRANTOR shall deliver to the CONCESSIONAIRE the amounts collected within a period not to exceed thirty (30) Calendar Days of receiving compensation.

11.4.2 If the GRANTOR receives or perceives any amount for reimbursement of damage caused by the CONCESSIONAIRE’s negligence or fraud in the Concession assets pursuant to the terms agreed in the policies referred to in this clause, and such goods could not be repaired, replaced or rebuilt, the GRANTOR shall not be bound to reimburse the CONCESSIONAIRE.
CLAUSE TWELVE
SOCIO ENVIRONMENTAL CONSIDERATIONS

12.1 Environmental Responsibility

12.1.1 CONCESSIONAIRE’s Socio Environmental Obligations

12.1.1.1 The CONCESSIONAIRE acknowledges being aware of the current environmental legislation, including international norms and obligations in environmental matters under this Agreement, to the extent they are applicable to activities covered by this Agreement. The CONCESSIONAIRE agrees to comply with these standards as an indispensable component of its environmental management.

12.1.1.2 The CONCESSIONAIRE is bound to prepare the Environmental Impact Study, based on the Resolution concerning Categorization and Terms of Reference approved by the Competent Environmental Authority for this purpose (Article 45 of SEIA’s Regulation in accordance with the provisions of Ministerial Resolution N° 052-2012/MINAM, taking into account the guidelines established in the Viceministerial Resolution No. 1079-2007-MTC/02 and provisions issued by the Ministry of Environment and Ministry of Transport and Communications.

12.1.1.3 The CONCESSIONAIRE shall coordinate with the Local Government and Regional Government, among other competent bodies, and include variables of the Urban Development Plan to define the use of spaces adjacent to the Airport area (buffer zone and surrounding areas) in order to avoid unexpected and disorganized population growth, as they would be indirectly subject to the project.

12.1.1.4 During the Works Execution Stage and the Operation Stage, the CONCESSIONAIRE shall be responsible for environmental protection as an essential component of its management.

12.1.1.5 The CONCESSIONAIRE and subcontractors shall be jointly responsible for the compliance with current environmental standards, in particular compliance with the provisions of General Environmental Law No. 28611, Law of the National System of Environmental Impact Assessment, Law No. 27446 and their Regulations, approved by Supreme Decree No. 019-2009-MINAM as well as the obligations arising from the Environmental Impact Assessment approved by the
GRANTOR, and any environmental damage, loss, claim or liability of the CONCESSIONAIRE in the Concession Area.

12.1.1.6 The CONCESSIONAIRE, after the Take of Possession, will only be liable for the prevention, mitigation and remediation of environmental problems generated in the Concession Area (including other areas used for quarrying, deposits of excess material, installation, use or operation of warehouses, offices, workshops, machinery yard, campsites, accesses and other ancillary areas). This management and/or treatment system should be completed before beginning the Operation Stage of the Airport.

In the case of areas outside the Concession Area, the CONCESSIONAIRE will only be responsible if it is established that the cause of the damage was incurred in the Concession Area from the Take of Possession.

In order to address these impacts, the CONCESSIONAIRE shall adopt the measures envisaged in the environmental management plan which are part of the Environmental Impact Study, according to the respective terms of reference.

12.1.1.7 The Solid Waste Management Plan shall be carried out in accordance with the Environmental Impact Assessment which was approved.

Such plan shall take into account, the assumption that the district of Chinchero does not have sanitary landfills for disposal of solid and/or liquid waste and suitable infrastructure to evacuate wastewater generated within the Concession Area due to activities implemented under this Agreement, or in case there are no sanitation provider companies in charge of management and/or treatment of such waste. In such case, the CONCESSIONAIRE shall submit an alternative to waste treatment and the corresponding implementation plan to the competent authority for approval. This management and/or treatment system shall be completed before beginning the Operation Stage of the Airport. Costs arising from the execution of such plan shall be borne by the CONCESSIONAIRE.

12.1.1.8 For purposes of the beginning of Works, the CONCESSIONAIRE shall request DGASA the proper environmental certification in order to comply with the Environmental Impact Assessment Law and its regulations.
12.1.2 **Environmental Impact Assessment**

12.1.2.1 The CONCESSIONAIRE shall prepare the Environmental Impact Assessment in accordance with the Terms of Reference described in Annex 11 of this Agreement.

The Environmental Impact Assessment shall be prepared by an entity duly registered in the register of entities authorized to prepare Environmental Impact Assessments in charge of the Competent Environmental Authority.

12.1.2.2 The Environmental Impact Assessment shall be a constituent part of the Concession Agreement.

12.1.2.3 The beginning of the Works Execution Stage shall be subject to the approval of the corresponding environmental document and the pertinent environmental certification. The environmental reports during the Works Execution Stage shall be submitted on a monthly basis by the CONCESSIONAIRE to DGASA, with a copy to OSITRAN.

12.1.2.4 The terms for the granting of environmental certification of the Airport, by the Competent Environmental Authority are regulated by Supreme Decree N° 019-2009-MINAM, Regulation of the Law on the National System of Environmental Impact Assessment.

12.1.2.5 The implementation of conditions and/or measures established in the Environmental Impact Assessment shall be borne exclusively by the CONCESSIONAIRE complying with current environmental regulations.

12.1.2.6 Without prejudice to the application of administrative penalties, the unfulfillment of environmental liabilities provided for in this Agreement, shall cause the imposition of penalties pursuant to Annex 9 of the Agreement.

12.1.2.7 If the GRANTOR, during the Concession term, considers the need to implement measures concerning mitigation and/or environmental compensation additional to those enshrined in this Agreement, such measures shall be considered as New Works and, therefore, they shall be regulated by the procedures established in Section 8.12.

12.1.2.8

12.1.2.9

12.1.3 **Environmental Auditing and Environmental Liabilities**

12.1.3.1 In any case will the CONCESSIONAIRE be responsible for pollution or environmental impacts that may be generated inside or outside the area of influence of the Concession before the date of the Take of Possession. Regarding pollution or environmental impacts that may be generated outside or within the area of influence of the Concession...
from the date of the Take of Possession, the CONCESSIONAIRE will only be liable in cases where the cause of the damage generated in the area of influence is directly or indirectly attributable to the it.

12.1.3.2 The CONCESSIONAIRE, will identify and evaluate Environmental Liabilities during the preparation of the Environmental Impact Study through an environmental audit, which will be part of the environmental baseline study thereof.

12.1.3.3 If Environmental Liabilities are found during the environmental auditing, the GRANTOR shall be responsible for Environmental Liabilities generated prior to the date of Take of Possession.

12.1.4 **Environmental Management**

12.1.4.1 Environmental management during the Construction Stage and Operation Stage of the Airport shall be completed with the approval of the environmental document, as this includes the legal framework, description of activities, baseline, identification and evaluation of environmental impacts and liabilities, environmental management plan, among others.

12.1.4.2 The CONCESSIONAIRE must comply, as part of its environmental management, with legal standards relating to solid waste and hazardous solid waste management, hazardous materials, use of water, water discharge and liquid waste, noise, water quality, air quality, oil consumption, zoning, among other environmental issues regulated by Peruvian law.

12.1.4.3 During the first five (05) years of the Operation, the reports shall be submitted on a quarterly basis to DGASA. From the sixth year of the Operation to the completion of the Concession term, the environmental reports shall be submitted on a quarterly basis to DGASA by the GRANTOR within the first fifteen (15) Calendar Days of each semester, with a copy to OSITRAN.

12.1.4.4 The environmental reports to be provided during the Works Execution Stage and Operation Stage shall contain the development of the information as requested in the Environmental and Social Management Plan of the environmental document.

12.1.4.5 The CONCESSIONAIRE, before the beginning of Rehabilitation will request to DGASA the corresponding environmental certification of the areas to be used according to the procedure laid down in Supreme Decree No. 019-2009-MINAM.
12.1.4.6 Deadlines for evaluation and approval of an environmental instrument generated in the Operation and/or Rehabilitation Stage shall be subject to the provisions of Supreme Decree No. 019-2009-MINAM.

12.1.4.7 The CONCESSIONAIRE shall include a “Social Environment Area” in its flowchart in order to ensure social and environmental sustainability of all airport activities and compliance with national and international environmental legislation in force during the Works Execution Stage and the Operation Stage of the Airport. This area will consist of two units (environmental and social) and shall include staff of both specialties.

Through this area, the CONCESSIONAIRE shall participate in the socio-environmental monitoring performed by the DGASA specialists team, during the Works Execution Stage and Operation Stage to ensure proper environmental management of the AICC.

12.1.4 Contamination

12.1.5.1 The CONCESSIONAIRE shall ensure that storage, treatment and disposal of all substances generated during operation and/or maintenance of the Airport, any Airport Service or any other origin at the Airport, is carried out so as to minimize any contamination to the environment or any damage to humans or any other organism because of such substances.

12.1.5.2 If necessary, in accordance with the approved environmental document and the agreement of both parties, the CONCESSIONAIRE shall build, operate and maintain a specific waste treatment plant that uses acceptable techniques in accordance with Applicable Laws, which will be the CONCESSIONAIRE’s responsibility. This treatment plant must be located in a suitable place at the Airport, in order to ensure that:

- any emanation generated during operation and/or maintenance of the Airport, the Concession Assets, any Airport Service or from any other source, will not discharge into the Environmental any substance in amounts that may produce pollution and/or damage to humans or any other organism, and that
- such emanations and substances are harmless to the environment and/or humans or any other organism.

12.1.5.3 The CONCESSIONAIRE will comply and make all reasonable efforts to ensure compliance by any person using the Airport and its facilities of all Applicable Laws relating to storage, treatment, emission,
discharge and disposal of any substance or emanation, or environmental issues in general, to the extent that such Applicable Laws apply to the Airport or its operation;

12.1.5.4 With no limitations, it will apply the best techniques available to minimize contamination that could be caused to the detriment of the environment, human beings and any other organism, for any substance generated during the operation, maintenance and management of the Airport.

12.1.6 Cultural Heritage and Archaeological Protection

12.1.6.1 Without prejudice to other obligations under the Agreement, the CONCESSIONAIRE shall observe Peruvian laws and Applicable Laws protecting the Cultural Heritage of the Nation.

12.1.6.2 Taking into consideration the current legislation, the final report "Archaeological assessment draft for the Chinchero International Airport Project" was made in 2011 for an area of 329.1 ha, which was approved by the Ministry of Culture by Directorial Resolution No. 560-2012-DGPC-VMPCIC/MC dated July 25, 2012.

The final report of the "Draft archaeological assessment for the Project Chinchero International Airport" with an area of 329.1 ha was produce in 2011 and was approved by Directorial Resolution No. 560-2012-DGPC-VMPCIC/MC dated July 25, 2012 issued by the Ministry of Culture.

As a result of in-depth technical studies of the Airport, it was determined that the Concession Area had an extension of 357.0 has. Thus, a request was submitted in 2012 to the Cusco Regional Directorate of Culture to monitor and evaluate an additional area of 27.8 has.

In both cases, the Ministry of Culture recommended that prior to the commencement of the engineering works at the Airport an Archeological Monitoring Plan should be submitted to the Ministry of Culture by a Licensed in Archaeology.

12.1.6.3 In response to the statement by the Ministry of Culture, the CONCESSIONAIRE shall submit an Archaeological Monitoring Plan for the Concession Area, which must be approved prior to the commencement of earthmoving and construction works to access such area.

CLAUSE THIRTEEN
RELATIONSHIPS WITH PARTNERS, THIRD PARTIES, STAFF AND COMMUNITIES

13.1 Relationship with Strategic Investors

At the Closing Date, Strategic investor(s) shall have signed an agreement with the CONCESSIONAIRE committing to the following:

a) That their acts or omissions will not prevent the CONCESSIONAIRE’s normal development of activities and especially those involving the implementation of the Agreement.

b) Undertake the respective duties, responsibilities and guarantees consistent with this Agreement and other related agreements.

Strategic investor(s) may not transfer their Licensee Company shareholding from the signing the Agreement until the completion of the Works Execution Stage or at least until five (05) years as from the beginning of Operation Stage, in accordance with the technical and operational requirements accredited by Strategic investor(s) in the Bidding stage.

After this deadline, Strategic Investor(s) may transfer their shares or stakes, subject to authorization by the GRANTOR, who may not deny it without justification.

13.2 Assignment or transfer of the Concession

13.2.1 The CONCESSIONAIRE may not transfer its right to the Concession or assign its contractual status without the GRANTOR’s prior approval.
13.2.2 For authorization purposes, the CONCESSIONAIRE shall notify its intention to transfer its Concession or assign its contractual status, submitting the following:

a) Preliminary agreement or letter of intent to transfer or assign, duly signed by the assignor in accordance with the procedure and with corporate majorities required by the Articles of Association;

b) Preliminary agreement or letter of intent to transfer or assign, duly signed by the assignee, in accordance with the procedure and with corporate majorities required by the Articles of Association.

c) Documents proving the required legal capacity of the third party.

d) Documents demonstrating the financial and technical capacity of the third party, taking into account the provisions of the Bidding Terms and the Concession Contract.

e) Agreement by which the third party agrees to assume any damage and pay any other amount due and payable by the CONCESSIONAIRE.

f) Agreement by which Strategic investor(s) are substituted by one of the third party’s shareholders in the contractual status occupied by the former in the Concession Contract.

g) Authorized Creditors’ acceptance regarding the transfer or assignment agreement proposed.

13.2.3 The GRANTOR shall rule on the operation within a period of sixty (60) Days from the filing of the application with all required documentation pursuant to this Clause. The GRANTOR’s acceptance does not release the company that transfers its right to the Concession or assigns its contractual status for from its liability for up to a maximum of two (02) years from the date of transfer approval. This means that during this period the company shall be jointly liable with the new CONCESSIONAIRE for acts committed prior to the transfer or assignment. A negative determination or absence of determination shall imply the rejection of the operation.

13.3 Clauses in Agreements

13.3.1 All agreements that the CONCESSIONAIRE signs with partners, third parties and staff should include clauses covering:

a) The obligation to obtain the GRANTOR’s prior consent, as appropriate, regarding the transfer of contractual status or transfer of the Concession in favor of another duly qualified third party.

b) The termination of the respective contracts by the Expiration of the Concession.

c) Assurance that the term does not exceed the Concession term.

d) The waiver to bring legal liability against the GRANTOR, OSITRAN and its officials.
Under no circumstances, should the CONCESSIONAIRE be exempted from liability before the GRANTOR, for actions derived from the execution of agreements signed with third parties and which may have an impact on the Concession.

13.4 Relationships with Staff

13.4.1 The CONCESSIONAIRE agrees to make an employment offer to staff currently working at the AIVA in the form of fixed term or indefinite employment contracts. To this end, the GRANTOR shall send the CONCESSIONAIRE in a period not less than sixty (60) Calendar Days prior to the start of Operations, the list of people who shall receive an employment offer. Individuals considered in the aforementioned list will be those that have been working for at least two (02) consecutive years in the AIVA to the date such list is issued. These individuals will have to respond to the employment offer no later than thirty (30) Calendar Days after receiving the offer.

The CONCESSIONAIRE shall hire personnel who accept the job before the start of Operations. The CONCESSIONAIRE shall hire personnel who have accepted the employment offer only to the extent that the GRANTOR, through CORPAC, has credited the cancellation of employee benefits that such workers may be entitled to.

The new employment contracts signed with these workers must include, at least, the same economic terms and conditions of employment contracts that those workers had with CORPAC, except with regard to the term which will be twenty-four (24) months as a minimum, and will be subject to the private activity labor regime, without prejudice to those amendments related to collective or law agreements, following the signing of this Agreement.

13.4.2 The obligation referred to in the preceding section does not include individuals with service contracts, cooperative workers, service companies or individuals hired under training modalities, if any.

13.4.3 During the period specified in Section 13.4.1 of this Clause, the CONCESSIONAIRE may not argue objective reasons for the collective dismissal of workers, except for economic, technological, structural or similar nature, unforeseeable circumstances or force majeure reasons. Compliance with the twenty-four (24) month term as a minimum specified in Section 13.4.1 does not undermine the CONCESSIONAIRE’s attribution to dismiss staff for misconduct or other grounds established in the existing labor laws, and it does not prevent workers from leaving voluntarily.
13.4.4 The CONCESSIONAIRE is bound to carry out a training program, within the first (1) year of the start of Operations, aimed at workers referred to in Section 13.4.1 of this Clause, in order to assume the responsibilities required by the CONCESSIONAIRE in an efficient manner meeting established standards.

13.4.5 The GRANTOR shall be solely responsible for payment of any obligation or employment benefit corresponding to those workers even before the date of signing the employment contract with the CONCESSIONAIRE or after this if such payments correspond to labor rights generated before the signing of new contracts.

13.4.6 The CONCESSIONAIRE shall be responsible for any labor obligation as employer, as well as any other obligation arising from the application of social security laws, pensions or other provisions that may be applicable, from the time new employment contracts have been signed between the CONCESSIONAIRE and staff.

13.5 Relationship with Rural Communities

13.5.1 The CONCESSIONAIRE agrees to implement, no later than sixty (60) calendar days after the Closing Date, a Community Relations Office in the district of Chinchero, the same that will be enabled throughout the Concession,

13.5.2 Among other activities, the Community Relations Office should be responsible for the dissemination of socio-environmental schemes content or any information related to impacts on the population of the district of Chinchero, which may be positive or negative, in which case they should be disseminated together with mitigation and/or compensation measures.

13.5.3 The CONCESSIONAIRE agrees, prior to and during the Works Execution Stage, to provide jobs to residents of the Yanacona Rural Community, Ayllo Pongo Rural Community, Racchi Ayllo Rural Community, and in general, to the population of the Chinchero and Huayllabamba Districts that is trained to perform the work required at that stage, prior evaluation conducted by the CONCESSIONAIRE, until they cover not less than fifteen percent (15%) of staff required for this stage. This requirement may be fulfilled through the construction company that has entered into a Construction Agreement with the CONCESSIONAIRE, if applicable.

13.5.4 The CONCESSIONAIRE agrees to implement a technical training center on courses related to airport activity, e.g. safety / security, baggage and cargo handling, operation of mobile equipment, fire service, among others, aimed at the Yanacona Rural Community, Ayllo Pongo Rural Community, Racchi Ayllo Rural
Community, and in general, the population of the Chinchero and Huayllabamba Districts. For this purpose, the CONCESSIONAIRE may enter into an agreement with a college or technological institute, duly accredited, which provides the technical training required.

13.5.5 To do this, the CONCESSIONAIRE must design a curriculum, which shall be promptly published and communicated to the public, subject to DGAC approval. This curriculum will ensure technical training for the CONCESSIONAIRE to incorporate staff from the group of students who successfully pass the required courses.

13.5.6 The training center will be located within Concession Area of the AICC and will have classrooms with adequate space to house at least a dozen students each. They must be equipped with carpet, heating, desks, chairs, worktables, whiteboards, projection screen, projector, and other items and equipment required for this purpose.

13.5.7 The training center will begin its operations within six (06) months after the start of Operations and must be opened during the term of the Concession, provided there is demand for at least four (4) students per course.

13.5.8 The GRANTOR will promote the teaching of courses and shall assist the CONCESSIONAIRE in obtaining necessary municipal or sectoral permits.

13.5.9 The training center shall not demand expenses to students, classes will be held free of charge. Also, texts and instructional materials must be provided free of charge by the CONCESSIONAIRE.

13.5.10 After students pass courses required to perform specific airport activities, the CONCESSIONAIRE agrees to prepare a list by order of merit in order to assign responsibilities and/or posts that are available. The CONCESSIONAIRE agrees to provide jobs to these students, to cover not less than fifteen percent (15%) of staff required for the Operations stage.

13.5.11 Additionally, the CONCESSIONAIRE shall provide, free of charge, within the Concession Area, an adequate space so the Yanacona Rural Community, Ayllo Pongo Rural Community, Racchi Ayllo Rural Community, and in general, the population of the Chinchero and Huayllabamba Districts can organize weekly the sale of local traditional manufactured goods. The completion of this activity, shall not affect at any time the proper operation and functioning of the Airport. The CONCESSIONAIRE shall obtain the sanitary, municipal and other necessary permits for the performance of such fair.
CLAUSE FOURTEEN
ADMINISTRATIVE COMPETENCIES

14.1 Common Provisions

14.1.1 The exercise of the functions that the GRANTOR, OSITRAN and SUNAT must meet under this Agreement and the relevant legal standards, in no case shall be subject to authorizations, permits or any expression of will by the CONCESSIONAIRE. The CONCESSIONAIRE shall fully cooperate to facilitate compliance of these functions, otherwise provisions in OSITRAN Regulations on Penalties and Sanctions, approved by Board Resolution No. 023-2003-CD-OSITRAN, or legislation replacing it shall apply. The GRANTOR and OSITRAN are required to perform inspections, reviews, and similar actions, according to the rules in their area of competence.

14.1.2 Any request by the CONCESSIONAIRE whose resolution depends on both the GRANTOR and the CONCESSIONAIRE will require OSITRAN’s previous opinion before approval and the CONCESSIONAIRE shall provide a copy of the application to OSITRAN.

14.1.3 In the event that the CONCESSIONAIRE needs to make a request on matters of the GRANTOR’s strict competency, but that are directly or indirectly related to the development of the Concession, the CONCESSIONAIRE must submit the request to the GRANTOR, who may refer it to OSITRAN when deemed appropriate.

14.1.4 In the event that the CONCESSIONAIRE needs to make a request on matters and aspects of the GRANTOR’s strict competency, the CONCESSIONAIRE must submit the request to the GRANTOR, who may refer it in distance term to OSITRAN.

14.1.5 The time limits that the GRANTOR and OSITRAN have to issue a decision on the requests made by the CONCESSIONAIRE will be those set out in this Agreement. For everything that is not regulated by this Agreement, the terms established in the legal framework applicable to OSITRAN or the GRANTOR shall apply.

14.1.6 The CONCESSIONAIRE will comply with all reporting requirements and procedures set forth in this Agreement or which may be established by the
GRANTOR, in matters within its competency and OSITRAN, under the provisions of the Regulatory Standards.

14.1.7 The CONCESSIONAIRE shall submit periodic reports, statistics and other information concerning its activities and operations, in the form and time established by the GRANTOR and OSITRAN in the corresponding requirement.

14.1.8 Under no circumstances, should the CONCESSIONAIRE refuse to provide the information requested by the GRANTOR. Should the CONCESSIONAIRE fail to provide information, he shall be subject to OSITRAN Regulations on Penalties and Sanctions, approved by Board Resolution No. 023-2003-CD-OSITRAN, or legislation replacing it.

14.1.9 The CONCESSIONAIRE shall facilitate the review of its documentation, files and other data that the GRANTOR and OSITRAN may require. Furthermore, OSITRAN will use such review for surveillance and compliance with the terms of this Agreement.

14.2 OSITRAN powers

OSITRAN is empowered to exercise all the powers and functions under the Agreement, Law of Supervision for Private Investment in Public Transport Infrastructure and Promotion of Air Transport Services, approved by Law No. 26917, as well as its amending, complementary and regulatory rules. Notwithstanding the above, under this Agreement, OSITRAN is entitled to implement activities thereof.

14.3 Supervision and Controlling Powers

14.3.1 During the term of the Concession OSITRAN will be responsible for supervising and controlling the Concession. OSITRAN may hire, through a selection procedure, a Works supervisor according to the Rules established in the matter. Such Works supervisor will solely act for and on behalf of OSITRAN and in that sense, OSITRAN is in charge of supervision.

The selection and hiring of a Works supervisor is OSITRAN’s exclusive responsibility.

14.3.2 The Works supervisor shall not have rendered any services directly to the CONCESSIONAIRE, its shareholders or related companies in the last year in Peru or abroad, at the time OSITRAN hires him.
14.3.3 Fees directly arising from supervising activities during the Works Execution Stage will be paid by OSITRAN at the CONCESSIONAIRE’s expense, as indicated in Section 8.13 of Clause Eight of this Agreement.

If the CONCESSIONAIRE does not cancel the amounts indicated above, the GRANTOR, after coordination with OSITRAN, may enforce the Agreement Performance Bond up to the amount specified in Section 8.13 of Clause Eight and as provided in Section 10.3 of Clause Ten in this Agreement.

14.3.4 The CONCESSIONAIRE shall submit to OSITRAN within the first ten (10) Calendar Days of each month, as appropriate, Monthly Reports including the following information in addition to the information required in article No. 26 of OSITRAN’s General Regulation of Supervision:

a) Quarterly and annual financial statements of the company, describing in the notes each of the items that make all income. The annual financial statements will be submitted audited. Quarterly information must include the submission of the Balance Sheet, Income Statement, Cash Flow, Trial Balance and other accounting and/or financial information as may reasonably be required by OSITRAN. In addition, the CONCESSIONAIRE must submit to OSITRAN a chart of accounts and changes thereof. Additionally, OSITRAN may request the CONCESSIONAIRE to include divisional or sub-divisional Charts of Accounts.

b) Monthly information on claims submitted by Users, identifying the User and the claim made.

c) Information on all income received by the CONCESSIONAIRE, identifying the type of income. Each entry must be submitted duly separated.

d) Monthly information on passenger traffic, cargo and operations at the airport according to formats established by OSITRAN.

e) Any additional information that OSITRAN may need to monitor the proper performance of the Agreement in matters within its competence, sending to the CONCESSIONAIRE support of the purpose of the requested information.

14.3.5. Among other activities, OSITRAN shall be responsible for monitoring compliance by the CONCESSIONAIRE of the following obligations:

a) Compliance with technical standards on Maintenance.

b) Compliance with the Minimum Technical Requirements, Annex 8 of the Agreement.

c) Send statistical data to OSITRAN.

d) Compliance with the delivery of its financial statements.

e) Compliance with Applicable Laws.

f) Compliance with obligations related to engineering in projects and construction, while performing the Works.
14.4 Sanctioning Powers

14.4.1 OSITRAN has the power to apply administrative sanctions to the CONCESSIONAIRE in case of breach of its obligations as such, under the provisions of Law No. 26917, Framework Law on Regulatory Agencies governing Private Investment in Public Services, approved by Law No. 27332, General Administrative Procedure Act approved by Law No. 27444 and the regulations issued on the subject. The CONCESSIONAIRE shall proceed with the implementation of sanctions imposed by OSITRAN according to the relevant rules.

Additionally, OSITRAN has the power to apply penalties to the CONCESSIONAIRE pursuant to Annex 9 of this Agreement, upon default of the obligations agreed thereof.

In case of default of obligations by the CONCESSIONAIRE other than those imposed in Annex 9 of this Agreement, the application of administrative sanctions will follow in accordance with the provisions of the Regulations on Penalties and Sanctions (RIS) approved by OSITRAN, effective on the date of the offense.

14.4.2 Administrative penalties arising in the implementation of this Agreement shall apply in accordance with the RIS provisions, regardless of contractual penalties set out in Annex 9 of this Agreement.

14.5 Regulation Rate

The CONCESSIONAIRE is required to pay directly to OSITRAN the regulation rate referred to in Article 14 of Law No. 26917 and Article 10 of Law No. 27332, or rules amending or replacing it, in the terms and amounts referred to in these legal provisions, the same that will be calculated and charged on total revenue billed by the CONCESSIONAIRE.

14.6 Audits

14.6.1. Accounts Maintenance: The CONCESSIONAIRE shall maintain the Airport’s accounting in accordance with accounting principles generally accepted in Peru and with International Accounting Standards (IAS).

14.6.2. Accounts Inspection: Accounts, its corresponding receipts and related documents that may reasonably be required for inspection purposes of the Airport’s financial affairs will remain available to OSITRAN, which may take actions deemed necessary within four (4) years from the date of delivery of any audited Financial
Statement sent to the GRANTOR in accordance with accounting principles generally accepted in Peru and with International Accounting Standards (IAS).

14.6.3. Quality inspection: Quality inspection and evaluation of Airport operation and services including basic standards and minimum technical requirements shall be OSITRAN’s responsibility, which may have free access to the CONCESSIONAIRE and Downstream Users’ facilities and equipment in order to perform inspections they consider relevant.

CLAUSE FIFTEEN
CONCESSION TERMINATION

The Concession will expire due to Agreement termination. The Agreement may be declared terminated on one of the following grounds:

15.1. Termination due to Term Expiration

The Concession will be terminated upon term expiration specified in Section 4.1, Clause Four of this Agreement, or upon expiration of any extension granted under Clause Four.

15.2. Termination by Mutual Agreement

15.2.1. The Agreement will expire at any time, by written agreement between the CONCESSIONAIRE and the GRANTOR, prior technical opinion by OSITRAN and the Authorized Creditors.

15.2.2. If the Contract expires by mutual agreement between the Parties, it must contain the mechanism for Concession settlement. The agreement must consider the time elapsed from the signing of the Contract, the unamortized amount of investment, works and facilities in the land within the Concession Area, the value of the Concession Assets, still to be depreciated or amortized, and the existing circumstances on the date the Parties make that decision, as well as criteria to determine the settlement mechanism.

To carry out this procedure, OSITRAN must take into account the Authorized Creditors’ opinion currently financing the concession at the time of the agreement expiration.

15.2.3. No compensation amount will be considered due to the Parties for any damage incurred upon the Expiration of the Concession.

15.3. TERMINATION BY CONCESSIONAIRE BREACH
15.3.1. The Agreement will terminate early if the CONCESSIONAIRE incurs in serious breach of its contractual obligations. Without prejudice to the penalties that apply, causes expressly stated in the Agreement will be considered as serious breach of obligations by the CONCESSIONAIRE, as follows:

a) The CONCESSIONAIRE’s failure to pay its initial capital within the period specified in the Agreement.

b) The statement of insolvency, dissolution, liquidation, bankruptcy or appointment of an auditor by the CONCESSIONAIRE according to the provisions of the regulations on the matter. In these cases, the Agreement will be terminated when OSITRAN becomes aware and submits a notification to this effect, provided that the insolvency, liquidation, bankruptcy or other in this Clause had not been remedied, according to law within sixty (60) Calendar Days after notice, or within a longer period fixed by OSITRAN in writing, which will be granted in case there is reasonable cause, unless it is proven that the statement of insolvency, dissolution, liquidation, bankruptcy or appointment of an auditor was fraudulent.

c) The non-attendance to the Take of Possession of Concession Assets in the form provided for that purpose, for reasons attributable to the CONCESSIONAIRE.

d) The severe alteration of the environment, historical heritage and/or natural resources, product of fraudulent or negligent violation of the recommendations provided by the Environmental Impact Assessment or corresponding socio environmental management document, declared so by the Competent Governmental Authority through a definitive resolution.

e) The CONCESSIONAIRE’s willful breach resulting in a public offense to the detriment of the User, the GRANTOR and/or OSITRAN generating a serious impact on the Concession and which has been declared as such by judicial consent.

f) The transfer of the CONCESSIONAIRE’s rights and assignment of its contractual status without prior written approval of the GRANTOR.

g) Starting, at the request of the CONCESSIONAIRE, a corporate, administrative or judicial process for its dissolution or liquidation.

h) The CONCESSIONAIRE’s failure to grant or renew the Concession Contract Performance Bond, Works Performance Bond or insurance policies required by this Agreement, or if any of them were issued on terms and conditions other than those agreed in the Agreement.

i) The use by the CONCESSIONAIRE of the Concession Assets differently to the provisions of the Agreement without prior written approval of the GRANTOR.

j) The issuance of a granted or executory court order preventing the CONCESSIONAIRE from performing a substantial part of its business or imposing a lien, levy or seizure affecting all or part of the Concession Assets, provided that any of these measures remain in effect for more than
sixty (60) Calendar Days or within a longer period fixed by OSITRAN in writing, which will be granted in case there is reasonable cause.

k) Three (3) or more breaches, which may be very serious and/or serious as a whole, committed by the CONCESSIONAIRE, in accordance with the regulations approved by OSITRAN, over a period of twelve (12) months, or six (6) or more serious breaches within thirty six (36) months. Such breaches shall be declared as such in a final judgment and must not be challenged in administrative proceedings.

l) Unjustified delays attributable to the CONCESSIONAIRE in the start of the Works Execution Stage or in the implementation of the Works, Maintenance and Operation of Airport Infrastructure, exceeding the time limits established for the application of late payment penalties or in safety of a particular covenant, noted in Table of Penalties, Annex 9.

m) The non-provision of Airport Service for reasons attributable to the CONCESSIONAIRE for forty-eight (48) consecutive hours and/or seventy-two (72) non-consecutive hours within one (01) month.

n) If the Strategic Investor(s) is substituted by a third party without the GRANTOR’s prior written consent or in case the shareholding of Strategic Investor(s) in the Concession is reduced below the minimum rate specified in Section 3.3.1 of Clause Three of this Agreement.

o) Breach of Financial Closure for reasons attributable to the CONCESSIONAIRE according to the provisions of Clause Nine.

p) The application of contractual penalties which may become effective or accepted during the validity of the Agreement, whose accrued amount reaches forty percent (40%) of the amount of the Concession Contract Performance Bond in effect.

In this case, if deemed appropriate and in order to ensure the continued provision of services, the GRANTOR may not invoke the termination of the concession, and shall reach an agreement with the CONCESSIONAIRE in relation to a new limit of penalties.

q) Breach of the rules for the participation of the Strategic Investor(s) established in Section 13.1.

r) Performing acts that constitute abuse of a dominant position on the market or that limit, restrict or distort free competition or free access to the AICC. Such conduct shall be reported by the competent authority by final Resolution.

15.3.2. Whatever the cause for termination, OSITRAN shall notify of the circumstances in a reliable manner to the CONCESSIONAIRE, the GRANTOR, Authorized Creditors and the Trustee, sixty (60) Calendar Days prior to the scheduled termination of the Agreement. The decision to terminate the contract shall be made by the GRANTOR.

15.3.3. The Parties state that the causes related to the termination of the Agreement shall not constitute events for the GRANTOR to unilaterally discontinue or
suspend payments that the CONCESSIONAIRE is entitled to in compliance with the provisions of Clause Nine of this Agreement, if applicable.

15.3.4. If the GRANTOR decides to terminate the Agreement due to serious breach by the CONCESSIONAIRE of the provisions in Section 15.3.1: (i) a penalty will be paid to the GRANTOR by way of compensation for any concept corresponding to the damage caused by the CONCESSIONAIRE’s breach. The said penalty will be equal to the Concession Contract Performance Bond amount at the time expiration occurs. Consequently, the GRANTOR is expressly authorized to collect and retain the amount of that Guarantee and the CONCESSIONAIRE will not be entitled to reimbursement, and (ii) without prejudice to the foregoing, the GRANTOR may require the payment of further damage.

The CONCESSIONAIRE shall make payment of the penalty specified in subsection (i) above, in favor of the GRANTOR, within not more than thirty (30) Calendar Days from the Concession Expiry.

15.3.5. Without prejudice to the payment of the corresponding penalties, the GRANTOR’s payment commitment(s) will continue to be paid according to the schedule set out in Annex 23 of this Agreement.

15.4. TERMINATION BY GRANTOR BREACH

15.4.1. The CONCESSIONAIRE may terminate the Agreement if the GRANTOR incurs in serious breach of the commitments assumed. Causes expressly stated in the Agreement will be considered as serious breach of obligations by the GRANTOR, as follows:

a) If the GRANTOR incurs in delays regarding the Co-financing payment for three (3) consecutive times or three (3) times within a year according to Clause Nine of this Agreement, provided that the CONCESSIONAIRE had submitted the respective bills and the respective payments had been approved by the GRANTOR with OSITRAN’s acceptance, if applicable.

b) Unjustified breach by the GRANTOR of the procedure for restoring economic-financial balance established in Clause Nine hereof.

c) Failure to complete airport operations and all other commercial operations that take place at the AIVA once the Concession Operations has started.

15.4.2. If the CONCESSIONAIRE decides to terminate the Agreement, as stated in preceding subsections a) and b), it shall notify the GRANTOR and OSITRAN in writing with an anticipation of at least ninety (90) Days prior to the date of planned early termination.
15.4.3. In case of default of provisions regarding subsection c), Section 15.4.1, the CONCESSIONAIRE will allow the GRANTOR a period of at least sixty (60) Calendar Days, which shall start from the date of notice receipt in order to rectify the noncompliance situation. If non-compliance continues, the CONCESSIONAIRE may choose to terminate the Agreement, which shall be communicated in writing to the GRANTOR and OSITRAN with an anticipation of at least ninety (90) days prior to the scheduled date of early termination.

15.4.4. For purposes of the procedure and/or determination of the settlement amount, one of the following options will apply, as appropriate:

15.4.4.1. If the Agreement is terminated before the start of the Works Execution Stage, the CONCESSIONAIRE becomes entitled to compensation by the GRANTOR of preoperative overhead incurred to date until termination of the Agreement takes effect, duly accredited and recognized by OSITRAN.

The GRANTOR shall reimburse the CONCESSIONAIRE the Concession Contract Performance Bond.

The amount specified in this Clause is the only payment to be recognized to the CONCESSIONAIRE, which includes recognition of various expenses in connection with the Concession.

15.4.4.2. If Agreement termination occurs in the circumstances specified in Section 15.4.1, then the CONCESSIONAIRE becomes entitled to receive from the GRANTOR the amounts determined in accordance with the following:

a) If termination and/or resolution referred to in this section for breach of Agreement occurs after the beginning of the Works Execution Stage and prior to the total acceptance of the Works by the GRANTOR, OSITRAN shall determine the final amount to be recognized to the CONCESSIONAIRE for Works performed in accordance with the provisions of Annex 23 of this Agreement.

b) If termination and/or resolution referred to in this section occurs after the acceptance of all the Works and during the Concession Operations, the following shall apply:

The payment commitment(s) due in accordance with Annex 23 of this Agreement shall continue to be paid.

Also, the GRANTOR shall pay compensation to the CONCESSIONAIRE corresponding to overheads and/or demobilization incurred, duly accredited and recognized by OSITRAN, to the extent that such expenses have not been
recognized. Additionally the GRANTOR will pay the CONCESSIONAIRE compensation equivalent to the amount of the Concession Contract Performance Bond.

The GRANTOR shall reimburse the CONCESSIONAIRE the Concession Contract Performance Bond.

The amounts and sections identified in this clause are the only payments to be recognized to the CONCESSIONAIRE, which includes recognition of various expenses in connection with the Concession.

15.4.5. In addition to the application of provisions described in Section 15.4.4, the GRANTOR shall pay the CONCESSIONAIRE the value of immovable property built by the CONCESSIONAIRE to generate Non-regulated Income. The amount to be recognized will be determined by an expert appointed by the GRANTOR and paid by the CONCESSIONAIRE. This amount is the result of subtracting the value of the asset recorded in the audited financial statements, except for accounting depreciation.

15.4.6. The total amount payable by the GRANTOR by applying provisions stated in sections 15.4.4 and 15.4.5, if applicable, must be accomplished no later than the next Calendar Year when expiry was declared.

15.4.7. The GRANTOR shall reimburse the CONCESSIONAIRE the Concession Contract Performance Bond and the Works Performance Bond.

15.5. Termination by the GRANTOR’s Unilateral Decision

15.5.1. For well-founded reasons of public interest, the GRANTOR has the power to terminate the Concession, prior notice in writing to the CONCESSIONAIRE with not less than six (6) months of the deadline for termination. This decision must also be notified to Authorized Creditors in the same period.

15.5.2. The said notice shall also be signed by the competent State agency of the Republic of Peru to address such problem of public interest.

15.5.3. The GRANTOR will pay the CONCESSIONAIRE an amount equal to the Concession Contract Performance Bond that corresponds at the time when expiry occurs. Additionally, the GRANTOR will pay the CONCESSIONAIRE the value of immovable property built by the CONCESSIONAIRE to generate Non-regulated Income.
The amount to be recognized will be determined by an expert appointed by the GRANTOR and paid by the CONCESSIONAIRE. This amount is the result of subtracting the value of the asset recorded in the audited financial statements, except for accounting depreciation.

15.5.4. In the event of termination caused by unilateral decision of the GRANTOR, the amount payable for this concept will be made according to the procedure outlined from Section 15.4.4 to Section 15.4.6.

15.5.5. The GRANTOR shall reimburse the CONCESSIONAIRE the Concession Contract Performance Bond and the Works Performance Bond.

15.6. Termination by Force Majeure or Unforeseeable Circumstances

15.6.1. The CONCESSIONAIRE will have the option to unilaterally terminate the Agreement due to events of force majeure or unforeseeable circumstances, originated by events beyond the CONCESSIONAIRE’s reasonable control, which despite all reasonable efforts carried out to prevent or mitigate their effects cannot avoid the non-compliance situation, as a direct and necessary consequence of that event.

15.6.2. Additionally, for the event of force majeure or unforeseeable circumstances to be grounds for expiry of the Contract it shall: (i) have caused some damage, current and determinable, duly founded and accredited, (ii) prevent any Party from meeting with their obligations or cause partial, late or defective compliance for a period of six (6) consecutive months, and (iii) allocate the Airport’s infrastructure on more than 50% (fifty percent) of the AICC Airport Infrastructure.

15.6.3. Force majeure or unforeseeable circumstances includes but are not limited to the following:

a) Any external act of war (declared or undeclared), invasion, armed conflict, revolution, blockade, riot, insurrection, civil commotion, acts of terrorism or civil war, which prevents performance of the Agreement.

b) The total or partial destruction of the Works by acts of nature such as earthquakes, tremors, volcanic eruption, tsunami, typhoon, hurricane, cyclone, flood or another upheaval of nature or atmospheric disturbance of these characteristics.

c) The eventual total or partial destruction of the Works or property damage causing total destruction and the impossibility of recovery, caused by order of any public authority, for reasons not attributable to the CONCESSIONAIRE.
d) Those archaeological discoveries that are of a magnitude that would prevent the CONCESSIONAIRE from definitively complying with the commitments assumed.

e) Any stoppage or strike by workers who do not maintain a working relationship with the CONCESSIONAIRE, directly affecting the CONCESSIONAIRE by causes beyond its reasonable control, or by unpredictable causes.

15.6.4. To exercise the power under this Clause, the CONCESSIONAIRE shall observe the following procedure:

a) The CONCESSIONAIRE shall communicate, by means of an official report to the GRANTOR and OSITRAN, the occurrence of any of the circumstances described in the preceding Section, within sixty (60) Calendar Days following the six (6) month period stated in Section 15.6.2. Such report must contain the following:

- A substantiated description of the grounds invoked and economic or legal effects thereof.
- A statement of the procedure to follow for Agreement termination.

b) Such a motion shall be delivered to the GRANTOR, OSITRAN and Authorized Creditors, which will have a term of twenty (20) Days to formulate comments.

c) In case of any discrepancy, between the GRANTOR and the CONCESSIONAIRE, in relation to the procedure proposed by the CONCESSIONAIRE, they should be subject to the Arbitrator’s knowledge pursuant to Clause Sixteen of this Agreement.

15.6.5. In the event that the CONCESSIONAIRE exercises the option here established, it will receive compensation resulting from applying the settlement procedure established in sections 15.4.4 to 15.4.6 of this Clause, as applicable, except for compensation stated equivalent to the amount of the Agreement Performance Bond, which arises not effect.

15.6.6. In cases that cause disbursements due to insurance activation, these amounts shall correspond to the GRANTOR which will define its application to the Concession Assets affected, as well as its mechanism.

15.6.7. The GRANTOR shall reimburse the CONCESSIONAIRE the Concession Contract Performance Bond and the Works Performance Bond.

15.7. Consequences of Expiry

15.7.1 The Concession Expiry creates the CONCESSIONAIRE’s obligation to return the Concession Area which comprises the Airport and to deliver other Concession Assets to the GRANTOR under the terms of Clause Five.
The CONCESSIONAIRE shall deliver the airport in operating conditions, i.e., under conditions allowing the continued provision of services meeting the Minimum Technical Requirements, except in cases of force majeure.

15.7.2 Sixty (60) Calendar Days before the expiry of the Concession, a final inventory of assets will be taken, to be carried out with OSITRAN’s intervention and should be completed ten (10) Calendar Days before the date of Concession expiry.

15.7.3 In the event of termination by mutual agreement, the final inventory will be part of this agreement as an annex to the Agreement signed for the purpose.

15.7.4 For cases of termination due to the CONCESSIONAIRE’s default, once the period allowed for remedies has expired, the Final Inventory of the Concession Assets will start, which will be carried out with OSITRAN’s intervention and should be completed sixty (60) Calendar Days from the expiration of the remedy period specified above.

15.7.5 Upon the expiration of the Concession, the CONCESSIONAIRE’s activity ceases and it is no longer entitled to operate the Airport Infrastructure; this right is resumed by the GRANTOR, without prejudice to the recognition of the rights pertaining to the Authorized Creditors as provided in Clause Ten of this Agreement.

15.7.6 Also, all contracts referred to in Section 13.3, Clause Thirteen of the Agreement are terminated, except for those the GRANTOR has expressly decided to keep in force assuming the contractual status of the CONCESSIONAIRE.

15.7.7 Upon the Expiration of the Concession, the GRANTOR or the new concessionaire appointed will take over the operation of the Airport, and OSITRAN will carry out the final settlement under the terms of this Clause.

15.7.8 OSITRAN is responsible for carrying out the final settlement under the terms of this Clause, the Work Implementation schedule(s) and other official documents deemed pertinent.

15.8. Procedure for Remedies

Failure due to causes attributable to any of the Parties shall entitle the affected Party to terminate the Agreement and demand compensation for damages under the settlement procedure described in this Clause, prior remedy requirement by the infringing Party. The infringing Party shall have a period of thirty (30) Calendar Days, renewable for thirty (30) Calendar Days from the date of receipt of the request to rectify the non-compliance, unless different period specified in the Agreement or expressly extended period in writing by the Party asserting its right of termination.

In the event that the affected Party is the GRANTOR, termination of the Agreement will require previous communication to the Authorized Creditors of such intention, in
15.9. Aspects to be considered in case of settlement

Once Expiry is declared under any of the events listed in Sections 15.2 to 15.6, OSITRAN, within not more than thirty (30) Days, will perform calculations in accordance with the procedure laid down in sections 15.2.2., 15.3.5., 15.4.4 or 15.4.5., as appropriate, to be recognized and received by the GRANTOR, who must approve it within a maximum of fifteen (15) Days. Once approval has been issued, the GRANTOR shall notify the CONCESSIONAIRE, with a copy to OSITRAN within the following five (5) Calendar Days. Under any of the Expiry events referred to in Sections 15.2 to 15.6, Authorized Creditors and the CONCESSIONAIRE, if applicable, are entitled to collect the amounts determined under the procedure established in the preceding sections.

Amounts determined under this Clause shall be paid by the GRANTOR to: (i) Authorized Creditors up to the balance of the Guaranteed Debt (ii) The CONCESSIONAIRE’s balance, subject to the deductions that apply under the penalties.

In any case, the GRANTOR will not recognize compensatory damages for the CONCESSIONAIRE, from determining the amount to be recognized by Expiry until disbursement thereof.

CLAUSE SIXTEEN
DISPUTE SETTLEMENT

16.1. Applicable Laws

The Parties declare that they sign the Contract in accordance with Applicable Laws and express that the content, implementation, conflicts and other consequences arising from it will be governed by such law, which the CONCESSIONAIRE declares to be aware of.

16.2. Scope of Application

16.2.1 This section governs the settlement of property-related disputes that may arise during the Concession and those related to the Concession Expiry.

In accordance with Article 62º of the Political Constitution of Peru, disputes arising from the contractual relationship shall be settled by direct negotiation and arbitration, pursuant to the protection mechanisms provided for in the Agreement. The award to be issued will be included in the contractual rules laid down in this Concession Contract.
Without prejudice to the above, the Parties agree that controversies according to the law as well as those authorized by law, treaties or international agreements can be subject to arbitration.

16.2.2 Decisions issued by OSITRAN, in exercise of its duties in compliance with Law No. 26917 or other public bodies shall not be subject to arbitration when implementing their administrative powers, conferred by express provision, which channel for complaints is the administrative channel.

16.3. Interpretation Criteria

16.3.1 This Agreement shall be interpreted as a unit and in any case each of its clauses independently.

16.3.2 The summaries of Clauses in this Agreement shall be used as references and in no way shall they affect the interpretation of the text.

16.3.3 In case of divergence of interpretation of this Agreement, the Parties shall follow this order of precedence to resolve the situation:

- The Agreement;
- Annexas to the Agreement
- Circular Letters; and
- Bidding Terms.

16.3.4 The Agreement is subscribed only in Spanish. If there is any difference in the translation of the Agreement, the text of the Agreement in Spanish shall prevail. Translations of this Agreement shall not be considered for purposes of interpretation.

16.3.5 The time limits will be calculated in days, months or years as appropriate.

16.3.6 The titles contained in the Agreement are for identification purposes only and should not be considered as part of the Agreement, to limit or expand its content or to determine rights and obligations of the Parties.

16.3.7 The use of the disjunction "or" in an enumeration should be understood as excluding any element of such enumeration.
16.3.8 The use of the conjunction "and" in an enumeration should be understood to include all the elements of such enumeration or list.

16.3.9 The terms "Annex", "Appendix", "Clause", "Chapter", "Section" and "Subsection" are considered relating to this Agreement, unless the context indicates unequivocally and without doubt that it refers to another document.

16.4. **Direct Negotiation**

16.4.1 The Parties declare that it is their will that all conflicts or uncertainties with legal significance that may arise regarding the interpretation, performance, compliance, and any matter concerning the existence, validity or enforceability of the Agreement or Concession Expiry, except as regards the regime applicable to Tariffs regulated by OSITRAN whose complaint channel is the administrative channel or other decisions of this body in the exercise of its administrative functions, shall be settled by direct negotiation between the Parties.

16.4.2 The term for direct negotiation in the case of national arbitration shall be fifteen (15) Days from the date on which one Party informs the other in writing of the existence of a conflict or uncertainty with legal significance.

16.4.3 In the case of international arbitration, the period of negotiation or direct negotiation shall be not less than six (6) months. Such period shall run from the date on which the party invoking the clause notifies its request to start direct negotiations to the Ministry of Economy and Finance in its capacity as Coordinator of the State Coordination and Response System for International Investment Disputes under the provisions of Law No. 28933 and its regulations, approved by Supreme Decree No. 125-2008-EF and its amendments.

16.4.4 The time limits referred to in the preceding sections may be extended by joint decision of the Parties. This agreement shall be in writing, provided that there are real possibilities to solve the conflict by direct negotiation with this additional term.

16.4.5 If within direct negotiation the Parties do not resolve the conflict or uncertainty raised, it should be defined as a technical or non-technical conflict or uncertainty, as applicable. Where the parties fail to reach an agreement on the nature of the dispute, both parties should support their position in a written communication that will be submitted to its counterpart, explaining the reasons why they consider that the dispute is of a technical or non-technical nature.
16.4.6 Technical conflicts or uncertainties (each, a Technical Dispute) shall be resolved according to the procedure stipulated in subsection a) of Section 16.5.1 of this Clause. Conflicts or uncertainties that are not technical in nature (each, a Non-Technical Dispute) will be resolved in the manner provided in subsection b) of Section 16.5.1. If the Parties are unable to agree within direct negotiation whether the dispute or controversy is a Technical or Non-Technical Dispute, or if the conflict has Technical or Non-Technical Dispute components, then such dispute or uncertainty shall be considered as a Non-Technical Dispute and shall be resolved in accordance with the respective procedure provided for in subsection b) of Section 16.5.1.

16.5. Arbitration

16.5.1 Methods of arbitration proceedings:

a) Equity and good conscience Arbitration. - Each and every Technical Dispute that cannot be resolved directly by the Parties within the period of direct negotiation should be submitted directly to equity and good conscience arbitration in accordance with the provisions of Legislative Decree No. 1071 - Legislative Decree that regulates Arbitration proceedings, in which arbitrators shall decide according to their skills, knowledge and understanding. Arbitrators may be domestic or foreign experts, but in all cases they must have extensive experience in the field of Technical Disputes respectively, and shall be in no conflict of interest with any of the Parties before, during and after the time of their appointment as such.

The Arbitral Tribunal may request the Parties the information it deems necessary to resolve the Technical Dispute, and as a result they may suggest the Parties a settlement proposal, which may or may not be accepted by them. The Arbitral Tribunal may present all the evidence and request the parties or third parties the evidence it deems necessary to resolve the claims raised. The Arbitral Tribunal shall prepare a draft decision to notify the Parties within thirty (30) Calendar Days after its setting up, and the Parties shall have five (5) Days to prepare and submit to the Tribunal its comments on such preliminary decision. The Arbitral Tribunal shall issue its final decision on the Technical Dispute raised within ten (10) Days after receipt of comments from the Parties, in its preliminary decision or upon the expiration of the deadline for submitting such comments, whichever occurs first. The procedure for the settlement of a Technical Dispute should be performed in Lima, Peru. Exceptionally, and by the nature of the case, the Arbitral Tribunal will move to another location only to present evidence as an expert opinion, a visual inspection or any other form
of evidence deemed necessary to present in another location, for a period not more than ten (10) days.

The members of the Tribunal shall maintain absolute secrecy and confidentiality of all information known as participants in the resolution of a Technical Dispute.

b) Arbitration in Law. - Non-Technical Disputes shall be settled by arbitration in law, in accordance with the provisions of Legislative Decree 1071 - Legislative Decree that regulates Arbitrations, procedure in which the arbitrators shall resolve in accordance with the applicable Peruvian law. The arbitration in law may be local or international, according to the following:

(i) Non-Technical Disputes that amount to more than Ten million and 00/100 Dollars (US$ 10’000,000.00) or its equivalent in national currency, shall be resolved through international arbitration in law through a procedure conducted in accordance with the Rules of Conciliation and Arbitration of the International Centre for Settlement of Investment Disputes ("ICSID"), established under the Convention on the Settlement of Investment Disputes between States and Nationals of other States, approved by Peru through Legislative Resolution No. 26210, which rules the parties submit unconditionally. Alternatively the Parties may agree to submit the dispute to another jurisdiction other than ICSID if they consider it appropriate.

For purposes of processing international arbitration in law proceedings, in accordance with the arbitration rules of ICSID, the GRANTOR, representing the State of the Republic of Peru, declares that the CONCESSIONAIRE is considered as "national of another Contracting State", being under foreign control as provided in subsection b) of Section 2 of Article 25 of the Convention on the Settlement of Investment Disputes between States and Nationals of other States, and the CONCESSIONAIRE agrees to be considered as such.

Arbitration will take place in Washington DC, USA, and will be conducted in Spanish. The procedure laid down in the Treaty referred to above, to enable the arbitration before ICSID will be followed.

If for any reason the ICSID decided not to be competent or declines the arbitration initiated under this Clause, the Parties agree to submit in advance, on the same terms outlined above, Non-technical Disputes that: (a) amount to more than Ten million and 00/100 Dollars (US$ 10’000,000.00) or its equivalent in national currency, or (b) the Parties do not agree on the amount of the matter in dispute, to UNCITRAL Arbitration Rules. In that case, arbitration shall be held in Lima, Peru, in Spanish and with applicable Peruvian law.
The Parties express their irrevocable and advance consent so any dispute of this nature may be submitted to any of the arbitral tribunals indicated in the preceding sections.

(ii) Non-Technical Disputes where the amount involved is equal to or less than Ten million and 00/100 Dollars (US$ 10’000,000.00) or the equivalent in national currency, and those purely legal disputes that are not quantifiable in money, shall be settled by arbitration, through a procedure conducted in accordance with the Rules of the Arbitration Center of the Chamber of Commerce of Lima, whose rules the Parties submit to unconditionally, as well as the supplemental application of Legislative Decree No. 1071 which regulates the Arbitration. The Parties may agree to an institution other than the Chamber of Commerce of Lima.

The arbitration will take place in Lima, Peru, and will be conducted in Spanish.

The Parties agree that the decisions of regulatory agencies, or other entities that are issued in the execution of their administrative powers conferred by express provision, whose path is the administrative complaint, shall not be subject to arbitration.

16.5.2 Common Procedural Rules

16.5.2.1 Both for equity and good conscience arbitration referring to Section 16.5.1 a) and for legal arbitration referred to in Section 16.5.1. b), either in international or domestic mode, the following general provisions shall apply equally:

a. The Arbitral Tribunal shall consist of three (03) members. Each Party shall appoint one arbitrator and the third appointed by agreement of the two arbitrators appointed by the Parties, who in turn will act as Presiding Arbitrator. If the two arbitrators fail to reach agreement on the appointment of the third arbitrator within ten (10) Calendar Days from the date of appointment of the second arbitrator, the third arbitrator shall be appointed, at the request of either Party by the Lima Chamber of Commerce, in the case of equity and good conscience arbitration and national legal arbitration, and for the ICSID arbitration in the case of international law. If one of the Parties fails to appoint an arbitrator within ten (10) Calendar Days from the date of receipt of the respective request for appointment, the Party shall be deemed to have waived its right and the arbitrator will be appointed at the request of the other Party by the Lima Chamber of Commerce or the ICSID, as the case may be.

b. Arbitrators can amend, at their discretion, any difference or gap in the legislation or in the Agreement, through the application of the general principles of law.
c. The Parties agree that the award of the arbitral tribunal shall be final and unappealable. In this regard, the Parties should consider it as a final instance judgment, with status of res judicata. Accordingly, the Parties waive their rights of reconsideration, appeal, cassation or other means of challenge against the award stating that it is an obligation of definitive fulfillment and immediate execution, except on grounds specifically provided for in Legislative Decree No. 1071 - Legislative Decree Arbitration standard, where applicable.

d. During the arbitration, the Parties shall continue with the performance of their contractual obligations, to the extent possible, even regarding those matters of arbitration. If the subject of arbitration was the fulfillment of the obligations secured by the Concession Contract Performance Bond or the Works Performance Bond, as appropriate, the respective deadline shall be suspended and such guarantees may not be executed for the reason that prompted the arbitration and shall be maintained in force during the arbitration proceedings.

e. All expenses incurred in the settlement of a Technical or Non-Technical dispute, including the fees of the arbitrators involved in the resolution of a dispute, shall be borne by the unsuccessful Party. The same rule applies if the defendant or counterclaimant agrees to or recognizes the claim of the plaintiff or counterclaimant. The plaintiff or counterclaimant who withdraws the claim shall also bear the costs. In the event that the procedure concludes without a ruling on the merits of the claims because of settlement or compromise, such expenses will be borne equally by the plaintiff and the defendant.

Costs and expenses such as advisory fees, or other internal costs that are attributable to a Party individually shall be excluded from the provisions of this Clause.

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**CLAUSE SEVENTEEN**

**CHANGES TO THE CONTRACT**

17.1 Any request for amendment, addition or amendment of this Agreement shall be submitted to the other Party with a copy to OSITRAN, with appropriate technical, economic and financial support documents and in compliance with the Authorized Creditors, as established acts and Permitted Guaranteed Debt contracts, if applicable. The amendment agreement is binding on the Parties only if it is in writing and signed by the duly authorized representatives of each of the Parties.
In accordance with Article No. 33° of the TUO, the GRANTOR may modify this Agreement, subject to agreement with the CONCESSIONAIRE, where these are appropriate, respecting its nature, with technical and economic conditions contractually agreed and economic – financial balance of the services rendered by the Parties.

Taking into consideration the provisions of the above-mentioned section, the Parties expressly agree that the GRANTOR may amend this Agreement, subject to agreement with the CONCESSIONAIRE. OSITRAN shall issue a technical opinion regarding the agreement to which the Parties have arrived.

17.2 Notwithstanding the provisions of this Section, the provisions of Article 9 of Supreme Decree No. 146-288-EF, Regulation of Legislative Decree No. 1012 which approves the Framework Law on Public – Private Partnerships to generate productive employment and which establishes rules for streamlining processes to promote private investment, and amendments thereof, is applicable to this Contract.

**CLAUSE EIGHTEEN**

**PENALTIES**

18.1 OSITRAN, exercising its oversight and supervisory power, is entitled to apply contractual penalties as established in the Agreement. In that sense, in the event of any breach of obligations contained in the Agreement by the CONCESSIONAIRE, OSITRAN shall notify the CONCESSIONAIRE, with copy to the GRANTOR, of the detected non-compliance and will point out to the CONCESSIONAIRE the mechanisms and appropriate remedy deadlines and/or application of penalties contained in Annex 9, as appropriate. The CONCESSIONAIRE will not be exempt from liability even in cases of breaches resulting from contracts entered into with subcontractors or third parties.

18.2 The amount of the penalties shall be paid by the CONCESSIONAIRE to the GRANTOR to the account as may be prescribed and within a deadline of ten (10) Days from notification received by OSITRAN.

The deadline referred to in the preceding section for payment of the penalties will be suspended in the event of a challenge regarding the imposition of the penalty by the CONCESSIONAIRE, restarting the counting of said deadline in the event that its imposition should be confirmed by OSITRAN.

18.3 The CONCESSIONAIRE may appeal against the imposition of the penalty by submitting before OSITRAN the written objection accompanied with the respective supporting documents, within a maximum deadline of ten (10) Days from the day following the date of notification of the penalty.

For its part, OSITRAN shall have a deadline of ten (10) Days to make its duly motivated decision. Once the deadline indicated above has run out without any pronouncement
issued by OSITRAN, the submitted challenge shall be deemed denied. OSITRAN’s decision shall be final and not subject to any claim by the CONCESSIONAIRE.

18.4 In the event that the CONCESSIONAIRE fails to pay such penalties within the deadline, OSITRAN can call on the Concession Contract Performance Bond up to the amount of the imposed penalty and the CONCESSIONAIRE must restore it in accordance with the provisions in Section 10.3.1 of Clause Ten of this Contract, except as provided in Section 10.3.3.

18.5 Payment of the applicable penalties shall not be considered to be subject to the Concession financial flow and neither can it be invoked as rupture of the economic and financial balance.

18.6 Remedy of the notified breach does not negate the application of the corresponding penalties resulting from non-compliance.

18.7 For purposes of determining penalties, OSITRAN Regulations on Penalties and Sanctions shall be applied as well. The above penalties shall be without prejudice to the supervisory and enforcement function corresponding to OSITRAN, according to the Regulatory Standards and Applicable Laws.

CLAUSE NINETEEN
ADDRESSES

Established Domicile

Unless expressly agreed to the contrary of what is included in the Agreement, all notices, subpoenas, requests, demands and other communications regarding the Agreement shall be in writing and shall be deemed to have validly been made when accompanied with the respective proof of delivery or when they are sent by courier, telex or fax, upon verification of receipt, to the following addresses:

If delivered to the GRANTOR:
Name: Ministerio de Transportes y Comunicaciones.
Address: Jr. Zorritos, Lima 1.
For the attention of: Sr. Ministro de Transportes y Comunicaciones

If delivered to the CONCESSIONAIRE:
Change of Address

Any change of address must be notified in writing to the other Party of the Contract and to OSITRAN. This new domicile will be established so as to meet the requirements of the preceding clause.

Signed in Lima, in four original copies, one for the GRANTOR, another one for OSITRAN, one for PROINVERSIÓN and the last one for the CONCESSIONAIRE, on the ___ day of the month of __________ 20.....

GRANTOR: Ministry of Transport and Communications
Name: ___________________________________
Title: _____________________________________

CONCESSIONAIRE:__________________________
Name: ___________________________________
Title: _____________________________________

Successful Bidder: _________________________
Name: ___________________________________
Title: _____________________________________