

No. 11380

30 July 2020

Subject: Extension of Time for Area Improvement and Decoration, Postponement of Operations and Determination of Minimum Guarantee Collection for Duty-Free Shop and Commercial Activity Management Concessions

To: President,
The Stock Exchange of Thailand

1. The Board of Directors of Airports of Thailand Public Company Limited (AOT), in the Meeting No. 8/2019 held on Wednesday, 19 June 2019 at AOT Board of Directors Meeting Room, 7th Floor, AOT Head Office Building, resolved to approve the bidding results for concessions granted to King Power Duty Free Co., Ltd. (KPD) to operate duty-free shops at Suvarnabhumi Airport (BKK), and those at Phuket International Airport (HKT), Chiang Mai International Airport (CNX) and Hat Yai International Airport (HDY); and King Power Suvarnabhumi Co., Ltd. (KPS) to manage commercial activities in the Passenger Terminal at Suvarnabhumi Airport from 28 September 2020 to 31 March 2031. In fact, KPD and KPS have planned to start contacting trade partners and undertaking improvement and decoration of areas since the end of 2019, and commence operations while making minimum guarantee payments pursuant to the terms and conditions of contracts since 1 April 2021.

2. Since the end of January 2020, the Coronavirus Disease 2019 (COVID-19) outbreak has led countries across the world, including Thailand, to impose several precautionary measures as well as lockdowns. All of these have obstructed KPD and KPS from contacting trade partners to prepare for the commencement of operations as previously scheduled and undertaking construction and decoration of areas, thus affecting the date of the commencement of operations whereby payments of previously proposed minimum guarantee (calculated based on passenger growth forecast as of the operating year (2021)) shall be made. Moreover, the COVID-19 outbreak has caused AOT to postpone the opening of Midfield Satellite 1, in which areas for operations of KPD and KPS are located, from previously in October 2021 to October 2022. For these reasons, KPD and KPS submitted letters of request for assistance to AOT.

3. The AOT Board of Directors, in the Meetings No. 7/2020 held on Wednesday, 17 June 2020 and No. 8/2020 held on Wednesday, 29 July 2020, at AOT Meeting Room 1, 6th Floor, AOT Head Office Building, passed the following resolutions:

3.1 Approve extension of time for area improvement and decoration and postponement of the start date and end date for KPD's duty-free shop concessions at BKK, HKT, CNX and HDY and KPS's commercial activity management concession in the Passenger Terminal at BKK as follows:

3.1.1 Extend another one year for area improvement and decoration process as previously scheduled in Phase 1 – from 28 September 2020 to 31 March 2022

3.1.2 Postpone the start date and end date of operations as previously scheduled in Phase 2 – from 1 April 2022 to 31 March 2032

However, once AOT's Midfield Satellite 1 is officially opened, KPD and KPS shall ensure that duty-free shops in Midfield Satellite 1 are operated in appropriate number without affecting BKK's overall service.

3.2 AOT reserves the right to make changes in the extension of time for area improvement and decoration and the postponement of operations under item 3.1 to be in line with the COVID-19 situation and areas for operations at each airport.

3.3 Assign AOT management to set up a working group to negotiate the conditions on time extension and postponement for KPD and KPS based on the principles under 3.1 and 3.2 and pursuant to the terms and conditions of contracts.

AOT reported to the AOT Board of Directors that the appointment order of the working group was issued on 9 July 2020. Based on the negotiation held between the working group and KPD and KPS on 10 July 2020, it appeared that KPD and KPS accepted the above-mentioned resolutions provided that AOT would inform KPD and KPS in advance of the changes in the extension of time pursuant to the right reserved so as to further proceed with the negotiation on the length of time as deemed appropriate for the actual situation.

3.4 Approve collection of minimum guarantee based on sharing per head and actual passenger volume as follows:

3.4.1 From 1 April 2022 until the year the actual passenger volume of AOT is equal to or higher than the passenger volume forecast in 2021 conducted by KPD or KPS, as the case may be, based on the bidding documents: the proposed minimum guarantee in the first year (2021) shall be divided by the passenger volume forecast in 2021 conducted by the company to calculate sharing per head, and the value obtained shall multiply the actual passenger volume of AOT in any given year to determine the minimum guarantee in such given year based on the following calculation formula:

$$MG(i) = \left(\frac{MG64}{PAX(F)64} \right) PAX(i)$$

- MG(i) refers to minimum guarantee collected in any given year (Baht)
- MG64 refers to minimum guarantee proposed by the company in the first year (2021) (Baht)
- PAX(F)64 refers to the company's passenger volume forecast as proposed in the first year (2021) (person)
- PAX(i) refers to AOT's actual passenger volume in any given year (person)

3.4.2 For the year after the year under item 3.4.1, AOT shall collect minimum guarantee by applying the MAG(i) formula (based on passenger growth rate and inflation rate of the previous calendar year) as follows:

$$MAG_i = MAG_{i-1} \times (1+PG) \times (1+Inf_{i-1})$$

- MAG_i refers to minimum revenue guarantee/fixed concession charge of any given year
- MAG_{i-1} refers to minimum revenue guarantee/fixed concession charge of the previous year
- PG refers to passenger growth rate in any operating year compared to the previous year in percentage (%)
- Inf_{i-1} refers to inflation rate of the previous calendar year before reaching any operating year as announced by the Ministry of Commerce in percentage (%)

Please be informed accordingly.

Yours sincerely,



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