



US\$575,000,000
Aeropuerto Internacional de Tocumen, S.A.
5.625 % Senior Secured Notes due 2036

Issue date: May 18, 2016
Public Offering Authorized by the Superintendency of Capital Markets
under SMV Resolution No. 250-16 of April 26, 2016

We are a *sociedad anónima* organized under the laws of the Republic of Panama (“*Panama*”), domiciled in Panama and duly recorded since April 15, 2003 in the Mercantile Section of the Panamanian Public Registry Office, at Microjacket 432290, Document 456104, contact telephone is +507 238-2600 (the “*Issuer*”). Our commercial address is located at Vía Tocumen, Terminal de Pasajeros, Tercer Nivel, Panama, Republic of Panama. We are offering the US\$575,000,000 5.625% Senior Secured Notes due 2036 (the “*notes*”). Unless redeemed prior thereto the notes will mature on May 18, 2036.

Interest on the notes will accrue from the date of issuance at a rate that will be notified to the *Superintendencia del Mercado de Valores* (Superintendency of Capital Markets, or the “*SMV*”) on the third Business Day (as defined herein) prior to the issue date, calculated on the basis of a 360-day year consisting of twelve 30-day months, and will be payable semi-annually in arrears in cash on each May 18 and November 18 beginning on November 18, 2016. The principal amount of the notes represents 1.75 times the paid in capital (defined as “Common Stock” plus “Additional paid-in capital”) of the Issuer of US\$327,661,033 as of May 13, 2016. For a description of the principal amortization schedule of the notes, see “*Summary—The Offering*”.

The notes will be our direct, unconditional senior secured obligations and will rank *pari passu* in right of payment with all of our existing and future senior debt. The notes will rank senior in right of payment to all of our future debt that is, by its terms, expressly subordinated to the notes.

The notes will be secured by a first-priority lien on certain transaction accounts established by the Collateral Trustee (as defined herein) and the revenues held therein. The revenues committed by us to run through a payment waterfall, some of which will be transferred to and deposited in the transaction accounts, include: all of our revenues derived from providing aeronautical services and non-aeronautical commercial services that relate to the use of the facilities of the *Aeropuerto Internacional de Tocumen* (the “*Airport*”), other than Excluded Revenues (as defined herein). The notes will be effectively senior to any of our existing and future unsecured debt to the extent of the value of the Collateral securing the notes and effectively subordinated to all of our existing and future indebtedness secured by assets other than the Collateral (as defined herein) to the extent of the value of the assets securing such indebtedness.

We may, at our option, redeem the notes, in whole or in part, at any time at a redemption price equal to the Make Whole Amount defined herein. No Make Whole Amount shall be payable for redemption during the last 12 months prior to maturity. We may also redeem the notes at any time in the event of certain tax law changes requiring payment of additional amounts as described in this offering memorandum (the “*Offering Memorandum*”). Additionally, if a change of control occurs, we will be required to offer to purchase the notes from the holders at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest. We must also redeem notes at par if we experience specific loss or termination events or upon certain sales of assets or insurance recoveries. See “*Description of the Notes*.”

Investing in the notes involves risks that are described in the “Risk Factors” section beginning on page 32 of this Offering Memorandum.

Price per note: 100.000% plus accrued interest, if any, from May 18, 2016.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “*Securities Act*”), or under the securities or “blue sky” laws of any state of the United States or the securities laws of any other jurisdictions, except in Panama as described in the next paragraph. The notes may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering the notes only to (i) “qualified institutional buyers” (“*QIBs*”) as defined in, and in reliance on, the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (the “*U.S. Offering*”) and (ii) non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act (the “*International Offering*,” and together with the U.S. Offering, the “*Offering*”). For a description of certain restrictions on resale or transfer of the notes, see “*Notice to Investors*,” “*Plan of Distribution*” and “*Transfer Restrictions*.”

The notes have been registered in Panama with the SMV and on the *Bolsa de Valores de Panamá, S.A.* (Panama Stock Exchange) (the “PSE”). In addition, application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market. This Offering Memorandum constitutes a prospectus for purposes of Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended.

The notes will be issued in the form of one or more registered notes in global form without interest coupons and will be deposited with a custodian for The Depository Trust Company (“DTC”) in New York, New York and registered in the name of Cede & Co., as nominee of DTC. Investors may hold their interests in a global note representing the notes through organizations that are participants in DTC, including Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking, *société anonyme* Luxembourg (“Clearstream”). Beneficial interests in the notes may be held in Panama through Central Latinoamericana de Valores S.A. (“LatinClear”), a Clearstream participant.

THE PUBLIC OFFER OF THESE NOTES HAS BEEN AUTHORIZED BY THE SMV. THIS AUTHORIZATION DOES NOT IMPLY THAT THE SMV RECOMMENDS THE INVESTMENT NOR DOES IT REPRESENT A FAVORABLE OR UNFAVORABLE OPINION OF THE OUTLOOK OF OUR BUSINESS. THE SMV WILL NOT BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM OR THE STATEMENTS INCLUDED IN THE APPLICATION FOR REGISTRATION.

TO THE EXTENT THAT THE SPANISH LANGUAGE OFFERING MEMORANDUM USED IN CONNECTION WITH THE OFFERING OF THE NOTES CONFLICTS WITH THIS OFFERING MEMORANDUM, THIS OFFERING MEMORANDUM SHALL GOVERN AND CONTROL. *EN LA MEDIDA QUE EL PROSPECTO INFORMATIVO EN IDIOMA ESPAÑOL UTILIZADO EN RELACIÓN CON LA OFERTA DE LOS BONOS CONTRADIGA O PRESENTE UN CONFLICTO CON EL PROSPECTO INFORMATIVO EN IDIOMA INGLÉS, ÉSTE ÚLTIMO REGIRÁ Y CONTROLARÁ.*

THE LISTING AND NEGOTIATION OF THE NOTES HAS BEEN AUTHORIZED BY THE PSE. THIS AUTHORIZATION DOES NOT IMPLY ANY RECOMMENDATION OR OPINION REGARDING THE NOTES.

THE NOTES WILL BE OFFERED FOR SALE BY THE ISSUER AND PURCHASED BY THE INITIAL PURCHASER (AND ANY OTHER PURCHASERS PURSUANT TO THE PANAMA STOCK EXCHANGE BIDDING PROCESS DESCRIBED HEREIN) ON THE PANAMA STOCK EXCHANGE. THE SETTLEMENT WILL TAKE PLACE THREE BUSINESS DAYS AFTER THE TRADE DATE. HOWEVER, THE SETTLEMENT AND CONSUMMATION OF THE SALE AND PURCHASE OF THE NOTES ON THE SETTLEMENT DATE WILL BE CONDITIONED UPON THE INITIAL PURCHASER’S SATISFACTION ON THE SETTLEMENT DATE THAT ALL CONDITIONS PRECEDENT SET FORTH IN THE PURCHASE AGREEMENT HAVE BEEN MET OR WAIVED ON OR PRIOR TO THE SETTLEMENT DATE (THE “CONDITIONS”). IN ADDITION, THE PURCHASE AGREEMENT PERMITS THE INITIAL PURCHASER TO TERMINATE ITS OBLIGATION TO PURCHASE THE NOTES IN CERTAIN CIRCUMSTANCES, INCLUDING GENERAL TRADING SUSPENSIONS, BANK MORATORIA IN THE UNITED STATES OR PANAMA AND ACTS OF WAR OR TERRORISM (“TERMINATION EVENTS”). IF THE INITIAL PURCHASER WERE TO DETERMINE ON OR PRIOR TO THE SETTLEMENT DATE THAT ANY OF SUCH CONDITIONS HAS NOT BEEN SATISFACTORILY MET OR WAIVED OR A TERMINATION EVENT HAS OCCURRED, ALL SALES AND PURCHASES OF THE NOTES MADE ON THE PANAMA STOCK EXCHANGE BY THE INITIAL PURCHASER AND ANY OTHER PURCHASERS PURSUANT TO THE PANAMA STOCK EXCHANGE BIDDING PROCESS DESCRIBED HEREIN ON OR AFTER THE TRADE DATE SHALL BE CANCELLED AND UNWOUND WITHOUT RECOURSE TO THE ISSUER OR THE INITIAL PURCHASER, AND NEITHER THE OFFERING NOR THE PURCHASE OF THE NOTES SHALL BE CONSUMMATED. SEE “PLAN OF DISTRIBUTION”. IN THE EVENT SUCH SALES AND PURCHASES ARE CANCELLED AND UNWOUND, THE PURCHASERS WHO UNDERTOOK TO PURCHASE THE NOTES PURSUANT TO THE PANAMA STOCK EXCHANGE BIDDING PROCESS AND THAT HAVE ALREADY PAID FUNDS THEREFOR WILL BE REFUNDED ON THE BUSINESS DAY FOLLOWING THE DAY OF CANCELLATION AND UNWINDING.

Sole Lead Manager and Structuring Agent

Citigroup

The date of this Offering Memorandum is May 13, 2016.

NOTICE TO INVESTORS

You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, properties, financial condition and results of operations may have changed since that date. Neither the delivery of this Offering Memorandum nor any sale of notes made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this Offering Memorandum.

We have furnished this Offering Memorandum in connection with an offering that is exempt from registration under, or not subject to, the Securities Act, and applicable securities laws of other jurisdictions, solely to allow a prospective investor to consider purchasing the notes. Delivery of this Offering Memorandum to any person or any reproduction of this Offering Memorandum, in whole or in part, without our or Citigroup Global Markets Inc.'s (the "*Initial Purchaser*" or the "*Sole Lead Manager and Structuring Agent*") prior consent, is prohibited.

We have prepared the information in this Offering Memorandum. Neither we nor the Initial Purchaser takes any responsibility for other information others may give you.

Upon receiving this Offering Memorandum, you acknowledge that (i) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) you have not relied on the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with any investigation of the accuracy of such information or your investment decision and (iii) we have not, and the Initial Purchaser has not, authorized any person to deliver any information different from that contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchaser or its agents. The Offering is being made on the basis of this Offering Memorandum. Any decision to purchase the notes in the Offering must be based on the information contained in this Offering Memorandum. In making an investment decision, investors must rely on their own examination of us and the terms of the Offering, including the merits and risks involved.

The information contained in this Offering Memorandum has been furnished by us and other sources that we believe to be reliable. You acknowledge and agree that the Initial Purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and you should not rely on anything contained in this Offering Memorandum as a promise, representation or warranty, whether as to the past or the future. The Initial Purchaser has not independently verified any of the information that we have provided and assumes no responsibility for the accuracy or completeness of any such information. This Offering Memorandum contains summaries, believed to be accurate, of the terms that we consider material of certain documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents, as indicated under "*Available Information.*" All such summaries are qualified in their entirety by this reference.

The Offering is being made in reliance upon an exemption from registration under the Securities Act. In making your purchase, you will be deemed to have made certain acknowledgments, representations, warranties and agreements set forth in this Offering Memorandum, including those under the caption "*Transfer Restrictions.*" The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Plan of Distribution*" and "*Transfer Restrictions.*"

Laws in certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of notes. Persons into whose possession this Offering Memorandum or any of the notes are delivered must inform themselves about, and observe, any such restrictions. Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes or distributes this Offering Memorandum and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither us nor the Initial Purchaser shall have any responsibility therefor.

We reserve the right to withdraw this Offering at any time, and we and the Initial Purchaser reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to you less than the full amount of notes subscribed for by you. We are making this Offering subject to the terms described in this Offering Memorandum and the indenture entered into by us and Citibank, N.A., as indenture trustee (the “*Indenture Trustee*”) on May 4, 2016, as amended and restated as of May 13, 2016 (the “*Amended and Restated Indenture*”).

This Offering Memorandum does not constitute an offer to sell the notes to or a solicitation of an offer to buy the notes from any person in any jurisdiction where it is unlawful to make such an offer or solicitation. You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the notes. We and the Initial Purchaser are not making any representation to you regarding the legality of an investment in the notes by you under any law. No one has taken any action that would permit a public offering of the notes to occur in any jurisdiction other than the Republic of Panama.

The offer and sale of the notes has not been registered with the United States Securities and Exchange Commission (“SEC”), or any other federal, state or foreign securities commission or regulatory authority, and none of the notes has been recommended by or approved by the SEC or any other federal, state or foreign securities commission or regulatory authority, nor has the SEC or any other federal, state or foreign securities commission or regulatory authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

This Offering Memorandum omits certain information that we would be required to include in a prospectus prepared in compliance with SEC rules relating to a public offering of securities, including, for example, certain executive compensation and corporate governance disclosures, historical consolidated financial data and ratios of earnings to fixed charges data required by Regulation S-K under the Securities Act.

The notes initially will be available in book-entry form only. We expect that the notes will be issued in the form of one or more Global Notes, all of which will be deposited with, or on behalf of, DTC, and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the Global Notes will be shown on, and transfers of the Global Notes will be effected only through, records maintained by DTC and its participants. After the initial issuance of the Global Notes, notes in certificated form will be issued in exchange for the Global Notes only in the limited circumstances discussed under “*Book-Entry, Delivery and Form.*” Beneficial interests in a Global Note may be held in Panama through Clearstream's participant, LatinClear.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and admit them for trading on the Euro MTF Market. This Offering Memorandum constitutes a prospectus for the purposes of Luxembourg law on prospectuses for securities, dated July 10, 2005, as amended.

STABILIZATION

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE INITIAL PURCHASER (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE INITIAL PURCHASER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE, AND, IF BEGUN MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH WE RECEIVED THE PROCEEDS OF THE ISSUE, OR NO LATER THAN 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE RELEVANT SECURITIES, WHICHEVER IS THE EARLIER. OVER-ALLOTMENT INVOLVES SALES IN EXCESS OF THE OFFERING SIZE, WHICH CREATES A SHORT POSITION FOR THE INITIAL PURCHASER. STABILIZING TRANSACTIONS INVOLVE BIDS TO PURCHASE THE NOTES IN THE OPEN MARKET FOR THE PURPOSE OF PEGGING, FIXING OR MAINTAINING THE PRICE OF THE NOTES. STABILIZING TRANSACTIONS MAY CAUSE THE PRICE OF THE NOTES TO BE HIGHER THAN IT WOULD OTHERWISE BE IN THE ABSENCE OF THOSE TRANSACTIONS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE “*PLAN OF DISTRIBUTION.*”

NOTICE TO RESIDENTS OF PANAMA

THE PUBLIC OFFERING OF THE NOTES WILL BE REGISTERED IN PANAMA WITH AND AUTHORIZED BY THE SMV AND A FILING WILL BE MADE TO LIST THE NOTES WITH THE PSE. NEITHER THE REGISTRATION WITH NOR THE AUTHORIZATION BY THE SMV NOR THE LISTING OF THE NOTES ON THE PSE IMPLIES ANY CERTIFICATION OR RECOMMENDATION TO THE INVESTMENT QUALITY OF THE NOTES, THE SOLVENCY OF THE ISSUER, OR A FAVORABLE OR UNFAVORABLE OPINION OF THE ISSUER'S BUSINESS OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION AS CONTAINED IN THIS OFFERING MEMORANDUM AND IN ITS FILING REQUEST.

NOTICE: This document shall be known as the *Prospecto Informativo* in Spanish for purposes of the registration of the public offering of notes with the SMV and its filing before the PSE, and as the Offering Memorandum in English for purposes of the offering of the notes in the United States and outside the United States (except in Panama). All amendments to the terms and conditions of the notes are subject to *Acuerdo* 4-2003 of April 11, 2003 and must be performed in compliance with the provisions thereof.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is only available to, and will be engaged in with, relevant persons.

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "*relevant member state*"), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "*relevant implementation date*"), an offer of notes described in this Offering Memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer to the public of the notes may be made in that relevant member state at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided, that no such offer of notes shall require the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression

may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression “*Prospectus Directive*” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member state and the expression “*2010 PD Amending Directive*” means Directive 2010/73/EU.

ENFORCEABILITY OF CIVIL LIABILITIES

We have been advised by our Panamanian counsel, Alemán, Cordero, Galindo & Lee, and Citigroup Global Markets Inc. has been advised by its Panamanian counsel, Arias, Fábrega & Fábrega, that no treaty exists between the United States and Panama for the reciprocal enforcement of foreign judgments and that there is doubt as to the enforceability, in original actions in Panamanian courts, of liabilities predicated solely on United States federal securities laws and as to the enforceability in Panamanian courts of judgments of United States courts obtained in actions predicated upon the civil liability provision of the United States federal securities laws. In any case, judgments of courts outside Panama, including but not limited to judgments of United States courts, may only be recognized and enforced by the courts of Panama in the event that the Supreme Court of Panama validates the judgment by issuing a writ of *exequatur*. Subject to a writ of *exequatur*, any final money judgment rendered by any foreign court will be recognized, conclusive, and enforceable in the courts of Panama without reconsideration of the merits, provided that (i) such foreign court grants reciprocity to the enforcement of judgments of courts of Panama, (ii) the party against whom the judgment was rendered, or its agent, was personally served (service by mail not being sufficient) in such action within such foreign jurisdiction, (iii) the judgment arises out of a personal action against the defendant, (iv) the obligation under the judgment is lawful in Panama and does not contradict the public policy of Panama, (v) the judgment is properly authenticated by diplomatic or consular officers of Panama, or pursuant to the 1961 Hague Convention on the legalization of documents and, (vi) a copy of the final judgment is translated into Spanish by a licensed translator in Panama. Any final money judgment rendered against us and validated by the Supreme Court of Panama will be delivered by the Supreme Court of Panama to us for payment. If after three years from the validation of the foreign judgment by the Supreme Court of Panama, we have not satisfied the court judgment, you may request the Supreme Court of Panama to instruct the National Bank of Panama (*Banco Nacional de Panama* or “BNP”) to make available for payment of the court judgment any moneys that we may have in our accounts with the BNP, if any.

All of our directors and officers are residents of Panama or elsewhere outside of the United States. All or a substantial portion of the assets of these persons are located in Panama or outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, or to enforce against them judgments predicated upon the civil liability provisions of U.S. federal securities laws, or otherwise obtained, in U.S. courts. Because all or a substantial portion of our assets are located outside the United States, any judgment obtained in the United States against us may not be fully collectible in the United States.

We have appointed CT Corporation System, presently located at 111 Eighth Avenue, New York, New York 10011, as our authorized agent upon which process may be served in any action arising out of or in connection with the Amended and Restated Indenture and an intercreditor agreement dated April 19, 2016, among us, the Bank of Nova Scotia (Panama), S.A., as the collateral trustee (the “*Collateral Trustee*”) and Citibank, N.A., as intercreditor agent and joined by the Indenture Trustee on May 4, 2016 (the “*Intercreditor Agreement*”) and, together with the Amended and Restated Indenture and an amended and restated trust agreement dated April 19, 2016, between us, the Collateral Trustee and Paying Agent (the “*Amended and Restated Trust Agreement*”), the “*Transaction Documents*”). With respect to such actions, we have submitted to the jurisdiction of the courts of the State of New York sitting in the County of New York in New York City, or courts of the United States for the Southern District of New York.

See “*Risk Factors—Risks Relating to Panama—It may be difficult to enforce civil liabilities against us or our administrative and executive officers and controlling persons.*”

AVAILABLE INFORMATION

For so long as any of the notes remain outstanding and are “*restricted securities*” within the meaning of Rule 144(a)(3) under the Securities Act, we will prepare and furnish, upon the request of any noteholder, such information as is specified in Rule 144A(d)(4) under the Securities Act: (i) to such noteholder, (ii) to a prospective purchaser of such note (or beneficial interests therein) that is a QIB designated by such noteholder and (iii) to the Indenture Trustee for delivery to any applicable noteholders or such prospective purchaser so designated, at our expense, in each case in order to permit compliance by such noteholder with Rule 144A in connection with the resale of such note (or beneficial interest therein) in reliance upon Rule 144A. All such information shall be in the English language. See “*Transfer Restrictions*.”

We have filed with the SMV a registration statement, of which a Spanish language translation of this Offering Memorandum, made by an authorized public translator, forms a part. We have also filed with the SMV and the PSE our quarterly unaudited condensed financial statements in accordance with IAS 34 – Interim Financial Reporting, and annual audited financial statements prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (“*IFRS*”). This information can be obtained by investors upon request at the PSE, located at Edificio Bolsa de Valores de Panama, Calle 49 y Av. Federico Boyd, Panama, Republic of Panama, or upon request at the SMV located at Calle 50, Edificio Global Plaza, Piso 8, Panama, Republic of Panama. The documents filed with the SMV are not and will not form part of this Offering Memorandum and are not incorporated by reference herein.

The independent report dated March, 2016, prepared by *Consortio PM Terminal Sur S.A.* (the “*Consultant Report*” and the “*Consultant*”), attached to this Offering Memorandum as Appendix A, is current only as of the date of such report. The delivery of the Consultant Report as an appendix does not imply that there has been no change in our affairs since the date of the Consultant Report or that the information contained in this Offering Memorandum is current as of any time after the date of such report, and neither we nor any other person will update the contents of this Offering Memorandum or the Consultant Report.

Our principal executive offices are located at *Vía Tocumen, Aeropuerto Internacional de Tocumen, Terminal de Pasajeros, Tercer Nivel*, Panama City, Panama.

In addition, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market, you may also obtain a copy of the Amended and Restated Indenture at the office of the paying agent in Luxembourg set forth on the inside back cover of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained in this Offering Memorandum, certain matters discussed herein, including without limitation under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Consultant Report, contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Although we believe that any such statements made by us herein or in the Consultant Report are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in this Offering Memorandum or the Consultant Report, the words “anticipates,” “believes,” “expects,” “intends” and similar expressions, as they relate to us or our management, are intended to identify such forward-looking statements.

These forward-looking statements are subject to numerous risks and uncertainties. There are important factors that could cause actual results to differ materially from those in such forward-looking statements, certain of which are beyond our control. These factors, risks and uncertainties include, among other things:

- our revenues are highly dependent on levels of air traffic at the Airport, which depend on factors beyond our control;
- our income is affected by aeronautical fees and rates and revisions thereto. The Board of Directors has the right to change aeronautical fees and rates pursuant to applicable law, subject to the CAA’s approval, but no assurances can be given as to the timing or magnitude of any such changes;
- any deficiencies in Airport security could have a material adverse effect on our business;
- we are exposed to the effects that international events can have on international air travel;
- competition from other destinations or from other airports could adversely affect our business;
- we are substantially dependent on one airline, Copa Airlines, which is currently responsible for the substantial majority of flights to and from the Airport and which is expected to be a driver of future growth; any disruption of this relationship or negative developments in Copa Airlines’ business may adversely affect our business;
- business interruptions could harm our business;
- we are wholly owned by the Government and provide a public service; our ability to generate revenue and our flexibility in managing our business is limited by the legal and regulatory framework in which we operate;
- we may not generate sufficient revenues if Airport management fails to implement its business strategy;
- we are expanding the Airport, including construction of the new South Terminal, and the expansion and related contracts expose us to construction, operational, financial and counterparty risks;
- the Consultant Report contains traffic and business assumptions and projections that are subject to inherent risks and uncertainties;
- terrorist attacks have had a severe impact on the international air travel industry, have adversely affected our business and may continue to do so in the future;
- hardware and software failures, delays in the operation of our computer systems or the failure to implement system enhancements may have an adverse effect on our business;
- we are wholly owned by the Government and it may have conflicts of interest relating to our business;

- the Government could grant new concessions and authorize the construction of new airports that compete with the Airport;
- our annual budget is subject to approval by the Cabinet Council and the Panamanian National Assembly (the “*National Assembly*”);
- the Government may privatize us;
- increases in or the volatility of international petroleum prices could reduce demand for air travel;
- labor issues could have an adverse impact on our business;
- the operations of the Airport may be affected by the actions of third parties, including subcontractors and other counterparties, which are beyond our control;
- we have entered into certain transactions with related parties that may create conflicts of interest;
- a downgrading of Panama’s International Aviation Safety Assessment rating could impact our revenues by prohibiting airlines from increasing service to the United States from the Airport;
- we are subject to environmental, health and safety laws and regulations;
- we are exposed to risks inherent in the operation of airports;
- our insurance policies may not provide sufficient coverage against all liabilities;
- we are dependent on our management;
- unexpected repairs and maintenance may adversely affect Airport operations;
- our property may be damaged and our business interrupted or impaired by the occurrence of a natural disaster;
- our performance is heavily dependent on economic conditions in Panama, which may affect our business and ability to meet our obligations under the notes;
- any investment in the notes is subject to emerging market risks that may affect our business and our ability to make payments under the notes;
- Panama’s economy, and therefore our business and usage of the Airport, remains vulnerable to external shocks, including the recent global economic crisis and those that could be caused by future significant economic difficulties of major regional trading partners or by more general “contagion” effects, which could have a material adverse effect on Panama’s economic growth;
- our ability to make required payments on the notes may be adversely affected by the nature of the Panamanian monetary system and the competitiveness of the Panamanian economy may be affected by the strength of the U.S. dollar;
- any additional taxes resulting from changes to tax regulations or the interpretation thereof in Panama could adversely affect our business;
- our substantial debt could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in the aviation industry and prevent us from meeting our debt obligations, including our obligations under the Existing Notes and the notes;
- our operations at the Airport are restricted by the terms of the Existing Notes, and will be restricted by the terms of the Amended and Restated Indenture and the notes, all of which could limit our ability to

plan for or to react to market conditions or meet our capital needs, which could increase the credit risk to noteholders;

- we have, and may incur, additional debt ranking equally to the notes;
- the notes are not obligations of, or guaranteed by, the Government and there may not be sufficient Collateral to pay all or any amounts due on the notes in the event of a foreclosure, liquidation, bankruptcy or similar proceeding;
- changes in prices that may cause the actual construction costs for the South Terminal Expansion to exceed its budgeted costs (See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Commitments—Odebrecht.*”);
- changes in business strategy and development plans with respect to the Airport;
- the outcome of legal and regulatory proceedings in which we are involved or may become involved;
- *force majeure* and other catastrophic events such as fires, explosions, earthquakes, floods and acts of terrorism and war that could result in forced outages, personal injury, loss of life, severe damage or destruction of the Airport and suspension of operations, other factors beyond our control;
- any potential change in ownership and management of us and the Airport;
- the ability of noteholders to seek remedies with respect to the Shared Collateral (as defined herein) may be materially limited by the Intercreditor Agreement;
- the lack of a security interest in the payment account and debt service reserve account established and maintained in respect of the Existing Notes (as defined herein) and/or other Collateral Secured Debt (as defined herein);
- the settlement of disputes over the terms of the Amended and Restated Trust Agreement under arbitration proceedings in Panama; and
- factors and assumptions set forth or identified in the Consultant Report.

Some of these factors are discussed under “*Risk Factors*,” but there may be other risks and uncertainties not discussed under “*Risk Factors*” or elsewhere in this Offering Memorandum that may cause actual results to differ materially from those in forward-looking statements.

Accordingly, we cannot assure you that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on our business. We do not intend, and undertake no obligation, to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date hereof. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

Each investor in the notes offered in this Offering Memorandum will be deemed to have represented and agreed that it has read and understood the description of the assumptions and uncertainties underlying the projections that are set forth in this Offering Memorandum and the Consultant Report, and to have acknowledged that neither us nor the Initial Purchaser are under an obligation to update the information and do not intend to do so, except for certain information that we will be required to file in Spanish with the SMV and the Panama Stock Exchange, such as quarterly and annual reports and notices of material events and any other required filings with the Luxembourg Stock Exchange.

These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Our audited financial statements included in this Offering Memorandum as of and for the years ended December 31, 2013, 2014 and 2015 were audited by Deloitte, Inc., an affiliate to Deloitte LATCO, member firm of Deloitte Touche Tohmatsu Ltd. (collectively, our “*financial statements*”). Our financial statements were prepared in accordance with IFRS and are presented in Panamanian Balboas.

Unless otherwise specified, references herein to “U.S. dollars,” “dollars,” or “US\$” are to the legal currency of the United States of America and Panama. The Balboa, the official monetary unit of Panama, is freely exchangeable for the U.S. dollar on a one-to-one basis. Panama does not issue paper currency; instead, it uses the U.S. dollar as its legal currency.

Rounding

Rounding adjustments have been made to figures included in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, all financial information in this Offering Memorandum is rounded to the nearest one hundred thousand U.S. Dollars, and percentage figures included in this Offering Memorandum are rounded to the nearest one-tenth of one percent. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Industry and Market Data

This Offering Memorandum includes market share and industry data and forecasts that we have obtained from industry publications and surveys, reports of governmental agencies, market research and internal reports and surveys as well as independent third party reports. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we have not independently verified any of the data from third parties contained in this Offering Memorandum and cannot give any guarantee of the accuracy or completeness of the data.

The market data includes projections that are based on a number of assumptions. In particular, the Consultant Report contains projections that have not been prepared in accordance with IFRS, and contains various projections and estimates that rely on certain assumptions regarding material contingencies and other matters that are not within our control or the control of any other person. These assumptions are inherently subject to significant uncertainties and actual results could differ materially from those projected. Neither the Airport nor the Consultant can give any assurance that these assumptions are correct or that these projections and estimates will reflect actual results of operations. All tonnage information in this Offering Memorandum is expressed in metric tonnes, and all references to ounces are to troy ounces, unless otherwise specified.

Non-IFRS Financial Measures

We refer to the term EBITDA in various places in this Offering Memorandum. EBITDA is a supplemental financial measure that is not prepared in accordance with IFRS. We define EBITDA as net profits before financial costs, net, income taxes and depreciation. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with IFRS.

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of “non-GAAP financial measures,” such as EBITDA and ratios related thereto. These measures are derived on the basis of methodologies other than in accordance with IFRS. These rules govern the manner in which non-GAAP financial measures are publicly presented and require, among other things:

- a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with IFRS, as applicable; and
- a statement disclosing the purposes for which the registrant’s management uses the non-IFRS financial measure.

The rules prohibit, among other things:

- the exclusion of charges or liabilities that require, or will require, cash settlement or would have required cash settlement, absent an ability to settle in another manner, from a non-GAAP liquidity measure; and
- the adjustment of a non-IFRS performance measure to eliminate or smooth items identified as non-recurring, infrequent or unusual, when the nature of the charge or gain is such that it has occurred in the past two years or is reasonably likely to recur within the next two years.

Our management believes that disclosure of EBITDA can provide useful information to investors, financial analysts and the public in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in the same industry and other industries. This is because EBITDA is perceived as a more objective and comparable measure of operating performance and liquidity. For example, interest expense is dependent on the capital structure and credit rating of a company. However, debt levels, credit ratings and, therefore, the impact of interest expense on earnings vary significantly between companies. Similarly, the tax positions of individual companies can vary because of their differing abilities to take advantage of tax benefits and the differing jurisdictions in which they transact business, with the result that their effective tax rates and tax expense can vary considerably. Finally, companies differ in the manner in which they acquire productive assets and the choice and useful life of such assets selected, and thus the relative costs of those assets, as well as in the depreciation method (straight-line, accelerated, units of production) applied, which can result in considerable variability in depreciation and amortization expense between companies. Thus, for comparison purposes, our management believes that EBITDA is useful as an objective and comparable measure of operating profitability because it excludes these elements of earnings that do not provide information about the current operations of existing assets. Accordingly, our management believes that disclosure of EBITDA provides useful information to investors, financial analysts and the public in their evaluation of our operating performance.

The non-IFRS financial measures presented in this Offering Memorandum may not comply with the SEC rules governing the presentation of non-IFRS financial measures. For example, some of the adjustments to EBITDA as presented in this Offering Memorandum may not be allowed under Regulation S-X. In addition, our measurement of EBITDA may not be comparable to those of other companies. Please see “*Summary—Summary Financial and Other Information*” for a discussion and reconciliation of our use of EBITDA in this Offering Memorandum.

Consultant Report

The forecasts contained in the Consultant Report are included for reference purposes only, and in reliance upon the authority of the Consultant as an aviation activity consultant and the terms of the Consultant’s engagement. The forecasts in the Consultant Report have not been prepared in accordance with IFRS. Under no circumstances should the inclusion of such forecasts in this Offering Memorandum or the Consultant Report be regarded as a representation or warranty by us, the Sole Lead Manager and Structuring Agent or any other person with respect to the accuracy of the forecasts or the accuracy or reasonableness of the underlying assumptions set forth therein, or that we or the Airport will experience the forecasted results. The Consultant Report also contains market share and industry data and forecasts that were obtained from or derived from industry publications and surveys, reports of governmental agencies, market research and internal reports and surveys as well as independent third party reports. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the information. The Consultant Report speaks only as of its respective dates, and the occurrence of unanticipated events or any other events since that time that could render the forecasts inaccurate are not reflected in such reports. Accordingly, investors are cautioned not to place undue reliance on the Consultant Report. See “*Risk Factors—Risks Related to Our Business—The Consultant Report contains traffic and business assumptions and projections that are subject to inherent risks and uncertainty.*”

We have not independently verified any of the data from third parties contained in the Consultant Report and cannot give any guarantee of the accuracy or completeness of the data therein.

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SUMMARY

This summary highlights selected information from the Offering Memorandum and is qualified in its entirety by, and is subject to, the more detailed information and financial statements appearing elsewhere in this Offering Memorandum. This summary does not contain all of the information you should consider before investing in the notes. You should read this entire Offering Memorandum carefully, including the risk factors and financial statements appearing elsewhere in this Offering Memorandum, before making an investment decision. Unless otherwise indicated or the context otherwise requires, all references in this Offering Memorandum to “we,” “our,” “ours,” “us,” the “Issuer” and similar terms refer to Aeropuerto Internacional de Tocumen, S.A., also known as Tocumen International Airport and referred to herein as the “Airport.”

Overview

We own, operate, maintain and develop the Airport, which is the principal international airport in Panama and the largest and busiest airport in Central America, and the third largest airport in Latin America by international traffic. The Airport is a critical gateway linking travel across North America, Central America, South America, the Caribbean and Europe because of its strategic position in the middle of the Americas and its role as the network hub for *Compañía Panameña de Aviación, S.A.* (“Copa Airlines” or “Copa”). Copa Airlines is a leading Latin American airline that serves 69 destinations in 30 countries in the Americas and the Caribbean with one of the youngest and most modern fleets in the industry. In 2015, the Airport was the origination point or destination point for approximately 32.3% of its passengers (“*Origin/Destination Passengers*”), while approximately 67.7% of its passengers were connecting passengers, also known as transit/transfer passengers (“*Transit/Transfer Passengers*”). The Airport is the only airport directly serving Panama City, the largest city in Panama.

The Airport serves 85 destinations with approximately 135,400 flights per year on 39 airlines. The Airport is the only airport in Central America with two active runways capable of accommodating commercial traffic. The facilities of the Airport also include an international passenger terminal complex with 34 gates, a small domestic terminal, car parking lots, an air cargo facility, a maintenance facility, an air traffic control tower, fuel storage and other assets. The Airport has been recognized by Skytrax as the “*Best Airport in Central America*” and as having the “*Best Airport Staff in Central America*” for 2011 through 2015. The table below includes certain of our recent operating and financial metrics.

	Year Ended December 31,		
	2015	2014	2013
Destinations served.....	85	78	73
Total passengers (millions).....	13.4	12.8	11.6
Total passengers annual growth.....	5.1%	10.3%	13.9%
Total revenues (millions).....	US\$188.5	US\$166.0	US\$153.5
Total revenues annual growth.....	13.5%	8.1%	12.5%

We believe the Airport’s geographic location provides competitive advantages including a central location in the Americas, consistent weather conditions and facilities at sea level. The Airport’s location allows airlines to serve cities as far north as Toronto and as far south as Buenos Aires with newer narrow-body aircraft, while its facilities remain equipped to handle wide-body aircraft such as the Boeing 777. The Airport has a balanced capacity among destinations served: in 2015, 29.4% of scheduled departing seats from the Airport went to North America, 11.2% went to Central America, 42.2% went to South America, 12.9% went to the Caribbean and 4.3% went to Europe. Additionally, the Airport is located in the province of Panama, a center of commerce that is home to large corporations, a significant banking presence, a wide variety of tourism businesses and the most affluent residents in the country. Approximately 51.7% of Panamanians living in Panama reside in the Province of Panama (primarily in the Panama City Metropolitan Area). As a result, the Airport is able to serve a large population and region likely to travel internationally for both business and leisure.

We generate revenue from both aeronautical services and non-aeronautical commercial services. Aeronautical services refer to airline passenger services and air cargo services, and the associated fees include passenger exit fees, the Development Fee (as defined herein), transit fees and any other passenger fees, security charges, aircraft landing and take-off charges, aircraft parking charges, passenger boarding bridge charges, utility

charges, airline club room leases and cargo charges. Revenues from non-aeronautical commercial services include fixed and variable rents from commercial leases, sales of Turnkey Rights to secure commercial leases, minimum guaranteed income arrangements (*ingreso mínimo garantizado*) with concessionaires, installation fees, various administrative and approval fees and other revenues such as into-plane fueling, car parking fees and advertising fees.

Competitive Strengths

Our principal competitive strengths include:

- We are a market-leading airport;
- We benefit from Panama's strategic location in the LAC Region;
- We have strong, collaborative relationships with our carriers, including our top customer, Copa Airlines;
- We benefit from a strong Panamanian economy;
- The Airport is a critical infrastructure asset that benefits from Government promotional activities;
- The Airport enjoys diversified passenger, purpose and capacity distribution;
- Streamlined international Transfer/Transit Passenger clearance; and
- We have an experienced management team and motivated workforce.

We are a market-leading airport

We are the leading Airport in Central America by passenger volume, serving approximately 13,400,000 passengers in 2015 and approximately 12,800,000 passengers in 2014, as well as by total revenue, with an annual total revenue of US\$188.5 million for 2015 and US\$166.0 million for 2014. Additionally, we are the third-busiest airport in Latin America based on international passenger traffic. Furthermore, according to OAG, an air travel intelligence publication, we had the third best on-time percentage amongst global airports, with 92.6% of flights within 15 minutes of their scheduled times, with Copa airlines being the second best among all airlines, at 91.7%.

The quality of the Airport's services was recognized by Skytrax when it was selected as the "*Best Airport in Central America*" in each of 2011 through 2015. In 2015, the Airport served approximately 96.9% of aviation passengers, and approximately 100% of air cargo, to and from Panama and generated US\$182.6 million from both passenger and cargo services, including revenues from both aeronautical and non-aeronautical segments. Over the last five years, we have invested approximately US\$600 million to improve the Airport's operations, in addition to other expansions and upgrades we have made during the same period to modernize our facilities. For example, we have expanded the main terminal by adding the new North Concourse, upgraded the baggage handling system in the main terminal and are currently building the South Terminal to increase our service quality.

We believe that the size of the Airport, the scale of its destination and airline network and its operating personnel give the Airport robust competitive advantages over its competitors. The Airport serves a diversified traffic mix and a large airline customer base, which provides an expansive market for a variety of services. In addition, we believe that our long-term expansion plan will provide sufficient capacity for our future operational and financial success.

We benefit from Panama's strategic location in the LAC Region

Panama is an important regional trading center and a natural geographic hub between North, Central and South America and the Caribbean. Panama's strategic location supported the development of the Panama Canal (the "*Canal*") and the Colon Free Trade Zone. Due to its central location, the Airport has significant geographic advantages over competing regional airports, and the Airport derives a significant amount of its airline interest and

aeronautical revenues as a result of its importance as a regional hub for Latin America and the Caribbean (the “LAC Region”). In addition, Panama enjoys a favorable weather environment, which leads to low levels of service disruptions; the Airport has been closed (during business hours) for fewer than two hours per year over the last five years. Furthermore, the Airport’s location at sea level provides relative cost and operational advantages compared to airports located at higher elevations (such as Bogota and Mexico City), as the Airport enjoys better visibility conditions during inclement weather and planes may take off with higher weights, resulting in higher yields for airlines. Finally, because of the Airport’s central geographic location in the Americas, airlines may service almost all of North and South America (cities as far north as Toronto and as far south as Buenos Aires) with newer narrow-body aircraft, avoiding the need to rely as heavily on more expensive wide-body aircraft to cover greater distances. As a result, we believe the Airport is attractive to airlines seeking to better serve the entire LAC Region. See “*Business—Airline Services—Traffic Growth.*”

We have strong, collaborative relationships with our carriers, including our top customer, Copa Airlines

We have strong, collaborative relationships with all the major airlines in Panama, and we regularly communicate with them regarding developments in our industry and other issues. These airlines have one voting member on our Board of Directors, who is elected by the Panama Airlines Association (ALAP).

The Airport has an especially strong historical relationship with Copa Airlines, a leading Latin American provider of passenger services. Copa is one of the largest private employers in Panama, and contributes to Panama’s aviation industry, which accounted for approximately 4.2% of Panama’s GDP in 2014. The Airport is the network hub and the principal base of operations for Copa Airlines. Copa offers an average of approximately 246 flights per day from the Airport and provides service to 69 destinations in 30 countries in the Americas and the Caribbean with one of the youngest fleets in the industry. Copa also provides passengers with access to flights to more than 170 other destinations through codeshare arrangements with United Airlines (UAL) and other airlines pursuant to which each airline places its name and flight designation code on the other’s flight. Copa and its affiliates accounted for 83.5% of all scheduled departing seats at the Airport in 2015, and it transported to/from the Airport in 2015 approximately 2.4 million Origin/Destination Passengers and approximately 8.7 million Transit/Transfer Passengers.

The concentration of such traffic volume in just one airline has facilitated a highly favorable and more efficient use of the Airport’s capacity. Copa has gained a competitive advantage over other major carriers serving the region by offering service not only to major destinations, but also to secondary regional destinations that are either not served by major carriers or are served only by the national carrier of that country. Among Copa’s primary competitive strengths is the Airport’s strategic location as the airline’s “Hub of the Americas.” Because of the Airport’s central location, convenient connections to Copa’s principal markets, the Americas and the Caribbean, are possible, enabling them to consolidate traffic to serve destinations that do not generate enough demand to justify direct flights. Copa’s focus on maintaining low operating costs and efficient operating performance have contributed significantly to their profitability. When coupled with its modern fleet, this focus on low operating costs and efficient performance has allowed Copa to create a strong brand and a reputation for quality service that has contributed to strong passenger loyalty.

We have enjoyed a mutually beneficial relationship with Copa for many years. Copa’s successful business strategy, route expansion and growth in passenger volume have substantially contributed to our revenues, and our improvements to the Airport’s infrastructure have met a necessary condition for Copa’s growth.

We benefit from a strong Panamanian economy

One of the primary drivers of Origin/Destination Passenger volumes at the Airport has historically been the strong performance of the Panamanian economy. Panama’s GDP grew by 5.9% in 2015, 6.2% in 2014 and 8.4% in 2013. The political environment in Panama remains stable, with an attractive business environment and regulatory system. The U.S. dollar is the legal currency in Panama, which contributes to the attractiveness of Panama as a business center. According to the “Doing Business 2015” report, published by International Finance Corporation, an affiliate of the World Bank, Panama is ranked second in Latin America and the Caribbean for both Cross Border Trade and Ease of Starting Business. Panama maintains investment-grade sovereign ratings for its debt, currently rated Baa2, BBB and BBB by Moody’s, Standard & Poor’s and Fitch, respectively. The country also benefits from a fast-growing middle class and a relatively high per capita income, which is contributing to higher levels of

discretionary spending and greater use of air travel. Estimated GDP per capita for 2015 was approximately US\$13,000, which is the highest in Central America. Panama also benefits from a relatively large educated population with sizable spending power.

The Airport is a critical infrastructure asset that benefits from Government promotional activities

Over the last several years, the Government of Panama (the “Government”) has promoted the country as a global platform for transportation, logistics and business, with projects including the expansion of the Canal and the development of road and subway infrastructure. The Canal’s expansion project, currently scheduled for completion in 2017, is designed to double its capacity by allowing increased traffic and larger ships. The Government has promoted the expansion of the Colon Free Zone, a tax-favored import and export trading zone located near the Atlantic entrance to the Canal, as a means to leverage the presence of the Canal and enhance the competitiveness of the broader Panamanian economy. The Government has also promoted the development of Panama’s tourism industry, which increased at an annual growth rate of 19.5% from 2005 to 2014, as well as the use of Panama as the regional corporate headquarters for a number of global corporations. The success of these policies is reflected by the presence of a variety of regional headquarters of international corporations in Panama, including, among others, AIG, Nestlé, BMW, P&G, Caterpillar, Dell, Maersk and 3M. We believe the concurrent development of Panama’s infrastructure and economy is beneficial to the Airport’s development because it contributes to increased travel, including via air transportation, both to and through Panama.

The Airport enjoys diversified passenger, purpose and capacity distribution

Origin/Destination Passengers accounted for 32.3% of the Airport’s passengers in 2015 (whereas 67.7% were Transit/Transfer Passengers), and we collect passenger exit fees (“PEF”) from departing international passengers, which is our primary source of revenue. Transit/Transfer Passengers contribute significantly to the Airport’s non-aeronautical revenue and reflect its importance as a regional hub. The Airport also benefits from significant amounts of passengers flying for a variety of purposes, including business travel, leisure travel and personal travel. Additionally, the Airport is located in the province of Panama, a center of commerce home to large corporations, a significant banking presence, a wide variety of tourism businesses and the most affluent residents in the country. As a result, the Airport is able to serve many people that are likely to travel internationally for both business and leisure.

In order to increase the number of leisure passengers using the Airport, the Panama Tourism Authority has been developing and promoting tourism in the country, including the improvement of tourist destinations such as *Isla Bastimentos* and *Coiba* and the development of a national promotional plan in partnership with the private sector. The Panama Tourism Authority has also been coordinating with the Panamanian Hotel Association, The Panamanian Chamber of Commerce and other organizations to develop cross-promotion strategies, including advertising campaigns in international media and online.

The geographic distribution of the Airport’s scheduled departing seats reflects its focus on providing balanced capacity throughout the LAC Region. In 2015, 29.4% of scheduled departing seats from the Airport went to North America, 11.2% went to Central America, 42.2% went to South America, 12.9% went to the Caribbean and 4.3% went to Europe.

Streamlined international Transfer/Transit Passenger clearance

A major advantage of the Airport as a LAC Regional hub is the convenience that Transfer/Transit Passengers and their baggage are not required to clear customs and immigration during the transfer process. By contrast, at U.S. airports, including Miami International, historically a dominant LAC Regional hub, and Luis Muñoz Marín International Airport in Puerto Rico, such clearance is required before embarking on a connecting international flight, and certain nationalities require a visa even in the case of transit passengers. Consequently, international to international transfer times at the Airport can be significantly shorter than at U.S. airports, along with less burdensome documentation requirements. The Airport’s gates consist of a single security zone making it easy to transfer between flights. As a result of the great convenience offered to Transfer/Transit passengers, the Airport has increased its LAC Region market share in recent years. The Airport remains ready and able to adopt new security controls as they become required by international certification standards or other countries.

We have an experienced, internationally minded, management team and motivated workforce

We benefit from an experienced and talented management team, many of whom previously held executive positions in various private industries in Panama and elsewhere. Our management uses a planning and development process for our human capital to support the current and future capabilities of the organization and ensure its sustainability over time. For example, we have developed comprehensive training plans to improve project management, customer service and assistance, airport operations, administration management, leadership and other skills that are required in key positions, as well as investing in personnel visits to market-leading hubs such as FedEx’s Global Cargo hub in Memphis, Tennessee and some advanced baggage handling systems at airports around the world such as Toronto, Dubai, Amsterdam, Helsinki, Bangkok, Singapore, as part of a management tour of model airports worldwide. Furthermore, our workplace is career-oriented and emphasizes teamwork, outstanding customer service and meritocracy in order to attract and retain highly qualified personnel and maintain a motivated workforce. The quality of the Airport’s employees was recognized by Skytrax when the Airport was selected as having the “*Best Airport Staff in Central America*” in each of 2011 through 2015.

Our regulatory framework, board composition and decision making process provides enhanced checks and balances and transparency

Multiple parties, including entities independent from the Airport, are involved in the decision making process at the Airport. Any agreement in excess of \$300,000 must be approved by our Board of Directors and the Cabinet Council must approve agreements in excess of \$3,000,000. Additionally, four members of our Board of Directors are appointed by the MEF, one member is elected by the Panama Airlines Association (“ALAP”), one member is elected by our employees and one voting member is elected by the Airport’s concessionaires, allowing for greater independence and transparency in key decisions affecting the Airport. Furthermore, our annual budget is approved by the National Assembly and material disbursements are approved by the *Contraloría*, an institution independent of the Government. A system of checks and balances ensures that the Airport’s management and disposition of its funds and assets has adequate oversight.

Significant Expansions

Given the rapid expansion of service and passenger traffic at the Airport, we have made, and expect to make, significant expansions to our operations, as summarized in the table below. The schedule of our expected expansions will be determined by demand levels at the Airport.

The following chart illustrates the past and projected amounts we have invested in the past five years and expect to invest in the next three years in expansion projects.

Year	2011	2012	2013	2014	2015	2016E	2017E	2018E
Major Investment Areas	North Concourse	-	South Terminal	South Terminal	South Terminal Improvements	South Terminal Improvements	South Terminal Improvements	South Terminal Improvements
Theoretical Passenger Capacity	9.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	21.0 million per year	21.0 million per year
Actual or Projected Passenger Traffic	8.4 million	10.2 million	11.7 million	12.8 million	13.4 million	14.1 million	14.5 million	16.1 million
Actual Amount Invested or Projected Investment	US\$69.0 million	-	US\$248.1 million	US\$178.8 million	US\$111.4 million	US\$249.6 million	US\$310.0 million	US\$141.3 million

For additional information regarding these expansions and our long-term expansion plans, please see “Appendix A” attached hereto.

Strategies

We will seek to improve our operational performance and increase our earnings by implementing the following strategies:

- Continue to increase passenger volumes and develop world-class services at the Airport;
- Expand passenger capacity through focused capital expansion;
- Improve operating efficiency; and
- Diversify and increase non-aeronautical commercial revenues.

Continue to increase passenger volumes and develop world-class services at the Airport

According to the Consultant Report, annual passenger traffic in Latin America (including Central America) is estimated to grow approximately 6.0% per year over the next 20 years, and we intend to maximize our share of this increase. We intend to achieve this objective through the following specific strategies:

- ***Continue to promote our recognition*** as the “Best Airport in Central America” and as having the “Best Airport Staff in Central America” for each of 2011 through 2015 by SkyTrax. The recognition from these awards improves our strategic position and our attractiveness as a hub.
- ***Open new strategic routes.*** We intend to open strategic intercontinental routes at the Airport through the promotion of the Airport in key cities in Latin America and developing additional connectivity with Europe, Asia and the Middle East (such as Istanbul, Dubai and Frankfurt) in order to position our Panama hub as one of the main gateways in the Americas.
- ***Continue to develop Panama’s growing tourism industry*** with Panamanian tourism agencies, Copa and other airlines. We have capitalized on Copa’s membership in the Star Alliance, which has boosted its passenger growth and helped further promote the Airport as a regional hub. Furthermore, the Airport has increasingly benefited from Copa’s strategy of strengthening its ties with leading European airlines, such as KLM and Iberia, both of which have recently and significantly increased service to and from the Airport. These and other airlines offer code sharing flights with Copa, through which passengers originating in Europe and destined for LAC Regional destinations fly to the Airport on a European carrier, and then transfer to a Copa flight to their final destination, all on one integrated ticket. The Airport has also increased its efforts to attract new airlines and to foster the opening of new routes by offering marketing support to airlines to promote growth.
- ***Execute our capital expansion master plan*** for the Airport, which includes the addition, in March 2012, of the North Concourse to the main terminal and a recent upgrade of the baggage handling system. Our capital expansion master plan, which includes the South Terminal Expansion, will create increased capacity at the Airport to increase its revenues and improve its service quality. As of March 2016, the South Terminal Expansion was approximately 55% completed with the commencement of operations expected by December 2017 and final delivery by March 2018. See the Consultant Report in “Appendix A” for additional information.
- ***Consolidate flights*** from/to the Airport’s traditional markets (such as North America) and expand flights from/to other markets (such as Asia and Eastern Europe). We also aim to reduce seasonality and decrease intra-week volatility in some locations while consolidating existing markets.

Expand passenger capacity through focused capital expansion

We intend to complete our capital expansion plans on a timely basis and within budget to expand our capacity for both passenger and cargo, including more efficient facilities for customs and immigration and baggage handling needs. Our future expansion plans (except for the expansion of the South Terminal building, which is in progress) are flexible enough to be modified based on underlying demand patterns and expectations. These capital investments and improvements will help ensure that the Airport remains a leading Latin American provider of passenger and cargo services.

The capital expansion master plan includes:

- the future addition of a new South Terminal building (Terminal 2) that is expected to begin operation in December 2017, and be fully completed by March 2018, providing for additional capacity for 9.0 million passengers per year, bringing the Airport's total capacity to 21.0 million passengers per year;
- increasing the runway capacity with infrastructure improvements by 2018;
- the construction of a new independent runway system by 2025;
- the opening of a new cargo terminal and expanded cargo-handling infrastructure;
- the acquisition of additional land for the Airport's expansion;
- the expansion of related facilities, such as the further construction of satellite buildings designed to accommodate projected increases in passenger volumes, increase operational efficiency and expand retail spaces; and
- the construction of an aircraft maintenance hangar.

In 2013, we entered into a design-build-equipment agreement with *Construtora Norberto Odebrecht, S.A.*, (“Odebrecht”) for the South Terminal Expansion. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Commitments—Odebrecht.*” As traffic grows, we expect to invest over US\$1.7 billion in these and other projects at the Airport by 2030, in addition to those investments already committed to the South Terminal Expansion.

This capital expansion will also occur in conjunction with our airline partners. For example, in 2011, Copa Airlines successfully transitioned from a four-bank to a six-bank hub operation. A bank is a short period of time during which a set of flight arrivals is closely linked to a set of departures, allowing passengers to connect to numerous destinations in a short amount of time. Copa’s recent and future contracted deliveries of B737-800s are expected to expand Copa’s geographical reach and ultimately allow Copa to serve significantly more destinations from the Airport.

Improve operating efficiency

We continue to focus on increasing operating efficiencies at the Airport. We are upgrading the baggage handling system in the existing terminal and are evaluating several additional projects to improve efficiencies in our capital expansion master plan (including additional contact gates, taxiway improvements, additional apron areas to provide additional remote commercial and cargo aircraft parking positions, and a new runway). The South Terminal, which is currently under construction, has been designed to be specifically located between two independent runways to expand hub terminal passenger capacity by facilitating the movement of passengers between connecting gates, improve passenger security and efficient baggage handling, increase duty-free spending and increase the efficiency with which Origin/Destination passengers are processed through immigration and customs. We plan to make use of the latest technology to help realize these improvements. Among the projects under evaluation are the implementation of a passenger self-check-in system (CUSS-Common Use Self Service Kiosk) to allow faster passage through the airport, the installation of a Public Announcement System, the development and execution of an Information Security Program, the implementation of a Multi-Airport Operation System (AOS) and the improvement of the HVAC systems throughout the Airport. We are also working closely

with ACI and IATA to create a standardized collaborative decision-making process to improve the overall efficiency of operations at the Airport.

In keeping with our goal of operational efficiency, we outsource certain services to third parties because we consider it to be the most efficient way to quickly respond to increasing demand. During 2015, such service contracts were reviewed and renegotiated to obtain better pricing for the Airport. Among other things, the maintenance of elevators and escalators, water run-off treatment and Airport perimeter security services were outsourced. Additionally, we have also conducted a comprehensive review of our aeronautical rates and fees, that ultimately resulted in the creation of the Development Fee (as defined herein), which contributed directly to the development of the Airport's infrastructure. Furthermore, we conducted a review of leases and expenses that included the renegotiation of several contracts of outsourced services, resulting in a decrease in our operating expenses.

Diversify and increase non-aeronautical commercial revenues

In 2015, 47.7% of our total revenues were generated by our non-aeronautical commercial activities, including revenues from concessions for retail stores, food and beverage, into-plane fueling and car parking. Of this amount, the substantial majority relates to retail concessions in the existing airport terminal and the North Concourse. The CAA does not regulate non-aeronautical commercial revenues or otherwise establish what non-aeronautical fees and rates we can charge. We are working with Pragma consulting, a specialty British airport retail services consultancy, to optimize our retail spaces to improve the layouts and increase leasable space to increase our retail revenue. Once completed, the South Terminal is expected to expand the Airport's retail space by approximately 7,500 square meters, and we intend to improve and diversify the retail product offerings in this space by working with several luxury retailers to introduce new complementary product offerings.

In addition to our retail offerings, we are analyzing other opportunities to diversify our non-aeronautical revenues such as the implementation of a Cargo Free Zone and the development of Airport City. We also expect to conduct a survey in 2016 to identify additional services and products that we can provide to our passenger and airline customers to generate additional revenues.

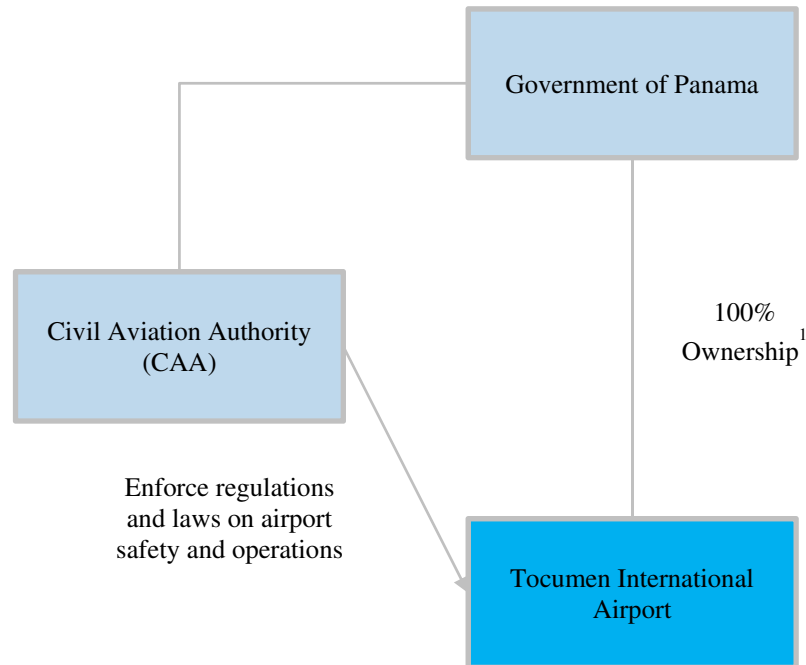
History and Organization

The Airport was inaugurated on June 1, 1947. The administrative building/passenger terminal was inaugurated seven years later. In 1971, due to Panama's developing role as a transit hub and the growing demand for air operations in the country and region, Panama's aeronautical authorities began the construction of new facilities. The current passenger terminal was inaugurated on August 15, 1978 and commenced operations on September 5 of the same year.

From its inauguration until May 31, 2003, the Airport was managed by the Civil Aeronautics Directorate of Panama (currently known as the Civil Aviation Authority or the "CAA"). Pursuant to Panamanian Law No. 23 of January 29, 2003 (as amended, "Law 23"), which regulates the administration of airports and airfields in Panama, the assets, liabilities and management of the Airport passed to us on June 1, 2003. The CAA's responsibilities include regulating air transportation services, operational and airport security and fees and rates for aeronautical services in Panama pursuant to the procedures established by Law 23. See "*Regulatory Overview*."

We are 100% owned by Panama and are governed by our board of seven voting directors (the "*Board of Directors*") and three non-voting directors. Four of our voting directors are appointed by the executive branch of the Government, through the Ministry of Economy and Finance, and the other three directors are each elected by ALAP, our employees, and the Airport's concessionaires, respectively. See "*Management and Employees—Board of Directors*" and "*—Management Team*".

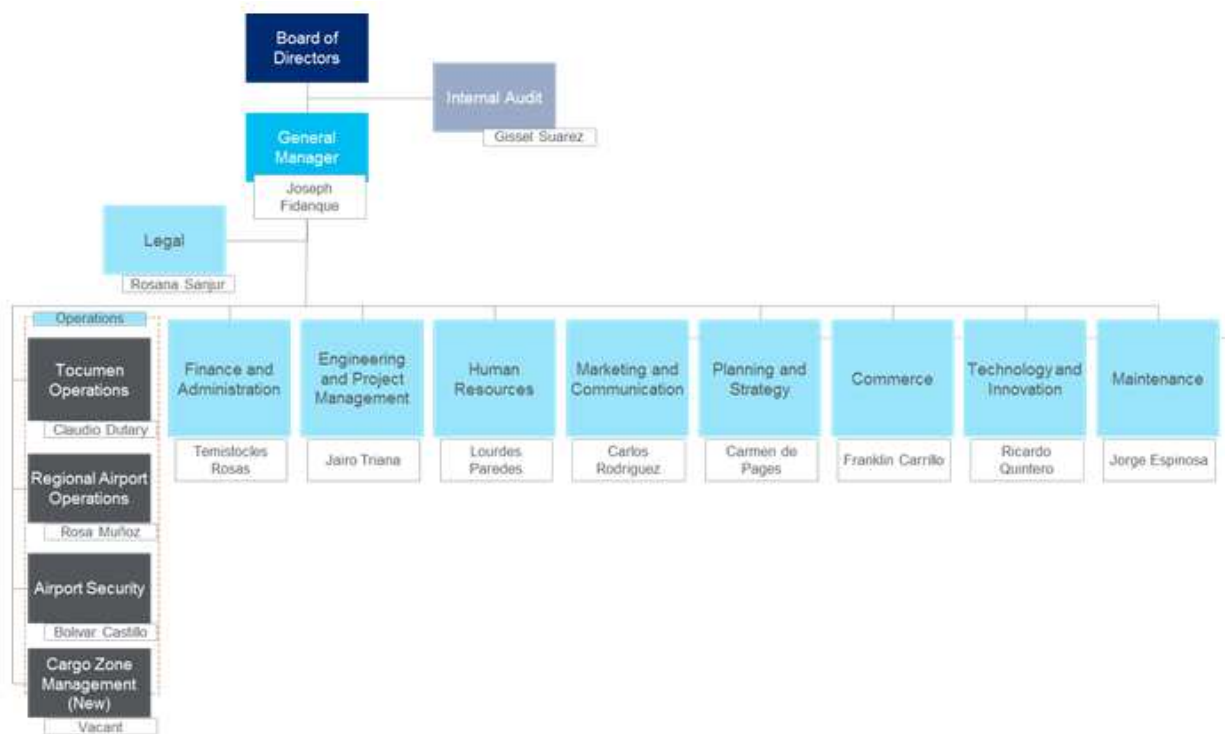
The following chart illustrates certain aspects of our ownership and regulatory structure.



¹ Corporation established under Law 23.

As of December 31, 2015, we had 1,452 employees spread across ten different operating vice-presidencies, which encompass a broad range of activities typical for a large commercial service airport. Approximately one-third of our employees perform Airport security functions. The number of our employees has generally increased over time to accommodate increased numbers of passengers using the Airport and the opening of the Airport's North Concourse in March 2012.

The following chart provides an overview of our management structure.



Recent Developments

On May 5, 2016, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) designated Consorcio Grupo Wisa (together with its affiliates that operate duty-free stores at the Airport, “Grupo Wisa”) and various of its owners and other affiliates as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act), accusing them of laundering drug proceeds on behalf of multiple drug traffickers and their organizations.

Grupo Wisa is one of Latin America’s largest duty-free chains and one of Tocumen’s largest duty-free retail concessionaires, operating a number of traditional duty-free stores (such as La Riviera) and general merchandise stores (such as Burberry, Brooks Brothers and Columbia) at the Airport. According to information published by Grupo Wisa, the group operates more than sixty La Riviera stores across Latin America, including in the duty-free area of the principal airports in Central America. Grupo Wisa’s concession for many of their stores at Tocumen, including La Riviera, is scheduled to expire on December 14, 2017, with no option to extend. (See “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Contractual Commitments—Consorcio Grupo Wisa*”.) In addition, Mr. José Frade, Grupo Wisa’s finance and audit vice president, has been a member of the Airport’s Board of Directors since 2014 as a representative of the Airport’s concessionaires.

Tocumen has not been designated under any of the above-mentioned measures. Moreover, the Airport has not violated any applicable laws that prohibit money laundering activities or any applicable OFAC regulations. In fact, we were not aware that Grupo Wisa was the subject of any investigations concerning the laundering of drug money until the OFAC designation was made public on May 5, 2016. None of the proceeds in connection with our contemplated notes offering will be used to finance directly or indirectly any of Grupo Wisa’s activities.

We will cooperate with any investigations into the conduct of Grupo Wisa, and note that Panama’s Attorney General (*Procurador General de la Nación*) and Superintendency of Banks (*Superintendencia de Bancos*) have already begun to investigate the organizations involved. On May 5, 2016, we asked Mr. Frade to resign his position on our board of directors; Mr. Frade resigned on May 6, 2016. Further, we will examine critically the terms of the concession arrangements with Grupo Wisa, in particular the termination provisions thereunder (including in

light of Panama's anti-money laundering legislation and, to the extent applicable, the United States' anti-money laundering rules and other OFAC regulations). The Airport will seek to terminate its relationship with Grupo Wisa and its affiliates as soon as practically possible, in full compliance with our contractual and legal rights and obligations.

It is likely that Grupo Wisa's stores may either close permanently in the short-term or be severely affected by OFAC's actions. Nonetheless, although our revenues arising from the Grupo Wisa's stores represented approximately 7.7% of our Total revenues in 2015 (excluding revenues arising from Turnkey Rights), we anticipate a substantially smaller short-term impact on our revenues for the following reasons:

- We believe that consumers will use other nearby competing duty-free stores in the Airport (especially if the Grupo Wisa stores significantly reduce the merchandise offered for sale or acceptable payment methods are restricted at its stores), and as a result our revenues arising from competing stores will increase. The stores operated by Grupo Wisa and other concessionaires (which offer a substantially similar product offering) are distributed throughout the Airport, and the Grupo Wisa stores are not concentrated in any particular area of the Airport.
- Based on recent experience with recently-awarded stores, we believe we will attract new concessionaires after a competitive bidding process at substantially higher prices than those paid by Grupo Wisa, reflecting current market conditions. For traditional duty-free stores and stores selling electronics, we may follow an accelerated bidding process that may be completed in a period of two to three months. For other stores, in particular branded stores such as Burberry and Brooks Brothers, the process may take two or three more months to complete, as new concessionaires would likely have to remodel.
- Grupo Wisa has partially secured its obligations to us in respect of its concessions with escrow deposits we hold totaling US\$607,326 for some concessions. We may be able to apply all or a portion of this amount to the payment of Grupo Wisa's future unpaid obligations (if any), and the manner and amount of recovery may depend on the circumstances surrounding the termination (if any) of any specific concessions. Grupo Wisa's obligations to us under certain concessions were previously partially secured by performance bonds issued by insurance companies totaling US\$1,544,862, which performance bonds have expired.
- In addition, Grupo Wisa has prepaid the minimum rental obligation for one year in respect of certain concessions, which amount is applied to the rental obligation on a monthly basis. The current unapplied deposit totals US\$1,098,018. The amount related to any concession is not refundable if such concession is terminated.

The following table sets forth details relating to the Airport's revenues that derive from the operations of Grupo Wisa and other retail concessionaires at the Airport, though it excludes other sources of Rent revenue. Debt Service Coverage Ratio calculations exclude any portion of revenue arising from Turnkey Rights that were paid in prior fiscal years.

	2015 Revenues (US\$)			2015 Area (m2)		% of Total Revenues	
	<u>Retail Concessionaire</u>	<u>Duty-free</u>	<u>Other</u>	<u>Turnkey Rights</u> ⁽¹⁾	<u>Duty-free</u>	<u>Other</u>	<u>Including Turnkey Rights</u>
Grupo Wisa ⁽²⁾	5,660,711	8,765,342	16,850,277	1,094	1,456	16.6%	7.7%
Duty Free de Panama (Attenza)	2,586,514	2,029,790	6,668,413	571	563	6.0%	2.4%
All other concessionaires	--	13,340,773	998,110	--	3,512	7.6%	7.1%
Total	8,247,225	24,135,905	24,516,800	1,665	5,531	30.2%	17.2%

(1) Payments of Turnkey Rights are recognized as income over the term of the contract and included as part of the Airport's Rent revenue. As of December 31, 2015, Grupo Wisa and its affiliates paid an aggregate amount equal to US\$168,099,740 as Turnkey Rights for their current concessions; of this amount, there was US\$42,668,719 pending to be recognized as revenue, as further explained in note 3.13.1 to the Financial Statements.

(2) In 2015, Tocumen had US\$70,768,405 in Rent revenue, of which US\$56,899,930 was derived from the operations of its concessionaires. The revenues derived from the operations of Grupo Wisa in 2015 (including deferred revenues from Turnkey Rights, payments for which we received at the commencement of each relevant concession agreement) represented 44.2% and 54.5%, respectively, of Rent revenue and revenue from concessionaires.

In addition, though Grupo Wisa's problems are expected to reduce our Committed Non-Aeronautical Revenues for a relatively short period of time, we have decided to contribute our car parking revenues and advertising revenues (which represented approximately 2.2% of our Total revenues in 2015) to the Committed Non-Aeronautical Revenues in permanent support of the notes and other secured debt and as a result will improve our Debt Service Coverage Ratio calculations. See "*Summary—The Offering*". We expect that we will implement this commitment within the next 45 days, and that thereafter these revenues will no longer be designated as Excluded Revenues.

Consultant Report

Consortio PM Terminal Sur S.A. was engaged to advise the Airport on the optimal design and construction of the South Terminal as well as the optimization of airfield facilities. In connection therewith, the Consultant was also engaged to prepare the Consultant Report, dated March 2016. The Consultant Report attached hereto as Appendix A analyzes certain economic aspects of the Airport's operations and capital investments. The Consultant Report includes, among other things, a review of the Airport's physical assets, management and operations, organizational structure, capital investment plan, sources of financing and certain operational and financial projections, and should be read in its entirety prior to any investor's decision to purchase the notes. In addition, the Consultant Report provides an overview of the Airport, including its history, management and facilities.

The Consultant Report based its projections on both industry standard growth forecasts and the Consultant's own evaluation of the Airport expansion plan. The Consultant concluded that the Airport's competitive route network, low pricing and the economic conditions of the region form the foundation for strong economic performance. In preparation of its projections, the Consultant relied on a series of industry and technical

assumptions. For further information on the assumptions, see “*Appendix—Consultant Report-Section 3: Projected Financial Performance*”, “*Risk Factors—Risks Relating to Our Business—The Consultant Report contains traffic and business assumptions and projections that are subject to inherent risk and uncertainty.*” The Consultant Report also highlights the importance of the expansion plan (including the construction of the South Terminal Expansion) to the Airport’s operations, as such expansion is expected to provide the Airport with the capacity to accommodate increased traffic. For greater detail on the figures and methodology of the Consultant Report, please see “*Appendix A—Consultant Report*”.

The Offering

The information that follows is a summary of the terms of the Offering and is not intended to be complete. Potential investors in the notes should read this section together with all of the information presented in this Offering Memorandum before making their investment decisions. Capitalized terms used herein and not otherwise defined are defined as set forth under “Description of the Notes—Certain Definitions.” For a more detailed description of the terms of the notes, see “Description of the Notes.”

Issuer	Aeropuerto Internacional de Tocumen, S.A., a sociedad anónima organized under the laws of the Republic of Panama (the “Issuer”) pursuant to Public Record No. 2,018 of April 11, 2003. The Issuer is domiciled in Panama and duly recorded since April 15, 2003 in the Mercantile Section of the Panamanian Public Registry Office, at Microjacket 432290, Document 456104. The Issuer owns, operates, maintains and develops the Aeropuerto Internacional de Tocumen (the “Airport”) and operates, maintains and develops other airports in Panama under a concession arrangement (the “Other Airports”).
Securities Offered.....	US\$575,000,000 aggregate principal amount of 5.625% Senior Secured Notes due 2036 (the “notes”) and will be registered with the <i>Superintendencia del Mercado de Valores</i> of Panama (the “SMV”) and listed on the <i>Bolsa de Valores de Panama</i> (the Panama Stock Exchange, or the “PSE”). Application has been made to list on the Luxembourg Stock Exchange.
Issue Date	May 18, 2016.
Maturity	May 18, 2036.
Ranking	The notes will constitute direct, unconditional senior secured obligations of the Issuer and will: <ul style="list-style-type: none">• rank <i>pari passu</i> in right of payment with all other existing and future senior debt of the Issuer (including the existing notes of the Issuer (the “Existing Notes”));• rank senior in right of payment to any existing and future debt of the Issuer that is, by its terms, expressly subordinated in right of payment to the notes (for a description of the Issuer’s outstanding indebtedness, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Outstanding Indebtedness”);• be effectively senior to all of the Issuer’s existing and future senior unsecured debt, to the extent of the value of the Collateral that is subject to liens securing the notes; and• be effectively subordinated to any existing and future debt of the Issuer that is secured by liens on assets that do not secure the notes, to the extent of the value of the assets securing such future debt (subject to any permitted liens).
Collateral	On September 27, 2013, the Issuer, as settlor, The Bank of Nova Scotia (Panama), S.A., acting not in its individual capacity but as trustee (the “Collateral Trustee”) and Prival Bank S.A., in its capacity as paying, register and transfer agent for the Existing Notes (“Prival”), entered into a trust agreement (the “Original Trust Agreement”) pursuant to which a trust was created (the “Tocumen Trust”) and the Issuer transferred to the Tocumen Trust, and committed to transfer to the Tocumen Trust in the future, certain revenues to secure the Existing Notes.

In connection with an amendment to the terms of the Existing Notes, the Collateral Trustee and the other parties to the Original Trust Agreement amended and restated, with the consent of the required majority of the holders of the Existing Notes, the Original Trust Agreement (such agreement as amended and restated, the “*Amended and Restated Trust Agreement*”) in order to, among other changes, expand the assets and revenues subject to the Tocumen Trust as described below (the “*Collateral*”) and to allow the assets of the Tocumen Trust to secure future Debt permitted to be incurred by the Issuer and intended to be secured by the Collateral with Pari Passu Priority (together with the Existing Notes and the notes, the “*Collateral Secured Debt*”) for the benefit of additional creditors. On May 4, 2016, the Indenture Trustee executed and delivered a joinder to the Intercreditor Agreement (as defined herein) which joinder may be amended on or prior to the Issue Date, after which the obligations of the Issuer under the notes will be secured by a first priority lien on the Collateral, subject to the terms of the Amended and Restated Trust Agreement and the Intercreditor Agreement, and the Collateral will also secure on a first priority, *pari passu* basis (i) the Existing Notes and (ii) other Collateral Secured Debt, *provided* that the Designated Voting Party (as defined herein) of the holders of such other Collateral Secured Debt shall have executed a joinder to the Intercreditor Agreement; *provided*, in all cases, that each Debt Service Reserve Account and each Payment Account shall secure on a first priority basis only the specific Collateral Secured Debt in respect of which such Debt Service Reserve Account and Payment Account are established and maintained.

The Collateral for the notes will consist of a first priority security interest in and to the Shared Collateral, as defined below, and the security interest in and to the Debt Service Reserve Account and the Payment Account established and maintained pursuant to the Amended and Restated Trust Agreement for the notes, together with any funds deposited in such accounts (collectively, the “*Notes Collateral*”).

The Shared Collateral (the “*Shared Collateral*”) will consist of a first priority security interest in and to:

- the Issuer’s Committed Aeronautical Revenues and Committed Non-Aeronautical Revenues, other than Excluded Revenues, that are transferred to the Trustee General Account upon the Issuer obtaining the *refrendo* of the General Comptroller Office (the “*Contraloría*”); and
- the Trustee General Account and any funds deposited therein.

None of the revenues or other assets of the Other Airports, Airport City or any Unrestricted Subsidiary (as defined herein) will be included in the Collateral. For 2015, the total revenues of the Other Airports was US\$3.3 million. The Issuer currently has no Unrestricted Subsidiaries.

In 2015, the revenues of the Issuer that would have been designated as Committed Revenues under the Amended and Restated Trust Agreement, would that agreement have been entered into in such year, constituted approximately 90% of the Issuer’s total revenues.

From time to time the Issuer may, but is not required to, include additional assets in the Collateral.

Principal Amortization ..

<u>Payment Dates</u>	<u>Semi-Annual Amortization Amount</u>
May 18, 2026	US\$13,392,140
November 18, 2026	US\$13,751,670
May 18, 2027	US\$15,587,670
November 18, 2027	US\$15,999,360
May 18, 2028	US\$18,985,030
November 18, 2028	US\$19,491,280
May 18, 2029	US\$22,093,320
November 18, 2029	US\$22,686,580
May 18, 2030	US\$26,476,480
November 18, 2030	US\$27,196,300
May 18, 2031	US\$29,560,890
November 18, 2031	US\$30,373,780
May 18, 2032	US\$31,771,470
November 18, 2032	US\$32,655,480
May 18, 2033	US\$34,345,490
November 18, 2033	US\$35,323,030
May 18, 2034	US\$37,151,550
November 18, 2034	US\$38,265,780
May 18, 2035	US\$40,257,580
November 18, 2035	US\$41,730,910
May 18, 2036	US\$27,904,210

Operating Accounts The Issuer will establish and maintain in its own name the following accounts held or to be held at *Banco Nacional de Panamá* or any other reasonably acceptable Panamanian state bank (the “*Issuer’s Operating Accounts*”):

- (i) an account (the “*Primary Committed Revenue Collection Account*”) into which all of the Committed Revenues shall be deposited;
- (ii) an account (the “*Primary Uncommitted Revenue Collection Account*”, and together with the Primary Committed Revenue Collection Account, the “*Primary Collection Accounts*”) into which all of the Airport’s revenues that are not Committed Revenues shall be deposited;
- (iii) an account (the “*O&M Account*”) into which the Airport shall deposit amounts from time to time for the purpose of funding O&M Costs;
- (iv) an account (the “*Tax Payment Account*”) into which the Airport shall deposit amounts from time to time required for the payment of income, real estate and other taxes payable by the Airport (collectively, “*Tax Payments*”);
- (v) an account (the “*Major Maintenance and CapEx Reserve Account*”) into which the net proceeds (or corresponding portion) of any borrowing intended to be used to fund Expansion CapEx projects shall be deposited (including for the purchase of land for the construction of a third runway) and into which the Airport may from time to time deposit funds related to Sustaining CapEx or Expansion CapEx projects;

“*Sustaining CapEx*” means, for any period, expenditures made by or projected to be made by the Issuer to be paid or payable during such period to

maintain, acquire or construct fixed assets, plant and equipment in accordance with applicable accounting principles, which expenditures are for the purpose of maintenance, renewals, replacements and repairs of all or part of such assets in a manner consistent with the Annual Operating Budget and are not for the purpose of expanding or enhancing the capacity of such assets or the performance thereof or otherwise for improvements or new operations.

“*Expansion CapEx*” means, for any period, expenditures made by or projected to be made by the Issuer to be paid or payable during such period for the purpose of expanding or enhancing the capacity of the Airport or the performance thereof or otherwise for improvements or new operations.

- (vi) an account (the “*Airport General Account*”) into which excess funds from the Primary Collection Accounts and the Trustee General Account (as defined herein), as well as any Permitted Subordinated Debt and Equity Contributions, shall be deposited from time to time; and
- (vii) such other accounts as the Issuer shall from time to time require and establish and maintain for the operations of the Airport, the Other Airports, Airport City and any Unrestricted Subsidiaries.

Transaction Accounts

/ Collateral Trustee The Collateral Trustee shall establish and maintain in its own name the following accounts, held at an Approved Account Bank in Panama (the “*Transaction Accounts*”):

- (i) the Trustee General Account;
- (ii) one or more separate debt service reserve account(s) (each, a “*Debt Service Reserve Account*”) for the notes, the Existing Notes and each other incurrence of Collateral Secured Debt; and
- (iii) one or more separate payment account(s) (each, a “*Payment Account*”) for interest and principal repayments under the notes, the Existing Notes and each other incurrence of Collateral Secured Debt as such payments become due and payable.

Intercreditor

Agreement On April 19, 2016, the Issuer, the Intercreditor Agent, the Collateral Trustee and the Paying Agent for the Existing Notes entered into the Intercreditor Agreement. On May 4, 2016, the Indenture Trustee entered into a joinder to the Intercreditor Agreement, which joinder may be amended on or prior to the Issue Date. The Intercreditor Agreement will be governed by the laws of the State of New York.

The holders of notes will be represented under the Intercreditor Agreement by the Indenture Trustee as their Designated Voting Party. Pursuant to the terms of the Intercreditor Agreement, each of the Intercreditor Agent, the Collateral Trustee and each Designated Voting Party (for itself and each party on whose behalf it enters into the Intercreditor Agreement) will agree, among other things, that the Shared Collateral is for the joint benefit of the holders of Collateral Secured Debt and the rights of payment from the Shared Collateral to holders of Collateral Secured Debt shall be as set forth therein.

The Intercreditor Agent may be directed under the Intercreditor Agreement by Designated Voting Parties representing holders of Pari Passu Obligations that at such time hold (or represent) more than 50% of the aggregate principal amount of the then outstanding Collateral Secured Debt, or all of the Designated Voting Parties with respect

to certain specified modifications (the “*Controlling Pari Passu Parties*”).

Upon any Event of Default, holders of notes may elect to pursue remedies in accordance with the terms of the Intercreditor Agreement. If the holders of notes do not constitute the Controlling Pari Passu Parties and the Controlling Pari Passu Parties elect not to exercise remedies upon an Event of Default, holders of notes shall be subject to a 120-day standstill period before they are entitled to take any Enforcement Action on the Shared Collateral in connection with such Event of Default. See “Description of the Notes—Collateral—Intercreditor Agreement.”

Use of Proceeds The net proceeds from the sale of the notes will be used for the following purposes:

- (i) to fund the Payment Account for the notes;
- (ii) to fund the Debt Service Reserve Account for the notes;
- (iii) to fund the O&M Account; and
- (iv) the remainder will be transferred to the Major Maintenance and CapEx Reserve Account.

Flow of Revenues As set forth in the Amended and Restated Trust Agreement, the Issuer will sign a transfer order or check for the purpose of transferring the Committed Revenues on deposit in the Primary Committed Revenue Collection Account to the Trustee General Account not later than the 21st day of the following month (such date, a “*Programmed Transfer Order Date*”), and more often at its discretion, and use its reasonable best efforts to secure the *Contraloría’s refrendo* applicable thereto, and as soon as reasonably possible thereafter, transfer the Committed Revenues (the date such Committed Revenues are actually received in the Trustee General Account being an “*Effective Monthly Transfer Date*”) in accordance with the following paragraph.

Except as otherwise provided below, on each Effective Monthly Transfer Date, the Issuer will deliver to the Collateral Trustee, with a copy to the Intercreditor Agent, a certificate (the “*Withdrawal Certificate*”) setting forth instructions for the transfer of specific funds to be made by the Collateral Trustee from the Trustee General Account to the other Accounts in the order of priority set forth below. Except as otherwise provided below, not later than the first Business Day after each Effective Monthly Transfer Date or on such day in which the Trustee General Account reflects the available funds in its balance (the date of such transfer, “*Disposition Date*”), the Collateral Trustee shall transfer funds on deposit in the Trustee General Account in the following order of priority and in accordance with instructions set forth in the Withdrawal Certificate:

- (i) *first*, to pay, where applicable, upon request, and on a *pro rata* basis, (i) the commissions, fees (including fees of counsel), additional taxes, expenses and indemnifications for the Agents and any tax that must be charged to said payments, which the Issuer must pay for any reason to the Collateral Trustee or to the Intercreditor Agent or any Designated Voting Party, including any professional fees the Collateral Trustee must pay for administration, advising or any other reason to fulfill its functions and obligations under the Amended and Restated Trust Agreement;
- (ii) *second*, into the O&M Account, until the balance in such account equals an amount that, together with amounts then on deposit in the O&M Account, is equal to the next three months of O&M Costs as budgeted in the Annual Operating Budget; *provided* that the Issuer may direct the Collateral Trustee to deposit additional funds in the O&M Account such that the balance in such account is equal to an amount that, together with the amounts then on deposit

in the O&M Account, is up to 120% of the next three months of O&M Costs as budgeted in the Annual Operating Budget, plus, any amounts solely for the purpose of addressing any Specified Force Majeure Event;

- (iii) *third*, into the Tax Payment Account in an amount equal to the relevant portion of Tax Payments payable by the Issuer to the Government on the next scheduled tax payment date. The “*relevant portion*” for such Tax Payments will be equal to (A) the total amount of Tax Payments due on the next payment date, less the amounts then on deposit in the Tax Payment Account, divided by (B) the number of Programmed Transfer Order Dates prior to the next scheduled tax payment date, including such Programmed Transfer Order Date, less one; *provided* that such denominator shall be equal to one on the last Programmed Transfer Order Date prior to each scheduled tax payment date. The Issuer may increase the amount to be deposited into the Tax Payment Account on any Disposition Date; *provided* that all amounts required to be deposited into each Payment Account and each Debt Service Reserve Account on such Disposition Date shall have been so deposited into each such account;
- (iv) *fourth*, on a *pro rata* basis, into each Payment Account in an amount equal to the relevant portion of the interest and principal payments under each applicable Collateral Secured Debt due on the next scheduled payment date. The “*relevant portion*” for each Collateral Secured Debt shall be equal to (A) the total amount of interest and principal payments under such Collateral Secured Debt due on the next payment date, less the amounts then on deposit in the relevant Payment Account (*provided* that, upon any acceleration but prior to the delivery of any Remedies Direction by the Intercreditor Agent to the Collateral Trustee upon the direction of the Controlling Pari Passu Parties or the applicable Designated Voting Party for any such Collateral Secured Debt following the conclusion of the Standstill Period, the total amount of interest and principal payments shall equal the scheduled interest and principal payment and not such accelerated amount) divided by (B) the number of Programmed Transfer Order Dates prior to the next scheduled payment date, including such Programmed Transfer Order Date, less one; *provided* that such denominator shall be equal to one on the last Programmed Transfer Order Date prior to each scheduled payment date. The Issuer may increase the amount to be deposited in any Payment Account on any Disposition Date; *provided* that all amounts required to be deposited into each other Payment Account and each Debt Service Reserve Account on such Disposition Date shall have been so deposited into each such account;
- (v) *fifth*, on a *pro rata* basis, into each Debt Service Reserve Account, until the balance in each such account equals the applicable Debt Service Reserve Requirement;
- (vi) *sixth*, into the Major Maintenance and CapEx Reserve Account, until the balance in such account equals the aggregate amount expected to be paid by the Issuer in respect of Sustaining CapEx during the six months immediately subsequent to such Effective Monthly Transfer Date;; and
- (vii) *seventh*, so long as no Event of Default or Default shall have occurred and be continuing, any amounts not transferred in accordance with clauses (i) through (vi) above shall be transferred to the Airport General Account; *provided, however*, that if there are insufficient funds in the Trustee General Account to make the transfers specified in clauses (i) to (vi) above, the Issuer shall complete such transfers from amounts held in the Airport General

Account;

provided, that, if no Event of Default or any other Enforcement Event shall have occurred and be continuing on such Effective Monthly Transfer Date, the Issuer shall be permitted to: (X) transfer to the Trustee General Account for distribution in accordance with this flow of revenues on such Effective Monthly Transfer Date only such amounts as specified in clauses (iv) and (v) above, and the Withdrawal Certificate may set forth instructions for the transfer of funds on deposit in the Trustee General Account solely with respect to such transfers specified in clauses (iv) and (v) above and (Y) transfer directly to the Issuer's Operating Accounts such amounts in accordance with the priority of payments set forth above.

Notwithstanding the foregoing, (x) Exempt Governmental Taxes shall be transferred directly to the Government in the ordinary course of operations and (y) all Airport revenues that are not Committed Revenues shall be transferred to the Primary Uncommitted Revenue Collection Account.

Debt Service

Coverage Ratio With respect to any Calculation Period, the ratio of:

- (a) the amounts deposited in the Primary Committed Revenue Collection Account; *provided* that only the Allowed Key Deposit Amount shall be included with respect to revenues from turnkey rights deposits, less the sum of, without duplication,
 - (i) O&M Costs,
 - (ii) Tax Payments for such period except to the extent such Tax Payments have been paid out of reserves held in the Tax Payment Account, and
 - (iii) Sustaining CapEx expenses and Expansion CapEx expenses for such period, if any (except to the extent such Sustaining CapEx expenses and/or Expansion CapEx expenses, as applicable, have been (A) pre-funded prior to the payment of such Sustaining CapEx and/or Expansion CapEx expenses, (B) paid out of reserves held in the Major Maintenance and CapEx Reserve Account or (C) incurred to address any event of *force majeure*);

provided that neither the amount of Sustaining CapEx expenses and Expansion CapEx expenses nor the amount of Tax Payments subtracted pursuant to clauses (ii) and (iii), respectively, shall be less than zero (0); to

- (b) the interest and principal payments due with respect to the notes, the Existing Notes and other Permitted Debt (excluding Permitted Subordinated Debt held by Affiliates) during such period, less principal payments in respect of any debt with "bullet maturities".

For purposes of calculating clause (b) of this definition, any revolving credit of the Issuer shall be considered fully drawn, except for any undrawn revolving credit entered into pursuant to clause (a)(xiv) under "Description of the Notes—Negative Covenants."

Projected Average

Debt Service

Coverage Ratio

Means, as of any determination date, the ratio of:

- (a) the amounts projected to be deposited in the Primary Committed Revenue Collection Account; *provided* that only the Allowed Key Deposit Amount for each Calculation Period shall be included with respect to revenues from turnkey

rights deposits, from the date of determination through the Maturity Date, less the projected sum of, from the date of determination through the Maturity Date, without duplication, (i) O&M Costs, (ii) Sustaining CapEx expenses and Expansion CapEx expenses, if any (except to the extent such Sustaining CapEx expenses or Expansion CapEx expenses, as applicable, have been or will be (A) pre-funded prior to the determination date or (B) paid out of reserves held in the Major Maintenance and CapEx Reserve Account as of the date of determination or (C) funded by the net proceeds of such additional Permitted Debt being incurred) and (iii) Tax Payments for such period to the extent not reserved in the Tax Payment Account as of the date of determination, each as reasonably estimated by the Issuer taking into account all circumstances and validated by the opinion of an Independent Engineer; to

- (b) the projected interest and principal payments due with respect to the notes, the Existing Notes and all other Permitted Debt (excluding Permitted Subordinated Debt held by Affiliates) from the date of determination through the Maturity Date, less principal payments in respect of any debt with “bullet maturities.”

For purposes of calculating clause (b) of this definition, any revolving credit of the Issuer shall be considered fully drawn, except for any undrawn revolving credit entered into pursuant to clause (a)(xiv) under “Description of the Notes—Negative Covenants.”

Restricted Payments Subject to certain specified exceptions, the Issuer will not (and will not permit any of its Restricted Subsidiaries to) declare or make any Restricted Payment other than to the Issuer or from a Restricted Subsidiary of the Issuer to either a Wholly Owned Subsidiary of the Issuer that is a Restricted Subsidiary or such payor’s direct parent unless each of the following conditions has been satisfied (the “*Restricted Payment Conditions*”):

- (i) the Restricted Payment occurs within 45 days following the end of any of the Issuer’s first three fiscal quarters or within 90 days following the end of the Issuer’s fiscal year;
- (ii) no Event of Default or Default has occurred and is continuing;
- (iii) on and as of the most recent payment date with respect to such Restricted Payment: (x) the Debt Service Coverage Ratio for the most recently ended Calculation Period prior to but not including such payment date is greater than 1.25:1.00; and (y) the Issuer certifies that it reasonably expects the minimum projected Debt Service Coverage Ratio for the Calculation Period for the next payment date to be not less than 1.25:1.00, and in each case with appropriate supporting documentation;
- (iv) prior to the payment of such Restricted Payment, the Issuer shall have delivered to the Indenture Trustee and the Collateral Trustee written notice from an authorized officer certifying that: (x) as of the applicable payment date, and after giving effect to such Restricted Payment, no Event of Default or Default will have occurred and be continuing; and (y) such Restricted Payment complies in all respects with the applicable requirements set forth in the Transaction Documents; and (z) such Restricted Payment complies with all Applicable Law; and
- (v) the Issuer shall not make Restricted Payments from amounts on deposit in the Major Maintenance and CapEx Reserve Account; *provided* that any amounts in the Major Maintenance and CapEx Reserve Account may be transferred to the Payment Accounts to the extent required to make payments or

prepayments of Debt; *provided, however*, that the amounts held for the purpose of paying the construction cost of the South Terminal may not be transferred and shall be used only for the purpose of paying the construction cost of the South Terminal until completion.

Permitted Debt..... The Issuer will not (and will not permit any of its Restricted Subsidiaries to) incur, create, assume, permit, guaranty, endorse or be liable, directly or indirectly (including receiving any disbursements or other Incurrences of Debt under revolving loans or other arrangements permitting therefor), with respect to any Debt, including as a result of any acquisition of another person and/or any Property of another person, except that the Issuer and the Restricted Subsidiaries may Incur the following:

- (i) at any time and from time to time, additional Debt, which may be secured by, and entitled to the benefit of, the Collateral and the other Transaction Documents with respect to the Collateral, and which shall rank equally and ratably on a *pari passu* basis with the notes provided the following conditions are met: (A) the Debt Service Coverage Ratio for the Calculation Period most recently ended is not less than 1.35:1.00, (B) the Issuer reasonably projects (such projections to be validated by the opinion of an Independent Consultant) that (x) the Debt Service Coverage Ratio for each Calculation Period during the remaining term of the notes will be not less than 1.35:1.00 and (y) the Projected Average Debt Service Coverage Ratio for the remaining term of the notes will be not less than 1.60:1.00, in the case of clauses (A) and (B) after (1) adjusting collections during each Calculation Period to reflect any adjustments to any fees or tariffs charged by the Issuer that shall be in effect at the time of measurement and (2) giving effect on a pro forma basis (including giving pro forma effect to the application of the proceeds thereof) to the additional Permitted Debt; (C) the Issuer has delivered an updated financial model to the Collateral Trustee and the Indenture Trustee and (D) the Issuer has obtained confirmation from at least one Rating Agency that the notes shall remain Investment Grade, after giving effect to the additional Permitted Debt; and
- (ii) other specified Permitted Debt as described under paragraph (a) in “Description of the Notes—Negative Covenants”.

Permitted

Subordinated Debt..... The Issuer may incur unsecured Debt Incurred from either Affiliates or non-Affiliates (x) that is created under or evidenced by an instrument containing provisions evidencing the subordination of such Debt to the notes and the other obligations under the Transaction Documents, which shall specify that there shall be no cross-acceleration or voting rights granted to such subordinated Debt holders, (y) all payments in respect of which shall only be permitted subject to satisfaction of the conditions under paragraph (b) under “Description of the Notes—Negative Covenants” and (z) the Issuer has obtained confirmation from at least one Rating Agency that the notes shall remain Investment Grade, after giving effect to such additional subordinated Debt.

Equity Contributions..... The Issuer may use the proceeds from Equity Offerings to fund Investments; *provided* that each Transaction Account has been fully funded in accordance with the procedures described under “Description of the Notes—Flow of Revenues” for the next Monthly Transfer Date. The proceeds of any Equity Offering shall be funded directly into the Airport General Account.

Optional Redemption..... The notes may be redeemed, in whole or in part, at any time, by payment of (a) 100% of the principal amount of the notes being redeemed, (b) any accrued and unpaid interest on such principal amount to, but not including, the date of redemption, (c) Additional Amounts, if any, and (d) the Make-Whole Amount, if any. No Make-Whole Amount

shall be payable for a redemption during the last 12 months prior to maturity.

Mandatory

Redemption..... The Issuer will be required to redeem the notes at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal amount of such notes to, but not including, such redemption date and Additional Amounts, if any, and, to the extent required, any other Collateral Secured Debt, within 180 days of any of the following events: (a) as a result of (i) any Casualty Event in respect of which any net cash proceeds are received by the Issuer or (ii) any Condemnation, in which case the Issuer shall apply 100% of the net cash proceeds from insurance, indemnification, condemnation or otherwise (provided such net cash proceeds exceed US\$75,000,000 in the aggregate), if not otherwise applied or committed within the period set forth in paragraph (d) under “Description of the Notes—Negative Covenants” to replace or restore any affected property or assets or repay the notes or other Collateral Secured Debt; (b) in the event of any loss of or material adverse modification of the right to operate the Airport by the Issuer in respect of which net cash proceeds are received by the Issuer, to the extent of such net cash proceeds; (c) to the extent of available funds, upon the notes or such Collateral Secured Debt being declared immediately due and payable as a result of an Event of Default, following notice duly given to the Issuer; and (d) with the net cash proceeds of any sale or disposition of Airport assets in excess of US\$75,000,000 in any fiscal year, if not otherwise applied or committed within the period set forth in paragraph (d) under “Description of the Notes—Negative Covenants” to invest in new assets or repay Debt.

Tax Redemption Subject to certain exceptions, the notes may be redeemed in whole (but not in part) at the option of the Issuer at any time at a price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest, if any, due thereon to and including the Redemption Date, plus Additional Amounts, if any, if (i) on the next succeeding payment date the Issuer is obligated to pay any Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Panama or any other relevant taxing jurisdiction, or any political subdivision or governmental authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment is first announced and takes effect after the issue date of the notes; and (ii) such obligation cannot be avoided by the Issuer’s taking reasonable measures available to the Issuer.

Change of Control If a Change of Control occurs, the Issuer will be required to make an offer to purchase or redeem the notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts. A Change of Control shall include the direct or indirect sale, lease, transfer or conveyance, in one or a series of related transactions, of a majority of the assets of, or beneficial interest in, the Issuer by an entity that is not controlled by the Government, or the adoption of any plan relating to the liquidation or dissolution of the Issuer.

Covenants The Transaction Documents will contain affirmative and negative covenants of the Issuer (subject to qualifications and exceptions to be agreed and customary for financings of this type), including, among other things:

- (i) maintenance and preservation of assets;
- (ii) operation of the Airport in compliance with all applicable laws;
- (iii) compliance with all Material Project Contracts in full force and effect and performance of obligations thereunder;
- (iv) reporting (including, without limitation, (a) consolidated financial statements

- and (b) delivery on an annual basis of an updated Annual Operating Budget and, under certain circumstances, additional updates thereto);
- (v) maintenance of insurance, including application of large recoveries to asset re-construction or debt repayment;
 - (vi) maintenance of registry and listing of the notes with the SMV and the PSE;
 - (vii) timely delivery of all reports and notices required by the SMV and the PSE;
 - (viii) payment of taxes and annual registration and listing fees with the SMV and the PSE;
 - (ix) inspection rights customary for corporate offerings;
 - (x) ranking of obligations;
 - (xi) preservation of, and further assurances regarding, the Collateral;
 - (xii) delivery of information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act of 1933, as amended;
 - (xiii) limitations on indebtedness;
 - (xiv) limitations on liens;
 - (xv) limitations on loans and guarantees;
 - (xvi) limitations on mergers, consolidations or other transfers of ownership;
 - (xvii) limitation on restricted payments and investments;
 - (xviii) limitations on asset sales;
 - (xix) limitations on designation of Unrestricted Subsidiaries;
 - (xx) limitations on changes in business, including limitations on ability of the Issuer's management with respect to managing or administrating unrelated businesses;
 - (xxi) limitations on affiliate transactions;
 - (xxii) an opinion from an independent engineering consultant shall be obtained by the Issuer in connection with capital expenditures, investments or other payments in connection with a single project in excess of US\$350,000,000;
 - (xxiii) limitations on capital improvement projects for the Other Airports and Airport City (except that the Issuer may invest up to US\$10,000,000 per year in Sustaining CapEx and Expansion CapEx projects for the Other Airports and Airport City, with excess investments being treated as Restricted Payments); and
 - (xxiv) use of proceeds.

Revenue Increases The Issuer will covenant and agree, in the event that

- (i) the minimum projected Debt Service Coverage Ratio for any Calculation Period during the next four Calculation Periods falls below 1.25:1.00, the Issuer will promptly take reasonable measures to increase the projected Debt Service Coverage Ratio above 1.25:1.00, which measures shall include, among other things: (x) the submission through its General Manager of a proposed increase of the passenger exit fee rate for consideration by its Board of Directors, (y) to the extent such proposed increase is approved by its Board of Directors, the further submission of such proposed increase to the CAA for consideration by the CAA's Board of Directors and (z) any other actions necessary or advisable in connection with the process described in clauses (x) and (y);
- (ii) the Debt Service Coverage Ratio for the Calculation Period ended on the most recent payment date falls below 1.25:1.00, the Issuer will promptly undertake a review of the facts and circumstances resulting in such decrease in order to determine the advisability of taking reasonable measures to increase the Debt Service Coverage Ratio above 1.25:1.00, including but not limited to all actions necessary or advisable to increase the Committed Aeronautical Revenues, including the actions specified in subsection (i),

provided that, in each case, no such actions shall be required (A) if taking such action would have a Material Adverse Effect on the Issuer's total revenues, as confirmed by an Independent Consultant with customary experience in the airport industry, (B) if the facts, events or circumstances resulting in the relevant decrease in projected Debt Service Coverage Ratio is capable of being cured, corrected or otherwise remedied within ninety (90) days, the Issuer is proceeding with diligence and in good faith to such cure, correction or remedy and such actions have not had, and would not reasonably be expected to have, a Material Adverse Effect or (z) if the facts, events or circumstances resulting in the relevant decrease in projected Debt Service Coverage Ratio was caused by an event of *force majeure*, the impact of which on the Issuer's revenues is temporary and such revenues are reasonably expected to fully recover once such event of *force majeure* has subsided.

Events of Default..... The Amended and Restated Indenture will provide that certain events, acts, occurrences or conditions will constitute an event of default (an "*Event of Default*") with respect to the notes, including, among other things,

- (a) the Issuer's failure to make any payment, monetary transfer or deposit required to be made by it under the Transaction Documents and such failure shall have continued unremedied for at least five Business Days; *it being understood* that the failure of the Indenture Trustee or the Collateral Trustee to apply funds delivered to it by (or on behalf of) the Issuer (or available from the Transaction Accounts) to make payments on behalf of the Issuer will not constitute such a failure by the Issuer;
- (b) any representation or warranty made by the Issuer in any Transaction Document shall have been untrue or incorrect in any respect at the time when it was made (or deemed made) and such untruth or incorrect statement (or the actual circumstances that caused such statement to be untrue or incorrect), alone or in the aggregate, shall have already had or could reasonably be expected to have a Material Adverse Effect; *provided* that if the Issuer has eliminated the underlying facts or circumstances causing the same to be untrue or incorrect, it shall not constitute an Event of Default;
- (c) subject to specified cure periods, the Issuer fails to observe or perform any of its covenants specified in the Transaction Documents and such failure shall continue unremedied for at least 30 days after an authorized officer of the Issuer obtains

actual knowledge of such failure;

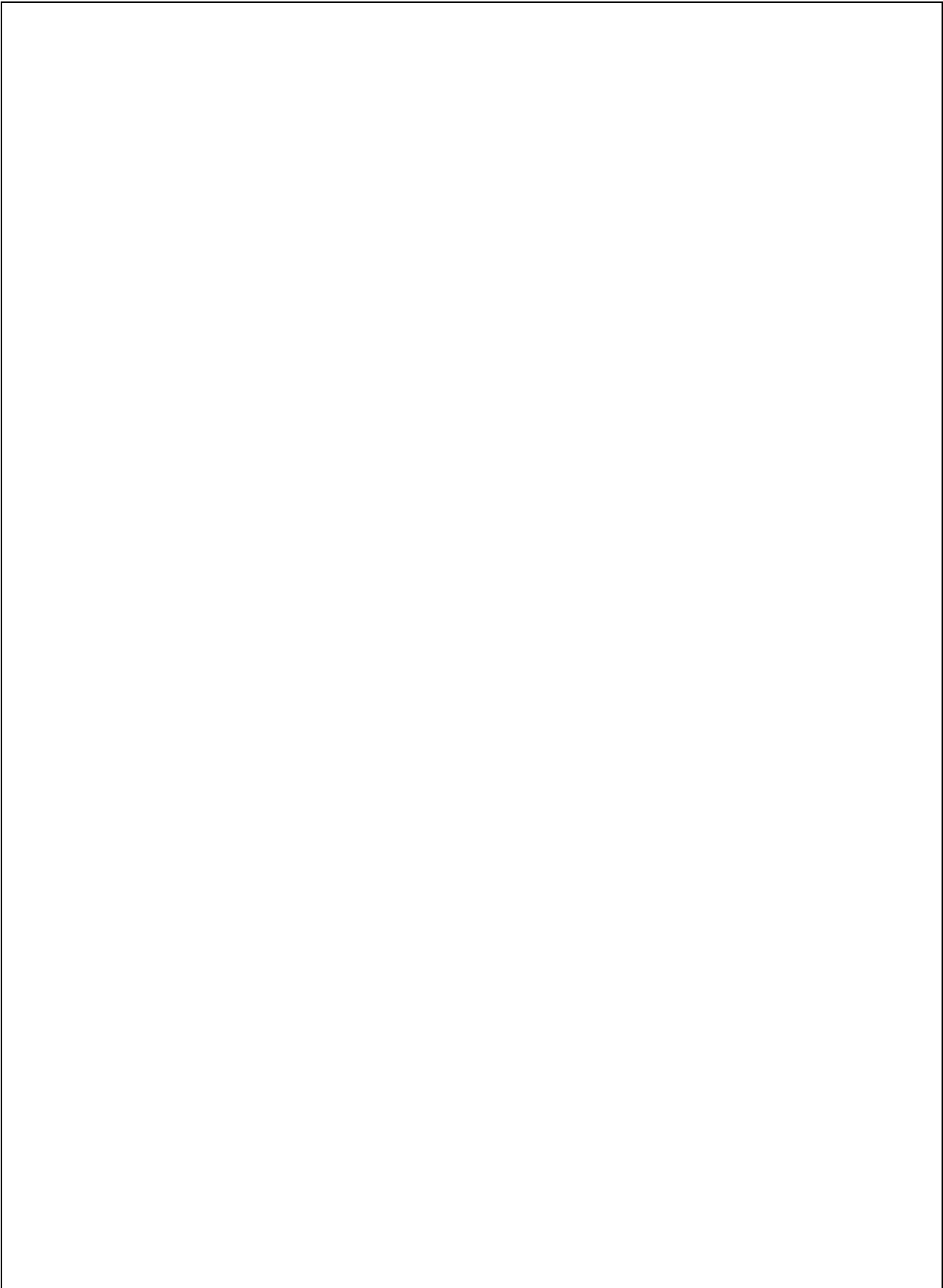
- (d) at any time, the Collateral Trustee shall fail to have a perfected first priority Lien on all or any part of the Notes Collateral purported to be granted thereto pursuant to the Amended and Restated Trust Agreement and the Amended and Restated Assignment Agreement, except to the extent that such failure is remediated within 30 days after an authorized officer of the Issuer obtains actual knowledge of such failure;
- (e) subject to certain exceptions, any governmental authorization, license, consent, registration or approval required in or by the Applicable Laws of Panama or any other applicable jurisdiction: (i) to enable the Issuer lawfully to enter into and perform its obligations under the Transaction Documents, (ii) to enable the Issuer to own, operate and maintain the Airport and its business and/or generate revenues and/or (iii) to enable the Indenture Trustee and/or the Collateral Trustee to exercise the rights expressed to be granted to it in the Transaction Documents, shall cease to be in full force and effect in any respect, the effect of any of which, alone or in the aggregate, shall have already had or could reasonably be expected to have a Material Adverse Effect;
- (f) all or any substantial part of the Airport is destroyed, abandoned or becomes permanently inoperative, or suffers an actual or constructive loss or damage, which actual or constructive loss or damage is not restored and for which insurance proceeds are not applied to the repair and restoration within the time frame required, or the Issuer ceases to operate the Airport as an international airport for any reason;
- (g) certain events of bankruptcy or insolvency;
- (h) (i) the Issuer and/or any of its Restricted Subsidiaries shall default in the payment of any Debt, which Debt is outstanding in the principal amount of at least US\$40,000,000 in the aggregate, and such default shall have continued for more than the applicable period of grace, or (ii) certain acceleration events in respect of any such Debt;
- (i) A final judgment or judgments for the payment of money are rendered against the Issuer or any of its Restricted Subsidiaries in an aggregate amount of \$40,000,000 or more, and either (A) such decree, order, arbitration award, final judgment or tax claim is not stayed, bonded, fully escrowed for or discharged within 60 days after entry thereof or (B) there shall be any period of at least 60 consecutive days during which a stay of enforcement of such judgment or order shall not be in effect;
- (j) except with respect to obligations and/or Transaction Documents that have terminated by their own terms, either: (i) any of the Transaction Documents shall fail for any reason to be in full force and effect, or (ii) the Issuer shall allege that any of its obligations under the Transaction Documents shall fail for any reason to be in full force and effect; and
- (k) certain Condemnation Events.

Upon the occurrence and during the continuation of an Event of Default, the holders of the notes will obtain certain remedies (including the right to accelerate the repayment obligation under the notes).

Alternative Operator The Issuer will not contract, sub-contract, assign, sell or otherwise transfer all or any part of the operations of the Airport (except for the Airport's cargo operations, car parking services, retail operations, food and beverage services and duty-free operations) to any other Person, and shall at all times remain the sole operator of the Airport, except that the Issuer may hire a third-party manager to operate the Airport (an "*Alternative Operator*"),

so long as (i) the Issuer will remain subject to the continuing oversight control of the *Contraloría*, (ii) the Alternative Operator shall have managed at least two airports with total passenger traffic in excess of ten million passengers annually for each of such two airports under management in each of the immediately preceding two calendar years, (iii) (x) if the notes are then rated Investment Grade, the notes shall continue to be rated Investment Grade confirmed by one of the Rating Agencies then rating the notes or (y) if the notes are not then rated Investment Grade, then the then-current rating shall be reaffirmed by at least one of the Rating Agencies then rating the notes and (iv) the base compensation payable to the Alternative Operator on a current basis shall not exceed the average of O&M Costs for the last two years, indexed for inflation (*provided* that such average may be adjusted based on increases in size of the Airport if such adjustments are confirmed as reasonable by the opinion of an Independent Engineer), and any excess or bonus compensation for the Alternative Operator shall be paid only after payments of principal and interest on the notes.

- Additional Amounts Subject to certain limited exceptions, all payments in respect of the notes and all other payments under the Transaction Documents will be made without deduction or withholding for any current or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by (or on behalf of) any taxing authority in Panama or in any other jurisdiction in which the Issuer is organized or resident for tax purposes or from or through which payments are made (collectively, “*Taxes*”) unless such Taxes are required by any such taxing authority to be deducted or withheld. If any such Taxes are required by applicable law to be deducted or withheld, then the Issuer, subject to certain customary exceptions, will pay to the Collateral Trustee (for the benefit of the applicable recipient(s) of such payment) such additional amounts (“*Additional Amounts*”) as may be necessary so that the recipient(s) thereof will receive the full amount otherwise payable in respect of such payments had no such Taxes (including any Taxes payable in respect of such Additional Amounts) been required to be so deducted or withheld.
- Denominations..... US\$200,000 / US\$1,000.
- Governing Law The Amended and Restated Indenture and the notes will be expressly stated to be governed by and construed in accordance with the laws of the State of New York. The Transaction Documents relating to the Collateral will be governed by and construed in accordance with the laws of the State of New York or the laws of Panama, as applicable.
- Ratings..... On or prior to the date of issue of the notes, the notes will have been rated “BBB” by Fitch Rating, Ltd. and “BBB” by Standard & Poor’s Rating Services.
- Listing..... *Bolsa de Valores de Panama* (Panama Stock Exchange) and Luxembourg Stock Exchange.
- Indenture Trustee..... Citibank, N.A.
- Collateral Trustee The Bank of Nova Scotia (Panama), S.A.
- Intercreditor Agent Citibank, N.A.
- Clearing System..... DTC
- Panama Broker-Dealer .. BG Investment, Co., Inc. and BG Valores, S.A.
- Risk Factors Investment in the notes involves risks that are described in the “Risk Factors” section beginning on page 32 of this Offering Memorandum.



Summary Financial and Other Information

The following tables set forth our summary financial and other information. The summary financial information in the tables is derived from our audited financial statements. The following summary financial information should be read in conjunction with the financial statements, related notes and other financial information included herein, and the information under the captions "Presentation of Certain Financial and Other Information," "Selected Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31,		
	2015	2014	2013
	(US\$)		
Non-current assets			
Property, equipment and property improvements, net of depreciation.....	549,714,015	576,964,704	570,128,661
Construction in progress	592,653,226	430,119,233	186,132,243
Deferred tax assets.....	14,351,533	15,118,909	16,545,888
Advance to contractors	50,251,287	72,927,770	96,922,104
Advance to purchases abroad	37,087,836	6,277,534	12,205,298
Inventories, net	1,964,821	1,593,160	1,851,550
Unemployment fund	1,775,622	1,621,598	1,434,447
Guarantee deposits	29,689	29,689	29,689
Total non-current assets	1,247,828,029	1,104,652,597	885,249,880
Current assets			
Cash and bank deposits.....	109,719,310	108,896,641	141,541,096
Accounts receivable:			
Customers	11,593,276	9,615,696	11,729,100
Related parties	20,308,622	302,871	308,277
Others	8,323	9,666	6,369
Subtotal	31,910,221	9,928,233	12,043,746
Less: provision for impairment of doubtful accounts	(1,923,235)	(1,791,735)	(1,354,109)
Total accounts receivable, net.....	29,986,986	8,136,498	10,689,637
Prepaid expenses	488,165	2,299,322	3,583,096
Prepaid income tax	-	1,770,560	16,913,960
Total current assets	140,194,461	121,103,021	172,727,789
Total assets	1,388,022,490	1,225,755,618	1,057,977,669

	As of December 31,		
	2015	2014	2013
	(US\$)		
Equity			
Common stock; 1,000,000 authorized with par value of B/.20.00 each; all issued and outstanding.....	20,000,000	20,000,000	20,000,000
Additional paid-in capital	307,661,033	307,661,033	307,661,033
Retained earnings	52,880,233	22,706,355	5,464,791
Accounts receivable shareholder	(25,787,273)	(40,292,615)	(54,797,944)
Complementary tax.....	(9,092,701)	(7,898,475)	(6,573,090)
Total equity.....	345,661,292	302,176,298	271,754,790

Non-current liabilities

Deferred revenue	52,870,074	70,992,601	81,826,802
Bonds payable	646,374,964	646,098,129	556,379,829
Accounts payable to concessionaires.....	267,409	306,464	405
Concessionaires' guarantee deposits	3,301,023	3,491,702	3,135,213
Provision for benefits to retirees.....	1,776,259	1,845,100	2,140,776
Seniority premium	1,764,942	1,696,922	1,503,571
Withholding to contractors	15,874,500	14,429,154	7,893,070
Total non-current liabilities	722,229,171	738,860,072	652,879,666
Current liabilities			
Accounts payable to related parties	59,829,195	59,709,341	63,335,363
Accounts payable and other accrued expenses payable	187,007,603	69,773,313	13,774,671
Dividends payable	-	1,611,704	1,611,704
Accounts payable to concessionaires.....	39,055	39,460	77,208
Income tax payable.....	10,758,094	-	-
Other taxes payable	32,313,323	30,509,585	32,616,581
Deferred revenue	30,184,757	23,075,845	21,927,686
Total current liabilities.....	320,132,027	184,719,248	133,343,213
Total liabilities	1,042,361,198	923,579,320	786,222,879
Total equity and liabilities.....	1,388,022,490	1,225,755,618	1,057,977,669

For the Year ended December 31,

	2015	2014	2013
		(US\$)	
Revenue			
Airport operation services.....	111,866,046	97,002,100	88,900,830
Rent	70,768,405	66,878,658	63,890,867
Other	5,827,141	2,147,587	757,077
Total revenue	188,461,592	166,028,345	153,548,774
Depreciation	(15,837,978)	(14,462,343)	(11,518,534)
Personnel costs	(23,310,650)	(19,756,404)	(18,188,201)
Repair and maintenance.....	(11,188,247)	(23,745,430)	(18,057,086)
Electricity, water and telephone	(10,525,916)	(7,805,191)	(7,882,618)
Special Fund for the Development of National Aeronautics.....	(4,500,000)	(4,500,000)	(4,500,000)
ICAO fees and other expenses.....	(3,062,646)	(3,830,192)	(3,991,230)
Ministry of Education	-	-	(6,000,000)
Property and services transfer tax.....	-	-	(9,661,679)
Payment for Panama Pacific concession	(1,500,000)	(1,500,000)	-
Other expenses.....	(18,947,134)	(26,165,344)	(23,423,419)
Financial costs, net	(14,456,622)	(14,334,451)	(14,060,147)
Profit before tax	85,132,399	49,928,990	36,265,860
Income tax:			
Current.....	(25,268,542)	(15,143,400)	(15,484,876)
Deferred.....	(767,376)	(1,426,979)	(579,144)
Total income tax	(26,035,918)	(16,570,379)	(16,064,020)
Net profit	59,096,481	33,358,611	20,201,840

The table below provides a reconciliation of our EBITDA to our net profit for the years 2015, 2014 and 2013.

	EBITDA Reconciliation		
	For the Year Ended December 31,		
	2015	2014	2013
		(in US\$)	
Net profit	59,096,481	33,358,611	20,201,840
<i>plus</i> financial costs, net	14,456,622	14,334,451	14,060,147
<i>plus</i> depreciation	15,837,978	14,462,343	11,518,534
<i>plus</i> income tax	26,035,918	16,570,379	16,064,020
EBITDA (1).....	115,426,999	78,725,784	61,844,541

(1) We define EBITDA as net profits before financial costs, net, income taxes and depreciation.

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this Offering Memorandum before making an investment in the notes. Our business, financial condition and/or results of operations could be materially adversely affected by any of these risks and uncertainties. There are also a number of factors, including those described below, that may adversely affect our ability to make payments on the notes. Additional risks not presently known to us or that we currently deem immaterial may also materially adversely affect our business operations. In general, investing in the securities of issuers in emerging market countries such as Panama involves risks not typically associated with investing in the securities of U.S. companies.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum. See “Forward-Looking Statements.”

Risks Related to the Issuer

Our revenues are highly dependent on levels of air traffic at the Airport, which depend on factors beyond our control.

Our revenues are closely linked to passenger and cargo traffic volumes and air traffic movements at the Airport. These factors directly determine our revenues from aeronautical services and indirectly determine our revenues from non-aeronautical services. Passenger and cargo traffic volumes and air traffic movements depend in part on many factors beyond our control, including:

- economic conditions in Panama, the Americas and Europe;
- aircraft accidents and other safety concerns globally;
- increases in airfares;
- the political situation in Panama and elsewhere in the world;
- the attractiveness of the Airport relative to other competing airports in Central America;
- health epidemics;
- the economic condition and results of the growth plans of Copa, the main carrier serving the Airport;
- fluctuations in petroleum prices (which can have a negative impact on traffic as a result of fuel surcharges or other measures adopted by airlines in response to increased fuel costs);
- foreign currency fluctuations; and
- changes in regulatory policies applicable to the aviation industry, etc.

Any decreases in passenger and cargo traffic volumes and air traffic to or from the Airport as a result of such factors could adversely affect our business.

The Consultant Report contains traffic and business assumptions and projections that are subject to inherent risk and uncertainty.

The Consultant Report contains assumptions and projections, including the Airport’s expected revenues and expenses over the term of the notes and the business and economic conditions and risks affecting Airport traffic, among others. The Consultant prepared its report relying on assumptions and projections that are subject to inherent risk and uncertainty.

Our independent auditors have not reviewed the Consultant Report and, accordingly, do not express an opinion or any other form of assurance on it. After the issuance of the notes, noteholders will not be provided with revised projections or any summary of the differences between the projections contained in the Consultant Report and actual events. Unless required by the Transaction Documents, we expressly disclaim any duty to update the Consultant Report under any circumstances.

For purposes of preparing the projections in the Consultant Report, certain other assumptions, in addition to those mentioned therein, were made with respect to material contingencies and other matters that are not within our control. We cannot accurately predict whether actual results will be consistent with the projections and assumptions. The assumptions used in the projections are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from those projected. Accordingly, the projections are not necessarily an accurate or reliable indication of our current value or future performance. Therefore, we assume no responsibility for the accuracy of any assumptions or projections contained in the Consultant Report, for the accuracy of the analysis therein or for the appropriateness of the assumptions used in such projections. No representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances. The holders of the notes are cautioned not to place undue reliance on the projections and assumptions contained in the Consultant Report. If actual results are less favorable than those shown in the projections or if the assumptions used in formulating the projections prove to be incorrect, these circumstances could materially adversely affect our ability to make payments on the notes. See “Appendix A” attached hereto.

Our income is affected by aeronautical fees and rates and revisions thereto. The Board of Directors has the right to change aeronautical fees and rates pursuant to applicable law, subject to the CAA’s approval, but no assurances can be given as to the timing or magnitude of any such changes.

Pursuant to Law 23, the Board of Directors has the right to increase or decrease aeronautical fees and rates including the PEF and the Development Fee (as defined herein), subject to the approval of the CAA. As a result we do not have direct control over the setting of these rates. We have the right to set all non-aeronautical fees at the Airport. See “Regulatory Overview.” Additionally, we will covenant under the Amended and Restated Indenture, in the event that certain financial measures fall below certain thresholds, to take reasonable measures to increase revenue, including through the submission through the General Manager to the Board of Directors of proposals to increase aeronautical revenues; however, any such measures are subject to the approval of the CAA. The CAA is a Governmental agency, and while we are a corporation wholly owned by the Government, we may not have the same incentives to increase or maintain the fees that a private sector entity would have. Furthermore, the rationale for increasing fees and rates charged by the Airport might be affected or limited by the attractiveness, affordability or accessibility of other airports that may compete with our operations or if such competitors build more attractive facilities than the Airport. This could have an adverse effect on our business.

Any deficiencies in Airport security could have a material adverse effect on our business.

We are responsible for adopting security measures necessary to assist the Government in protecting the public and maintaining the security of passengers. As part of our IASA rating, we are required to maintain certain additional security measures. Any change in security regulations or requirements could reduce passenger capacity at the Airport due to increased passenger screening and slower security checkpoints. Such a decrease in passenger capacity would materially adversely affect our financial condition and our business. Additionally, given the current global security climate, we may be required by any bilateral partners or national governments to institute additional security measures that may impose costs on operational burdens on us.

We are exposed to the effects that international events can have on international air travel.

Historically, a substantial majority of our revenues have been derived from aeronautical services, and our principal source of aeronautical services revenues is passenger charges for the use of the Airport by Origin/Destination Passengers. In addition, the levels of our non-aeronautical revenues are dependent on the level of passenger traffic in the Airport. Events such as terrorist attacks, wars and general instability in other regions of the world (including the Middle East) and public health crises have negatively affected the frequency and patterns of air travel worldwide. Because our revenues are largely dependent on the level of passenger traffic in the Airport, any general increase of hostilities relating to reprisals against terrorist organizations, further conflict in the Middle East, outbreaks of health epidemics or other events of general international concern (and any related economic

impacts of such events) could result in decreased passenger traffic, cancellation of flights and increased costs to the air travel industry and, as a result, could result in a material adverse effect on our business.

Competition from other destinations or from other airports could adversely affect our business.

The principal factor affecting our results of operations and business is the number of passengers using the Airport. The number of passengers may vary as a result of factors beyond our control, including the level of business and economic activity in Panama, including the tourism industry. The Airport's passenger traffic volume may also be adversely affected if other airports increase their services to more destinations in Latin America, or if recent airline mergers result in other airlines, offering greater north-south services through their principal hubs. Other airports in the region may expand their hub operations or build facilities more attractive than the Airport, and as a result the number of transit passengers may decrease or the rate of growth of such passengers may slow down. In particular, El Dorado airport in Bogotá and Miami International Airport are significant competitors. In addition, the Airport's passenger traffic volume may be adversely affected by the attractiveness, affordability and accessibility of competing tourist destinations located outside of Panama. For a further description of the risks relating to Panama, see "*Risk Factors—Risks Relating to Panama.*" Such traffic is also likely to be affected by perceptions of travelers as to the safety and political and social stability of Panama. There can be no assurance that business activity, hub operations, and tourism levels; and therefore the number of passengers using the Airport in the future, will meet or exceed current levels. Any variation therefrom could also have an adverse effect on our business.

We are substantially dependent on one airline, Copa Airlines, and any disruption of this relationship or negative developments in Copa's business may adversely affect our business.

In 2015, Copa and its affiliates accounted for 83.5% of all scheduled departing seats at the Airport, and Copa is currently the main passenger seat capacity provider for scheduled flights at the Airport. Copa is one of the largest private employers in Panama, and contributes to Panama's aviation industry, which accounted for approximately 4.2% of Panama's GDP in 2014. Copa is based in Panama and uses the Airport as its network hub. The prospects for future passenger traffic development at the Airport may in part depend on Copa's growth strategy and operational structure, which in turn depend in part on its access to capital to fund certain projects, skilled personnel, equipment and facilities. There is no long-term contract in place between us and Copa or any other airline to use the Airport as its network hub or guarantee future usage amounts.

Any disruption of the relationship between us and Copa (for example, if Copa were to transfer a large portion of its operations to another airport or airports in Latin America, decrease its fleet size materially or become financially distressed or insolvent), could result in a significant near-term and potentially long-term impact on the Airport's revenues until such time as other market participants replace capacity previously serviced by Copa. Thus, while we believe the Airport would remain an attractive location for any airline to serve the LAC Region, a disruption of Copa's use of the Airport's facilities could have a material adverse effect on our business and our ability to repay the notes.

Business interruptions could harm our business.

Although we carry terrorism, property and business interruption insurance, operations at the Airport may be disrupted for reasons beyond our control, including accidents, terrorism or security incidents, political instability, strikes, public health issues, telecommunications or other infrastructure failure, fire, earthquake, floods, or other natural disasters and may lead to reduced passenger traffic levels at the Airport, which could have a material adverse effect on our business.

Long-term disruptions in infrastructure caused by events such as natural disasters, the outbreak of war, the escalation of hostilities, and acts of terrorism could adversely affect our business. Our insurance's coverage may not be adequate to compensate us for all losses that may occur.

We are wholly owned by the Government and provide a public service; our ability to generate revenue and our flexibility in managing our business is limited by the legal and regulatory framework in which we operate.

We are a corporation wholly owned and controlled by the Republic of Panama. Due to such ownership and the role that the Airport plays in Panama's economic development, we may not have the same incentives to increase

or maintain the fees and charges that a private-sector entity would have. Further, our legal framework provides that aeronautical fees should be based on the costs of the services provided. It is the Board of Director's policy that such costs include maintaining a robust financial profile for the Airport and meeting our financial covenants and obligations, including our obligations under the notes. Nonetheless, these different incentives may have a material adverse effect on our business.

Aeronautical fees charged to airlines and passengers at the Airport are our most significant source of revenue, and are, like most airports in other countries, subject to regulations. In 2015 and 2014 52.3% and 55.3%, respectively, of our total revenues were earned from aeronautical services that are subject to price regulation by the CAA. Additionally, the CAA is required to approve any change in the PEF, the Development Fee and any other aeronautical fees. See "*— Our income is affected by aeronautical fees and rates and revisions thereto. The Board of Directors has the right to change aeronautical fees and rates pursuant to applicable law, subject to the CAA's approval, but no assurances can be given as to the timing or magnitude of any such changes.*" These price regulations may limit our flexibility in operating our aeronautical activities, which could have a material adverse effect on our business.

In addition, there can be no assurance that this price regulation system will not be amended in a manner that would cause additional sources of our revenue to be regulated. In the event that either the Airport's fees do not increase in proportion to its passenger traffic or its costs, or the price regulation system otherwise impacts our financial condition, our business could be materially adversely affected.

We may not generate sufficient revenues if Airport management fails to implement its business strategy.

Our ability to maintain and increase our revenue and profitability will depend in part on the implementation of our business strategy for the Airport, which focuses on continuing to increase passenger volumes and develop world-class services at the Airport, expanding passenger capacity through focused capital expansion, improving operating efficiency and diversifying and increasing non-aeronautical commercial revenues.

Our ability to maintain and increase our revenues is, among other factors, significantly dependent upon increasing passenger and cargo traffic at the Airport. We cannot assure you that we will be successful in implementing our strategy of increasing passenger and cargo traffic or increasing our revenues from commercial activities, including expected revenues from the completion of the South Terminal Expansion. Passenger and cargo traffic volume in the Airport depends upon factors beyond our control, such as the attractiveness of Panama as a business and tourist center and Copa's success in implementing its commercial strategy. Accordingly, there can be no assurance that passenger or cargo traffic volume in the Airport, and our revenues derived from aeronautical and commercial activities, will increase.

We are expanding the Airport, including the construction of the new South Terminal, and the expansion and related contracts expose us to construction, operational, financial and counterparty risks.

Our decision to expand the Airport through the construction of the South Terminal Expansion and, the potential expansion of airfield capacity through the construction of a third air carrier runway for the airport, along with associated facilities (the "*Runway Project*"), exposes us to the risks that are typically associated with any such projects, including risks related to construction and financing.

We have entered into a design-build-equipment contract with Odebrecht for the South Terminal Expansion for an approximate total anticipated amount of US\$680 million. Under this contract, we may require Odebrecht or another contractor to undertake other works related to the South Terminal Expansion, for up to an additional US\$100 million. In addition, the contract includes optional works related to the construction of some projects, such as, for example, a new runway for the amount of up to approximately US\$150 million. The contract price may be adjusted, up or down, according to variations in the Panamanian consumer price index and certain costs of raw materials and the workforce. As a result, the actual costs for these items may exceed budgeted costs. For a detailed description of the contract with Odebrecht, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Commitments—Odebrecht.*"

We may suffer significant construction delays or construction cost increases as a result of a variety of factors, including:

- failure to receive critical components and equipment that meet the Airport's design specifications and that can be delivered on schedule;
- failure to receive quality and timely performance of third-party services;
- failure to obtain capital to develop the Airport expansions;
- any shortage of skilled labor;
- changes in the costs of raw materials;
- failures by any counterparties to perform in accordance with their contractual requirements;
- inclement weather conditions;
- adverse environmental and geological conditions; and
- *force majeure* or other events outside of our control.

Any expansion would also be subject to the Airport satisfying the conditions in the Amended and Restated Indenture governing the notes concerning our ability to carry out an expansion and incur additional indebtedness in connection therewith. In addition, there are no assurances that any financing needed to fund future expansions would be available to us at the relevant time.

Any of these factors could give rise to construction delays and construction costs in excess of our estimates and may negatively impact the ordinary operations of the Airport. This could prevent us from completing construction of an expansion, thereby affecting our expected passenger and cargo traffic growth at the Airport or otherwise impair our business. Additionally, if Odebrecht or any other entity upon whom we depend for the expansion of the Airport fails to perform or breaches its obligations to us under the respective Material Project Contracts, our expansion plans could be forced to be delayed or modified. If we terminate such agreements or if we are unable to find a suitable replacement for any counterparty, our ability to complete the expansion of the Airport would be impaired and our business could be materially adversely affected.

We cannot guarantee that we will fulfill our investment commitments without delay or within the estimated budget for such projects nor that we will be able to obtain the financing necessary to complete such projects. This could limit our ability to expand capacity at the Airport, increase our operating or capital expenses and adversely affect our business. Such delays or budgetary excess could limit our ability to meet our business strategy goals and could have a material adverse effect on our financial condition and our ability to make repayment under the notes.

Terrorist attacks have had a severe impact on the international air travel industry, have adversely affected our business and may do so in the future.

As with all airport operators, our business is subject to the threat of terrorist attack. The terrorist attacks on the United States on September 11, 2001 had a severe adverse impact on the air travel industry, particularly on U.S. carriers and on those operating international services to and from the United States. Airline traffic in the United States fell precipitously after the attacks. The Airport's terminal departure passenger volumes (international and domestic) declined 10.2% in 2002 as compared to 2001 and its traffic volumes did not fully recover to pre-attack levels until 2003. In the event of a terrorist attack on the Airport, airport operations would be disrupted or suspended during the time necessary to conduct rescue operations, investigate the incident and repair or rebuild damaged or destroyed facilities. The Airport's attractiveness as a transit hub, even after resuming operations, would likely also be negatively impacted. In addition, although our insurance policies include coverage for liability and damages arising from terrorism activities, we cannot assure you that they would cover all losses and liabilities resulting from a terrorist attack. Any future terrorist attack, whether or not involving aircraft, could materially adversely affect our business.

Additionally, we may be required to comply with security directives of the U.S. Transportation Security Administration, in addition to the directives of Panamanian aviation authorities, because a significant amount of our international flights involve travel to the United States. Security measures taken to comply with future security directives or in response to a terrorist attack or threat could reduce passenger capacity at the Airport due to increased passenger screening and slower security checkpoints, and may require increased capital and operating expenditure, which could have an adverse effect on our business.

Hardware and software failures, delays in the operation of our computer systems or the failure to implement system enhancements may have an adverse effect on our business.

Our operations depend on the efficient and uninterrupted operation of our computer systems. A failure of our network or data gathering procedures could impede the processing of data, delivery of databases and services and the day-to-day management of our business and could result in the corruption or loss of data. Despite any precautions we may take or redundant systems we may have, damage from fire, floods, hurricanes, power loss, telecommunications failures, break-ins, computer viruses, “hacking” or any other cybersecurity events at our various computer facilities could result in disruptions in the Airport’s power supply or computer systems. In addition, any failure by our computer environment to provide the data communications capacity we need could result in service interruptions at the Airport. In the event of a delay in the delivery of data, we could be required to transfer our data collection operations to alternative providers. Significant delays in any planned delivery of system enhancements and improvements, or inadequate performance of the systems once they are completed, could damage our reputation and harm our business.

We are wholly owned by the Government and it may have conflicts of interest relating to our business.

The Government owns all of our capital stock. As a result, the Government has the power to determine the outcome of all matters that require shareholder votes, such as, subject to contractual and legal restrictions, the distribution of dividends. In addition, the Government also owns the Other Airports, which we consider complementary to the Airport’s operations. The Government has the power to determine our business strategy, as well as the business strategy of the Other Airports. The interests of the Government with respect to the Airport may in some cases differ from the interests of the Government with respect to the Other Airports and differ from the interests of the holders of the notes. In circumstances involving a conflict of interest between the Government and the holders of the notes, the Government may exercise its rights in a manner that would benefit the Government, the Other Airports or other parties to the detriment of the holders of the notes.

The Government could grant new concessions and authorize the construction of new airports that compete with the Airport.

The Government and the provincial governments could grant other companies concessions to operate existing government-managed airports, or authorize the construction of new airports, which could compete directly with the Airport. To our knowledge, the Government does not have any plan to do so currently. If we are unable to compete effectively with any such new airports, our business could be materially and adversely affected.

Our annual budget is subject to approval by the Cabinet Council and the National Assembly.

We prepare our own annual operating and capital investment budget, which is not part of the budget of Panama. Our annual budget has to be submitted for approval to the Cabinet Council and the National Assembly each year. The National Assembly may approve or reject our budget, but it may not make any amendments to it. In the event that the National Assembly does not approve our budget, the current fiscal year’s budget will enter into effect for the next fiscal year; however, all items in our proposed budget relating to the payment of our debt, labor and contractual obligations, including those for the financing of investments, will be automatically incorporated to the new budget. Rejection of our budget by the National Assembly may limit our ability to develop new projects and expansions, which could have a material adverse effect on our business. For further details, see “Regulatory Overview.”

The Government may privatize or reorganize us

We are wholly owned by the Republic of Panama. In addition to the potential for an authorization of private investment in our business, the Government could also transfer our operations to another Government-controlled entity or could sell our stock or our assets. Certain strategic changes for the Airport, including any partial privatization of the Airport, would require amending Law 23 as well as certain changes to our bylaws. While there has been no formal governmental action to permit private investment in us to date, we cannot predict whether any such action will be taken in the future. The introduction of private sector capital into our ownership structure would result in our partial privatization and could lead to adverse or unintended consequences for our operations and thereby adversely affect our business and potentially our ability to make payments under the notes.

Increases in or the volatility of international petroleum prices could reduce demand for air travel.

Fuel represents a significant cost for airlines. Though international prices of fuel have decreased in the last several months, such prices may be subject to increase at any time and price volatility resulting from imbalances between oil demand and production, voluntary or otherwise, a general escalation in international hostilities by oil-producing countries or any future terrorist attacks. Such increases in airlines' costs or volatility could result in higher airline ticket prices and may decrease demand for air travel generally, thereby having an adverse effect on our business. High fuel prices are likely to have a material adverse impact on the operations of carriers, particularly those with older, less fuel efficient airline fleets. Such impact could, in turn, have a negative effect on our business.

Labor issues could have an adverse impact on our business.

Substantially all of our employees are unionized and covered by a collective bargaining agreement entered into in 2013, which will remain in effect until 2017, at which time we believe it will be automatically renewed. According to the Panamanian Labor Code, Airport employees are subject to a particular regime governing strikes, which establishes an arbitration procedure that can be enforced by the relevant Panamanian Labor Authorities and that has the effect of immediately suspending a strike. We believe we maintain good relations with our labor force, but any increases in negotiated labor costs or expenses, or significant labor demands, could have an adverse impact on our business.

The operations of the Airport may be affected by the actions of third parties, including subcontractors and other counterparties, which are beyond our control.

Portions of the Airport's operations are dependent on the services of third parties or Governmental entities for the rendering of services to passengers and airlines, such as meteorology, air traffic control, public security, electricity, and immigration and customs services. In addition, we are dependent on third party providers of certain complementary services such as cleaning, car parking, fuel services, and catering. Many of the services provided by these parties are beyond our control. Even in the event we are entitled to a claim for damages based on negligent or other improper provision of services, any disruption in, or adverse consequence resulting from, the failure of such entities to perform their services, including a work stoppage or other similar events, may have a material adverse effect on the operations of the Airport and on our business.

For example, we subcontract certain services necessary to conduct our operations, such as the into-plane fueling to airlines. In the event that our subcontractors fail to perform their obligations under their agreements, we could incur additional costs related to providing replacement subcontractors and could be exposed to liability for operations that we may have to provide directly, which could adversely affect our business.

The Airport's current fuel storage capacity of 1,470,000 gallons is sufficient for three days of Airport operations. As a result of future renovations, this fuel storage capacity is expected to be increased by 3.15 million additional gallons, enough for seven more days of operations, by the end of 2016. In the event there is any disruption in the transportation of fuel to the Airport, we may be forced to suspend flights after our fuel storage is depleted, and until the fuel tanks can be refueled. A significant interruption or disruption in fuel service at the Airport could have a material adverse impact on our business.

The Airport requires significant maintenance expenditures to ensure its safety and efficiency and our operations may require us to incur greater growth capital expenditures than we currently expect, which may materially adversely affect our business.

Our facilities, including our passenger terminals and runways, require ongoing maintenance and those requirements will increase as our facilities age. If we are unable to maintain our facilities in a timely and cost effective manner, our facilities may not perform efficiently and we may experience periods in which our facilities are unavailable, in which case we could be subject to additional costs or lost revenues.

In particular, runway 03L/21R has limited runway length, and the pavement and subgrade of such runway is in poor condition. From 2018 onwards, it is expected that landings on runway 03L/21R will be limited and such runway will only be used during arrival peak. We will need to undertake work to extend the lifespan of such runway and maintain the safety and efficiency of operations. Additionally, runway 03R/21L does not currently have a runway end safety area intended to reduce the risk of damage to an airplane undershooting or overrunning the runway, and we will need to undertake certain capital expenditures to upgrade the runway end safety areas of our runways.

The Airport's electrical supply system requires significant maintenance and upgrading. Currently, the Airport is served by a double 13.8 kV electrical line that also supplies Panama City. In addition, the electrical substation located in the Airport needs to be upgraded. Finally, the Airport's aging electrical infrastructure contains insufficient system redundancies to meet current and future needs. The Airport is currently implementing a plan to upgrade the system to address such needs, which should be operational along the same timeline as the completion of the South Terminal Expansion.

We undertake scheduled growth capital expenditure projects from time to time. However, if one or more of the events outlined below were to occur, we may be required to incur growth capital expenditures in excess of the amounts we expect:

- higher than expected aircraft or passenger numbers through the Airport;
- changes in profile such that more passengers or aircraft arrive during a peak period;
- additional security, safety, operating or environmental requirements are imposed on us;
- inaccurate budgeting for new projects or insufficient contingencies with respect to new developments we may undertake;
- specific airline requirements that require changes or upgrades to existing infrastructure, for example upgrades that may be necessary to enable our runways to accommodate larger aircraft;
- the asset life of key infrastructure such as our terminals and runways is less than we expect;
- the increased usage of certain facilities due to unavailability of facilities that are being upgraded;
- loss of a major airport building, for example, from fire or natural hazard; and
- complex projects involving new technologies experiencing unforeseen implementation failure.

In addition, the Airport may be required to make capital expenditures in the medium term so as to implement a water treatment plan in order to properly treat drainage water from run-off from nearby farms and residential areas.

We may incur additional costs if we experience any or all of the events outlined above and our business could be materially adversely affected.

We have entered into certain transactions with related parties that may create conflicts of interest.

All transactions between us and autonomous or semi-autonomous Governmental entities are considered transactions between related parties. For a description of the material transactions that we have engaged in with related parties, see "*Related Party Transactions*" and see note 10 to the financial statements for the year ended December 31, 2015. We believe that all of our transactions with related parties have been conducted in a manner consistent with our normal business practices on market terms and are in accordance with applicable legal standards. There can be no assurance that the terms and scope of any related party transactions are as favorable to us as those

that may have been obtained from unaffiliated third parties. Additionally, no assurance can be given that the potential conflicts of interest inherent in these transactions would not disadvantage us, particularly in circumstances in which our interests differ from the interests of our affiliates or creditors, and have a materially adverse effect on our business.

Our business operations could be materially adversely affected by restrictions on the sale of tax and duty-free and consumer goods in airports.

We generate non-aeronautical revenues through tax and duty-free sales, including sales of alcohol, tobacco, perfume and cosmetics. Any decision by the Panamanian government to restrict sales of these products, or limit or prohibit the availability of tax and duty-free sales generally, could materially adversely affect the level of related sales transacted by various duty-free concessionaires. Similarly, any decision by other countries to which we have ongoing flights that limits or prohibits the entry of duty-free goods by residents could materially adversely affect the level of related sales transacted by various duty free concessionaires. Such a result could have an adverse effect on our non-aeronautical revenues by adversely affecting our receipt of variable rents that are equal to a percentage of duty-free concessionaire's gross sales. In addition, the imposition of security requirements prohibiting certain items from being carried on aircraft also has the potential to negatively impact the level of sales transacted by duty-free concessionaires. For example, in 2007, restrictions on carrying liquids, aerosols and gels on aircraft were introduced in response to the perceived security threats presented in connection with these items. The existence of regulations such as these necessarily limits the sale and size of certain products that may be purchased within the Airport. Regulations restricting categories of items that may be carried onto flights may materially impact the sales of our duty-free concessionaires and consequently our non-aeronautical revenues. As a result further restrictions on categories of items that may be carried on flights may have a materially adverse effect on our business.

A downgrading of Panama's IASA rating could impact our revenues by prohibiting airlines from increasing service to the United States from the Airport.

The U.S. Federal Aviation Administration periodically audits the aviation regulatory authorities of other countries. As a result of its review, each airport within the country is given an IASA rating. Since April 2004, IASA has rated Tocumen as a Category 1 jurisdiction, which means that it is compliant with International Civil Aviation Organization ("ICAO") Standards. We cannot assure you that the Government, or the CAA, will continue to meet international safety standards, and we have no direct control over their compliance with IASA guidelines. If Panama's IASA rating were to be downgraded in the future, it could negatively impact the service provided by the airlines, including Copa, to the United States, and thereby adversely affect our business.

Failure to comply with anti-corruption and anti-money laundering laws, as well as sanctions laws or other international trade laws could adversely impact our business.

The Airport, its concessionaires and its customers may be subject to international trade restrictions and regulations, including anti-corruption laws, anti-money laundering laws and trade and economic sanctions regulations, including those administered by OFAC. In particular, on May 5, 2016, OFAC designated one of the Airport's largest retail concessionaires, Grupo Wisa and a number of its affiliates, as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act), accusing them of laundering drug proceeds on behalf of multiple drug traffickers and their organizations. The Airport will seek to terminate its relationship with Grupo Wisa and its affiliates as soon as practically possible, in full compliance with its contractual and legal rights and obligations, but even if not successful, it is likely that Grupo Wisa's stores may either close permanently in the short-term or be severely affected by OFAC's actions, which may have an adverse impact on our revenues to the extent other concessionaires are not found to replace them. In addition, the Airport may also be subject to potential litigation from Grupo Wisa if it terminates its concession agreements with Grupo Wisa and its affiliates.

As the Airport has not been designated under these measures, OFAC regulations do not prohibit US persons from investing in, or otherwise engaging in business with the Airport. However, there is a risk that U.S. persons may restrict their dealing with the Airport solely on the basis that one of the Airport's large retail concessionaires has been so designated, which could adversely affect the Airport's revenues. Further, to the extent that the Airport otherwise engages in business with Grupo Wisa or other targets of trade and economic sanctions, US persons investing in the Airport may incur the risk of indirect contact with such persons or entities. Additionally, if

we or any of the other entities that we engage in business with fail to comply with any international trade laws, there may be adverse impacts on our business and our ability to repay the notes.

We are subject to environmental, health and safety laws and regulations.

We are subject to a broad range of environmental, health and safety laws and regulations in Panama that expose us to the risk of substantial costs and liabilities. These laws and regulations relate to, among other things, limits on emissions, water and air quality standards, limits on noise, forest preservation requirements, minimization of risks to the environment, standards on the cleanup, use and handling of hazardous materials and waste disposal practices. Any violation of such laws and regulations can result in material fines and penalties. Compliance with new laws and regulations, or a stricter interpretation of existing laws or regulations, may increase our cost structure, resulting in the need for additional investments, and adversely affect our business. See “*Business—Environmental Issues.*”

We are exposed to risks inherent in the operation of airports.

We are obligated to protect the public at the Airport and to minimize the risk of accidents. As with any company that deals with members of the public, we must implement certain measures for the protection of the public, such as fire safety in public spaces, design and maintenance of car parking facilities and access routes to meet road safety rules. We are also obligated to take certain measures related to aviation activities in accordance with application laws and regulations, such as the maintenance, management and supervision of the terminal building, the provisioning of rescue and fire-fighting services for aircraft, the measurement of runway friction coefficients, and the management of safety threats from birds and other wildlife on airport sites. These obligations could increase our exposure to liability to third parties for personal injury or property damage resulting from our operations.

Our insurance policies may not provide sufficient coverage against all liabilities.

While we seek to insure against all reasonable risks, we can offer no assurance that our insurance policies will cover all of our liabilities in the event of an accident, terrorist attack, acts of war or other incident. The market for airport insurance and construction insurance is limited, and a change in the coverage offered by insurance companies could reduce our ability to obtain and maintain adequate, cost-effective coverage. If the amount of such liability insurance coverage is not adequate, we may be forced to bear substantial losses in the event of an accident. Also, a certain number of our assets cannot, by their nature, be covered by property insurance, including aircraft movement areas and certain civil engineering works and infrastructure. Our insurance premiums may increase due to an accident, terrorist attack, acts of war or other incident. Substantial claims resulting in an accident in excess of our related insurance coverage or increased premiums would adversely affect our business.

We are dependent on our management.

Our success depends to a significant extent on the ability of our senior management team and key personnel to operate and manage our business effectively and to execute our business plans. Our employment agreements with key personnel do not contain any non-competition provisions applicable upon termination. In addition, the Board of Directors retains the right to replace the General Manager for cause, while our shareholder (the Government) may remove the General Manager at any time. If we lose any executive officer, senior manager or other key employee and are not able to obtain an adequate replacement, or if we are unable to attract and retain new qualified personnel, our business could be materially adversely affected.

Unexpected repairs and maintenance may adversely affect Airport operations.

It is our responsibility to ensure that the Airport performs periodic maintenance, including, amongst other things, maintenance of taxiways and runways and passenger terminals. Due to operational hazards, unexpected repairs and maintenance may also be required. Many of the related hazards and/or risks are outside of our control and could adversely affect terminal operations and have a material adverse effect on our business.

We face risks in our dealings with counterparties.

We engage with a number of significant counterparties in our operation of the Airport. A substantial portion of our revenues are received directly from airlines in the form of the PEF and other aeronautical fees that we charge. Some of our non-aeronautical revenue comes from the granting of certain duty-free concessions. Additionally, we have engaged third parties in the construction and expansion of the Airport, including Odebrecht. In particular, we are dependent on some of these relationships to achieve our strategic and business objectives. Given the material nature of these relationships, we may be affected by events impacting the relevant counterparty but unrelated to the Airport.

We have little to no control over the internal management and operations and controls and procedures (including in relation to health, safety and environmental risks, as well as ethical conduct and technical and operational matters) of our significant counterparties. As a result, given the importance to our operations of our counterparties, we face the risk that the actions or omissions of our significant counterparties expose us to reputational and legal risk, and credit or other risks dependent on the operations and financial conditions of our counterparties, and any adverse events affecting such counterparties could have a similarly adverse effect on us.

Odebrecht, the contractor for the South Terminal Expansion, is under investigation in Brazil and other countries for corruption, and officers and employees of Odebrecht have been apprehended or arrested in connection therewith. The Administration Prosecutor in Panama has also requested an audit of public works done by Odebrecht in Panama. The results of such proceedings and audits could potentially lead to, among other things, counterparty credit risk, criminal investigations or other litigation, nullification of the Odebrecht Contract or delays in completion of the South Terminal Expansion.

On June 19, 2015, the CEO of Odebrecht was arrested by Brazilian authorities as part of a corruption investigation into the awarding to Odebrecht of construction and supply contracts by Brazil's state-owned oil company, Petrobras. Further, on March 22, 2016, 140 employees of Odebrecht were apprehended or arrested as part of a developing corruption investigation. Standard & Poor's downgraded Odebrecht's credit rating to BBB- in June 2015 and further downgraded such credit rating to BB+ in February 2016, BB in March 2016 and BB- in April 2016, and other rating agencies have taken similar actions. Moreover, rating agencies may make further downgrades to Odebrecht's credit ratings. Any further downgrades to Odebrecht's credit rating by any rating agency could have a negative impact on the credit ratings applicable to the notes. See "—Our credit ratings or the credit ratings on the notes may be lowered for any reason, including a lowering of the sovereign credit rating of Panama and/or as a result of potential counterparty risk." According to media reports, Odebrecht has received approximately \$9 billion in contracts (including the Odebrecht Contract) from the Panamanian government over the course of three presidential administrations. On March 23, 2016, the Panamanian Administration Prosecutor requested an audit of all public works undertaken by Odebrecht.

While no investigation or audit of the Odebrecht Contract is currently ongoing, if any wrongdoing were to be found in connection with the Odebrecht Contract, we could be subject to civil litigation which, if adversely decided against us, could have an adverse effect on our financial condition and our ability to make payments on the notes, in addition to being subject to ongoing credit risk relating to Odebrecht in connection with the South Terminal Expansion.

Additionally, in the event of any criminal wrongdoing in Panama, the Odebrecht Contract could be declared to be null and void by a Panamanian court. If the Odebrecht Contract is declared null and void, or progress on the South Terminal Expansion is affected by ongoing investigations or for any other reason, there could be delays in the commencement of operations of the South Terminal. In the event of any such delays, the technical capacity of the Airport will remain at a lower than optimal level and the Airport will be unable to service greater passenger traffic efficiently until such time as the South Terminal is operational.

In the event we replace the contractor for the South Terminal Expansion under the Odebrecht Contract we may suffer significant costs and/or delays.

Under the terms of the Odebrecht Contract and applicable law, we may replace Odebrecht as counterparty only under certain circumstances. As such, we may be unable to replace Odebrecht as the contractor for the South

Terminal Expansion. Under the terms of the Odebrecht Contract, Odebrecht has posted a performance bond in the amount of approximately US\$169 million, which may be exercised by us in the event of early termination. Additionally, we are entitled to the plans and designs submitted and approved in connection with the Odebrecht Contract. In the event of any such replacement, we would likely incur associated costs with the replacement of Odebrecht, including with respect to delays in completion, which the Independent Consultant estimated could be for a length of six to seven months, and reduction in technical and operational efficiency, all of which could have an adverse effect on our business and financial condition, and our ability to make payments in respect of the notes.

We have only two commercial runways, one of which may need to be replaced in the near-to-medium term future.

The Airport has only two runways, one of which, Runway 03L/21R, is approximately 50 years old and will likely need to be refurbished or rebuilt in the next few years. We are currently contemplating additions or renovations to our runway system; however, we cannot assure you that the operation of the Airport will not be disrupted due to necessary maintenance going forward. Additionally, our runways may require unscheduled repair due to natural disasters, aircraft accidents and other factors beyond our control, or upgrading due to IATA or other regulatory requirements. The closure of any runway for a significant period of time could have a material adverse effect on our business.

Our property may be damaged and our business interrupted or impaired by the occurrence of a natural disaster.

Although the Airport has been built to withstand natural forces, and we have adopted procedures to follow in the event of a natural disaster, a natural disaster could severely impact our physical assets and cause an interruption in our ability to operate the Airport. Any such suspension or reduction of operations would have an adverse effect on passenger and cargo traffic and air traffic movements at the Airport and, accordingly, would reduce our commercial revenues. Although we maintain an “all risk” insurance policy covering physical damage and business interruption, there can be no assurance that the scope of damages suffered by the Airport in the event of a natural disaster would not exceed the policy limits of our insurance. In addition, the effects of a natural disaster on Panama’s economy and economies of neighboring countries could be severe and prolonged, leading to a decline in the attractiveness of Panama as a tourist destination. The occurrence of a natural disaster, particularly one that causes damages in excess of our insurance policy limits, could have a material adverse effect on our business.

We are exposed to certain risks in connection with the granting of permits to use certain spaces in the Airport.

We are exposed to risks related to the spaces sub-concessioned to third parties, such as non-payment by non-aeronautical service sub-concessionaires or a weakening of demand for permits to use the spaces allocated to non-aeronautical service sub-concessionaires. Any of these risks could adversely affect our business, results of operations and financial condition.

We have collected revenues from sales of Turnkey Rights to fund certain of our expansion plans, and these revenues can affect our operating results.

We have generated significant revenues from the sales of Turnkey Rights, also known as guarantee deposits, which are advance payments by future lessees in exchange for lower rent payments and less revenue sharing over the term of the lease. Though we recognize these revenues ratably over the term of the relevant lease, our receipt of significant revenues from the sales of Turnkey Rights may lead to volatile financial results or the appearance of seasonality in our financial results, making comparisons of our financial results difficult or less useful.

Seasonality may cause fluctuations in operating results.

The Airport experiences a certain level of seasonality during the year based on travel patterns. In particular, the months of November and December, and the summer months, customarily experience greater flows of passenger traffic. Operating results can therefore vary significantly from period to period depending on such levels of passenger traffic. This seasonality may result in quarter-to-quarter volatility in our operating results.

We are subject to general market risk.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures about Market Risk.”

If the issuance of the notes is not completed or we experience a decrease in operating revenues, we may need additional capital, and we cannot be sure that additional financing will be available for us.

Historically, we have met our ordinary course cash requirements for working capital, debt service and capital expenditures with funds provided by operations. We believe that the same general combination of funds, plus the proceeds from debt offerings, is likely to be sufficient to meet our working capital, debt service and capital expenditure requirements for the foreseeable future. Although we currently anticipate that the proceeds from the issuance of the notes, together with our available funds and cash flows, will be sufficient to meet our cash needs for the foreseeable future, if the proceeds from the issuance of the notes are not received or we experience a decrease in operating revenues or available funds of cash flows, we will need to seek additional financing which we cannot be certain will be available to us on favorable terms, or at all.

Panamanian citizens have filed denunciations, one with Panama’s Attorney General (Procurador General de la Nación) and the other with Panama’s Administrative Attorney (Procuraduría de la Administración), requesting that these authorities investigate whether our General Manager approved certain contracts in violation of applicable public procurement laws or Law 23 and requesting the General Manager’s removal from his position. In the event that an investigation takes place and subsequently a judicial case is begun and any charges are ultimately upheld and sanctions are imposed, our General Manager could be forced to resign or be removed from office, which could negatively impact the business and operations of the Airport.

In early April 2016, denunciations have been filed by Panamanian citizens with, respectively, Panama’s Attorney General (*Procurador General de la Nación*) and Panama’s Administrative Attorney (*Procuraduría de la Administración*). The denunciations request that the Attorney General and the Administrative Attorney investigate certain allegations pertaining to Mr. Joseph Fidanque III, our General Manager, to the effect that he allegedly, according to the complainants, approved certain contracts in violation of applicable public procurement laws or Law 23 and requesting the General Manager’s removal from his position. The denunciations are against our General Manager in his individual capacity and not against us, the Airport. Both the Attorney General and the Administrative Attorney are required to investigate the merits of all denunciations they receive to determine whether there is enough evidence to commence a judicial case. The investigation processes, in practice, ordinarily take approximately three to eight months, depending on the work charge of the relevant authority, to conclude. In the event that an investigation takes place and subsequently a judicial case is begun and any charges are ultimately upheld and sanctions are imposed, our General Manager could be subject to sanctions and be forced to resign or removed from office, which could negatively impact the business and operations of the Airport. Furthermore, we cannot assure you that there will be no further denunciations or complaints filed against our General Manager or the Airport. While we do not believe that the allegations have any merit or will lead to a judicial case or sanctions against Mr. Fidanque or the Airport, we will (and we understand Mr. Fidanque will) monitor and vigorously defend against any such cases or sanctions as they pertain to us.

Risks Related to Panama

Our performance is heavily dependent on economic conditions in Panama, which may affect our business and our ability to meet our obligations under the notes.

Our financial condition and results of operations, and our ability to meet our obligations under the notes, are substantially dependent on economic conditions prevailing from time to time in Panama. The Panamanian economy is small and, although reasonably diversified, depends to a significant extent on the service sector, including businesses linked to Canal operations, a large free-trade zone and an international banking center. Panama’s real gross domestic product (“GDP”) increased in 2015, experiencing lower growth of 5.9%, as compared to growth of 6.2% and 8.4% in 2014 and 2013, respectively. If the growth of the Panamanian economy continues to slow or decline, such developments may adversely affect the expected air traffic flows in the Airport. Due to the small size and limited focus of the Panamanian economy, adverse developments in Panama, even developments affecting a single activity, could have a more pronounced effect than would be the case if the developments occurred within the context of a larger, more diversified economy.

Additionally, a significant portion of Airport passenger travel is derived from discretionary and leisure travel, which are especially sensitive to economic downturns. An adverse economic environment, global or regional, could result in a reduction in passenger traffic, and leisure travel in particular, as well as a reduction in cargo business, which in turn would materially and negatively affect our business. Any adverse effect on the Panamanian economy could adversely affect usage of the Airport, thereby impairing our business and our ability to meet our payment obligations under the notes.

Any investment in the notes is subject to emerging market risks that may affect our business and our ability to make payments under the notes.

Furthermore, investing in an emerging market country such as Panama carries significant economic risks. These risks include many different factors that may affect Panama's economic results, including the following:

- interest rates in the United States and other financial markets outside Panama;
- changes in economic or tax policies;
- changes in exchange rates, or currency appreciation or depreciation, in countries served by airlines using the Airport;
- the imposition of trade barriers;
- general economic and business conditions in Panama and the global economy;
- the ability of the Canal to remain a competitive route for inter-oceanic transportation;
- the ability of Panama to effect key economic reforms;
- inflation;
- economic growth in Panama and Latin America;
- risks arising from revenue concentration among major industry sectors, such as transport;
- the impact of hostilities or political unrest in other countries that may affect international trade, commodity prices and the global economy; and
- the decisions of international financial institutions regarding the terms of financial arrangements vis à vis Panama.

The occurrence of any of these events may have an adverse effect on our business and our ability to make payments under the notes.

Panama's economy, and therefore our business and usage of the Airport, remains vulnerable to external shocks, including the recent global economic crisis and those that could be caused by future significant economic difficulties of major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Panama's economic growth.

A significant decline in the economic growth of any of Panama's major trading partners could adversely affect Panama's economic growth. In addition, because international investors' reactions to the events occurring in one emerging market country sometimes result in a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, Panama could be adversely affected by negative economic or financial developments in other emerging market countries. For example, Panama's economic growth slowed in fiscal year 2009, with GDP growth of 3.9% for 2009 as compared to GDP growth of 10.1% for 2008, due in part to the impact of the global economic crisis that began in mid-2007 on the Panamanian economy. This was mainly due to the United States, Panama's main trading partner and the main source of customers of the Canal, experiencing a

period of sluggish economic growth, though it was accompanied by recessions in Europe and a reduction of economic growth in China.

While GDP growth was 5.9% and 6.2% in 2015 and 2014, respectively, there can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Panama. In addition, there can be no assurance that these events will not adversely affect Panama's economy. Any adverse effect on the Panamanian economy could adversely affect usage of the Airport, thereby impairing our business and our ability to meet our payment obligations under the notes.

Our ability to make required payments on the notes may be adversely affected by the nature of the Panamanian monetary system.

Since shortly after its independence from Colombia in 1904, Panama has used the U.S. Dollar as legal tender and sole paper currency, using the Balboa, Panama's national currency, only as coinage and as a unit of account with an exchange rate set at parity with the U.S. Dollar. Inflation in Panama was 1.9%, 2.6% and 4.0% in 2015, 2014 and 2013, respectively. Although the absence of a printed national currency and the general absence of domestic budgetary financing through the banking system (other than from 1987 to 1989) reduce the risk of accelerated inflation, they do impose constraints on fiscal and monetary policy, particularly for responding to external shocks, that other countries that can finance their deficits by increasing or contracting monetary supply do not confront. Given the dependence on the U.S. Dollar, there can be no assurance that appreciation or depreciation of the U.S. Dollar against other currencies or the existence of sustained higher levels of inflation in the U.S. economy (and the resultant effect on the value of the U.S. Dollar) or increases or decreases in interest rates generally in the United States will not adversely affect the Panamanian economy or, indirectly, enterprises such as the Airport. In addition, there are currently no exchange controls or other restrictions imposed by Panamanian law on payments in U.S. Dollars by us, and capital moves freely in and out of the country, without local currency risk. However, in the event that foreign exchange or payment restrictions that prevent remittances from Panama with respect to the notes are imposed by the Government, the recourse of noteholders would be limited to our assets.

Any additional taxes resulting from changes to tax regulations or the interpretation thereof in Panama could adversely affect our business.

Changes in legislation, regulation and jurisprudence can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting eligible expenses and deductions and eliminating incentives and non-taxed income. Additional tax regulations could be implemented that require us to make additional tax payments, negatively affecting our results of operations and cash flow. In addition, national or local taxing authorities may not interpret tax regulations in the same way that we do. Differing interpretations could result in future tax litigation and associated costs.

Risks Related to the Issuance

Our substantial debt could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in the aviation industry and prevent us from meeting our debt obligations, including our obligations under the Existing Notes and the notes.

As of December 31, 2015, after giving effect to the sale of the notes and to the application of the anticipated net proceeds from this offering, our total debt would have been US\$1,468.2 million. Our debt could adversely impact our business, results of operations and financial condition, including by:

- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our debt, therefore reducing our ability to use our cash flow to fund our operations or make capital expenditures;
- increasing our vulnerability to general economic and industry conditions;
- making it more difficult for us to make payments on and satisfy our debt obligations, including payments under the notes;

- restricting us from taking advantage of future business opportunities, including making strategic acquisitions;
- requiring us to sell assets and properties at an inopportune time;
- limiting our ability to obtain additional financing;
- limiting our ability to adjust to changing market conditions; and
- increasing the likelihood that an actual or impending inability by us to pay our debts as they become due and payable could also result in our insolvency.

Our operations at the Airport are restricted by the terms of the Existing Notes, and will be restricted by the terms of the Amended and Restated Indenture and the notes, all of which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase the credit risk to noteholders.

The terms of the Existing Notes include, and the Amended and Restated Indenture for the notes will include, a number of restrictive covenants that restrict our ability to engage in certain transactions and undertake certain operations at the Airport. These covenants restrict, among other things, our ability to:

- incur or guarantee additional debt;
- pay dividends or distributions;
- begin and continue construction activities;
- sell or transfer assets;
- create liens on assets;
- make investments;
- enter into transactions with affiliates;
- invest in capital improvement projects;
- merge or consolidate with another company; and
- engage in any different business activity.

These covenants could limit our ability to plan for or react to market conditions or to meet operational or capital needs of the Airport. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some operations to maintain compliance.

However, the substantial majority of these covenants and other obligations only limit our activities with respect to the Airport. As defined in the Amended and Restated Indenture, the term “Restricted Subsidiaries” does not include the activities of the Other Airports or Airport City. As a result, the activities of the Other Airports and Airport City are generally not limited by the covenants and other obligations in the Amended and Restated Indenture.

The notes will contain provisions that allow us to amend the payment terms without the consent of all holders.

The notes will contain provisions regarding voting on amendments, modifications and waivers which are commonly referred to as “collective action clauses.” Under these provisions, certain key terms of the notes may be amended, including, among others, the amount of, timing of or priority of payments to noteholders, premium

payable upon redemption of the notes and the transfer of Collateral to the Tocumen Trust. See “*Description of the Notes—Amendments of the Transaction Documents—Amendments with Consent of the Majority Noteholders.*”

We have, and may incur, additional debt ranking equally to the notes. Such debt may also be secured on a pari passu basis by the Collateral which may dilute the Collateral securing the notes.

The holders of the Existing Notes, and the holders of any of our additional debt that ranks on a *pari passu* basis with the notes, will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with our insolvency, liquidation, reorganization, dissolution or other winding up, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you in the case of any such event. See “*Description of the Notes—Covenants—Limitation on Indebtedness.*”

In addition, the Amended and Restated Indenture governing the notes allows us to issue additional debt securities if we are otherwise in compliance with certain covenants, which will be secured by the Collateral, and we are permitted to designate any of our other additional debt ranking equally to the notes that is permitted to be incurred as Collateral Secured Debt by issuing a Collateral Secured Debt Certificate to the Intercreditor Agent. As a result, any such additional debt will be secured by the Collateral that secures the notes, which could dilute the value of the Collateral securing our obligations under the notes.

The notes are not obligations of, or guaranteed by, the Government and there may not be sufficient Collateral to pay all or any amounts due on the notes in the event of a foreclosure, liquidation, bankruptcy or similar proceeding. In addition, if the net proceeds of the Collateral were not sufficient to repay all amounts due on the notes and the Amended and Restated Indenture, the noteholders (to the extent not repaid from the proceeds of the Collateral) would have only an unsecured claim against our remaining assets.

The notes are not direct obligations of, or guaranteed by, the full faith and credit of the Government or any instrumentality of the Government. In addition, none of our officers or directors or the officers or directors of the Trustee, any of their respective affiliates or any other person or entity (other than us) will be obligated to make payments on the notes.

The notes will be secured by a first-priority lien on the Collateral, which will include a security interest in certain transactions, accounts and the revenues contained therein. See “*Description of the Notes—Collateral.*” However, the revenues committed to run through the waterfall which designates the revenues transferred to the Transaction Accounts pledged as Collateral do not include all of the Airport’s revenues, in particular, revenues from sale of fuel and related services to airlines and certain extraordinary revenues derived from commercial activities at the Airport, such as real estate, car parking revenues, cargo revenues and advertising revenues, leasehold and easement rights, the Exempt Governmental Taxes, governmental permits and approvals to own and operate the Airport and other immaterial revenues.

In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay our obligations under the notes, in full or at all.

In addition, if the net proceeds of the Collateral were not sufficient to repay all amounts due on the notes and the Amended and Restated Indenture, the noteholders (to the extent not repaid from the proceeds of the Collateral) would have only an unsecured claim against our remaining assets.

There is no existing market for the notes, and we cannot assure you that an active market for the notes will develop.

The notes are a new issue of securities without an established trading market. A trading market for the notes may not develop and there can be no assurance as to the liquidity of any market that may develop for the notes. Future trading prices will depend on numerous factors including, among other things, prevailing interest rates and the market for similar securities. We have been informed by the Initial Purchaser that it intends to make a market in the notes after the completion of this offering. However, the Initial Purchaser is not required to make a market in the notes, and it may cease market making at any time without notice. If a market for the notes does not develop, investors may be unable to sell their notes for an extended period of time, if at all. Consequently, investors

may not be able to liquidate their investment readily or at all, and lenders may not readily accept the notes as collateral for loans. Even if a market for the notes does develop, the notes could trade at a discount from their initial offering price.

If a trading market were to develop, future trading prices of the notes may be highly volatile and will depend on many factors, including:

- the number of holders of the notes and amounts outstanding under the notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes;
- prevailing interest rates;
- time remaining until the maturity of the notes;
- current ratings assigned to the notes; and
- economic, financial, political, regulatory or judicial events that affect us or the financial markets generally.

Trading or resale of the notes may be negatively affected by other factors described in this Offering Memorandum arising from this transaction or the market for securities associated with operating assets or project financings.

There are restrictions on your ability to transfer the notes.

The notes have not been and are not expected to be registered under the Securities Act or any applicable state's or other jurisdiction's securities laws (except for those of Panama) or with the SEC or regulatory authorities in any jurisdiction other than Panama. Because the notes have not been registered under the Securities Act or any U.S. state securities laws, they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined in Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "*Plan of Distribution*" and "*Transfer Restrictions*." Consequently, a noteholder and an owner of beneficial interests in those notes may be required to bear the economic risk of their investment in the notes for the entire term of the notes.

The regulation of the securities market in Panama is less extensive than in certain other countries.

Publicly available information about Panamanian issuers of securities is less readily available and less detailed in certain respects than the information that is regularly published by or about listed companies in the United States and in other major world markets. In addition, regulations governing the Panamanian securities market are not as extensive as those in effect in the United States and other major world markets. As such, we cannot assure you that future regularly published information will be consistent with the information that investors are accustomed to in other jurisdictions.

Our obligations under the notes will be subordinated to certain statutory liabilities.

Under Panamanian insolvency laws, the obligations under the notes are subordinated to certain statutory preferences. In the event of our insolvency or moratorium, such statutory preferences may be applicable, and certain claims, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes.

Developments in Panama and other countries may adversely affect the market value of the notes.

The market for securities related to assets located in Panama is influenced by political, economic and market conditions in Panama and, to varying degrees, market conditions in other emerging market countries and in the United States. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the capital markets in other countries and the value of securities related to those countries. We cannot assure you that the market for the securities of Panamanian issuers will not be affected negatively by events elsewhere or that such developments will not have a negative impact on the market value of the notes.

It is possible that we may not be able to generate sufficient cash flow to repay all our debt.

Our capacity to make payments of our debt, including the notes, will depend on our capacity to generate revenue and profits from our future operations. This is, to a certain extent, subject to economic, financial, competitive, climatic, legislative, regulatory and other factors that are not under our control. Our business may not generate sufficient cash flow from our operations and funding or may not, in other ways, be able to dispose of them in an amount sufficient to cover other liquidity needs. We may need to refinance or restructure a part or the total amount of our debt, including the notes, before or after they are due. It is possible that we may not be able to refinance even a part of its debt or, if able to do so, may not be able to do it under reasonable terms from a business perspective. If we are unable to repay our debt, it is possible that we may have to resort to reduce or delay acquisitions and capital expenditures, sell assets, seek additional capital or reduce or postpone investment in capital stock. However, it may not be possible to take those measures if necessary, and, if taken, they may not be on terms that are commercially reasonable.

Risks Relating to the Collateral

The laws of Panama may limit the enforcement of rights to the Collateral.

The creation and perfection of the Trustee's security interest and enforcement of the Trustee's rights in respect of the Collateral are, in most cases, governed by the laws of Panama. The laws relating to the creation and perfection of security interests in Panama differ from those in the United States and their enforcement may be subject to restrictions and limitations, including the effect of fraudulent conveyance and similar laws. The enforcement of contract rights against us would depend on successful enforcement action in an arbitration or in a court in Panama against us, as an entity owned by the Government, the outcome of which is subject to the laws of Panama. These restrictions and limitations may have the effect of preventing, limiting and/or delaying the enforcement of rights over the Collateral, and may materially impair the claims of noteholders. Any such delay in having an enforceable claim against us could also diminish the value of the interest of noteholders in the Collateral due to, among other things, the existence of other potential creditors and claimants. Such a diminished interest could materially affect noteholders ability to recover their proportionate share of the value of the Collateral in the event of a foreclosure or other bankruptcy event, and could have an adverse effect on our business.

The Amended and Restated Trust Agreement is governed by the laws of Panama, and any dispute over the terms of the Amended and Restated Trust Agreement must be submitted to arbitration in Panama, applying International Chamber of Commerce Rules of Arbitration, in Spanish.

The Amended and Restated Trust Agreement provides that any dispute arising from it regarding its validity, interpretation or execution, not otherwise resolved through negotiation, will be submitted to arbitration according to the Arbitration Rules of the International Chamber of Commerce, in Spanish, in Panama City. Any judgment or finding under these arbitration proceedings may therefore differ materially from what would otherwise result from a proceeding held in the United States. Therefore, we cannot assure you that, in the event of default, you will be able to recover a similar share of value to what would be expected if the Amended and Restated Trust Agreement were governed by laws of and subject to jurisdiction in the United States.

The ability of noteholders to seek remedies with respect to the Shared Collateral may be materially limited by the Intercreditor Agreement.

The notes will be secured by a first-priority lien on the Shared Collateral, and will rank *pari passu* in right of payment with the Existing Notes and any other future Collateral Secured Debt. The rights of the holders with

respect to the Shared Collateral securing the notes may, however, be materially limited pursuant to the terms of the Intercreditor Agreement, which provides that the enforcement of any or all of the Shared Collateral, and the exercise of any other remedies that may be available to the noteholders thereunder or under applicable law would require the consent of the majority of the holders of Collateral Secured Debt. At the time of issuance, the noteholders would not represent a majority in principal amount of Collateral Secured Debt. Absent direction by a majority of the holders of Collateral Secured Debt, noteholders may be subject to a 120-day standstill period prior to enforcement on the Shared Collateral. Therefore, we cannot assure holders of the notes, in the event of default that they would be able to determine whether, and when, to enforce on the Shared Collateral, which could lead to costs or delay which may have a materially adverse effect on your ability to obtain payments on the amounts due under the notes.

The notes will not be secured by the Payment Accounts and Debt Service Reserve Accounts established in respect of the Existing Notes or other Collateral Secured Debt.

The notes will be secured only by the Shared Collateral and the Payment Account and Debt Service Reserve Accounts established and maintained in respect of the notes. The Existing Notes and other Collateral Secured Debt are, or will be, as applicable, secured by separate Payment Accounts and Debt Service Reserve Accounts established and maintained in respect of such Collateral Secured Debt, and as such, noteholders will have no claim to them. If payment under the Payment of Accounts and Debt Service Reserve Accounts for the Existing Notes is unavailable, we cannot assure you that the remaining collateral will be sufficient to satisfy our obligations under the notes.

The Collateral securing the notes may be diluted under certain circumstances.

The Collateral may secure additional indebtedness that we may incur in the future that will rank *pari passu* in the right of payment with the Existing Notes, the notes subject to restrictions on our ability to incur debt and liens under the Amended and Restated Indenture governing the notes. Your rights to the Collateral would be diluted by any increase in the indebtedness secured by such Collateral. In addition, if any other indebtedness is designated as Collateral Secured Debt and secured by the Collateral on a first priority basis, Committed Revenues will be applied to fund the separate payment account and debt service reserve account established in respect of such new Collateral Secured Debt, in which the notes will have no security interest. Additionally, such new Collateral Secured Debt will share in the Shared Collateral upon any enforcement. For more information on the collateral, see “*Description of the Notes—Collateral.*”

Not all of the Committed Revenues will be transferred periodically by us to the Tocumen Trust to be held as Collateral. Additionally, we will be required to obtain a referendo from the Contraloría General de la República (General Comptroller of the Republic) (the “Contraloría”) prior to making any transfers to the Transaction Accounts.

Under the terms of the Amended and Restated Indenture, only the Transaction Accounts and the revenues contained therein will serve as Collateral. Certain governmental taxes which could be subject to increase or other change will constitute Excluded Revenues and not Committed Revenues and thus will be transferred directly to government upon receipt. The priority of payments permits us to make transfers from the Trustee General Account to the O&M Account and the Tax Payment Account, over which holders of notes will have no security interest in, prior to funding the Debt Service Reserve Accounts and the Payment Accounts. Additionally, in the absence of a default or event of default under the Amended and Restated Indenture or any of the documents governing any debt secured by the Collateral, we will be permitted to transfer to the Trustee General Account only such Committed Revenues as are necessary to fund the Debt Service Reserve Accounts and the Payment Accounts on each Programmed Transfer Order Date. As such, holders of notes will have no security interest in any of the other Committed Revenues that are not so transferred to the Trustee General Account.

Additionally, prior to transfer of the Committed Revenues from the Committed Revenue Account to the Trustee General Account on or prior to each Monthly Transfer Date, we will need to obtain a *referendo* from the *Contraloría*, which typically takes several weeks.

We are wholly owned by the Government and are subject to the oversight of the Contraloría, who must approve certain transfers of funds that are required pursuant to the terms of the Transaction Documents.

According to Law No. 32 of 1984, the Contraloría is an independent institution of the Government (not overseen by the executive branch or by the National Assembly) created by the Constitution of Panama, whose mission is to oversee and regulate the management and disposition of the funds and assets of public entities and, among others, of corporations that are controlled by the Government, including us, as well as to examine the accounts related thereto. Therefore, certain transfers of funds required pursuant to the terms of the Transaction Documents, such as transfers among the Operating Accounts and Transaction Accounts (each as defined in “*Description of the Notes*”), require the prior examination and approval of the Contraloría, which occurs through a process that concludes with, what is known as *refrendo*. We cannot assure you that the required *refrendo* for such transfers of funds will occur as of the required dates or at any time thereafter. Delays in the occurrence of such *refrendo* and, therefore, in such transfers of funds may lead to periodic underfunding of such accounts. Any significant delays in, or our inability to complete, the process that concludes with the *refrendo* could have a material adverse effect on our ability to comply with the terms of the Transaction Documents.

Noteholders’ rights in the Collateral may be adversely affected by the failure to perfect security interests in such Collateral and other issues generally associated with the realization of security interests in such Collateral.

Generally, a security interest in tangible and intangible assets can only be properly perfected, a valid lien created on such assets can only be granted and the priority of such lien can only be retained if certain actions are undertaken by the applicable secured party. The liens in the Collateral may not be validly created or perfected with respect to the notes if we do not take the actions necessary to validly create or perfect any of those liens upon or prior to the issuance of the notes. Our inability or failure to take all actions necessary to create and properly perfect security interests or validly create liens on the Collateral may result in the loss of the priority of the security interest for your benefit to which you would have been entitled had such perfection or valid creation of such liens been effectuated by us.

Panama is a sovereign state and we are a wholly owned subsidiary of the Government, and it may be difficult to enforce judgments against us.

Panama is a sovereign state and we are a wholly owned subsidiary of the Government. Consequently, it may be difficult to enforce arbitration awards or judgments of courts in the United States or elsewhere against us. No treaty currently exists between the United States and Panama providing for reciprocal enforcement of foreign judgments, although Panama is a party to the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards of 1958.

Under the U.S. Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in the United States a judgment against us. In addition, under the laws of Panama, attachment or other form of execution before or after judgment on our property and revenues may be difficult. See “*Enforceability of Civil Liabilities.*”

We consider that it is likely that Panamanian courts will grant us the privileges that our procedural law grants to Panama through Articles 1047, 1650 (14) and 1939 of the Judicial Code of Panama. These benefits would be applicable in the event actions are taken through Panamanian courts.

Article 1047 of the Judicial Code of Panama sets forth a special proceeding against the State, which provides that the decision regarding the payment of awards against the State is made by the State itself, when a series of steps and proceedings are established without a specific consequence within the execution proceeding, in the event that the condemnation imposed on the State is not honored.

Article 1650 (14) of the Judicial Code of Panama sets forth that the assets that belong to the State, municipalities, autonomous or semi-autonomous state entities cannot be subject to attachment.

Article 1939 of the Judicial Code of Panama sets forth, among other things, that no cautionary measure can be taken against Panama and municipalities, with the exception of those relative to evidence.

The procedural privileges granted to Panama appear to be applicable to us by virtue of the provisions set forth in Law 23 of 2003, as amended. Such law expressly states that our Board of Directors can renounce, in respect of the goods and assets assigned, transferred or granted in any modality of guarantee of our obligations and in respect of our execution, to any of any prerogatives, guarantees and immunities the procedural laws granted to the State and its entities.

With respect to the Committed Revenues assigned by us in respect of the Amended and Restated Trust Agreement and with respect to the enforcement of our obligations derived from such agreements or from the Intercreditor Agreement, our Board of Directors have renounced to any prerogatives, guarantees and immunities the procedural laws granted to Panama and its entities.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

The substantial majority of our directors and officers are residents of Panama or elsewhere outside the United States. All or a substantial portion of the assets of these persons are located in Panama or outside the United States. As a consequence, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce judgments of U.S. courts against them predicated upon the civil liability provisions of the U.S. federal securities laws, or otherwise obtained, in U.S. courts. Because all or a substantial portion of our assets are located outside the United States, any judgment obtained in the United States against us may not be fully collectible in the United States. There is uncertainty as to the enforceability against such persons in the Republic of Panama, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws.

Our credit ratings or the credit ratings applicable to the notes may be lowered or withdrawn for any reason, including a lowering of the sovereign credit rating of Panama and/or as a result of potential counterparty risk.

We expect the notes to be rated, for the purpose of an international rating, at least “BBB” by S&P and at least “BBB” by Fitch on their international rating scales and, for the purpose of a Panamanian local rating, at least “A” by Pacific Credit Rating. The ratings address the likelihood of timely payment of the scheduled principal and interest on each payment date. The ratings do not address the likelihood of payment of any accrued and unpaid interest, Additional Amounts, make-whole premiums or any other amounts payable in respect of the notes or the timeliness of any accelerated principal payments coming due as the result of the occurrence of an event of default. We expect the notes to be rated on or prior to the issue date of the notes offered hereby.

In addition, the credit ratings applicable to the notes may change after the issuance date. Ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. There is no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of rating agencies, circumstances so warrant. In particular, the ratings applicable to the notes may be negatively impacted as a result of potential counterparty risk, including in connection with a downgrading of the credit ratings of any of our key counterparties, including Odebrecht. See “—Odebrecht, the contractor for the South Terminal Expansion, is under investigation in Brazil and other countries for corruption, and officers and employees of Odebrecht have been apprehended or arrested in connection therewith. The Administration Prosecutor in Panama has also requested an audit of public works done by Odebrecht in Panama. The results of such proceedings and audits could potentially lead to, among other things, counterparty credit risk, criminal investigations or other litigation, nullification of the Odebrecht Contract or delays in completion of the South Terminal Expansion.” Any lowering, suspension or withdrawal of ratings may have an adverse effect of the market price and marketability of the notes. Real or anticipated changes in our credit ratings or the credit ratings of the notes will generally affect the market value of the notes. Thus, even though we may be making principal and interest payments when due, the price of our notes in any secondary market may be considerably less than the price you paid for your notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency and for any reason, including a lowering of the sovereign credit rating of Panama.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the Amended and Restated Indenture.

Under the Amended and Restated Indenture, if a Change of Control (as defined in the Amended and Restated Indenture) occurs, we must offer to purchase the notes for a price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest to the date of purchase. In the event of a Change of Control, we may need to refinance large amounts of our debt, including the notes, so it may not have sufficient funds available to make any required repurchases of the notes upon a Change of Control. If we fail to repurchase the notes in those circumstances, we will be in default under the Amended and Restated Indenture, which default may, in turn, trigger cross-default provisions in other debt instruments. Any future debt that we incur may also contain restrictions on repurchasing the notes upon a Change of Control.

We may not have the ability to raise the funds necessary to finance a mandatory redemption for Events of Loss, loss of our ability to operate the Airport or other mandatory redemption events.

Under the Amended and Restated Indenture, certain events including Events of Loss, as defined in the “Description of the Notes,” and, in certain circumstances, the loss of our ability to operate the Airport will trigger a mandatory redemption event. In the event of a mandatory redemption event, we may need to refinance large amounts of our debt, including the notes as we may not have sufficient funds available to make any required repurchases of the notes. If we fail to repurchase the notes under these circumstances, we will be in default under the Amended and Restated Indenture, which default may, in turn, trigger cross-default provisions in other debt instruments.

We may choose to redeem the notes and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may, at our option, redeem the notes, in whole or in part, at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes and (2) the sum of the present value at such redemption date of (i) the redemption price of the notes on the redemption date plus (ii) all required interest payments thereon through the redemption date (excluding accrued but unpaid interest to, but excluding, the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 50 basis points (the “Make-Whole Amount”). No Make Whole Amount shall be payable for a redemption during the last 12 months prior to maturity of the notes offered hereby.

We may choose to redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate as high as that of the notes.

Changes in tax laws could lead to the redemption of the notes by us.

In the event that payments of interest in respect of the notes made by us to foreign holders are subject to Panamanian withholding tax, we will pay additional amounts so that the amount received by the holder after Panamanian withholding tax will equal the amount that would have been received if no such taxes had been applicable. Under the Amended and Restated Indenture, the notes are redeemable at our option, in whole (but not in part) at any time at a price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest, if any, due thereon to and including the applicable redemption date, plus additional amounts, if any, if (i) on the next succeeding payment date that we are obligated to pay any Additional Amounts (as defined in the Amended and Restated Indenture) as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in the Amended and Restated Indenture), or any political subdivision or governmental authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment occurred after the date of issuance of the notes and (ii) such obligation cannot be avoided by us taking reasonable measures available to us. In any event, we cannot assure you that a proposal to apply any withholding tax will not be presented to, or enacted by, the Panamanian legislature and that any such enactment will not have a material adverse effect on our ability to make payments under the notes. See “Description of the Notes—Optional Redemption—Tax Redemption.” In case we redeem the notes, you may not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate as high as that of the notes.

Different disclosure principles in Panama and the United States may provide you with different or less information about us than you expect.

Securities disclosure requirements in Panama differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. There may be less publicly available information about us than is regularly published about companies in the United States and certain other jurisdictions. We are not subject to the periodic reporting requirements of the Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes. As a result, we may not disclose information consistent with the requirements of the Exchange Act, which may have a limiting effect on investor's access to information concerning our results of operations and financial condition.

There is no sinking fund in connection with the notes issuance.

We have not created a sinking fund in connection with the notes issuance. As a result, any principal, interest or other payments made under the terms of the notes will come from our general resources and depend on our cash flows.

The notes are subject to certain events of default and potential acceleration.

The notes are subject to certain events of default. If such events of default occur, noteholders in certain circumstances may accelerate the notes. See "*Description of the Notes—Events of Default.*"

The terms of the notes may be amended pursuant to the terms of the Amended and Restated Indenture as described herein.

Any amendment to the terms of the notes and the Transaction Documents shall comply with the provisions of the Amended and Restated Indenture as described in "Description of the Notes—Amendments of the Transaction Documents", as well as the *Acuerdo* 4-2003 of April 11, 2003 of the SMV.

The notes are subject to a fixed interest rate and the market interest rate applicable on the notes offered hereby is subject to change from the date hereof until the trade date.

The notes are subject to a fixed interest rate until the maturity date of the notes. Market interest rates are subject to change from the date hereof through the trade date. Investors may lose the opportunity to invest in other instruments with a higher interest rate than the notes offered hereby.

USE OF PROCEEDS

We will receive approximately US\$562,000,000 in net proceeds after expenses from the sale of the notes, including, (a) the fees and commissions payable to the Initial Purchaser; (b) the fees and expenses of the Structuring Agent, the Indenture Trustee, the Intercreditor Agent and the Collateral Agent; and (c) and other expenses related to the offering of the notes, including without limitation, various rating agency, legal, accounting and other experts fees and expenses relating to the SMV, the PSE and LatinClear, which shall be used for the following purposes:

- (i) to fund the Payment Account for the notes;
- (ii) to fund the Debt Service Reserve Account for the notes;
- (iii) to fund the O&M Account; and
- (iv) the remainder will be transferred to the Major Maintenance and CapEx Reserve Account.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2015 (i) on a historical basis; and (ii) as adjusted to give effect to the use of proceeds from the Offering as if it had occurred on December 31, 2015. This table should be read in conjunction with, and is qualified in its entirety by reference to, “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Summary Financial and Other Information” and our financial statements included elsewhere in this Offering Memorandum.

	As of December 31, 2015	
	Actual	As Adjusted
	(US\$)	
Cash and bank deposits (1).....	109,719,310	671,719,310
Accounts payable and other accrued expenses payable.....	187,007,603	187,007,603
Accounts Payable – Related Parties.....	59,829,195	59,829,195
Bonds Payable (2)	646,374,964	646,374,964
Notes offered hereby	-	575,000,000
Total financial liabilities (3)	893,211,762	1,468,211,762
Common stock; 1,000,000 authorized with par value of B/.20.00 each; all issued and outstanding.....	20,000,000	20,000,000
Additional paid-in capital	307,661,033	307,661,033
Retained earnings	52,880,233	52,880,233
Accounts receivable shareholder	(25,787,273)	(25,787,273)
Complementary tax	(9,092,701)	(9,092,701)
Total equity	345,661,292	345,661,292
Total capitalization (4).....	1,238,873,054	1,813,873,054

(1) The as adjusted amount reflects the transfer of net proceeds from the notes offered hereby to the accounts listed in the “Use of Proceeds” and subject to the limitations described in “Description of the Notes.”

(2) Amounts are shown net of directly related costs of debt issuance. The current outstanding amount for the Existing Notes is US\$650,000,000.

(3) Total financial liabilities in “Actual” column include accounts payable to related parties, accounts payable and other accrued expenses payable and bonds payable. Total financial liabilities in “As Adjusted” column include accounts payable to related parties, accounts payable and other accrued expenses payable, bonds payable and notes offered hereby.

(4) Total capitalization includes total financial liabilities plus total equity.

As of December 31, 2015, the ratio of our total liabilities to Paid in capital (defined as “Common stock” plus “Additional paid in capital”) equaled 3.2x.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables set forth our selected financial and other information for the periods indicated. The selected financial information in the tables is derived from our financial statements. The following selected financial and other information should be read in conjunction with the financial statements, related notes and other financial information included elsewhere in this Offering Memorandum.

	As of December 31,		
	2015	2014 (US\$)	2013
Non-current assets			
Property, equipment and property improvements, net of depreciation.....	549,714,015	576,964,704	570,128,661
Construction in progress	592,653,226	430,119,233	186,132,243
Deferred tax assets.....	14,351,533	15,118,909	16,545,888
Advance to contractors	50,251,287	72,927,770	96,922,104
Advance to purchases abroad	37,087,836	6,277,534	12,205,298
Inventories, net	1,964,821	1,593,160	1,851,550
Unemployment fund	1,775,622	1,621,598	1,434,447
Guarantee deposits	29,689	29,689	29,689
Total non-current assets	1,247,828,029	1,104,652,597	885,249,880
Current assets			
Cash and bank deposits.....	109,719,310	108,896,641	141,541,096
Accounts receivable:			
Customers	11,593,276	9,615,696	11,729,100
Related parties	20,308,622	302,871	308,277
Others	8,323	9,666	6,369
Subtotal	31,910,221	9,928,233	12,043,746
Less: provision for impairment of doubtful accounts	(1,923,235)	(1,791,735)	(1,354,109)
Total accounts receivable, net.....	29,986,986	8,136,498	10,689,637
Prepaid expenses	488,165	2,299,322	3,583,096
Prepaid income tax	-	1,770,560	16,913,960
Total current assets	140,194,461	121,103,021	172,727,789
Total assets	1,388,022,490	1,225,755,618	1,057,977,669

	As of December 31,		
	2015	2014 (US\$)	2013
Equity			
Common stock; 1,000,000 authorized with par value of B/.20.00 each; all issued and outstanding.....	20,000,000	20,000,000	20,000,000
Additional paid-in capital	307,661,033	307,661,033	307,661,033
Retained earnings	52,880,233	22,706,355	5,464,791
Accounts receivable shareholder	(25,787,273)	(40,292,615)	(54,797,944)
Complementary tax.....	(9,092,701)	(7,898,475)	(6,573,090)
Total equity.....	345,661,292	302,176,298	271,754,790

Non-current liabilities

Deferred revenue	52,870,074	70,992,601	81,826,802
Bonds payable	646,374,964	646,098,129	556,379,829
Accounts payable to concessionaires.....	267,409	306,464	405
Concessionaires' guarantee deposits	3,301,023	3,491,702	3,135,213
Provision for benefits to retirees.....	1,776,259	1,845,100	2,140,776
Seniority premium	1,764,942	1,696,922	1,503,571
Withholding to contractors	15,874,500	14,429,154	7,893,070
Total non-current liabilities	722,229,171	738,860,072	652,879,666
Current liabilities			
Accounts payable to related parties	59,829,195	59,709,341	63,335,363
Accounts payable and other accrued expenses payable	187,007,603	69,773,313	13,774,671
Dividends payable	-	1,611,704	1,611,704
Accounts payable to concessionaires.....	39,055	39,460	77,208
Income tax payable.....	10,758,094	-	-
Other taxes payable	32,313,323	30,509,585	32,616,581
Deferred revenue	30,184,757	23,075,845	21,927,686
Total current liabilities.....	320,132,027	184,719,248	133,343,213
Total liabilities	1,042,361,198	923,579,320	786,222,879
Total equity and liabilities.....	1,388,022,490	1,225,755,618	1,057,977,669

For the Year ended December 31,

	2015	2014	2013
		(US\$)	
Revenue			
Airport operation services.....	111,866,046	97,002,100	88,900,830
Rent	70,768,405	66,878,658	63,890,867
Other	5,827,141	2,147,587	757,077
Total revenue	188,461,592	166,028,345	153,548,774
Depreciation	(15,837,978)	(14,462,343)	(11,518,534)
Personnel costs	(23,310,650)	(19,756,404)	(18,188,201)
Repair and maintenance.....	(11,188,247)	(23,745,430)	(18,057,086)
Electricity, water and telephone	(10,525,916)	(7,805,191)	(7,882,618)
Special Fund for the Development of National Aeronautics.....	(4,500,000)	(4,500,000)	(4,500,000)
ICAO fees and other expenses.....	(3,062,646)	(3,830,192)	(3,991,230)
Ministry of Education	-	-	(6,000,000)
Property and services transfer tax.....	-	-	(9,661,679)
Payment for Panama Pacific concession	(1,500,000)	(1,500,000)	-
Other expenses.....	(18,947,134)	(26,165,344)	(23,423,419)
Financial costs, net	(14,456,622)	(14,334,451)	(14,060,147)
Profit before tax	85,132,399	49,928,990	36,265,860
Income tax:			
Current.....	(25,268,542)	(15,143,400)	(15,484,876)
Deferred.....	(767,376)	(1,426,979)	(579,144)
Total income tax	(26,035,918)	(16,570,379)	(16,064,020)
Net profit	59,096,481	33,358,611	20,201,840

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is derived from our financial statements included elsewhere in this Offering Memorandum. This discussion does not include all of the information included in our financial statements. You should read our financial statements to gain a better understanding of our business and our historical results of operations.

Overview

We are a wholly-owned state entity that owns, operates, maintains and develops the Airport, which is the principal international airport in Panama and the largest and busiest airport in Central America. The Airport is a critical gateway linking travel across North America, Central America, South America, the Caribbean and Europe because of its strategic position in the middle of the Americas and its role as the network hub for Copa Airlines.

We generate revenue from both aeronautical services and non-aeronautical commercial activities. Aeronautical services refer to airline passenger services and air cargo services, and the associated fees include the PEF, the Development Fee, transit fees and any other passenger fees, security charges, aircraft landing and take-off charges, aircraft parking charges, passenger boarding bridge charges, utility charges, airline club room leases and cargo charges. Revenues from non-aeronautical commercial activities include fixed and variable rents from commercial leases, Turnkey Rights to secure commercial leases, minimum guaranteed income arrangements (*ingreso mínimo garantizado*) with concessionaires, installation fees, various administrative and approval fees and others such as into-plane fueling, car parking fees and advertising fees. In 2015, we generated US\$98,610,084 of revenue from aeronautical services and US\$89,851,508 of revenue from non-aeronautical commercial activities.

The rules and regulations governing the setting of fees and rates for aeronautical and non-aeronautical services are contained in Law 23 and our bylaws. The CAA, upon the request of our Board of Directors, is the final authority that sets rates and charges for aeronautical services including, but not limited to, the PEF, the Development Fee and other services to be provided to aircraft on land, such as the loading and unloading of passengers and cargo, passenger check-in counters and baggage handling. As such, we do not have unilateral control over the setting of these fees, our Board of Directors is the final authority entitled to set the rates for non-aeronautical commercial services and minimum rents for the use of Airport facilities. These rates and fees are based on the costs of the services provided, and it is the policy of the Board of Directors that such costs include maintaining a robust financial profile for the Airport and meeting our financial covenants and obligations. See "*Regulatory Overview*."

Principal Components of Our Results of Operations

Passenger and Air Traffic Volume

Our aeronautical services revenue is primarily affected by passenger and air traffic volumes, as further described below.

All fees for aeronautical services are approved by the CAA's board of directors pursuant to established legal procedures. The process begins with the presentation by the General Manager of any proposed changes to fees and rates for aeronautical services to our Board of Directors. If our Board of Directors approves the proposed changes, it submits the new fee schedule to the CAA for its approval.

Passenger numbers are generally influenced by a variety of macroeconomic factors that are out of the control of our Board of Directors, including international economic and political conditions, the Panamanian economic outlook, airline industry conditions, the availability and price of aviation fuel, aviation safety and security concerns, competing airports and competing modes of transportation. With the globalization of business and the increased importance of international trade and tourism, growth of the Panamanian economy has become more closely tied to worldwide economic, political and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships and hostilities are also important influences on passenger traffic at the Airport.

Passenger Exit Fee

The PEF is levied on departing international Origin/Destination Passengers for their use of Airport facilities. Revenue from the PEF constitutes our most significant source of revenue (32.7% in 2015 and 35.0% in 2014 of our total revenue) and is directly related to the number of international Origin/Destination Passengers who depart from the Airport. In 2015 and 2014, we earned US\$61.6 million of revenue and US\$58.1 million, respectively from the PEF, exclusive of any amounts of the PEF remitted to government agencies as required by law as described below. All passengers that remain in Panama for at least 24 hours are considered Origin/Destination Passengers, while all others are considered Transit/Transfer Passengers. Transit/Transfer Passengers and passengers on domestic flights are not required to pay the PEF. Currently, the overwhelming majority of flights at the Airport are arriving from or departing to international locations. Official Panamanian delegations (with proper authorization) in the areas of sports, academics and culture and people with diplomatic passport are exempt from paying the PEF. Children under two years of age are also exempt from paying the PEF. Retired passengers and residents over 55 years of age receive a 50% discount in respect of the PEF.

The PEF is currently set at US\$40.00 per international Origin/Destination Passenger at the Airport. In October 2009, the board of directors of the CAA increased the PEF from US\$20.00 to US\$40.00. We are not aware of any other plans to change the amount of the PEF, or to change the applicability of the PEF among the various categories of travelers.

While the PEF is paid by the passenger, it is included in the airline ticket price received by the airlines and then paid by the airlines to us, on a monthly basis following our receipt from the Airlines of a list of all passengers traveling on such airline during such period. The average period of time required by the Airlines to pay the PEF is 7 calendar days from the day we send the corresponding invoice to the Airlines. Such invoice is issued by us following receipt of the boarding passes from the Airlines at the end of each month. Once we receive the boarding passes, we validate the information through an internal audit process (issuing reports to the Board of Directors on a periodical basis). If an airline fails to pay for the PEF in a timely manner (within 7 days from the date the invoice was sent), a penalty is imposed on such airline by the Airport, which can amount to up to 10% over the amounts owed. As a result, we should receive payment of the PEF by no later than two months on average after the passenger uses our facilities. Historically, we have not had any collection problems or delays in payment by the Airlines and have never imposed the applicable penalty for late payment. Since October 2009, the PEF has been US\$40.00 per departing passenger, and since then, we have received from the airlines the full amount of US\$40.00. Pursuant to applicable law, 25% of each PEF, currently US\$10.00, must be sent by the Airport to the Panamanian Tourism Authority and US\$1.0 of the remaining PEF (US\$30.00) is later paid by the Airport to the National Commission for the Prevention of Crimes of Sexual Exploitation (“CONAPREDES”). The portions sent to the Panamanian Tourism Authority and CONAPREDES are not included in our revenue, are Excluded Revenues and do not form part of the Committed Revenues.

In order to modify the PEF or the Development Fee, our Board of Directors must approve the proposed modification, which must then be submitted to the CAA for its approval in accordance with Article 17 of Law 23. See “*Regulatory Overview—Regulation of Rates and Fees.*”

Development Fee

On December, 2015, the board of directors of the Civil Aeronautics Directorate issued Resolution No. 022, through which a special Airport development fee (the “*Development Fee*”) was authorized along with certain amendments to several other fees for airport services. The Development Fee, along with the changes to the existing fees, became effective and applicable as of January 1, 2016; however, payments for the Development Fee, although accruing since such date, have not yet been made due to certain adjustments to be implemented by the airlines on their internal systems. Total payments for the accrued amount of Development Fee corresponding to the the January-April period is expected to be made by April 30, 2016. Thereafter, the Development Fee will be collected from the airlines along with the PEF on a monthly basis. The Development Fee is levied on departing international Origin/Destination Passengers for their use of Airport facilities. Revenue from the Development Fee is directly related to the number of international Origin/Destination Passengers who depart from the Airport. Retired passengers and residents over 55 years of age receive a 50% discount on the Development Fee.

The Development Fee is currently set at US\$10.00 per international Origin/Destination Passenger at the Airport, and is scheduled to increase to US\$12.00 per international Origin/Destination Passenger at the Airport beginning January 1, 2017. We are not aware of any other plans to change the amount of the Development Fee, or to change the applicability of the Development Fee among the various categories of travelers.

Similar to the PEF, the Development Fee is included in the airline ticket price received by the airlines and then paid by the airlines to us along with the PEF, with the same collection and penalty procedures described above for the PEF. No portion of the Development Fee is required to be paid to the Panamanian Tourism Authority or CONAPREDES, and all revenue earned from such fee will be included in our aeronautical revenues upon receipt.

Landing Fees and Boarding Bridge Fees

Air traffic volume and operating levels at the Airport affect landing fees and boarding bridge fees. Landing fees are paid by the airlines for the use of airfield facilities at the Airport, including the runway and taxiway system, based on a daily usage report prepared and issued by the Airport. Landing fees are assessed on a per ton of maximum departure weight basis on a graduated scale, with a minimum charge for international aircraft operations of US\$30.00 per ton for aircraft weighing up to 12,500 kilograms, and a charge of between US\$2.40 and US\$2.60 per ton for aircraft weighing over 12,500 kilograms. In addition, airlines will pay a 10% surcharge for landings at night beginning in 2016. Boarding bridge fees are paid by the airlines for the use of passenger boarding bridges at the Airport based on a daily usage report prepared and issued by the Airport. Our current boarding bridge fees are US\$62.00 per hour, prorated based on intervals of 15 minutes after the first hour, and wide-body aircraft pay a 100% surcharge. In 2015, we earned US\$13.3 million in landing fees and US\$7.2 million in boarding bridge fees.

Security Fee

On March 1, 2012, we introduced a security charge of US\$1.25 for every arriving, departing and transiting international passenger at the Airport (the “*Security Fee*”). Revenues from the Security Fee are driven by the number of total passengers traveling through the Airport. In 2015, we collected US\$11.3 million in security fees.

Non-aeronautical Revenues

Non-aeronautical revenues include revenue generated from concession agreements, including retail concessions, food and beverage, into-plane fueling, car parking and other services including terminal area concession agreements for advertising, banking, foreign currency exchange and vending machines. Our main sources of non-aeronautical revenue are rent and sales commission payments from operators of concessions for duty-free and food and beverage operations (also known as “*concessionaires*”). Non-aeronautical revenues are not regulated by the CAA. They may be adjusted at our sole discretion upon approval by our Board of Directors. The rights to develop and operate commercial space at the Airport are sold in a bidding process that is open to the public and governed by public procurement laws.

Significant duty-free operations at the Airport are attractive to many travelers, both Origin/Destination Passengers as well as Transit/Transfer Passengers. Many Latin American countries impose relatively high duties, tariffs and sales or consumption taxes on luxury goods, electronics, and other product categories that are typically sold in airport duty-free shops. This makes buying products at the Airport an attractive proposition for many of our passengers. Currently, approximately 7,000 square meters have been assigned to different concessionaires in the Airport, including the main terminal and the North Concourse.

The number of passengers traveling through the Airport directly affects the Airport’s non-aeronautical revenue, in particular commercial rental revenue. We enter into a concession agreement with each of the concessionaires operating at the Airport that governs the rental and other terms of the concession.

We collect revenue from concessionaires in three ways, all of which are included as Rent:

- Up-front payments from the sales of Turnkey Rights that are paid by concessionaires for the right to operate commercial space (if applicable);

- A fixed monthly space rental payment, ranging from US\$50.00 to US\$400.00 per square meter per month for commercial space; and
- Variable rent commission payments based on up to ten percent of gross sales from commercial activities.

Not all existing concessionaires purchased Turnkey Rights, but all are required to pay monthly rent and a percentage of their gross sales. Concessionaires that did purchase Turnkey Rights have their rent and commission payments reduced accordingly so that the total amount of revenue expected to be paid over the life of their concession is approximately the same as it would be if they had not purchased Turnkey Rights.

Since the beginning of 2014, when entering into any arrangement with a concessionaire, whether such agreement is in the form of Turnkey Rights, rental payment or commission payments, a minimum guaranteed income (*ingreso mínimo garantizado* or “IMG”) is agreed upon between us and the concessionaire, which will have to be paid by the concessionaire to us in any event. The process through which we determine the applicable IMG for a specific area of commercial space requires a detailed internal analysis of commercial historical and market data, which permits us to determine the value we need to receive as IMG from a concessionaire, depending on the specific conditions of the leased space. The IMG is determined once, upon entry into the agreement, and serves as the minimum monthly payment that we are entitled to receive from such concessionaire.

Turnkey Rights

We have structured certain of the Airport’s concession contracts to include a significant upfront fee and, thereafter, relatively smaller rents and commissions on gross sales (“*Turnkey Rights*”). As of the date hereof, approximately 40% of duty free space has been allocated using Turnkey Rights. Upfront payments for Turnkey Rights by concessionaires are recognized as revenue evenly over the course of the lease agreement. Turnkey Rights deposits represent a form of equity investment by concessionaires, and they underwrite future traffic potential for the Airport. This strategy allowed us to quickly increase available funding for capital expenditures and minimize our collection risk. Though we believe that this strategy is not common among airports, many retailers have been willing to pay for Turnkey Rights because their recurrent future payments are lower. Concessionaires are also willing to pay significant amounts of upfront deposits because retail businesses at the Airport (in common with large commercial airports in general) typically have relatively high margins and significant potential for growth and expansion. As a consequence, we have been able to use sales of Turnkey Rights to gather the economic benefit of the difference between (A) the total of the fixed and variable rent payments levied at the Airport and (B) the total rent paid by retail operators at other large commercial service airports.

We have successfully sold Turnkey Rights to certain concessionaires as part of several terminal area improvement projects, including the development of the North Concourse. The concession term for these agreements is 10 years with no automatic renewal. The winning bids per square meter have varied depending on the retail segment, location within the terminal, and size of the lot offering. Currently, we have approximately 470 square meters available to be assigned to concessionaires. An additional approximately 2,500 square meters, corresponding to concession agreements in the existing Airport facilities that will expire in the next two years, are expected to be assigned to concessionaires based on their future bids for purchases of Turnkey Rights. The criteria to decide whether to collect revenue from concessions through up-front payments from sales of Turnkey Rights, a fixed monthly space rental payment or variable rent commission payments based on a percentage of the gross sales from commercial activities generally depends on the nature of the merchandise to be offered by the retailer in the corresponding space. Duty-free products such as alcoholic beverages, cigarettes, perfumes and cosmetics tend to follow the turnkey right concession mechanism, and those focused on general merchandise retail operations, such as clothing, electronics and food tend to follow the traditional rent revenue model.

At this point we believe we may sell approximately 4,600 square meters of new retail space in the South Terminal with a Turnkey Right component, although no definitive decision has been made. This process, purely optional for us, is expected to result in receipt of significant revenues to us. However, there is no contractual agreement between us and any party to provide any portion of this amount. We will not initiate the bidding process until the detailed design (and consequently the layout of retail space) of the South Terminal area has been approved by Odebrecht, which is expected to occur in the second quarter of 2016.

Under the Odebrecht Contract, we agreed to contribute Turnkey Rights deposits received from concessionaires for retail space in the South Terminal to a trust as security for the payment of obligations under such contract. See “—Contractual Commitments—Odebrecht Contract.”

The following table sets forth details relating to our sales of Turnkey Rights.

Sales of Turnkey Rights (2007 to Present)

Concessionaire	Retail Segment	Year Rights Sold	Year of Lease Expiration	Area (m²)	Price of Turnkey Rights (US\$)
Consorcio Grupo Wisa	Duty-free	2007	2017	946	115,500,000
Consorcio Duty Free Panama (Attenza)	Duty-free	2007	2017	471	57,750,000
Consorcio Grupo Wisa	Electronics	2008	2018	188	11,057,000
Consorcio D.F. Electronics (Grupo Wisa)	Electronics	2008	2018	192	11,057,000
Tenma, S.A. (Grupo Wisa)	Electronics	2008	2018	206	11,057,000
DLM Tocumen, S.A.	Branded goods	2012	2023	53	3,218,000
Consorcio Flying Apparel (Tommy Hilfiger)	Branded goods	2012	2022	56	3,218,000
Travel Wear S.A. (Hilfiger Denim)	Branded goods	2012	<i>N/A</i> ¹	47	3,218,000
Consorcio Grupo Wisa	Toys	2012	2023	37	1,521,000
Consorcio Grupo Wisa	Luxury accessories	2012	2023	42	2,621,000
Consorcio el Viajero (Grupo Wisa)	Luggage	2013	2023	60	2,066,777
Consorcio el Viajero (Grupo Wisa)	Luggage	2013	2023	41	2,066,777
Consorcio Duty Free Panama (Attenza)	Luggage	2013	2023	38	2,066,777
Consorcio Travelex Panama	Money Exchange	2013	2023	11	2,326,000
Consorcio Grupo Wisa	Branded goods	2014	2024	43	1,998,654
Consorcio Grupo Wisa	Electronics	2014	2024	70	2,310,117
MBL Trading S.A. (Boutique Mont Blanc)	Branded goods	2014	2024	50	3,027,011
Consorcio Tous Grupo Wisa, S.A.	Branded goods	2015	2025	73	3,027,011
Flying Apparel S.A. (Tommy Hilfiger)	Branded goods	2015	2025	71	3,027,011
Consorcio Grupo Wisa	Electronics	2015	2018	61	1,200,077
Consorcio Duty Free Panama (Attenza)	Duty-free	2015	2017	119	3,418,844
Consorcio Grupo Wisa	Duty-free	2015	2017	94	2,617,327

¹ Not operational as of the date hereof.

Sales of Turnkey Rights (2007 to Present)

<u>Concessionaire</u>	<u>Retail Segment</u>	<u>Year Rights Sold</u>	<u>Year of Lease Expiration</u>	<u>Area (m²)</u>	<u>Price of Turnkey Rights (US\$)</u>
Total				2,969	249,369,383

Additionally, during 2015 we entered into new concession agreements with retail stores such as MontBlanc, Nike, Diesel, Nathan’s Famous, Mango – MNG, Brooks Brothers, Columbia, The Coffee Bean & Tea Leaf, Pandora, Under Armour and Café Maritano’s.

We assign retail concessions in accordance with the procedures established by our Board of Directors. Most retail concessions, including those which involve a sale of Turnkey Rights, are assigned through a competitive bidding process to those participants that are willing to offer the most favorable concession terms. Proposals for retail concession spaces must be presented in sealed envelopes on the place, date and times established thereto and are evaluated by a special committee designated by our Board of Directors, based on their economic and technical aspects. The special committee must present an assessment and analysis report to our General Manager, who in turn must present it, along with his own opinion, to our Board of Directors. Our Board of Directors then selects the concessionaire based on the records presented. In cases where management believes it is critical that a particular retail space be occupied by a certain vendor or leading brand, our Board of Directors have the option to authorize the granting of concession space following an abbreviated competitive process, in which at least two participants are invited by our Board of Directors to bid. In addition, concessionaires may be selected directly, without any competitive process, if approved by our Board of Directors, in the case of an urgent national interest, national security or pursuant to international agreement.

Panamanian Economic Environment

One of the primary drivers of Origin/Destination Passenger volumes at the Airport has historically been the strong performance of the Panamanian economy. Panama’s GDP grew by 5.9% in 2015, 6.2% in 2014 and 8.4% in 2013. The political environment in Panama remains stable, with an attractive business environment and regulatory system. The U.S. dollar is the legal currency in Panama, which contributes to the attractiveness of Panama as a business center. According to the “Doing Business 2015” report, published by International Finance Corporation, an affiliate of the World Bank, Panama is ranked second in Latin America and the Caribbean for both Cross Border Trade and Ease of Starting Business. Panama maintains investment-grade sovereign ratings for its debt, currently rated Baa2, BBB and BBB by Moody’s, Standard & Poor’s and Fitch, respectively. The country also benefits from a fast-growing middle class and a relatively high per capita income, which contributes to higher levels of discretionary spending and greater use of air travel. Estimated GDP per capita for 2015 was approximately US\$13,000, which is the highest in Central America. Panama also benefits from a relatively large educated population with sizable spending power.

Capital Expansion Plans

As discussed throughout this Offering Memorandum, we have extensive capital expansion plans. Due to the nature of our business, the amount and type of our capital expenditures vary from year to year depending on the projects we undertake and their stage of development. We spent approximately US\$111.4 million on capital expansion plans during 2015 and expect to spend approximately US\$249.6 million on capital expansion plans during 2016, including accounts payable to Odebrecht sold by Odebrecht to banks under a factoring program. For additional information regarding our capital expansion plans, see “Summary” and “Appendix A”.

Other Airports

In addition to the Airport, we also operate four other airports in Panama: the Rio Hato “Scarlett Raquel Martínez” Airport, the David “Enrique Malek” International Airport, the Enrique Adolfo Jiménez (Colón) Airport and the Panama Pacifico International Airport (collectively, the “Other Airports”). The Other Airports in the aggregate constitute less than two percent of our revenues, and are immaterial to our business.

Critical Accounting Policies

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, costs and expenses. Actual results could differ from those estimated at the time. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing and current basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Provision for impairment of financial assets.
- Provision for property taxes.
- Provision for employee benefits.
- Contingencies.

For further detail, please see note 3 to our financial statements attached to this Offering Memorandum for a summary of our critical accounting policies.

Principal Components of Revenue

Our revenue is derived from three principal sources: (i) revenues from airport operation services related to PEF and other fees for use of the Airport (also known as “airport operation services” revenue), (ii) rent payments for commercial space in the Airport, including any amounts paid for Turnkey Rights, a fixed rent per square meter and a variable rent based on a percentage of gross sales (also known as “rent” revenue) and (iii) other revenue. The following tables set forth details relating to our revenue and passenger traffic for the periods shown.

	Year ended December 31, 2015	% of Total Revenue	Year ended December 31, 2014	% of Total Revenue
<i>(US\$ except percentages and passengers)</i>				
Revenue				
Airport operation services.....	111,866,046	59.3%	97,002,100	58.4%
Rent	70,768,405	37.5%	66,878,658	41.2%
Other	5,827,141	3.1%	2,147,587	1.4%
Total revenue	188,461,592	100%	166,028,345	100%
Other information				
Total departing passengers	2,143,591		2,034,262	
Total arriving passengers.....	2,202,185		2,132,878	
Total Transit/Transfer Passengers	9,088,897		8,615,027	
Total passengers	13,434,673		12,782,167	
Retail spend per passenger.....	42.70		49.46	

Principal Components of Expenses

Our expenses primarily consist of personnel costs, including employee benefit expenses and depreciation. For purpose of this Offering Memorandum, we also include financial costs, net, as an expense. Please see note 18 to our financial statements for additional information regarding our personnel costs and note 20 to our financial statements for additional information regarding financial costs, net. The following tables set forth details regarding our expenses for the periods shown.

	Year ended December 31, 2015	% of Total Expenses	Year ended December 31, 2014	% of Total Expenses
<i>(US\$ except percentages)</i>				
Depreciation.....	15,837,978	15.3%	14,462,343	12.4%
Personnel costs.....	23,310,650	22.8%	19,756,404	17.1%
Repair and maintenance	11,188,247	10.8%	23,745,430	20.4%
Electricity, water and telephone	10,525,916	10.2%	7,805,191	6.9%
Special Fund for the Development of National Aeronautics.....	4,500,000	4.3%	4,500,000	3.8%
ICAO Fees and other expenses	3,062,646	2.9%	3,830,192	3.2%
Payment for Panama Pacific concession.....	1,500,000	1.4%	1,500,000	1.2%
Other expenses	18,947,134	18.4%	26,165,344	22.7%
Financial costs, net.....	14,456,622	13.9%	14,334,451	12.3%
Total expenses.....	103,329,193	100%	116,099,355	100%

Results of Operations

Year ended December 31, 2015 as Compared to the Year ended December 31, 2014

The following table summarizes our performance for the years ended December 31, 2015 and 2014:

	Year ended December 31,			
	2015	2014	2015 vs. 2014	
	US\$	US\$	US\$	%
Total Revenue	188,461,592	166,028,345	22,433,247	13.5%
Airport operation services.....	111,866,046	97,002,100	14,863,946	15.3%
Rent.....	70,768,405	66,878,658	3,889,747	5.8%
Other.....	5,827,141	2,147,587	3,679,554	171.3%
Total expenses	103,329,193	116,099,355	(12,770,162)	(11.0)%
Depreciation.....	15,837,978	14,462,343	1,375,635	9.5%
Personnel costs.....	23,310,650	19,756,404	3,554,246	18.0%
Repair and maintenance.....	11,188,247	23,745,430	(12,557,183)	(52.9)%
Electricity, water and telephone.....	10,525,916	7,805,191	2,720,725	34.9%
Special Fund for the Development of				
National Aeronautics.....	4,500,000	4,500,000	0	0.0%
ICAO Fees and other expenses.....	3,062,646	3,830,192	(767,546)	(20.0)%
Payment for Panama Pacific concession.....	1,500,000	1,500,000	0	0.0%
Other expenses.....	18,947,134	26,165,344	(7,218,210)	(27.6)%
Financial costs, net.....	14,456,622	14,334,451	122,171	0.9%
Profit before tax	85,132,399	49,928,990	35,203,409	70.5%
As % of revenue.....	45%	30%		
Income tax.....	26,035,918	16,570,379	9,465,539	57.1%
Net profit	59,096,481	33,358,611	25,737,870	77.2%

During the year ended December 31, 2015, our results of operations were characterized by increased total revenues and a decrease in total expenses as compared to the year ended December 31, 2014. The increase in total revenues resulted primarily from increased Airport operation services income resulting from increased Airport traffic and the decrease in expenses resulted primarily from decreases in repair and maintenance expenses and in other expenses.

Total Revenue

Total Revenue increased by 13.5% from US\$166,028,345 for the year ended December 31, 2014 to US\$188,461,592 for the year ended December 31, 2015.

Airport Operation Services

Airport operation services income increased by US\$14,863,946, or 15.3%, from US\$97,002,100 for the year ended December 31, 2014 to US\$111,866,046 for the year ended December 31, 2015. This increase was primarily due to an increase in total passengers traveling through the Airport, which increased our aeronautical and non-aeronautical revenues.

Rent

Rental income increased by US\$3,889,747, or 5.8%, from US\$66,878,658 for the year ended December 31, 2014 to US\$70,768,405 for the year ended December 31, 2015, primarily as the result of adjustments made to

existing retail concession agreements. During the year ended December 31, 2015, we undertook a review of the areas granted to existing concessionaires at the Airport. As a result of this process, we adjusted several retail concessions to more accurately reflect the actual space used by each concessionaire. This resulted in an increase in rent income due to an increase in aggregate rent payments.

Other

Other income increased by US\$3,679,554, or 171.3%, from US\$2,147,587 for the year ended December 31, 2014 to US\$5,827,141 for the year ended December 31, 2015. This increase was primarily due to additional rental income received from parking services at the Airport as a result of the cancellation of the previous concession for parking services, which operated through an intermediary, and the subsequent designation of the Airport as the direct recipient of all rental income from parking services at the Airport.

Total Expenses

Expenses decreased by US\$12,770,162, or 11.0%, from US\$116,099,355 for the year ended December 31, 2014 to US\$103,329,193 for the year ended December 31, 2015. Such decrease was primarily the result of a reduction in repair and maintenance costs and in other expenses, offset partially by an increase in personnel costs.

Depreciation

Depreciation increased by US\$1,375,635, or 9.5%, from US\$14,462,343 for the year ended December 31, 2014 to US\$15,837,978 for the year ended December 31, 2015. The increase in depreciation primarily reflects the purchase and acquisition of additional security vehicles, fire trucks ambulances and other equipment in 2015 and depreciation of such additional vehicles and equipment.

Personnel Costs

Personnel costs increased by US\$3,554,246, or 18.0%, from US\$19,756,404 for the year ended December 31, 2014 to US\$23,310,650 for the year ended December 31, 2015. Such increase was the result of an increase in the Airport's headcount and agreed upon salary increases with our employees union, the *Unión de Trabajadores Aereopuertarios* ("UTAP") pursuant to a collective bargaining agreement.

Repair and Maintenance

Repair and maintenance decreased by US\$12,557,183, or 52.9%, from US\$23,745,430 for the year ended December 31, 2014 to US\$11,188,247 for the year ended December 31, 2015. Such decrease was primarily due to reduced fees for repair and maintenance services after a renegotiation of related contracts.

Electricity, Water and Telephone

Electricity, water and telephone increased by US\$2,720,725, or 34.9%, from US\$7,805,191 for the year ended December 31, 2014 to US\$10,525,916 for the year ended December 31, 2015. This increase was primarily due to an increase in the cost of electricity charged by our electricity providers.

Special Fund for the Development of National Aeronautics

Special Fund for the Development of National Aeronautics remained at US\$4,500,000 for the year ended December 31, 2015.

ICAO Fees and Other Expenses

ICAO fees and other expenses decreased by US\$767,546, or 20.0%, from US\$3,830,192 for the year ended December 31, 2014 to US\$3,062,646 for the year ended December 31, 2015. Such decrease was primarily due to a decrease in contributions to ICAO (on which a commission is assessed) as a result of fewer projects carried out with ICAO during 2015.

Payment for Panama Pacific concession

Payment for Panama Pacific concession remained at US\$1,500,000 for the year ended December 31, 2015.

Other Expenses

Other expenses decreased by US\$7,218,210, or 27.6%, from US\$26,165,344 for the year ended December 31, 2014 to US\$18,947,134 for the year ended December 31, 2015. Such decrease was primarily due to certain tax penalties assessed and paid for in 2014, an increase in our tax provisioning for 2015, and certain charitable contributions to cultural and non-profit organizations in Panama made during 2014.

Financial Costs, net

Financial costs, net increased by US\$122,171, or 0.9% from US\$14,334,451 for the year ended December 31, 2014 to US\$14,456,622 for the year ended December 31, 2015, as a result of scheduled increases in amortization payments for our Existing Notes.

Profit before Tax

For the reasons described above, profit before tax increased by US\$35,203,409, or 70.5%, from US\$49,928,990 for the year ended December 31, 2014 to US\$85,132,399 for the year ended December 31, 2015.

Income Tax

Income tax increased by US\$9,465,539, or 57.1%, from US\$16,570,379 for the year ended December 31, 2014 to US\$26,035,918 for the year ended December 31, 2015. The increase was due to significantly increased taxable income, partially offset by our use of deferred tax assets.

Net Profit

As a result of the foregoing factors, net profit increased by US\$25,737,870, or 77.2%, from US\$33,358,611 for the year ended December 31, 2014 to US\$59,096,481 for the year ended December 31, 2015.

Year ended December 31, 2014 as Compared to the Year ended December 31, 2013

The following table summarizes our performance for the years ended December 31, 2014 and 2013:

	Year ended December 31,			
	2014	2013	2014 vs. 2013	
	US\$		Change	%
			US\$	%
Total Revenue	166,028,345	153,548,774	12,479,571	8.1%
Airport operation services.....	97,002,100	88,900,830	8,101,270	9.1%
Rent.....	66,878,658	63,890,867	2,987,792	4.7%
Other	2,147,587	757,077	1,390,510	183.7%
Total expenses	116,099,355	117,282,914	(1,182,959)	(1.0)%
Depreciation.....	14,462,343	11,518,534	2,943,809	25.6%
Personnel costs.....	19,756,404	18,188,201	1,568,203	8.6%
Repair and maintenance	23,745,430	18,057,086	5,688,344	31.5%
Electricity, water and telephone.....	7,805,191	7,882,618	(77,427)	(1.0)%
Special Fund for the Development of National Aeronautics	4,500,000	4,500,000	-	0.0%
ICAO Fees and other expenses	3,830,192	3,991,230	(161,038)	(4.0)%
Ministry of Education	-	6,000,000	(6,000,000)	(100.0)%
Property and services transfer tax	-	9,661,679	(9,661,679)	(100.0)%
Payment for Panama Pacific concession.....	1,500,000	-	1,500,000	-
Other expenses.....	26,165,344	23,423,419	2,741,925	11.7%
Financial costs, net.....	14,334,451	14,060,147	274,304	2.0%
Profit before tax	49,928,990	36,265,860	13,663,130	37.7%
As % of revenue.....	30%	24%		
Income tax.....	16,570,379	16,064,020	506,359	3.2%
Net profit	33,358,611	20,201,840	13,156,771	65.1%

During the year ended December 31, 2014, our results of operations were characterized by increased total revenues and a slight decrease in total expenses as compared to the year ended December 31, 2013. The increase in total revenues resulted primarily from increased Airport operation services income resulting from increased Airport traffic and the slight decrease in expenses resulted primarily from our contribution to the Ministry of Education and payments in respect of the property and services transfer tax in 2013, which contribution was no longer required in 2014.

Total Revenue

Total Revenue increased by 8.1% from US\$153,548,774 for the year ended December 31, 2013 to US\$166,028,345 for the year ended December 31, 2014, mainly due to an increase in revenues from Airport operation services.

Airport Operation Services

Airport operation services income increased by US\$8,101,270, or 9.1%, from US\$88,900,830 for the year ended December 31, 2013 to US\$97,002,100 for the year ended December 31, 2014. This increase was primarily due to an increase in total passengers traveling through the Airport, which increased our aeronautical and non-aeronautical revenues.

Rent

Rent income increased by US\$2,987,792, or 4.7%, from US\$63,890,867 in the year ended December 31, 2013 to US\$66,878,658 in the year ended December 31, 2014, primarily as the result of adjustments made to existing retail concession agreements. During the year ended December 31, 2014, we undertook a review of the areas granted to existing concessionaires at the Airport. As a result of this process, we adjusted several retail concessions to more accurately reflect the actual space used by each concessionaire. This resulted in an increase in rent income due to an increase in aggregate rent payments.

Other

Other income increased by US\$1,390,510, or 183.7%, from US\$757,077 for the year ended December 31, 2013 to US\$2,147,587 for the year ended December 31, 2014. This increase was primarily due to additional turnkey rights for the Airport with certain new concessionaires.

Total Expenses

Expenses decreased by US\$1,183,559, or 1%, from US\$117,282,914 for the year ended December 31, 2013 to US\$116,099,355 for the year ended December 31, 2014.

Depreciation

Depreciation increased by US\$2,943,809, or 25.6%, from US\$11,518,534 for the year ended December 31, 2013 to US\$14,462,343 for the year ended December 31, 2014. The increase in depreciation primarily reflects the purchase and acquisition of additional security vehicles, fire trucks ambulances and other equipment in 2014 and depreciation of such additional vehicles and equipment.

Personnel Costs

Personnel costs increased by US\$1,568,203, or 8.6%, from US\$18,188,201 for the year ended December 31, 2013 to US\$19,756,404 for the year ended December 31, 2014. Such increase was the result of an increase in the Airport's headcount.

Repair and Maintenance

Repair and maintenance increased by US\$5,688,344, or 31.5%, from US\$18,057,086 for the year ended December 31, 2013 to US\$23,745,430 for the year ended December 31, 2014. Such increase was primarily due to an increase in our outsourcing contracts, which provided security, cleaning, maintenance, and trash collection services, among others.

Electricity, Water and Telephone

Electricity, water and telephone decreased by US\$77,427, or 1.0%, from US\$7,882,618 for the year ended December 31, 2013 to US\$7,805,191 for the year ended December 31, 2014.

Special Fund for the Development of National Aeronautics

Special Fund for the Development of National Aeronautics remained at US\$4,500,000 for the year ended December 31, 2014.

ICAO Fees and Other Expenses

ICAO fees and other expenses decreased by US\$161,038, or 4.0%, from US\$3,991,230 for the year ended December 31, 2013 to US\$3,830,192 for the year ended December 31, 2014. Such decrease was primarily due to fewer funds contributed to ICAO (on which a commission is assessed) as a result of fewer projects carried out with ICAO during 2014.

Ministry of Education

Contributions to the Ministry of Education decreased US\$6,000,000 for the year ended December 31, 2013 to US\$0 for the year ended December 31, 2014. This reduction was due to the elimination of our one-time contribution to the Ministry of Education for the year ended December 31, 2014, paid pursuant to an agreement entered between us and the Ministry of Education by which we committed funds for the development of projects aimed at improving the official schools nationwide.

Property and Services Transfer Tax

Property and services transfer tax decreased by US\$9,661,679, or 100.0%, from US\$9,661,679 for the year ended December 31, 2013 to US\$0 for the year ended December 31, 2014 as a result of the Airport being exempted from paying such tax as of January 1, 2014.

Payment for Panama Pacific concession

Payment for Panama Pacific concession increased by US\$1,500,000 from US\$0 for the year ended December 31, 2013 to US\$1,500,000 for the year ended December 31, 2014. We entered into this concession in 2014, and as a result, such expense was not incurred in 2013.

Other Expenses

Other expenses increased by US\$2,741,925, or 11.7%, from US\$23,423,419 for the year ended December 31, 2013 to US\$26,165,344 for the year ended December 31, 2014. Such decrease was primarily due to certain tax penalties assessed and paid for in 2014, an increase in our tax provisioning for 2014, and certain charitable contributions to cultural and non-profit organizations in Panama made during 2014.

Financial Costs, net

Financial costs, net increased by 2.0% from US\$14,060,147 for the year ended December 31, 2013 to US\$14,334,451 for the year ended December 31, 2014, as a result of scheduled increases in amortization payments for our Existing Notes.

Profit before Tax

For the reasons described above, profit before tax increased by US\$13,663,130, or 37.7%, from US\$36,265,860 for the year ended December 31, 2013 to US\$49,928,990 for the year ended December 31, 2014.

Income Tax

Income tax increased by US\$506,359, or 3.2%, from US\$16,064,020 for the year ended December 31, 2013 to US\$16,570,379 for the year ended December 31, 2014. The increase was due to significantly increased taxable income, partially offset by our use of deferred tax assets.

Net Profit

As a result of the foregoing factors, net profit increased by US\$13,156,771, or 65.1%, from US\$20,201,840 for the year ended December 31, 2013 to US\$33,358,611 for the year ended December 31, 2014.

Liquidity and Capital Resources

Historically, we have generally met our ordinary course cash requirements for working capital, debt service and capital expenditures with funds provided by operations. We believe that the same general combination of funds, plus the proceeds from debt offerings, is likely to be sufficient to meet our working capital, debt service and capital expenditure requirements for the foreseeable future. Given our need for annual budget approval by the Government, we do not expect to make short-term changes in our liquidity or working capital policies.

At December 31, 2015 our current liabilities exceeded our current assets by US\$179,937,566, primarily due to accounts payable under the Odebrecht Contract coming due in 2016. Additionally, and at the same date, we had cash and cash equivalents of US\$80.8 million. We also entered into a US\$22.0 million term loan with Banco Nacional de Panama (the “*Term Loan*”), which we expect to be disbursed in June 2016. The Term Loan matures in November 2020, and accrues interest at a rate of 5.0% per year.

Dividend Policy

Any dividends to be paid by us must be proposed to and approved by our Board of Directors. Dividend distributions depend on several factors, including: (1) our net profit; (2) planned capital expenditures; (3) capital and legal reserve requirements; (4) compliance with applicable covenants in our debt agreements; and (5) prevailing business conditions. Our policy has been to distribute 40% of our net profit as dividends each year, as declared by our Board of Directors at their final meeting of the year. For the year ended December 31, 2014, we declared as dividends US\$16.1 million, and US\$14.5 million of this amount (after withholding for applicable taxes) was credited to an account receivable held by the National Treasury. For the year ended December 31, 2015, we declared as dividends US\$16.1 million, US\$14.5 million of which (after withholding for applicable taxes) was credited to an account receivable held by the National Treasury, and distributed as dividends US\$12.8 million. Please see note 21 to our financial statements for additional information regarding dividends.

Cash Flow Information

The following table sets forth information related to our cash flows for the periods shown.

	Year ended December 31,		
	2015	2014	2013
Net cash provided by (used in)			
Operating activities.....	51,122,723	72,706,879	(36,639,330)
Investing activities.....	(33,076,863)	(190,123,361)	(361,464,892)
Financing activities.....	(20,218,884)	81,416,046	444,581,036
Net change in cash.....	(2,173,024)	(36,000,436)	46,476,814
Cash and cash equivalent at the beginning of the year.....	82,942,017	118,942,453	72,465,639
Cash and cash equivalent at the end of the year.....	80,768,993	82,942,017	118,942,453

Cash Flow from Operating Activities

Year ended December 31, 2015 as Compared to the Year ended December 31, 2014

Cash flow from operating activities decreased by US\$21,584,156, or 29.7%, from US\$72,706,879 for the year ended December 31, 2014 to US\$51,122,723 for the year ended December 31, 2015. This decrease was primarily due to a change in our cash management strategy to invest cash accruing minimal interest in the Airport’s operations and an increase in our amounts of advance purchases and income taxes paid, offset by higher revenues as a result of greater revenues generated from the PEF.

Year ended December 31, 2014 as Compared to the Year ended December 31, 2013

Cash flow from operating activities increased by US\$109,346,209 from a net outflow of US\$36,639,330 for the year ended December 31, 2013 to a net inflow of US\$72,706,879 for the year ended December 31, 2014. This increase was primarily due to certain payments we made to the tax authorities in 2013 in excess of the applicable rates; this generated a tax credit, and resulted in us not being required to pay income taxes during 2014. Additionally, during 2013, we were required to pay certain overdue property taxes which were assessed and paid for in such year. We also received a considerably higher amount of Turnkey Right payments during 2014 as compared

to payments received in 2013. Finally, we experienced an increase in our revenues as a result of greater revenues generated from the PEF and from fixed and variable rents.

Cash Flow from Investing Activities

Year ended December 31, 2015 as Compared to the Year ended December 31, 2014

Cash flow from investing activities increased by US\$157,046,498 from an outflow of US\$190,123,361 for the year ended December 31, 2014 to an outflow of US\$33,076,863 for the year ended December 31, 2015. This increase was primarily a result of lower scheduled capital expenditures.

Year ended December 31, 2014 as Compared to the Year ended December 31, 2013

Cash flow from investing activities increased by US\$171,341,531, or 47.4%, from an outflow of US\$361,464,892 for the year ended December 31, 2013 to an outflow of US\$190,123,36 for the year ended December 31, 2014. This increase was primarily a result of lower scheduled capital expenditures.

Cash Flow from Financing Activities

Year ended December 31, 2015 compared to the Year ended December 31, 2014

Cash flow from financing activities decreased by US\$101,634,930, or 124.8%, from US\$81,416,046 for the year ended December 31, 2014 to an outflow of US\$20,218,884 for the year ended December 31, 2015. This decrease was due to the issuance of US\$90.0 million of additional Existing Notes in 2014, whereas no Existing Notes were issued in 2015.

Year ended December 31, 2014 compared to the Year ended December 31, 2013

Cash flow from financing activities decreased by US\$363,164,990, or 81.7%, from US\$444,581,036 for the year ended December 31, 2013 to US\$81,416,046 for the year ended December 31, 2014. This decrease was due to the original issuance of the Existing Notes in 2013 in the amount of US\$560 millions, whereas only an additional approximately US\$90.0 million of Existing Notes were issued in 2014.

Contractual Commitments

Odebrecht Contract

On February 8, 2013, we entered into a design-build-equipment contract with Odebrecht for the South Terminal Expansion in the amount of approximately US\$685 million (the “*Odebrecht Contract*”). Under the Odebrecht Contract, we may require Odebrecht or another contractor to undertake certain additional works related to the South Terminal Expansion for an additional US\$100 million. In addition, the Odebrecht Contract includes optional works related to the construction of (i) the Runway Project in the amount of approximately US\$66.7 million, if we decide to undertake this expansion, (ii) a taxiway in the amount of approximately US\$82 million, if we decide to undertake its construction, (iii) landscape work for the South Terminal in the amount of approximately US\$5.5 million, if we decide to undertake such work, and (iv) landscape work for the access boulevard in the amount of approximately US\$2.6 million, if we decide to undertake such work. We are currently in negotiations with Odebrecht for their engagement to undertake some additional work in connection with the South Terminal Expansion. Set forth below is a breakdown of the construction budget and ancillary project costs for the South Terminal Expansion.

<u>Budget Item</u>	<u>Total Budget (US\$ in million)</u>	<u>Incurred through December 2015 (US\$ in million)</u>	<u>Remaining Budget (US\$ in million)</u>
Construction Budget	682.0	335.0	347.0
Ancillary Project Costs	100.0	62.0	38.0

<u>Total</u>	782.0	396.0	386.0
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Under the Odebrecht Contract, we have an obligation to establish a trust or another vehicle over which a separate estate can be established, so that all Turnkey Rights deposits received from concessionaires in the South Terminal will be pledged as security for the payment of obligations under the Odebrecht Contract.

Under the Odebrecht Contract, all design, construction and equipment work related to the South Terminal Expansion is to be finalized within 48 months, divided into two phases. The first phase, related to all basic infrastructure such as the foundation and basic structure of the South Terminal, was completed in March 2016, with all remaining work expected to be completed by March 2018. As of March 2016, the South Terminal Expansion was at 55% completion with the South Terminal being expected to become operational by the end of 2017 and final delivery expected by March, 2018. Set forth below is a breakdown of the construction timeline of the South Terminal Expansion and the expected and actual dates for each construction milestone as of March 2016.

<u>Milestone</u>	<u>Expected</u>	<u>Actual</u>	<u>Percent Completed</u>
Odebrecht Contract –Notice to Proceed	February 2013	February 2013	100%
Tocumen River Re-Alignment	February 2014	February 2014	100%
South Terminal T2 – Building Shell	November 2016	In process	84%
South Terminal T2 – Internal Fit – Out	December 2017	In process	6%
Airfield Rehabilitation	December 2017	In process	68%
Operational Readiness	December 2017		
Odebrecht Contract Completion	1Q2018		55%

The Odebrecht Contract price may be adjusted, up or down, every two months, according to a composite weighted index (considering indexes for fuel prices, consumer prices, cement prices, bulk iron and steel prices and personnel prices). Fees for cost adjustments are paid on a bimonthly basis.

The Odebrecht Contract also includes a US\$150 million factoring program, whereby Odebrecht can sell its accounts receivable arising under the Odebrecht Contract to three local banks: Global Bank, The Bank of Nova Scotia (Panama) and Banco General. This factoring program is nonrecourse to Odebrecht and does not result in additional outstanding indebtedness. To access the factoring program, Odebrecht must assign to the banks its receivables arising out of the Odebrecht Contract and present to us an invoice pursuant to a progress construction schedule, which is then approved by the Ministry of Finance and us. Once the invoice is approved, Odebrecht presents a notice of purchase to the banks, and the banks transfer the applicable funds to Odebrecht as payment of the purchase price for the receivables owed by us. The banks will collect the receivables so purchased from Odebrecht from us on a specified payment date. Currently, approximately US\$138.7 million has been assigned to the local banks and negotiations are being conducted with Odebrecht to increase the factoring program from US\$150 million to US\$183.33 million. The receivables come due in November 2016, and we will have to make the corresponding payments by such time.

The Odebrecht Contract provides that before we must make payments on the contract, Odebrecht must first submit to a monthly inspection to determine whether the progress of the work has conformed to the approved plan, thus ensuring that there is no cash counterparty risk to us arising from this contract.

Odebrecht is subject to a penalty of 0.5% of the value of the work not delivered on time, for every day of delay, with a limit of 10% of the total value of the Odebrecht Contract. Additionally, Odebrecht is entitled to receive a success fee of US\$3 million per month, based on the number of months by which actual project completion occurs ahead of schedule, or proportionately for every day the completed project is delivered ahead of the schedule, subject to a cap of US\$30 million.

Additionally, any delay caused by reasons not attributable to Odebrecht will allow for the extension of the contract without penalty for a period equal to the delay. Any extension will modify the agreement, proportionally, and will be evidenced by amendments. In such cases, Odebrecht will be entitled to a retribution for the additional extension of the agreement.

Odebrecht delivered a performance bond in the amount of approximately US\$169.9 million in conjunction with the Odebrecht Contract, which corresponds to approximately 25% of the total costs of the South Terminal

Expansion not including the additional work related to the South Terminal Expansion that we may require Odebrecht or another contractor to undertake. In addition, Odebrecht is required to maintain all insurance policies related to its construction work, including insurance against Odebrecht's or its subcontractors' negligence. Additionally, until 50% of the construction work was completed, we had the right to retain 5% of the payments owed to Odebrecht. Such amount needs only be released after final delivery of the project. Odebrecht's liability under the Odebrecht Contract is limited to 15% of the total contract cost, excluding from this limit compensation related to intellectual property claims against Odebrecht or any claims caused by Odebrecht's willful misconduct or gross negligence.

As of March 2016, according to Odebrecht, they have completed approximately 55% of the South Terminal under the terms of the Odebrecht Contract, and they are currently on schedule to meet all estimated completion dates.

Consortio PM Contract

On February 15, 2013, we entered into a services contract with *Consortio PM Terminal Sur Tocumen, S.A.* for comprehensive monitoring, inspection and administration of the South Terminal construction in the amount of approximately US\$20 million (the "*Consortio PM Contract*"). The Consortio PM Contract was amended in October 2015 to include additional management and technical services at a cost of approximately US\$4.6 million.

ICAO

We have had an agreement in place with ICAO since June 2003. ICAO is a specialized agency of the United Nations, created in 1944, to promote the safe and orderly development of international civil aviation throughout the world. Pursuant to this agreement, ICAO agreed to supply the Airport with equipment and other materials necessary to maintain international standards for the Panamanian civil aviation section. In addition, ICAO supports technical cooperation activities between the Government and other developing countries. We expect all commitments to ICAO under this agreement to be funded from our regular operations and management budget.

Retail Concessions

Retail concessionaires must pay a monthly fixed rent based on the amount of leased space and a variable rent based on a percentage of gross sales. Additionally, certain retail operators purchased upfront Turnkey Rights at the time the respective contracts were finalized for the right to operate concessions, and certain others have agreed to a minimum commission fee to be paid to us. The following is a description of the most significant current retail concession agreements to which we are a party.

Consortio Grupo Wisa

We entered into a concession agreement with Consortio Grupo Wisa on December 15, 2007, covering retail space in the existing terminal building and granting Consortio Grupo Wisa the right to sell certain categories of duty-free merchandise, including perfume, cosmetics, liquor and tobacco products and luxury accessories. The agreement included provision of a US\$115,500,000 turnkey deposit. In addition, the concessionaire is required to pay us a monthly rent of US\$100 per square meter and 8% of gross sales. The agreement is scheduled to expire on December 14, 2017, with no option to extend.

Duty-Free de Panama, S.A.

We entered into a concession agreement with Duty-Free de Panama, S.A. on December 17, 2007 covering space in the existing terminal building and granting Duty-Free de Panama, S.A. the right to sell certain categories of duty-free merchandise, including perfume, cosmetics, liquor and tobacco products and luxury accessories. The agreement included provision of a US\$57,750,000 turnkey deposit. In addition, the concessionaire is required to pay us a monthly rent of US\$100 per square meter and 8% of gross sales. The agreement is scheduled to expire on December 18, 2017, with no option to extend.

Food Court Concession – International Meal Company

We entered into a concession agreement with International Meal Company on June 27, 2011 covering 1,278 square meters of space in the terminal building and granting International Meal Company the exclusive right to operate a food court. International Meal Company agreed to pay for certain renovations of the rental space covered by the concession in an amount totaling US\$2.5 million. In addition, International Meal Company must make monthly payments to us in an amount equal to the greater of 6.0% of International Meal Company's gross sales or US\$133,500. All fixed improvements, materials, products and infrastructure covered by the concession will revert to us once the contract expires. The agreement is scheduled to expire in 2026, with no automatic renewal.

Consortium Aerotop – Advertising Concession

We entered into a concession agreement with Consortium Aerotop on October 10, 2008 for the exclusive right to place advertisements in certain locations in the terminal building, the cargo terminal and other Airport areas, and to charge certain fees for these advertising spaces. Consortium Aerotop agreed to pay for certain renovations of the advertising space covered by the concession in an amount totaling US\$1.3 million. In addition, Consortium Aerotop must make monthly payments to us in an amount equal to the greater of 73.26% of Consortium Aerotop's gross sales or US\$62,500. All fixed improvements, materials, products and infrastructure covered by the concession will revert to us once the contract expires. The agreement is scheduled to expire on February 28, 2016.

Airline Catering Services – Sky Chefs de Panama, S.A.

We entered into a concession agreement with Sky Chefs de Panama, S.A. on July 6, 2011, covering 10,000 square meters of space in the Airport, for the exclusive right to provide catering services to the airlines that operate at the Airport. Sky Chefs de Panama, S.A. agreed to pay for certain renovations of the space covered by the concession in a total amount of US\$5.5 million. In addition, Sky Chefs de Panama, S.A. must make monthly payments to us in the amount of US\$5,000. All fixed improvements, materials, products and infrastructure will revert to us once the contract expires. The agreement is scheduled to expire in 2031, with no automatic renewal.

Acquisition of Land Adjacent to the Airport – Universidad de Panamá

In February 2014 we exercised our option to purchase 285 hectares of land adjacent to the Airport for US\$109.9 million pursuant to an option contract between us and *Universidad de Panamá* dated December 15, 2012. This land is expected to be used in accordance with our master capital expansion plan. See "*Related Party Transactions*" and "*Appendix A*".

Sale of Land Adjacent to the Airport – Ministerio de Educación

In November 2015, we entered into a real estate sale agreement with the Ministry of Education, through which we sold approximately 10.6 hectares of land adjacent to the Airport for a total purchase price of US\$20.2 million. The land was acquired by the Ministry of Education for the construction and development project of the *Instituto Técnico Superior del Este*, a technical educational institute. The approval process followed and complied with all the steps and formalities required in Panama for this kind of transaction, including the *Resolución de Gabinete* No. 125 issued on November 17, 2015. See "*Related Party Transactions*".

Outstanding Indebtedness

As of December 31, 2015, we had US\$646.4 million of bonds payable. A description of our material outstanding indebtedness as of December 31, 2015 is below.

Existing Notes

On October 23, 2013, we issued US\$650.0 million of the Existing Notes to investors in Panama and El Salvador. The Existing Notes are subject to covenants, redemption provisions and events of default that are customary in such bond markets, including limitations on debt incurrence, payment restrictions affecting restricted

subsidiaries, dividends and other restricted payments, issuances of guarantees by restricted subsidiaries, transactions with affiliates, liens, asset sales and mergers and consolidations, and such limitations restrict our activities. The proceeds of the Existing Notes were used to re-finance existing debt, finance our expansionary activities and for general corporate purposes.

We are in material compliance with all covenants and other terms of our outstanding indebtedness. For more information regarding our outstanding indebtedness, see note 13 to our financial statements.

Qualitative and Quantitative Disclosures about Market Risk

Market risk is the risk that the fair values of the future cash flows of a financial instrument fluctuate due to changes in market prices. In our case, our financial instruments affected by market risks include our existing credit facilities. We do not enter into derivative contracts to hedge market risk.

Fair value estimates are made at a specific date based on market estimates and information on financial instruments. These estimates do not reflect any premium or discount that could result from offering a particular financial instrument for sale at a given date. These estimates are subjective in nature, involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Any changes in assumptions could significantly affect the estimates.

Except as detailed in the table below, our management believes that the carrying amounts of financial assets and liabilities recognized at amortized cost in our financial statements approximate their fair value due to their short-term maturity.

	Fair value hierarchy					
	2015		2014		2013	
	Carrying amount	Fair value measurement Level 2	Carrying amount	Fair value measurement Level 2	Carrying amount	Fair value measurement Level 2
December 31st						
Bonds payable	646,374,964	674,700,000	646,098,129	669,500,000	556,379,829	561,400,000

For further information regarding our market risk, see note 23 to our audited financial statements.

BUSINESS

Overview

We own, operate, maintain and develop the Airport, which is the principal international airport in Panama and the largest and busiest airport in Central America, and the third largest airport in Latin America by international traffic. The Airport is a critical gateway linking travel across North America, Central America, South America, the Caribbean and Europe because of its strategic position in the middle of the Americas and its role as the network hub for *Compañía Panameña de Aviación, S.A.* (“Copa Airlines” or “Copa”). Copa Airlines is a leading Latin American airline that serves 69 destinations in 30 countries in the Americas and the Caribbean with one of the youngest and most modern fleets in the industry. In 2015, the Airport was the origination point or destination point for approximately 32.3% of its passengers (“*Origin/Destination Passengers*”), while approximately 67.7% of its passengers were connecting passengers, also known as transit/transfer passengers (“*Transit/Transfer Passengers*”). The Airport is the only airport directly serving Panama City, the largest city in Panama.

The Airport serves 85 destinations with approximately 135,400 flights per year on 39 airlines. The Airport is the only airport in Central America with two active runways capable of accommodating commercial traffic. The facilities of the Airport also include an international passenger terminal complex with 34 gates, a small domestic terminal, car parking lots, an air cargo facility, a maintenance facility, an air traffic control tower, fuel storage and other assets. The Airport has been recognized by Skytrax as the “*Best Airport in Central America*” and as having the “*Best Airport Staff in Central America*” for 2011 through 2015. The table below includes certain of our recent operating and financial metrics.

	Year Ended December 31,		
	2015	2014	2013
Destinations served.....	85	78	73
Total passengers (millions).....	13.4	12.8	11.6
Total passengers annual growth.....	5.1%	10.3%	13.9%
Total revenues (millions).....	US\$188.5	US\$166.0	US\$153.5
Total revenues annual growth.....	13.5%	8.1%	12.5%

We believe the Airport’s geographic location provides competitive advantages including a central location in the Americas, consistent weather conditions and facilities at sea level. The Airport’s location allows airlines to serve cities as far north as Toronto and as far south as Buenos Aires with newer narrow-body aircraft, while its facilities remain equipped to handle wide-body aircraft such as the Boeing 777. The Airport has a balanced capacity among destinations served: in 2015, 29.4% of scheduled departing seats from the Airport went to North America, 11.2% went to Central America, 42.2% went to South America, 12.9% went to the Caribbean and 4.3% went to Europe. Additionally, the Airport is located in the province of Panama, a center of commerce that is home to large corporations, a significant banking presence, a wide variety of tourism businesses and the most affluent residents in the country. Approximately 51.7% of Panamanians living in Panama reside in the Province of Panama (primarily in the Panama City Metropolitan Area). As a result, the Airport is able to serve a large population and region likely to travel internationally for both business and leisure.

We generate revenue from both aeronautical services and non-aeronautical commercial services. Aeronautical services refer to airline passenger services and air cargo services, and the associated fees include passenger exit fees, the Development Fee (as defined herein), transit fees and any other passenger fees, security charges, aircraft landing and take-off charges, aircraft parking charges, passenger boarding bridge charges, utility charges, airline club room leases and cargo charges. Revenues from non-aeronautical commercial services include fixed and variable rents from commercial leases, sales of Turnkey Rights to secure commercial leases, minimum guaranteed income arrangements (*ingreso mínimo garantizado*) with concessionaires, installation fees, various administrative and approval fees and other revenues such as into-plane fueling, car parking fees and advertising fees.

Competitive Strengths

Our principal competitive strengths include:

- We are a market-leading airport;
- We benefit from Panama's strategic location in the LAC Region;
- We have strong, collaborative relationships with our carriers, including our top customer, Copa Airlines;
- We benefit from a strong Panamanian economy;
- The Airport is a critical infrastructure asset that benefits from Government promotional activities;
- The Airport enjoys diversified passenger, purpose and capacity distribution;
- Streamlined international Transfer/Transit Passenger clearance; and
- We have an experienced management team and motivated workforce.

We are a market-leading airport

We are the leading Airport in Central America by passenger volume, serving approximately 13,400,000 passengers in 2015 and approximately 12,800,000 passengers in 2014, as well as by total revenue, with an annual total revenue of US\$188.5 million for 2015 and US\$166.0 million for 2014. Additionally, we are the third-busiest airport in Latin America based on international passenger traffic. Furthermore, according to OAG, an air travel intelligence publication, we had the third best on-time percentage amongst global airports, with 92.6% of flights within 15 minutes of their scheduled times, with Copa airlines being the second best among all airlines, at 91.7%.

The quality of the Airport's services was recognized by Skytrax when it was selected as the "*Best Airport in Central America*" in each of 2011 through 2015. In 2015, the Airport served approximately 96.9% of aviation passengers, and approximately 100% of air cargo, to and from Panama and generated US\$182.6 million from both passenger and cargo services, including revenues from both aeronautical and non-aeronautical segments. Over the last five years, we have invested approximately US\$600 million to improve the Airport's operations, in addition to other expansions and upgrades we have made during the same period to modernize our facilities. For example, we have expanded the main terminal by adding the new North Concourse, upgraded the baggage handling system in the main terminal and are currently building the South Terminal to increase our service quality.

We believe that the size of the Airport, the scale of its destination and airline network and its operating personnel give the Airport robust competitive advantages over its competitors. The Airport serves a diversified traffic mix and a large airline customer base, which provides an expansive market for a variety of services. In addition, we believe that our long-term expansion plan will provide sufficient capacity for our future operational and financial success.

We benefit from Panama's strategic location in the LAC Region

Panama is an important regional trading center and a natural geographic hub between North, Central and South America and the Caribbean. Panama's strategic location supported the development of the Panama Canal (the "*Canal*") and the Colon Free Trade Zone. Due to its central location, the Airport has significant geographic advantages over competing regional airports, and the Airport derives a significant amount of its airline interest and aeronautical revenues as a result of its importance as a regional hub for Latin America and the Caribbean (the "*LAC Region*"). In addition, Panama enjoys a favorable weather environment, which leads to low levels of service disruptions; the Airport has been closed (during business hours) for fewer than two hours per year over the last five years. Furthermore, the Airport's location at sea level provides relative cost and operational advantages compared to airports located at higher elevations (such as Bogota and Mexico City), as the Airport enjoys better visibility

conditions during inclement weather and planes may take off with higher weights, resulting in higher yields for airlines. Finally, because of the Airport's central geographic location in the Americas, airlines may service almost all of North and South America (cities as far north as Toronto and as far south as Buenos Aires) with newer narrow-body aircraft, avoiding the need to rely as heavily on more expensive wide-body aircraft to cover greater distances. As a result, we believe the Airport is attractive to airlines seeking to better serve the entire LAC Region. See "*Business—Airline Services—Traffic Growth.*"

We have strong, collaborative relationships with our carriers, including our top customer, Copa Airlines

We have strong, collaborative relationships with all the major airlines in Panama, and we regularly communicate with them regarding developments in our industry and other issues. These airlines have one voting member on our Board of Directors, who is elected by the Panama Airlines Association (ALAP).

The Airport has an especially strong historical relationship with Copa Airlines, a leading Latin American provider of passenger services. Copa is one of the largest private employers in Panama, and contributes to Panama's aviation industry, which accounted for approximately 4.2% of Panama's GDP in 2014. The Airport is the network hub and the principal base of operations for Copa Airlines. Copa offers an average of approximately 246 flights per day from the Airport and provides service to 69 destinations in 30 countries in the Americas and the Caribbean with one of the youngest fleets in the industry. Copa also provides passengers with access to flights to more than 170 other destinations through codeshare arrangements with United Airlines (UAL) and other airlines pursuant to which each airline places its name and flight designation code on the other's flight. Copa and its affiliates accounted for 83.5% of all scheduled departing seats at the Airport in 2015, and it transported to/from the Airport in 2015 approximately 2.4 million Origin/Destination Passengers and approximately 8.7 million Transit/Transfer Passengers.

The concentration of such traffic volume in just one airline has facilitated a highly favorable and more efficient use of the Airport's capacity. Copa has gained a competitive advantage over other major carriers serving the region by offering service not only to major destinations, but also to secondary regional destinations that are either not served by major carriers or are served only by the national carrier of that country. Among Copa's primary competitive strengths is the Airport's strategic location as the airline's "Hub of the Americas." Because of the Airport's central location, convenient connections to Copa's principal markets, the Americas and the Caribbean, are possible, enabling them to consolidate traffic to serve destinations that do not generate enough demand to justify direct flights. Copa's focus on maintaining low operating costs and efficient operating performance have contributed significantly to their profitability. When coupled with its modern fleet, this focus on low operating costs and efficient performance has allowed Copa to create a strong brand and a reputation for quality service that has contributed to strong passenger loyalty.

We have enjoyed a mutually beneficial relationship with Copa for many years. Copa's successful business strategy, route expansion and growth in passenger volume have substantially contributed to our revenues, and our improvements to the Airport's infrastructure have met a necessary condition for Copa's growth.

We benefit from a strong Panamanian economy

One of the primary drivers of Origin/Destination Passenger volumes at the Airport has historically been the strong performance of the Panamanian economy. Panama's GDP grew by 5.9% in 2015, 6.2% in 2014 and 8.4% in 2013. The political environment in Panama remains stable, with an attractive business environment and regulatory system. The U.S. dollar is the legal currency in Panama, which contributes to the attractiveness of Panama as a business center. According to the "Doing Business 2015" report, published by International Finance Corporation, an affiliate of the World Bank, Panama is ranked second in Latin America and the Caribbean for both Cross Border Trade and Ease of Starting Business. Panama maintains investment-grade sovereign ratings for its debt, currently rated Baa2, BBB and BBB by Moody's, Standard & Poor's and Fitch, respectively. The country also benefits from a fast-growing middle class and a relatively high per capita income, which is contributing to higher levels of discretionary spending and greater use of air travel. Estimated GDP per capita for 2015 was US\$13,000, which is the highest in Central America. Panama also benefits from a relatively large educated population with sizable spending power.

The Airport is a critical infrastructure asset that benefits from Government promotional activities

Over the last several years, the Government of Panama (the “Government”) has promoted the country as a global platform for transportation, logistics and business, with projects including the expansion of the Canal and the development of road and subway infrastructure. The Canal’s expansion project, currently scheduled for completion in 2017, is designed to double its capacity by allowing increased traffic and larger ships. The Government has promoted the expansion of the Colon Free Zone, a tax-favored import and export trading zone located near the Atlantic entrance to the Canal, as a means to leverage the presence of the Canal and enhance the competitiveness of the broader Panamanian economy. The Government has also promoted the development of Panama’s tourism industry, which increased at an annual growth rate of 19.5% from 2005 to 2014, as well as the use of Panama as the regional corporate headquarters for a number of global corporations. The success of these policies is reflected by the presence of a variety of regional headquarters of international corporations in Panama, including, among others, AIG, Nestlé, BMW, P&G, Caterpillar, Dell, Maersk and 3M. We believe the concurrent development of Panama’s infrastructure and economy is beneficial to the Airport’s development because it contributes to increased travel, including via air transportation, both to and through Panama.

The Airport enjoys diversified passenger, purpose and capacity distribution

Origin/Destination Passengers accounted for 32.3% of the Airport’s passengers in 2015 (whereas 67.7% were Transit/Transfer Passengers), and we collect passenger exit fees (“PEF”) from departing international passengers, which is our primary source of revenue. Transit/Transfer Passengers contribute significantly to the Airport’s non-aeronautical revenue and reflect its importance as a regional hub. The Airport also benefits from significant amounts of passengers flying for a variety of purposes, including business travel, leisure travel and personal travel. Additionally, the Airport is located in the province of Panama, a center of commerce home to large corporations, a significant banking presence, a wide variety of tourism businesses and the most affluent residents in the country. As a result, the Airport is able to serve many people that are likely to travel internationally for both business and leisure.

In order to increase the number of leisure passengers using the Airport, the Panama Tourism Authority has been developing and promoting tourism in the country, including the improvement of tourist destinations such as *Isla Bastimentos* and *Coiba* and the development of a national promotional plan in partnership with the private sector. The Panama Tourism Authority has also been coordinating with the Panamanian Hotel Association, The Panamanian Chamber of Commerce and other organizations to develop cross-promotion strategies, including advertising campaigns in international media and online.

The geographic distribution of the Airport’s scheduled departing seats reflects its focus on providing balanced capacity throughout the LAC Region. In 2015, 29.4% of scheduled departing seats from the Airport went to North America, 11.2% went to Central America, 42.2% went to South America, 12.9% went to the Caribbean and 4.3% went to Europe.

Streamlined international Transfer/Transit Passenger clearance

A major advantage of the Airport as a LAC Regional hub is the convenience that Transfer/Transit Passengers and their baggage are not required to clear customs and immigration during the transfer process. By contrast, at U.S. airports, including Miami International, historically a dominant LAC Regional hub, and Luis Muñoz Marín International Airport in Puerto Rico, such clearance is required before embarking on a connecting international flight, and certain nationalities require a visa even in the case of transit passengers. Consequently, international to international transfer times at the Airport can be significantly shorter than at U.S. airports, along with less burdensome documentation requirements. The Airport’s gates consist of a single security zone making it easy to transfer between flights. As a result of the great convenience offered to Transfer/Transit passengers, the Airport has increased its LAC Region market share in recent years. The Airport remains ready and able to adopt new security controls as they become required by international certification standards or other countries.

We have an experienced, internationally minded, management team and motivated workforce

We benefit from an experienced and talented management team, many of whom previously held executive positions in various private industries in Panama and elsewhere. Our management uses a planning and development process for our human capital to support the current and future capabilities of the organization and ensure its sustainability over time. For example, we have developed comprehensive training plans to improve project management, customer service and assistance, airport operations, administration management, leadership and other skills that are required in key positions, as well as investing in personnel visits to market-leading hubs such as FedEx’s Global Cargo hub in Memphis, Tennessee and some advanced baggage handling systems at airports around the world such as Toronto, Dubai, Amsterdam, Helsinki, Bangkok, Singapore, as part of a management tour of model airports worldwide. Furthermore, our workplace is career-oriented and emphasizes teamwork, outstanding customer service and meritocracy in order to attract and retain highly qualified personnel and maintain a motivated workforce. The quality of the Airport’s employees was recognized by Skytrax when the Airport was selected as having the “*Best Airport Staff in Central America*” in each of 2011 through 2015.

Our regulatory framework, board composition and decision making process provides enhanced checks and balances and transparency

Multiple parties, including entities independent from the Airport, are involved in the decision making process at the Airport. Any agreement in excess of \$300,000 must be approved by our Board of Directors and the Cabinet Council must approve agreements in excess of \$3,000,000. Additionally, four members of our Board of Directors are appointed by the MEF, one member is elected by the Panama Airlines Association (“ALAP”), one member is elected by our employees and one voting member is elected by the Airport’s concessionaires, allowing for greater independence and transparency in key decisions affecting the Airport. Furthermore, our annual budget is approved by the National Assembly and material disbursements are approved by the *Contraloría*, an institution independent of the Government. A system of checks and balances ensures that the Airport’s management and disposition of its funds and assets has adequate oversight.

Significant Expansions

Given the rapid expansion of service and passenger traffic at the Airport, we have made, and expect to make, significant expansions to our operations, as summarized in the table below. The schedule of our expected expansions will be determined by demand levels at the Airport.

The following chart illustrates the past and projected amounts we have invested in the past five years and expect to invest in the next three years in expansion projects.

Year	2011	2012	2013	2014	2015	2016E	2017E	2018E
Major Investment Areas	North Concourse	-	South Terminal	South Terminal	South Terminal Improvements	South Terminal Improvements	South Terminal Improvements	South Terminal Improvements
Theoretical Passenger Capacity	9.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	12.0 million per year	21.0 million per year	21.0 million per year
Actual or Projected Passenger Traffic	8.4 million	10.2 million	11.7 million	12.8 million	13.4 million	14.1 million	14.5 million	16.1 million
Actual Amount Invested or Projected Investment	US\$69.0 million	-	US\$248.1 million	US\$178.8 million	US\$111.4 million	US\$249.6 million	US\$310.0 million	US\$141.3 million

For additional information regarding these expansions and our long-term expansion plans, please see “*Appendix A*” attached hereto.

Strategies

We will seek to improve our operational performance and increase our earnings by implementing the following strategies:

- Continue to increase passenger volumes and develop world-class services at the Airport;
- Expand passenger capacity through focused capital expansion;
- Improve operating efficiency; and
- Diversify and increase non-aeronautical commercial revenues.

Continue to increase passenger volumes and develop world-class services at the Airport

According to the Consultant Report, annual passenger traffic in Latin America (including Central America) is estimated to grow approximately 6.0% per year over the next 20 years, and we intend to maximize our share of this increase. We intend to achieve this objective through the following specific strategies:

- ***Continue to promote our recognition*** as the “*Best Airport in Central America*” and as having the “*Best Airport Staff in Central America*” for each of 2011 through 2015 by SkyTrax. The recognition from these awards improves our strategic position and our attractiveness as a hub.
- ***Open new strategic routes***. We intend to open strategic intercontinental routes at the Airport through the promotion of the Airport in key cities in Latin America and developing additional connectivity with Europe, Asia and the Middle East (such as Istanbul, Dubai and Frankfurt) in order to position our Panama hub as one of the main gateways in the Americas.
- ***Continue to develop Panama’s growing tourism industry*** with Panamanian tourism agencies, Copa and other airlines. We have capitalized on Copa’s membership in the Star Alliance, which has boosted its passenger growth and helped further promote the Airport as a regional hub. Furthermore, the Airport has increasingly benefited from Copa’s strategy of strengthening its ties with leading European airlines, such as KLM and Iberia, both of which have recently and significantly increased service to and from the Airport. These and other airlines offer code sharing flights with Copa, through which passengers originating in Europe and destined for LAC Regional destinations fly to the Airport on a European carrier, and then transfer to a Copa flight to their final destination, all on one integrated ticket. The Airport has also increased its efforts to attract new airlines and to foster the opening of new routes by offering marketing support to airlines to promote growth.
- ***Execute our capital expansion master plan*** for the Airport, which includes the addition, in March 2012, of the North Concourse to the main terminal and a recent upgrade of the baggage handling system. Our capital expansion master plan, which includes the South Terminal Expansion, will create increased capacity at the Airport to increase its revenues and improve its service quality. As of March 2016, the South Terminal Expansion was approximately 55% completed with the commencement of operations expected by December 2017 and final delivery by March 2018. See the Consultant Report in “*Appendix A*” for additional information.
- ***Consolidate flights*** from/to the Airport’s traditional markets (such as North America) and expand flights from/to other markets (such as Asia and Eastern Europe). We also aim to reduce seasonality and decrease intra-week volatility in some locations while consolidating existing markets.

Expand passenger capacity through focused capital expansion

We intend to complete our capital expansion plans on a timely basis and within budget to expand our capacity for both passenger and cargo, including more efficient facilities for customs and immigration and baggage

handling needs. Our future expansion plans (except for the expansion of the South Terminal building, which is in progress) are flexible enough to be modified based on underlying demand patterns and expectations. These capital investments and improvements will help ensure that the Airport remains a leading Latin American provider of passenger and cargo services.

The capital expansion master plan includes:

- the future addition of a new South Terminal building (Terminal 2) that is expected to begin operation in December 2017, and be fully completed by March 2018, providing for additional capacity for 9.0 million passengers per year, bringing the Airport's total capacity to 21.0 million passengers per year;
- increasing the runway capacity with infrastructure improvements by 2018;
- the construction of a new independent runway system by 2025;
- the opening of a new cargo terminal and expanded cargo-handling infrastructure;
- the acquisition of additional land for the Airport's expansion;
- the expansion of related facilities, such as the further construction of satellite buildings designed to accommodate projected increases in passenger volumes, increase operational efficiency and expand retail spaces; and
- the construction of an aircraft maintenance hangar.

In 2013, we entered into a design-build-equipment agreement with *Construtora Norberto Odebrecht, S.A.*, ("*Odebrecht*") for the South Terminal Expansion. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Commitments—Odebrecht.*" As traffic grows, we expect to invest over US\$1.7 billion in these and other projects at the Airport by 2030, in addition to those investments already committed to the South Terminal Expansion.

This capital expansion will also occur in conjunction with our airline partners. For example, in 2011, Copa Airlines successfully transitioned from a four-bank to a six-bank hub operation. A bank is a short period of time during which a set of flight arrivals is closely linked to a set of departures, allowing passengers to connect to numerous destinations in a short amount of time. Copa's recent and future contracted deliveries of B737-800s are expected to expand Copa's geographical reach and ultimately allow Copa to serve significantly more destinations from the Airport.

Improve operating efficiency

We continue to focus on increasing operating efficiencies at the Airport. We are upgrading the baggage handling system in the existing terminal and are evaluating several additional projects to improve efficiencies in our capital expansion master plan (including additional contact gates, taxiway improvements, additional apron areas to provide additional remote commercial and cargo aircraft parking positions, and a new runway). The South Terminal, which is currently under construction, has been designed to be specifically located between two independent runways to expand hub terminal passenger capacity by facilitating the movement of passengers between connecting gates, improve passenger security and efficient baggage handling, increase duty-free spending and increase the efficiency with which Origin/Destination passengers are processed through immigration and customs. We plan to make use of the latest technology to help realize these improvements. Among the projects under evaluation are the implementation of a passenger self-check-in system (CUSS-Common Use Self Service Kiosk) to allow faster passage through the airport, the installation of a Public Announcement System, the development and execution of an Information Security Program, the implementation of a Multi-Airport Operation System (AOS) and the improvement of the HVAC systems throughout the Airport. We are also working closely with ACI and IATA to create a standardized collaborative decision-making process to improve the overall efficiency of operations at the Airport.

In keeping with our goal of operational efficiency, we outsource certain services to third parties because we consider it to be the most efficient way to quickly respond to increasing demand. During 2015, such service contracts were reviewed and renegotiated to obtain better pricing for the Airport. Among other things, the maintenance of elevators and escalators, water run-off treatment and Airport perimeter security services were outsourced. Additionally, we have also conducted a comprehensive review of our aeronautical rates and fees, that ultimately resulted in the creation of the Development Fee (as defined herein), which contributed directly to the development of the Airport's infrastructure. Furthermore, we conducted a review of leases and expenses that included the renegotiation of several contracts of outsourced services, resulting in a decrease in our operating expenses.

Diversify and increase non-aeronautical commercial revenues

In 2015, 47.7% of our total revenues were generated by our non-aeronautical commercial activities, including revenues from concessions for retail stores, food and beverage, into-plane fueling and car parking. Of this amount, the substantial majority relates to retail concessions in the existing airport terminal and the North Concourse. The CAA does not regulate non-aeronautical commercial revenues or otherwise establish what non-aeronautical fees and rates we can charge. We are working with Pragma consulting, a specialty British airport retail services consultancy, to optimize our retail spaces to improve the layouts and increase leasable space to increase our retail revenue. Once completed, the South Terminal is expected to expand the Airport's retail space by approximately 7,500 square meters, and we intend to improve and diversify the retail product offerings in this space by working with several luxury retailers to introduce new complementary product offerings.

In addition to our retail offerings, we are analyzing other opportunities to diversify our non-aeronautical revenues such as the implementation of a Cargo Free Zone and the development of Airport City. We also expect to conduct a survey in 2016 to identify additional services and products that we can provide to our passenger and airline customers to generate additional revenues.

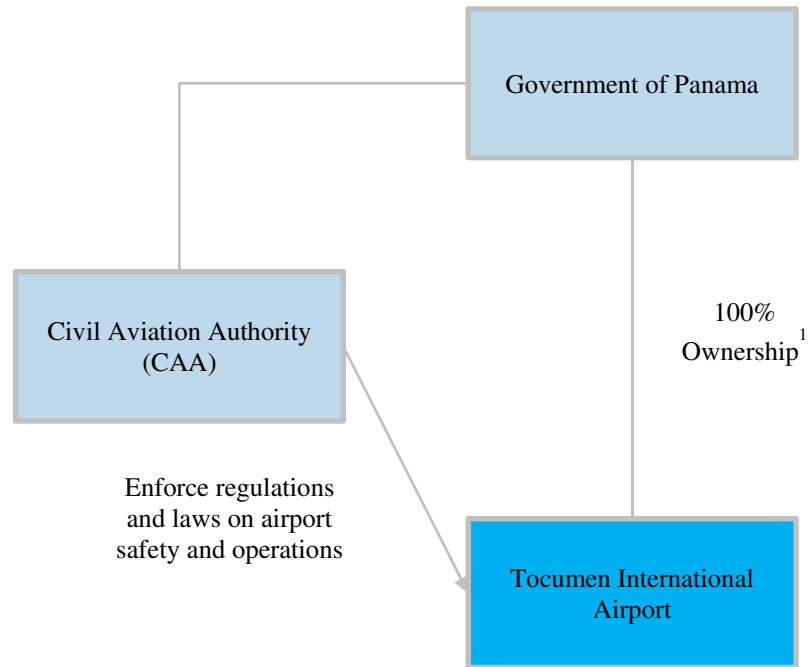
History and Organization

The Airport was inaugurated on June 1, 1947. The administrative building/passenger terminal was inaugurated seven years later. In 1971, due to Panama's developing role as a transit hub and the growing demand for air operations in the country and region, Panama's aeronautical authorities began the construction of new facilities. The current passenger terminal was inaugurated on August 15, 1978 and commenced operations on September 5 of the same year.

From its inauguration until May 31, 2003, the Airport was managed by the Civil Aeronautics Directorate of Panama (currently known as the Civil Aviation Authority or the "CAA"). Pursuant to Panamanian Law No. 23, the assets, liabilities and management of the Airport passed to us on June 1, 2003. The CAA's responsibilities include regulating air transportation services, operational and airport security and fees and rates for aeronautical services in Panama pursuant to the procedures established by Law 23. See "*Regulatory Overview*."

We are 100% owned by Panama and are governed by our board of seven voting directors (the "*Board of Directors*") and three non-voting directors. Four of our voting directors are appointed by the executive branch of the Government, through the Ministry of Economy and Finance, and the other three directors are each elected by ALAP, our employees, and the Airport's concessionaires, respectively. See "*Management and Employees—Board of Directors*" and "*—Management Team*".

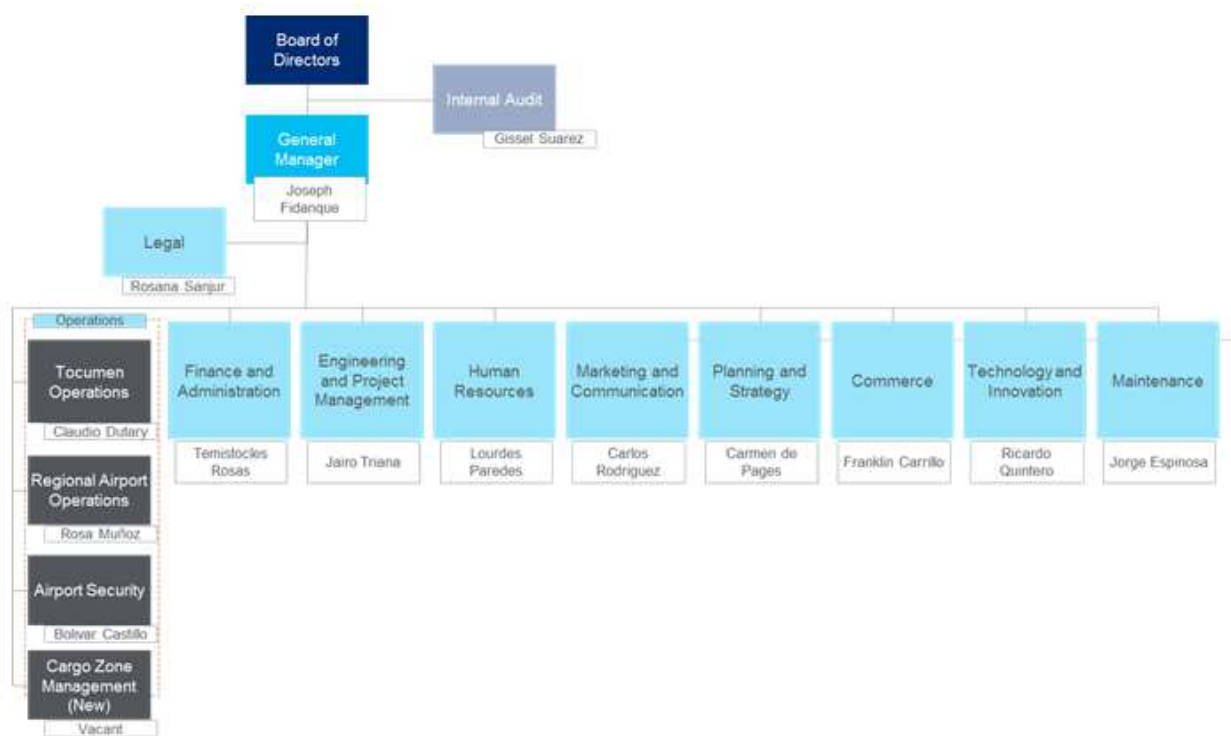
The following chart illustrates certain aspects of our ownership and regulatory structure.



¹ Corporation established under Law 23.

As of December 31, 2015, we had 1,452 employees spread across ten different operating vice-presidencies, which encompass a broad range of activities typical for a large commercial service airport. Approximately one-third of our employees perform Airport security functions. The number of our employees has generally increased over time to accommodate increased numbers of passengers using the Airport and the opening of the Airport's North Concourse in March 2012.

The following chart provides an overview of our management structure.



Presentation of the Market

Panamanian Economy

Panama is a republic located at the narrowest point of the Central American isthmus, which connects the continents of North America and South America. It has a coastline of approximately 1,868 miles on the Caribbean Sea and Pacific Ocean and is bordered on the east by Colombia and on the west by Costa Rica. Panama has a national territory of approximately 29,157 square miles situated within its coastline and 345 miles of land borders, and includes numerous coastal islands. The Canal, one of the most important commercial waterways in the world, which connects the Atlantic and Pacific Oceans, bisects the country running northwest to southeast. Panama's climate is primarily tropical.

During the period from 2013 to 2014, the population of Panama grew by an average of 1.9% per year. As of December 31, 2015, Panama had an estimated population of 4.0 million and an approximate population density of 52 people per square kilometer. The province of Panama, the country's largest province and the province in which the Airport is located, is estimated to comprise approximately two-thirds of Panama's total population.

Panama benefits from a large educated population with sizable spending power. Estimated GDP for 2015 was approximately US\$52.0 billion, and US\$13,000 per capita, which is the highest in Central America.

The regulatory environment in Panama is highly conducive to business. According to the "Doing Business" report, published by the International Finance Corporation of the World Bank, Panama is ranked 2th in Latin America and the Caribbean for Cross Border Trade and Ease of Starting Business.

In 2015, Panama's real GDP grew by 5.0% compared to 6.2% in 2014. Inflation, as measured by the end-of-period CPI, was estimated to be 1.9% in 2015. The Government's current account for 2015 registered a surplus of US\$3.2 billion (6.3% of nominal GDP), compared to a surplus of US\$5.3 billion in 2014 (11.4% of nominal GDP). The Government's overall deficit increased from US\$1,945 million in 2014 (4.2% of nominal GDP) to a deficit of US\$2,179 billion in 2015 (4.2% of nominal GDP). In 2015, Panama's non-financial public sector balance registered a deficit of US\$1,460 million (or 2.8% of nominal GDP). Panama's per capita GDP for 2015, expressed

in United States dollars constant prices, was approximately US\$13,000. GDP growth remained resilient over the course of the global economic downturn and increased 10.9% in 2011, 10.8% in 2012, 8.4% in 2013, 6.2% in 2014 and 5.9% in 2015. Panama maintains a strong investment-grade sovereign rating of Baa2 / BBB / BBB.

The Panamanian service sector accounted for 71.9% of GDP in 2014. This includes real estate; transportation and communications; commerce, restaurants and hotels; financial intermediation; public administration; the Canal; the Colon Free Zone; and public utilities. While the commerce, real estate; and transportation sectors represent significant percentages of real GDP (estimated to have been 20.5%, 14.7%, and 14.5% respectively in 2014), the Panamanian economy is distinguished by the economic benefits generated by the Canal and the Colon Free Zone.

Panama has maintained a debt-to-GDP ratio between 35-40% over the past five years.

Panama signed a free trade agreement with the United States (the “*Trade Promotion Agreement*”) on June 28, 2007 that was to come into effect upon approval by each country’s legislature and the satisfaction of certain other conditions. The Trade Promotion Agreement became effective in January 28, 2014.

On June 7, 2011, after signing a tax information exchange agreement with France, Panama moved to the OECD’s list of jurisdictions considered to have substantially implemented the OECD’s tax reporting standards. The Panamanian Assembly, through Law 78 of 2014, published on October 19, 2011, ratified the treaty between Panama and France to avoid double taxation and prevent tax evasion.

More than 33 branches of international banks and 104 regional headquarters of international corporations were located in Panama as of December 2014. Companies with regional headquarters or larger offices in Panama include: AIG, Nestlé, BMW, P&G, Caterpillar, Dell, Maersk and 3M. The Government continues to work with the IDB to eliminate barriers to private investment and job creation.

Latin American Development

The Airport has benefitted from strong economic performance in Latin America in recent years, as well as positive regional performance that is expected to increase air traffic growth over the next 20 years.

Panama has a growing middle class that has exhibited higher discretionary spending levels and greater use of air travel over the last several years. Notwithstanding growth in the middle class and the use of air travel, enplanements per capita are still low as compared to other developed economies, which represents significant growth opportunities for regional airlines and the Airport.

Air travel is considered the most reliable and most frequently used form of travel in South America. Latin America is characterized by mountainous landforms, jungle barriers and complex waterways, which result in poor land connectivity and increase the advantages of air travel. The existing inter-city and cross-border roads are of highly inconsistent quality and are at times exposed to areas with high crime risk, making air travel a safer, and sometimes the only, option for travel. For example, despite Panama City and Bogota being only 480 miles apart, geographic conditions make it physically impossible to travel by car. This creates additional demand for the Airport to facilitate regional transportation. A large number of cities in Latin America require some form of air transportation due to the difficulties of other forms of transportation.

Historical Information

Panama adopted its first constitution in 1904, and, between 1904 and 1968, Panama generally experienced social and political stability and economic growth under a constitutional democracy. Constitutional government continued until October 1968, when the National Guard mounted a military coup and replaced the civilian government. Although the military made nominal efforts during the late 1970s to return to civilian government, the military generally remained in control of the Government until 1989. Since the end of 1989, Panama has enjoyed political and economic stability under democratically elected governments.

Panama maintains diplomatic relations with 146 countries. Panama is a charter member of the United Nations and a member of various other international organizations, including the International Monetary Fund and the IDB. Panama is a founding member of the Organization of American States and is also a member of the International Bank for Reconstruction and Development (the “*World Bank*”) and the World Bank affiliates, International Finance Corporation and Multilateral Investment Guaranty Agency (together the “*World Bank Group*”), as well as a member of the San José Pact, under which Venezuela and Mexico agreed to provide the Central American countries and four Caribbean countries with crude oil and petroleum products under preferential terms. On September 6, 1997, Panama became a member of the World Trade Organization.

While much of the service sector economic activity is represented by activities associated with public administration, commerce and real estate, the other significant, internationally oriented activities of this sector distinguish the Panamanian economy. The Canal has played a growing and currently significant role in the economy since its transfer to Panama on December 31, 1999 and the revenues generated by the toll reached US\$1.9 billion in 2014, representing approximately 5.6% of GDP that year. The withdrawal of the U.S. military and reversion of facilities in the former Canal Zone, culminating with the reversion of the Canal itself at the end of 1999, had substantial fiscal and macroeconomic impacts on Panama and its economy. These impacts have largely been absorbed by Panama in the years since the withdrawal. In the Canal’s 2014 fiscal year (which ended September 30, 2014), commercial oceangoing traffic registered 13,481 transits and the Canal’s toll revenue was US\$1,910 billion. Panama is expanding the Canal in a project expected to cost more than US\$5,250 million that is expected to provide 1,250 million additional tons of cargo capacity and increase annual revenue. The expansion project is intended to enable larger vessel access through the Canal, increasing economies of scale and profitability. We believe the expansion of the Canal will have a positive impact on air freight and cargo traffic at the Airport, by generally increasing business activity.

Another significant and distinctive factor of the Panamanian economy is the Colon Free Zone, a tax-favored export and import trading zone located near the Atlantic entrance to the Canal, which contributed an average of 7.3% of GDP between 2010 and 2014. The Colon Free Zone is the largest free-trade zone in the Western Hemisphere, servicing approximately 2,272 companies in 2014 and accounting for more than US\$12,900 million of exports in the same year. It is a key international goods transit and distribution center in Latin America. More than 30 international and local firms operate in the Colon Free Zone. Additionally, as a result of the dollar-based economy, the international trade associated with the Canal and the Colon Free Zone, and certain legislative initiatives, Panama has also developed an important banking sector that represented approximately 7.0% of GDP for 2015.

As of 2016, Panama has signed treaties and concluded negotiations in order to avoid double taxation with the following countries: Barbados, Czech Republic, France, Ireland, Israel, Italy, Netherlands, Mexico, United Kingdom, United Arab Emirates, Luxembourg, Portugal, Singapore, South Korea, Spain and Qatar. Most OECD member countries have been invited to negotiate, as well as important trading partners such as India and Japan. On June 7, 2011, after signing the tax information exchange agreement with France, Panama moved to the OECD’s list of jurisdictions considered to have substantially implemented the tax reporting standards.

Panama’s unique geographic position, service economy (including the Canal) and monetary regime anchored by the use of the U.S. dollar as legal tender are major factors in Panama’s economic performance. Panama has used the U.S. dollar as its legal tender since shortly after gaining its independence. The national currency, the Balboa, is used primarily as a unit of account linked to the U.S. dollar at a ratio of one dollar per one Balboa.

Airport and Facilities

The Airport is located approximately 24 kilometers northeast of downtown Panama City and occupies an area of approximately 1,022 hectares. The Airport property is approximately six kilometers long, running from the southwest to the northeast, with an average width of 1.65 kilometers. The Airport is surrounded by dense urban development to the north, west, and northeast, with marshlands and agricultural fields located to the south and southeast. Set forth below is a map illustrating the current Airport facilities.



Overview of Facilities

The table below sets forth certain summary information about the Airport and its facilities.

Summary of Facilities

	<u>Approximate Sq. Meters</u>		<u>Number</u>
Airport land area	1,022,000	Contact gates	
Runway area (from 2 runways)	300,850	Main Terminal core	5
Apron area	170,000	Satellite A	9
Terminal area (including the North Concourse)		Satellite B	8
Open/circulation area.....	30,842	North Concourse.....	12
Baggage claim & makeup	2,394	Sub-total	34
Departure lounges.....	7,942	Remote hardstand positions	6
Retail & concessions	15,448	Total aircraft parking	
Airport operations space.....	17,933	positions.....	40
Airline space		Car Parking	
Copa Airlines space.....	5,540	Public parking spaces	997
Other airlines space	30,842	Employee parking spaces	310
Total airline space	36,382	Total parking spaces.....	1,307
Security (including immigration) .	2,229		
Airport administration	2,310		
Office space.....	1,950		
Ground transport.....	152		
Total space	117,582		

Airfield Facilities

The Airport has two staggered parallel runways separated by approximately 860 meters. Runway 3R-21L is 3,050 meters long by 45 meters wide and located on the southeast quadrant of the Airport, and Runway 3L-21R is 2,682 meters long by 45 meters wide and located in the northwest quadrant of the Airport. Each runway is surrounded by urban development.

Runway 03R/21L has precision instrument approaches and Runway 03L/21R has non-precision basic visual approaches. Runway 03R/21L is equipped with a Category I Instrument Landing System (“*ILS*”), which allows aircraft approaches to a decision height of 200 feet in visibility minimums of a half mile. Both runways have associated half-length parallel taxiways, Taxiway L and Taxiway E. Taxiway E provides access to the northeast quadrant of the Airport (cargo and general aviation areas). Additional taxiways connect the runways and taxiways to other Airport facilities.

In coordination with the construction of the North Concourse, a taxiway connecting the new terminal apron, the Runway 21L threshold and the Runway 3L threshold were built.

Terminal Facilities

The Airport’s passenger terminal complex occupies approximately 60 hectares located southwest of the airfield, and primarily consists of one passenger terminal building, commercial aircraft parking, Airport

administrative offices and the ground transportation system. The passenger terminal building includes a three-story core processor building with two diagonal distributors terminating with radial satellite lounges. The terminal building was opened in 1978 and renovated and expanded between 2006 and 2009. The new linear North Concourse with 12 additional gates became operational in March 2012 and is now fully operational, though a limited amount of finalization work remains ongoing. The passenger terminal building is approximately 75,000 square meters with three levels, two of which are dedicated to passenger services and the third being a mezzanine with concessions and Airport offices. Baggage sorting, baggage claim, immigration, customs, rental car counters and a meet-and-greet hall are located on the lower level. Airline ticket counters and offices, security screening, concessions, and passenger hold areas are located on the second level. The third level includes office space and food services.

The passenger terminal building provides 22 standard aircraft contact parking positions equipped with passenger loading bridges - eight on Satellite A, six in the main terminal core and eight on Satellite B. In addition, six supplementary remote hardstand parking positions are serviced by shuttle buses picking up boarding passengers at "A" gates located in the terminal core building. Passengers deplaning from the hardstand positions are shuttled to an arrivals entry near Gate 33. All gates are common use and Airport operated. The North Concourse has added 12 contact gates with loading bridges resulting in a total of 34 standard aircraft parking positions.

Approximately 17 hectares of apron are available for aircraft maneuvering and parking at the passenger terminal. The apron is currently configured to accommodate aircraft ranging from regional jets to Boeing 747 aircraft. Currently, there are 40 parking positions in the passenger terminal area plus twelve cargo terminal parking positions for peak period and overnight parking.

A small domestic terminal building located between the main terminal and the rental car facilities is provided for passenger processing for domestic flights. Currently, Copa Airlines offers connections with its domestic flights from the Airport to Chiriqui twice a day. Air Panama currently provides domestic flights within Panama once per week from Albrook Airport to the Airport.

Airport Access and Car Parking

A 1.3 kilometer one-way loop road consisting of two lanes provides access to the terminal complex. The loop diverges and widens in front of the terminal to provide an upper and lower curbside with two travel lanes and two passenger pickup/drop-off lanes on each curbside.

A partially covered public car park is located west of the terminal building. This is the main parking facility for airline passengers and provides 997 public parking spaces. The airport currently manages and operates the rental of these parking spaces. A 310-space employee parking lot is located adjacent to the Airport's administration buildings.

Rental car facilities are located southwest of the terminal building, adjacent to the departures curbside approach.

Other Aeronautical-Related Facilities

An air cargo facility is located in the northeast quadrant of the airfield, accessed by cargo vehicles via a new cargo road. Approximately 104,249 square meters of apron space is provided adjacent to the cargo facility. A general aviation complex is located north of the terminal complex between the two runways with 3,613 square meters. Copa Airlines operates a maintenance facility north of the cargo facility. The facility includes a maintenance hangar and a 3,700 square-meter office. An additional commercial aviation maintenance facility is located on the south side of the passenger terminal complex.

An Airport Traffic Control Tower ("ATCT") is located on top of the passenger terminal building and provides office space for air traffic control personnel and associated equipment storage. The CAA manages and operates the ATCT. The Airport fuel farm is located south of the private aviation complex, and the fuel supply of contact stands is ensured using hydrant pits, while remote stands are fed using fuel trucks. A 6,512 square-meter

aircraft rescue and firefighting (“ARFF”) facility is located north of the terminal near the center of the airfield, and includes staff areas and covered vehicle bays.

Principal Business Activities of the Airport

Revenues of the Airport for the periods indicated are as shown in the table below.

	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	% of Total Income	Amount	% of Total Income
	(US\$ except percentages)			
Aeronautical revenues	98,610,084	52.3%	91,762,572	55.3%
PEF.....	61,597,965	32.7%	58,134,430	35.0%
Landing fee.....	13,290,651	7.1%	12,594,765	7.6%
Boarding bridge charges.....	7,215,500	3.8%	6,784,738	4.1%
Security fee.....	11,305,381	6.0%	10,694,634	6.4%
Other services.....	5,200,587	2.8%	3,554,005	2.1%
Non-aeronautical revenues	89,851,508	47.7%	74,265,773	44.7%
Fixed rent.....	23,499,943	12.5%	18,467,847	11.1%
Fuel service.....	11,795,113	6.3%	4,815,495	2.9%
Variable rent commissions	23,448,979	12.4%	25,334,966	15.3%
Sales of Turnkey Rights	23,819,483	12.6%	23,075,844	13.9%
Other revenue	7,287,990	3.9%	2,571,621	1.5%
Total revenue	188,461,592	100.0%	166,028,345	100.0%

Aeronautical Revenues

Aeronautical revenues are derived from the PEF, security charges, air cargo parking charges, landing fees, passenger boarding bridge charges and revenue from cargo operations, which are paid by airlines to us pursuant to the Airport’s tariff schedule approved periodically by the CAA. Additionally, the Airport instituted a Development Fee on January 1, 2016. For further detail on our aeronautical revenues, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations.*” There are no “use and lease” agreements between us and the airlines (either individually or collectively) using the Airport related to airline operations on the airfield or in the terminals.

CAA approval is required for any proposed changes to the various categories of aeronautical charges (including adjustments to account for inflation). Although costs are taken into account in the determination of the rates, these charges are not directly based on costs, as there is not a specified formula for calculating the individual fees and charges based on the associated allocated costs. It is a policy of our Board of Directors to include the costs of maintaining a robust financial profile for the Airport and meeting its financial covenants and obligations in such costs. In order to adjust fees and charges, we need to prepare a submission to the CAA justifying the need for the

fee changes proposed. While there is no prescribed timetable for CAA review, fee adjustments are typically reviewed and approved by the CAA’s board of directors at the same meeting at which they are proposed.

We have historically been able to obtain CAA approval for fee and charge increases when needed. No formal consultation with the airlines or other parties is needed, although we generally hold a meeting with the airlines to discuss any proposed fee and charge adjustments and solicit airline comments and views. While there is no notice period required before the new fees are put into effect, we generally provide a notice period of 60 days to the airlines prior to any fee adjustments. See “*Regulatory Overview*.”

Non-aeronautical Revenues

Non-aeronautical revenues include revenue generated from concession agreements, including retail concessions, food and beverage services, into-plane fueling, car parking and other services, such as terminal area concession agreements for advertising, banking, foreign currency exchange and vending machines. The Airport collects revenues from all concessionaires based on a fixed monthly rental payment for space occupied by the concessionaires and a variable rent based on a percentage of their gross sales at the Airport. In addition, certain retail concessionaires are required to pay up-front payments to purchase Turnkey Rights. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Non-aeronautical Revenues*.” Retail sales are a factor in the amount of non-aeronautical revenues that we generate. Historically, we have been increasing the number of retail space in the Airport put to bid. From 2005-2009, seven spaces were put to bid, and from 2009 – 2014, eleven spaces were put to bid. For the period from 2014 – 2019, we expect to put 31 retail spaces to bid. Additionally, retail sales by concessionaires at the Airport have increased from approximately \$150 million in 2009 to approximately \$285 million in 2015.

The table below shows a breakdown of gross retail sales of duty-free and other commercial lessors in the Airport from 2009 - 2015.

	2009	2010	2011	2012	2013	2014	2015
	(US\$ millions)						
Gross Retail Sales of Duty-Free and other Commercial lessors in the Airport	150.4	171.1	222.2	266.2	293.3	316.7	286.6

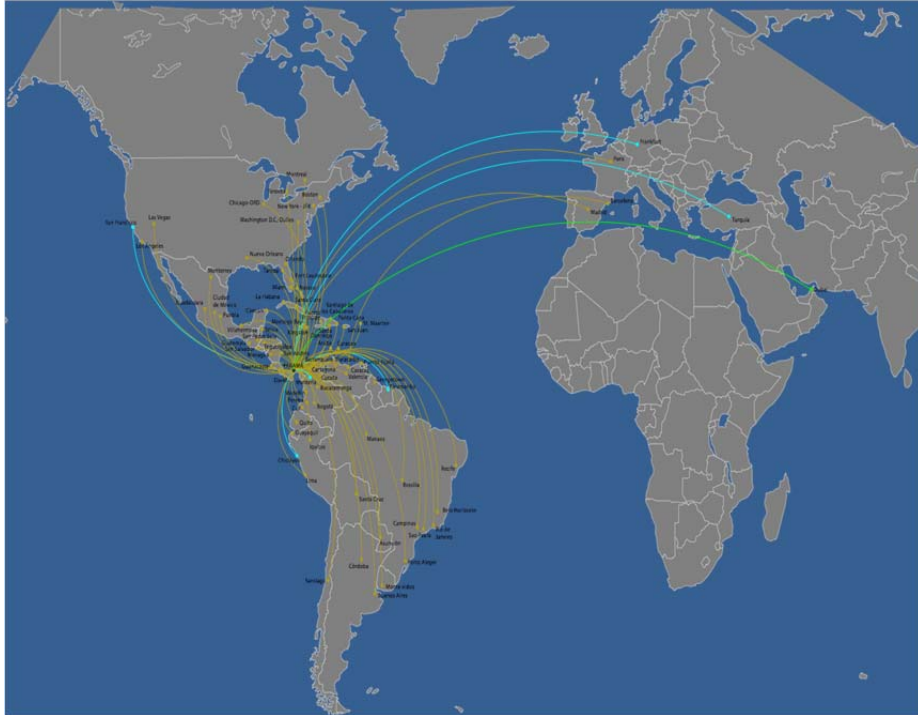
Non-aeronautical fees and charges are not regulated by the CAA. They may be adjusted at our sole discretion upon approval by our Board of Directors. Several non-aeronautical revenue categories are governed by the terms of leases and agreements between us and service providers.

Airline Service

As of December 2015, 178 daily scheduled departing flights provided at the Airport were bound for international destinations. Approximately 85.7% of these were operated by Copa Airlines and its affiliates, accounting for 83.1% of all scheduled departing seats at the Airport in 2015, of which 18.3% were Origin/Destination Passengers, while approximately 64.7% were Transit/Transfer Passengers. U.S. airlines operate seven daily departing flights, with the remainder accounted for by Latin American, Caribbean and European airlines.

Nearly all domestic airline service for the Panama City area is currently provided at Marcos A. Gelabert International Airport, located southwest of Panama City. However, in July 2012, Copa Airlines Vacations initiated vacation packages connecting passengers to Bocas del Toro International Airport via the Airport, on Air Panama. Additionally, since January 2015, there has been domestic airline service between the Airport and Enrique Malek International Airport in David, Panama and Bocas del Toro Airport. As of August 2014, Panama Pacifico International Airport initiated international operations with Viva Colombia Airline.

Currently 85 destinations are served by flights arriving at and departing from the Airport. Set forth below is a map showing these destinations.



In 2015, 32.3% of passengers at the Airport were Origin/Destination Passengers, while approximately 67.7% of passengers at the Airport were Transit/Transfer Passengers. In 2015, of the Origin/Destination Passengers, approximately 76% were residents of other countries, and approximately 24% were Panamanian residents, based on a comparison of visitor data provided by the Migration Authority, the Institute of Statistics and the Census and the Controller General with Airport data. Additionally, 18 cargo airlines provided regular service at the Airport in 2015. Passengers at the Airport are almost entirely international, and domestic passengers are not currently reported by the Airport.

Traffic Growth

As shown below, Origin/Destination Passengers and Transit/Transfer Passengers grew 9.6% and 16.9% per year, respectively, between 2003 and 2015.

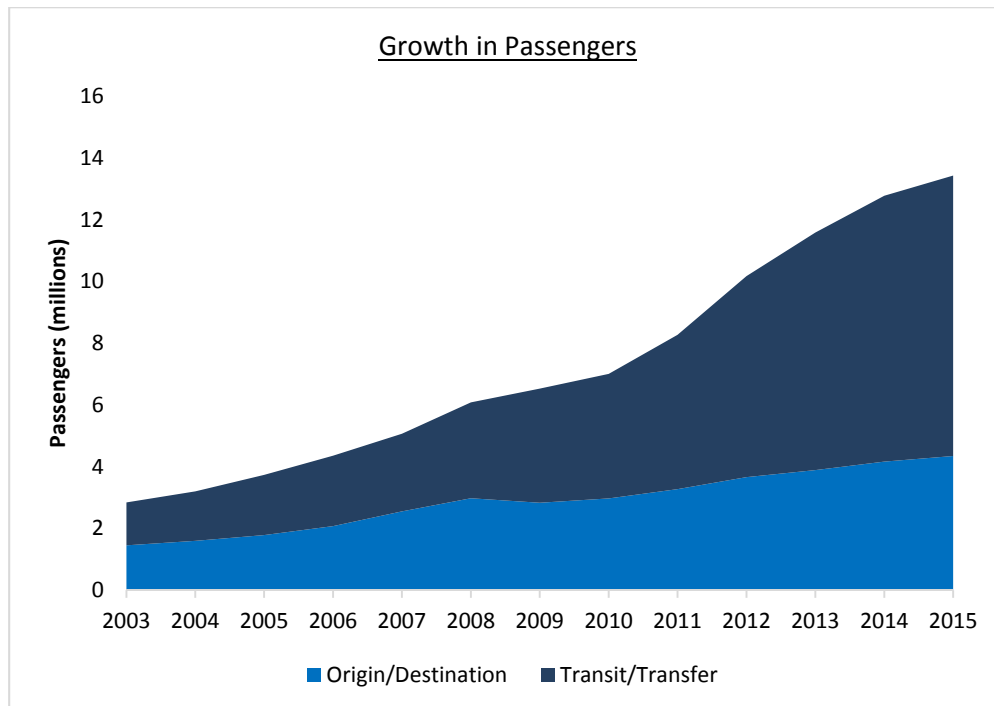
Year ended December 31,	Origin/Destination		Transit/Transfer		Total	
	Passengers	Percentage change (%)	Passengers	Percentage change (%)	Passengers	Percentage change (%)
2003	1,451,568	-	1,393,009	-	2,844,577	-
2004	1,599,716	10.2	1,602,646	15.0	3,202,361	12.6
2005	1,785,366	11.6	1,950,016	21.7	3,735,382	16.6
2006	2,076,895	16.3	2,278,858	16.8	4,355,753	16.6
2007	2,553,131	22.9	2,513,802	10.3	5,066,933	16.3
2008	2,976,955	16.6	3,107,375	23.6	6,048,330	19.4
2009	2,830,671	(4.9)	3,701,057	19.1	6,531,728	8.0
2010	2,972,787	5.0	4,032,240	8.9	7,005,017	7.2
2011	3,270,628	10.0	5,000,080	24.0	8,270,708	18.0
2012	3,662,071	12.0	6,512,799	30.2	10,174,870	23.0
2013	3,890,061	6.2	7,696,620	18.2	11,586,681	13.9
2014	4,167,140	7.1	8,615,027	11.9	12,782,167	10.3
2015	4,345,776	4.3	9,088,897	5.5	13,434,673	5.1

Compound Annual Growth Rate for Total Passengers

2003-2008.... 16.3%

2009-2015.... 12.8%

Source: Consultant Report



The number of international Origin/Destination Passengers at the Airport increased from 1.45 million in 2003 to 4.34 million in 2015. Traffic variations over this period included:

- A 4.9% decrease in Origin/Destination Passenger activity in 2009, partly as a result of the effects of the swine flu outbreak.
- A 4.3% increase in Origin/Destination Passenger activity in 2015, reflecting increased economic growth in Panama, as well as continued capacity increases by Copa Airlines.

The number of Transit/Transfer Passengers at the Airport increased from 1.39 million in 2003 to 9.09 million in 2015. Traffic variations over this period included:

- Growth of 16.9% annually between 2003 and 2015, consistent with additional seat capacity and destinations served by Copa Airlines and other airlines serving the Airport, as well as strong economic growth in the LAC Region. The number of Transit/Transfer Passengers increased 5.5% in 2015, whereas the number of Origin/Destination Passengers increased only 4.3%.
- Slower growth of 8.9% in 2010, reflecting the effects of the global economic downturn.

Copa Airlines

The Airport has a strong historical relationship with Copa Airlines, developing facilities to support not only the Origin/Destination market but also effective transfer facilities based on coordinated arriving and departing aircraft banks. Additionally, the Airport maintains an active facility development program to permit schedule development by Copa Airlines. Not only is the development of the Airport closely tied to the development of Copa Airlines, but also with those airlines either in alliances or codeshares with Copa Airlines, which include United Airlines, KLM and Iberia.

Established in 1944, Copa Airlines is based in Panama City, Panama. Copa Airlines' strategy has been to develop the Airport as its hub in order to use Panama's central location to provide convenient connections to its principal markets in North, Central and South America and the Caribbean. Using the Airport as its hub enables

Copa Airlines to consolidate traffic to serve several destinations that do not generate enough demand to justify point-to-point service.

Of the total number of seats sold by Copa, approximately 90% of total seats are to or from the Airport and about 10% are to or from Bogota. Copa Airlines Colombia (Copa Airlines' Colombian subsidiary) has a significant operation at Bogota El Dorado International Airport ("*El Dorado*") in order to serve the significant Colombian market, and there are other airport-pairs within Copa Airlines' system that are separate from both the Airport and Bogota. While San Jose, Costa Rica, is not a Copa Airlines hub, it has the highest level of departing or arriving seats that do not go to or from the Airport or Bogota. Since 2013, Copa Airlines Colombia has provided service between Colombia and international destinations other than Panama; Copa Airlines has stated that it intends to develop this service as well as service between Colombian airports and the Airport hub.

Copa Airlines has codeshare agreements with European carriers to provide connectivity between European hubs and the LAC Region. The ability to provide significant connecting capacity has supported development of the Origin/Destination market which in turn has supported Panama's growth as a regional business and population center. Copa Airlines has also used alliances to support its growth, originally with a commercial and marketing alliance with Continental Airlines formed in 1998. Copa Airlines is a member of Star Alliance and has codeshare arrangements, AeroMexico, Condor Flugdienst, Cubana, GOL Linhas Aéreas Inteligentes, Iberia, KLM, LATAM and TAME.

Copa Airlines has grown substantially over the past 10 years and, in 2005, a portion of its shares were listed on the New York Stock Exchange. In 2015, Copa Airlines was the largest private employer in Panama and its business activities contributed to Panama's aviation industry, which accounted for approximately 4.2% of Panama's GDP in 2014. In 2015, Copa Airlines preliminarily reported US\$2,250 billion in operating revenue and US\$185,4 million in net income. Moreover, Copa Airlines reported operating margins of between 19.8% and 19.3% in each of 2013 and 2014. Additionally, Copa Airlines preliminarily reported 11.8% for 2015—a better result than that achieved by even the most profitable U.S. airlines. Copa Airlines' financial success has been attributed partly to low labor costs which, in turn, support low unit costs (operating costs per available seat-mile, or "CASM"). In 2015, Copa Airlines reported a preliminary CASM of 9.2 cents, excluding fuel. By comparison, Southwest Airlines (the United States' largest low-cost carrier) reported a preliminary 2015 CASM of 8.61 cents, excluding fuel.

In 2014, the Airport further strengthened its partnership with Copa Airlines to include a further expansion of Copa Airlines' operations at the Airport and additional route additions, including 4 destinations added in 2014 and 2013. In 2014, Copa Airlines successfully transitioned from a four-bank to a six-bank hub operation. Copa Airlines' flight capacity increased by 10% in 2014 following the launch of nine new destinations including Chicago and Toronto. Copa Airlines' recent and future deliveries of B737-800s are intended to expand the Airport's geographical reach and ultimately, to allow the Airport to serve significantly more destinations. Following Copa Airlines' fleet expansion with 8 new B737-800s in 2014, the Airport can now connect to all destinations within a seven-hour-flight radius (i.e. as far north as Toronto and as far south as Buenos Aires). Copa Airlines currently has 61 Boeing 737-800 aircraft on order over the next 5 years, which is expected to significantly expand flight services at the Airport.

Other Airlines

Copa and its affiliates accounted for 83.1% of all scheduled departing seats at the Airport in 2015. The next-ranking airline, United Airlines, accounted for 3.0% of departing seats. United Airlines and American Airlines serve their U.S. hubs and also compete with Copa Airlines for Transit/Transfer Passengers by offering direct service between their hubs and LAC Region destinations. Similarly, while AviancaTaca competes with Copa Airlines on routes to Colombia, it also competes for Transit/Transfer Passengers by offering direct service between its multiple hubs at Bogota, Lima and San Salvador and LAC Region destinations.

Air Panama is Panama's principal domestic airline, based at Marcos A. Gelabert International Airport. While Air Panama offers limited international service at present, it could potentially increase its international service levels at other airports to provide additional competition to the Airport.

Cargo Airline Service

We are focused on further developing our cargo business with a variety of airlines, utilizing both passenger aircraft belly holds as well as dedicated all-cargo aircraft. Airbourne Express is the single largest cargo operator at the Airport, controlling 15.6% of all cargo tonnage at the Airport. Together, the DHL Group of airlines accounts for more than 49.0% of all cargo traffic at the Airport. DHL opened its express hub at the Airport in mid-2008, which has a capacity of processing 5,000 packages per hour, making it Central America's largest integrator hub. Integrators such as DHL prosper on economies of scale, reducing unit costs as throughput increases.

Almost 70% of all flights to and from the Airport are operated by Copa Airlines. However, because Copa's fleet of Embraer 190's and Boeing 737's generally have limited cargo capacity - depending on passenger load and destination - Copa Airlines is only the fifth-largest cargo airline by tonnage levels, transporting approximately 7.3% of all cargo at the Airport.

Pursuant to Resolution 002-JD-08 of April 15, 2008, the standard cargo fee is \$0.005 per kilogram of cargo. The table below shows a breakdown of all our cargo transporters by percentage of total tonnage.

	Airport Cargo %
Airborne Express.....	15.5%
Vensecar.....	12.2%
DHL Panamá.....	9.3%
DHL Guatemala.....	9.2%
Copa.....	7.3%
UPS.....	5.8%
Aerosucre.....	5.6%
KLM.....	5.6%
IBE.....	4.1%
Tampa.....	3.8%
Amerijet.....	2.7%
Lan Ecuador.....	2.6%
Aero Union.....	2.4%
Transam.....	2.3%
Air France.....	1.8%
Aero República.....	1.3%
Sur Americana.....	1.3%
American.....	1.2%
Fedex.....	1.0%
Cubana.....	0.6%
Florida West.....	0.5%
Delta.....	0.4%
Condor.....	0.4%
Lan Chile.....	0.4%
Tap Portugal.....	0.3%
United.....	0.3%
Lacsa.....	0.3%
Aerogal.....	0.2%
Santa Bárbara.....	0.2%
Aeromexico.....	0.2%
Taca.....	0.1%

Improvements and Expansion

Between late 2015 and 2019, we expect to spend approximately US\$737 million to improve Airport facilities. These improvements include expansion of the South Terminal and expansion of the main terminal core to

the south with the construction of a new South Terminal processor and gates. Additionally, as at any airport, the routine deterioration of infrastructure and facilities due to aircraft and customer usage requires ongoing improvements and rehabilitation to comply with international standards.

The Airport is currently operating over its maximum capacity with a total of 13,434,673 passengers per year based on 2015 results. With the expansion, the capacity of the Airport is expected to grow up to 75%, which represents a maximum service capacity of 21,000,000 passengers per year.

Airport improvements and expansions can be divided into three categories: terminal area improvements, airfield improvements and landside and cargo area improvements.

Terminal Area Improvements

North Concourse Completion

The North Concourse was opened for operations in March 2012 and is currently fully operational. The North Concourse includes 12 aircraft parking positions and associated passenger holdrooms, and boarding bridges.

South Terminal Expansion

We are currently constructing the South Terminal Expansion with Odebrecht, the contractor that was awarded the contract in 2012 as a result of a public procurement process pursuant to law 22 of 2006. This project includes expansion of the existing main terminal core and construction of a new South Terminal. As planned, the South Terminal Expansion will create a net addition of 20 aircraft contact gates and 8 hardstand parking positions by the end of 2018. For a further description, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Commitments—Odebrecht.*”

The South Terminal Expansion project will include an expansion of the existing main terminal area towards the south and the construction of a new South Terminal processing facility and new gates, along with corresponding apron and aircraft parking, remote aircraft parking positions, ground transportation roads and other parking. Once completed, the South Terminal Expansion, with an area of approximately 85,000 square meters, will consist of three levels: (1) baggage handling and equipment, (2) public areas, including check-in, passenger security processing, some retail areas and holdrooms, and (3) a partial level for VIP lounges, some retail stores and restaurants. On the north edge, the South Terminal Expansion will connect with the existing terminal and commercial areas. The first floor of the South Terminal Expansion will increase baggage handling capability from four carousels to eight carousels, and add one carousel for oversize and “special” bags. Additionally, the first floor will create 29 new immigration stations (in addition to the 30 spaces currently existing) and nine new customs inspection stations (in addition to the eight stations currently existing).

In addition to the terminal itself, there will be several associated improvements, including construction of a processing facility, apron and aircraft parking areas, additional car parking and access roads. The new processing facility, immediately adjacent to the existing processing facility, will mirror in width and height the existing terminal processor.

For the South Terminal Expansion we intend to expand the universe of retail operators invited to participate in the bidding process and include several large international duty-free operators. This could potentially generate additional competition for the spaces and potentially further increase expected bid prices.

As of March 2016, according to Odebrecht, construction of the South Terminal was 55% complete.

Airfield Improvements

Short-term improvement projects can be divided into two categories: new airfield facilities, which will allow Airport capacity to be expanded, and rehabilitation and upgrading of existing facilities. Short-term improvement projects are expected to be completed by the end of 2016.

New Airfield Facilities

As soon as we reach a capacity of 24 million passengers per year, we plan to expand airfield capacity by undertaking the Runway Project, i.e. constructing a third air carrier runway for the Airport, along with associated facilities. The new airfield construction is expected to have the following components:

- two associated rapid exit ramps for approaching aircraft;
- a new taxiway parallel to the runway, which will be 25 meters wide with 17.5 meter margins;
- an approach lighting system (“ALS”) for both ends of the new runway, made to comply with precision approach Category I;
- “hold” parking and the associated taxiway, which will create remote aircraft parking positions with a total area of 13,230 square meters;
- bypass taxiways for the runways, which will each measure approximately 97.5 meters by 25 meters, with 17.5 meter margins;
- an extension of Taxiway J towards Taxiway L;
- remote aircraft parking, which will provide 54,000 square meters of remote aircraft parking positions able to accommodate four Type E aircraft simultaneously
- a parking area for ramp handling equipment, with an area of 40,000 square meters, located west of the North Concourse; and
- a new control tower.

At the conclusion of this construction, the airfield will possess: 1,185 lineal meters of rapid exit ramps (a 207.8% increase); 15,822 lineal meters of taxiway (a 67.02% increase); 140,820 square meters of parking for ramp handling equipment (with no increase); and 78,787 square meters of remote aircraft parking positions (a 89.85% increase).

Airfield Rehabilitation and Upgrades

Projects expected to be undertaken through 2016 relating to the rehabilitation of the airfield and the upgrade of equipment are as follows:

- rehabilitation of the pavement for Runway 03R/21L, which currently has several fractures, cracks and fissures in its concrete slabs;
- repair of the perimeter security fence, which is deteriorated and, in some places, completely broken;
- expansion of the fuel storage facility, which will be increased by adding 3,150,000 gallons in tree tanks; and
- upgrade of various airfield-related equipment including the following:
 - expanding the existing SEI station;
 - renovation of the existing ILS CAT I on the threshold to Runway 03R/21L;

- procurement of new ILS/DME CAT I on Runway 03L/21R;
- procurement of new ILS/DME CAT I on Runway 03R/21L;
- upgrade of the radar systems; and
- procurement of new secondary radar.

Long-Term Airfield Improvements

Between 2017 and 2030, we are considering the following long-term projects and improvements, depending on the need for these facilities in light of aviation activity levels and the condition of facilities at the time:

- rehabilitation of the pavement for Runway 03L/21R, which requires deep structural repairs;
- maintenance of the runway borders, which will involve leveling and compacting of the land around both existing runways, cutting grass to a distance of 150 meters on both sides of the runway and restoring drainage channels. This maintenance will prevent water collection, deter birds and ensure the quality of the runway structural systems. The restoration and relocation of the drainage canals includes paving the canals in concrete, at a parallel distance of 75 meters from the runways;
- upgrade of the runway end safety areas, which will cause the ends of the existing runways to meet the minimum requirements prescribed by ICAO. The runway end safety areas are adjacent to the end of the runway, 240 meters in length and at least twice the width of the runway and margins combined;
- displacement of the axis of platform Taxiway L by 80 meters;
- reconstruction of Taxiway E, the pavement of which has deteriorated and which is located closer to Runway 03L/21R than is recommended by ICAO guidelines. This reconstruction project involves the replacement of Taxiway E with a new taxiway that will be 2,518 meters long and 23 meters wide, with 10.5 meter margins, and located 190 meters (centerline to centerline) from Runway 03L/21R;
- completion of the perimeter road, which will ensure the mobility of emergency vehicles to the Airport perimeter under all weather conditions;
- a new runway that will be parallel to the existing Runway 3R/21L and 1,374 meters from Runway 03L/21R. The new runway will be 45 meters wide and 2,600 meters long;
- construction of a Rapid Exit Taxiway, which would be located approximately 1,921 meters from Runway 21R and connecting to Taxiway G;
- extension of Taxiway E, which would complete the parallel taxiway by extending it to Taxiway A;
- construction of a second parallel taxiway to Runway 03L/21R, which would be located between Taxiway G and Taxiway A and require the displacement of the general aviation platform by 91 meters;
- second taxiway parallel to new Runway 03R/21L – design and construct a second parallel taxiway for the new runway;

- construction of a Rapid Exit Taxiway for the existing 21L approach;
- expansion of the fuel storage facility, which would be increased by adding four 210,000 gallon tanks, likely in two phases; and
- two ARFF stations, one of which will be located on the north side of the airfield and another on the south side. The stations are expected to be built to ICAO Category 9 standards, with all ARFF equipment meeting required response times. The main station is expected to be approximately 1,400 square meters and the satellite station is expected to be at least 700 square meters.

Landside and Cargo Area Improvements

Projects planned through 2016 are as follows:

- construction of roadways and parking for the existing terminal complex that will add a four-lane commercial vehicle roadway on the lower level and expand the existing public parking lot;
- construction of roadways and parking for the South Terminal Expansion, which will loop in the existing terminal area and will add parking for 1,200 vehicles in a new public parking structure and covered parking for 400 vehicles for employees;
- construction of a new access road, from Corredor Sur, through the area of Airport property known as the University Lands, including bridge structures over the Tocumen River. The new access road will require the development of a freeway interchange with Corredor Sur;
- realignment of the Tocumen River. The South Terminal Expansion will be built where the Tocumen River currently flows, requiring a new river alignment. Additionally, we will undertake various environmental mitigation projects in connection with the river realignment;
- re-routing of the cargo access road, which is necessary in order to upgrade the runway end safety area for Runway 21R. Additionally, a new security and control plaza for the cargo complex is also included in this project;
- replacement of the Airport's existing storm-water and sewage treatment plant located at the existing passenger terminal and construction of a new storm-water and sewage treatment plant for the South Terminal Expansion;
- expansion of the Airport's drinking water reservoir to 800,000 gallons; and
- expansion of cargo processing facilities in three areas: the existing cargo terminal will be expanded, with sections for import cargo and export cargo being separated; general-use warehouses will be constructed; and integrator warehouses (DHL and FedEx) will be developed. An adequate refrigerated storage unit is also required. This project will also include improvements to the interior cargo road and staging areas.

Airport City Project

We are considering the potential development of Airport City. Airport City would be a commercial development consisting of conference and exhibition centers, shopping malls, office buildings and other real estate to enhance the Airport's revenues and stimulate business and leisure travel. The Airport City development will benefit from the Government's support as part of Panama's infrastructure and economic development plan. If the

project is developed, additional funding is expected to be available through concession, leasing or other arrangements with private sector real estate developers.

Any revenue from the proposed Airport City project will not be given as Collateral as part of the Committed Revenues. Additionally, any obligations of Airport City will be non-recourse to the Airport as well.

As of the date of this Offering Memorandum, there is no assurance that this development will take place.

Competition

International Traffic Airport Ranking

We are ranked as the best international facility in all of Central America by Skytrax.

International Traffic in Latin America

In terms of total international passengers, the Airport was the 3rd busiest airport in Latin America in 2015.

2015				
Rank	Airport	City	Country	Traffic
1.	Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	13,620,000
2.	Aeropuerto de Cancún	Cancun	México	13,566,003
3.	Aeropuerto de Tocumen	Panama City	Panama	13,339,244
4.	Aeropuerto Benito Juárez	Mexico City	México	12,758,456
5.	Aeropuerto El Dorado	Bogota	Colombia	9,148,501
6.	Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	8,540,000 (est)
7.	Aeropuerto Comodoro Arturo Merino Benítez	Santiago	Chile	8,172,300
8.	Aeropuerto Jorge Chávez	Lima	Peru	8,119,188
9.	Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	7,521,900 (est)
10.	Aeropuerto de Punta Cana	Punta Cana	Dominican Republic	6,413,748
11.	Aeroporto Galeão-Antônio Carlos Jobim	Rio de Janeiro	Brazil	4,397,945
12.	Aeropuerto Juan Santamaría	San Jose	Costa Rica	3,921,692
13.	Aeropuerto José Martí	Havana	Cuba	3,910,000 (est)
14.	Sangster-Montego Bay Airport	Montego Bay	Jamaica	3,800,608
15.	Aeropuerto Las Américas	Santo Domingo	Dominican Republic	3,465,340
16.	Lynden Pindling Airport	Nassau	Bahamas	3,350,000 (est)
17.	Aeropuerto Simón Bolívar - Maiquetía	Caracas	Venezuela	3,155,000 (est)

Source: Consultant Report

International Traffic in North and South America

In terms of total international passengers, the Airport was the 7th busiest airport in North and South America in 2015.

2015				
Rank	Airport	City	Country	Traffic
1.	New York J.F. Kennedy Airport	New York	USA	30,020,301
2.	Lester B. Pearson Airport	Toronto	Canada	25,177,558
3.	Miami Airport	Miami	USA	21,206,541
4.	Los Angeles Airport	Los Angeles	USA	20,740,075

2015				
Rank	Airport	City	Country	Traffic
5.	Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	13,620,000
6.	Cancún Airport	Cancun	Mexico	13,566,003
7.	Aeropuerto de Tocumen	Panama City	Panama	13,339,244
8.	Aeropuerto Benito Juárez	Mexico City	Mexico	12,758,456
9.	Newark Liberty Airport	Newark	USA	11,802,191
10.	Hartsfield-Jackson Airport	Atlanta	USA	11,233,303
11.	San Francisco Airport	San Francisco	USA	11,218,000 (est)
12.	O'Hare Airport	Chicago	USA	11,006,014
13.	Houston George Bush Airport	Houston	USA	10,018,594
14.	Aeropuerto El Dorado	Bogotá	Colombia	9,148,501
15.	Dorval / Pierre Elliott Trudeau Airport	Montreal	Canada	8,883,781
16.	Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	8,540,000 (est)
17.	Aeropuerto Comodoro Arturo Merino Benítez	Santiago	Chile	8,172,300
18.	Aeropuerto Jorge Chávez	Lima	Peru	8,119,188
19.	Washington Dulles Airport	Washington	USA	7,652,513
20.	Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	7,521,900 (est)

Source: Consultant Report

Traffic in Latin America by Total Passenger Traffic

In terms of total total passenger traffic, the Airport was the 10th busiest airport in Latin America in 2015.

2015				
Rank	Airport	City	Country	Traffic
1.	Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	38,984,587
2.	Aeropuerto Benito Juárez	Mexico City	Mexico	38,433,078
3.	Aeropuerto El Dorado	Bogota	Colombia	29,956,551
4.	Aeroporto Presidente Juscelino Kubitschek	Brasilia	Brazil	19,821,796
5.	Aeropuerto de Cancún	Cancun	Mexico	19,596,485
6.	Aeroporto São Paulo-Congonhas	São Paulo	Brazil	19,279,644
7.	Aeropuerto Jorge Chávez	Lima	Peru	17,575,919
8.	Aeropuerto Comodoro Arturo Merino Benítez	Santiago	Chile	17,251,406
9.	Aeroporto Galeão-Antônio Carlos Jobim	Rio de Janeiro	Brazil	16,942,229
10.	Aeropuerto de Tocumen	Panama City	Panama	13,434,676
11.	Aeroporto Confins-Tancredo Neves	Belo Horizonte	Brazil	11,167,429
12.	Aeroparque Jorge Newbery	Buenos Aires	Argentina	11,052,861
13.	Aeroporto Campinas-Viracopos	São Paulo	Brazil	10,282,871
14.	Aeropuerto Miguel Hidalgo y Costilla	Guadalajara	Mexico	9,759,222
15.	Aeroporto Santos Dumont	Rio de Janeiro	Brazil	9,685,396
16.	Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	9,127,908
17.	Aeroporto Luís Eduardo Magalhães	Salvador	Brazil	9,087,067
18.	Aeropuerto Simón Bolívar - Maiquetía	Caracas	Venezuela	9,040,652
19.	Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	8,733,161
20.	Aeroporto Salgado Filho	Porto Alegre	Brazil	8,260,330

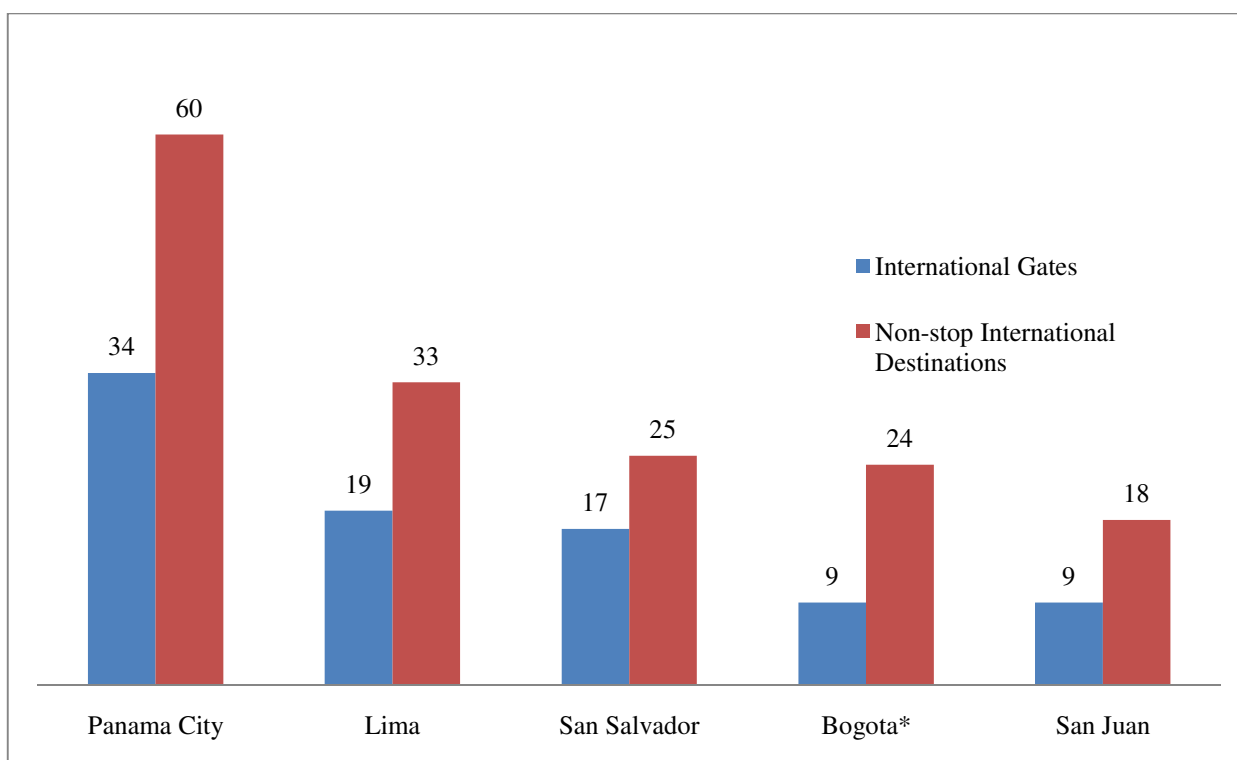
Source: Consultant Report

International Competition

As previously discussed, the Airport is significantly reliant on Transit/Transfer Passenger activity, and faces competition for that traffic from two sources, namely:

- (i) from other centrally located regional airports that also offer connecting services within the LAC Region, such as the airports serving Bogota (Colombia), Cancun (Mexico), Lima (Peru), Mexico City (Mexico), San Jose (Costa Rica), San Juan (Puerto Rico) and San Salvador (El Salvador).
- (ii) from major hubs in North or South America that offer direct airline service between major north-south city pairs, such as the airports serving Miami (USA), Houston (USA), Sao Paulo (Brazil) and Santiago (Chile).

Compared to other centrally located regional airports, the Airport’s infrastructure offers significant advantages to accommodate the operations of any airline with the regional depth of Copa. The following graph compares the Airport and its principal regional competitors by international gates and non-stop international destinations.



* Planned expansion for the Bogota airport was finished in 2014.

Much of the Airport’s competition is driven by the presence of airlines that compete with Copa Airlines in the region. Recent regional airline mergers - specifically LAN - TAM (hubbing at Sao Paulo Guarulhos and Santiago airports) and Avianca - Taca (hubbing at Bogota, Lima and San Salvador airports) - could result in the merged airlines having greater capability to develop north-south direct service through their principal hubs, as well as serving the region around their respective hubs. For further information on potential sources of competition see, “*Risk Factors—Risks Related to Our Business—Competition from other destinations or from other airports could adversely affect our business.*”

Domestic Competition

Of the other airports in Panama only (i) Marcos A. Gelabert (located at Panama City), (ii) Isla Colon (located at Bocas del Toro) and (iii) Enrique Malek (located at David) international airports provide significant scheduled airline service. Additionally, the former Howard Air Force Base (now called Panama Pacifico), located in western Panama City, has an approximately 8,500-foot runway and provides charter, maintenance and general aviation services, but is not used for scheduled aviation purposes at this time. The airport serving Rio Hato is planned for expansion with the capability to serve narrow-body size aircraft. Certain of these other airports also offer international service and are expected to continue to develop such service, which includes charter service

catering to the tourism market. While these other airports are potential competitors for Panama's international service, the Airport is expected to continue to be the country's principal international gateway because of the importance of Panama City as the country's population and business center, the stated commitment by Copa Airlines to continue use of the Airport as its network hub and the size and infrastructure of the Airport.

Principal Competitors

The AviancaTaca hub at Bogota is, among others, one of the most significant competitors of the Airport, particularly with regard to future operations. While Miami has the highest activity levels in many categories, we believe that the Airport and certain other hubs have successfully gained market share from Miami as a LAC Region hub, particularly given the customs, immigration and security requirements currently in place for Transit/Transfer Passengers at U.S. airports. Bogota's attributes include a relatively high passenger level, a significant domestic market, a dominant airline with a significant but not dominant market share (AviancaTaca) and a large metropolitan area population. While Bogota's airfield is located at about 8,360 feet above sea level, which presents operational disadvantages (including weather conditions) relative to airports located closer to sea level (such as the Airport), however, the technical disadvantages experienced by current aircraft make/models may diminish as newer aircraft are introduced. Bogota is also served by three significant LAC Region airlines - AviancaTaca, Copa Airlines Colombia and LAN Colombia - which may provide a stronger competitive environment that could stimulate passenger travel by resulting in greater fare competition. Additionally, Bogota added 12 boarding bridges at its passenger terminal in 2014, which would assist hub development by AviancaTaca. It is possible that other airports in addition to those serving Bogota and Miami could emerge as more significant competitors. For more information on our competitors, see "*Appendix A—Consultant Report.*"

Environmental Issues

We are subject to a broad range of environmental, health and safety laws and regulations in Panama that expose us to the risk of substantial costs and liabilities. These laws and regulations relate to, among other things, limits on emissions, water and air quality standards, limits on noise, forest preservation requirements, minimization of risks to the environment, standards on the cleanup, use and handling of hazardous materials and waste disposal practices.

We are committed to ensuring that all activities undertaken at the Airport are carried out in compliance with applicable environmental laws and regulations and sound environmental management practices.

Our principal environmental concerns are mitigating the environmental impact of our construction and improvement projects and the environmental impact of future traffic growth at the Airport.

Prior to the commencement of any construction and improvement projects, an environmental management plan for the projects is prepared. The principal features of these plans are:

- Identification of any environmental issues that may require additional environmental analysis prior to implementation. The environmental impact categories are: Noise, Compatible Land Use, Social Impacts, Induced Socioeconomic Impacts, Air Quality, Water Quality, Historic, Architectural, Archaeological, and Cultural Resources, Biotic Communities, Endangered and Threatened Species of Flora and Fauna, Wetlands, Floodplains, Coastal Zone Management Program, Coastal Barriers, Wild and Scenic Rivers, Prime and Unique Farmland, Energy Supply and Natural Resources, Light Emissions, Solid Waste Impacts, Construction Impacts, Hazardous Waste and Asbestos.
- Identification of key projects in the plan and the phasing of development, which dictates when the environmental analysis would need to take place. For example: New 03R/21L Runway (Phase 2025), New Satellite (Phase 2025), New parallel taxiway for Runway 03R/21L (Phase 2025), New fuel farm located north of the new satellite (Phase 2025), Cargo Area development on former runway 03L/21R (Phase 2025).

- A brief, preliminary indication of environmental constraints and environmental issues affected by implementation of the plan. This includes initial coordination with relevant local and national agencies as part of the identification of environmental issues and the potential need for further study. At the time of project implementation, appropriate environmental documentation must be completed. This documentation may require coordination with national and local environmental agencies to secure the necessary approvals and permits to implement specific development items.

An increase in aircraft noise is expected to be the primary environmental impact of traffic growth at the Airport, and this increase may be substantial if a new runway carries a significant proportion of traffic. If the noise exceeds certain levels, restrictions could be imposed on the use of the new runway. For instance, its use could be restricted at night, and noise abatement procedures for aircraft using the runway could be required.

We are also committed to undertaking all mitigation measures, as necessary, to avoid excessive disturbance to the wild life living in the Airport premises. For such purpose, we use some of the most advance techniques aimed to minimize the presence of birds in the airplane maneuver areas. Amongst the techniques we use are the following:

- Specialized acoustic equipment, which combines the sounds produced by a canon and other noises from a vast variety of bird species, to ensure that birds never get used to a specific sound;
- “Capa” guns, used primarily during migration periods;
- Laser guns, used primarily at night;
- Pyrotechnics for bird dispersion;
- Regular cleansing and maintenance of the Airport’s vegetation;
- Use of camera traps to monitor birdlife;
- Mouse plague control; and
- We are currently evaluating the use of hawks.

Implementation of the above techniques is expected to reduce the number of bird strikes and to increase the Airport’s environmental compliance standards.

There are no material environmental proceedings or investigations pending against the Airport by the *Ministerio de Ambiente de Panamá*, or Panama’s Environmental Ministry. For further information on the risks associated with our environmental obligations, see “*Risk Factors—Risks Related to our Business—We are subject to Environmental health and safety laws and regulations.*”

Litigation

There are no material legal, arbitration, judicial or governmental proceedings pending or threatened against us that, if adversely determined, would have a significant impact on our business or financial condition.

MANAGEMENT AND EMPLOYEES

Board of Directors

We are 100% owned by the Government and are governed by our board of seven voting directors. Our voting directors are appointed by the executive branch of the Government, through the Ministry of Economy and Finance, or elected, as follows:

- four voting members are appointed by the Ministry of Economy and Finance for a five-year terms;
- one voting member is elected by the Panama Airlines Association (ALAP) for a five -year term;
- one voting member is elected by our employees for a five-year term; and
- one voting member is elected by the Airport's concessionaires for a five-year term; this position is currently vacant.

According to article 5 of Law 23, the director of the CAA, the General Comptroller of the Republic and the General Manager of the Airport shall attend the meetings of the Board of Directors as the non-voting members. Each such non-voting member has a term of seven years. All decisions taken by the Board of Directors must be adopted by at least a simple majority of the voting directors present at a duly convened meeting, except for any removal of the General Manager with cause, which must be adopted by at least four voting directors.

Pursuant to Law 23 and our articles of incorporation, the Board of Directors has authority to approve any operations inherent to our corporate purpose. The powers and responsibilities of our Board of Directors are, among others, to: (1) define our financial, investment, procurement and personnel policies, and approve the business strategy proposed by the CEO; (2) appoint our executive and second-level officers; (3) approve our organizational structure and compensation policy; (4) approve our annual financial statements and submit them for approval to the Cabinet Council; (5) approve the creation of reserves and the allocation of profits; (6) approve our annual income estimates as well as our expense and investment budgets; (7) approve our operating and marketing programs; (8) approve our indebtedness limits; (9) hire our external auditor; (10) be accountable for the exercise of its duties before the Executive Branch through the Ministry of Economy and Finance; (11) approve increases or decreases in our capital stock; and (12) approve the execution of agreements over US\$300,000, but under US\$3,000,000, which agreements require authorization from the Cabinet Council.

The activities of our Board of Directors are guided by our Code of Ethics, which states the ethical principles that apply to our business and that we expect to apply to those we do business with.

Internal Auditor

Our internal auditor is Guissel Suarez, who reports to the Board of Directors and can be removed by the Board of Directors. Our internal auditor coordinates internal review of our financial information and our outside auditors.

Audit Committee of the Board of Directors

Our audit committee of the Board of Directors is ordinarily composed of three directors. Currently, the members of our audit committee are Vidalia de Casado and Carlos Duboy. Our audit committee is authorized by Law 23. The audit committee assists our Board of Directors in its review of financial reporting principles and policies, controls and procedures, internal control and risk management and internal audit. The audit committee also assists our Board of Directors in its review of the integrity and reliability of our financial statements, the external audit and our compliance with legal and regulatory requirements. The audit committee meets four times per year.

Set forth below are the names, title, dates of appointment and brief biographical descriptions of the voting members of our Board of Directors as of the date of this Offering Memorandum.

<u>Name</u>	<u>Position</u>	<u>Year of Birth</u>	<u>Year Appointed</u>
Dulcidio de la Guardia.....	Chairman (Minister of Economy and Finance)	1964	2014
Francisco Salerno	Director/Vice-President	1951	2014
Eduardo Valle.....	Director/Secretary	1944	2014
Carlos Duboy.....	Director/Treasurer	1972	2014
Vidalia de Casado.....	Director (Representative for the Panama Airlines Association)	1957	2014
Rigoberto Lee.....	Director (Representative for our employees)	1969	2014
Alfredo Fonseca Mora.....	Non-Voting Member (Director of CAA)	1956	2014
Federico Humbert.....	Non-Voting Member (General Comptroller of Panama)	1951	2014
Joseph Fidanque Tercero.....	Non-Voting Member (General Manager of the Airport)	1966	2014

Dulcidio de la Guardia. Mr. de la Guardia, the current Minister of Economy and Finance, has been a voting director and the chairman of our Board of Directors since 2014. Previously, Mr. de la Guardia held positions as Deputy Minister of Finance, director of private banking, executive vice president, and vice president of investment banking at Banco Continental de Panamá, S.A. He also served as financial director of Morgan & Morgan Group. Mr. de la Guardia has been a board member of the Panama Stock Exchange, Elektra Noreste, Progress and Profuturo AFP, Primer Banco del Istmo, SA, HSBC Bank (Panama), SA, Central Latinoamericana de Valores (Latinclear), Andean and the Panamanian Chamber of Capital Markets (CAF). Mr. de la Guardia received a bachelor's degree in business administration from Florida State University, a master's degree in business administration from the Loyola University, and he is a charter financial analyst (CFA) by the CFA Institute.

Francisco Salerno. Mr. Salerno has been a voting director and vice president since 2014. He is also a director and a board member of Banco General, the chairman of the board of Bahia Motors, S.A., and the chairman of the board of Sistemas Integrados de Generación. Mr. Salerno received a bachelor's degree in science and finance from Florida State University.

Eduardo Valle. Mr. Valle has been a voting director and secretary since 2014. He is a senior partner and founder of the law firm Mendoza, Arias, Valle & Castillo. Mr. Valle has also held positions as labor advisor of the Banking Association, former deputy judge of the Superior Labor Court, member of the Panamanian Academy of Labor Law, trial attorney in labor matters at the enterprise level and founding partner of Tax & Labor, the central body of legal services in labor and commercial matters. He received a bachelor's degree in law and political science and a bachelor's degree in international business management with special emphasis on international marketing and public administration from the University of Panama.

Carlos Duboy. Mr. Duboy has been a voting director and treasurer since 2014. He is currently the executive secretary of the Ministry of Presidential Goals. Previously, Mr. Duboy held roles as executive director of Stone Bridge Capital Inc., Minister of Housing and Territorial Management, project manager at Grupo Constructora Urbana, S.A. and regional commercial manager at Grupo Motta Internacional. Mr. Duboy has also been president and member of the board of the Central American Council of Housing and Human Settlements (CCVAH), chairman and board member of Banco Hipotecario Nacional (BHN), chairman and board member of the National Council of Land Authority (ANATI), board member of the Transit Authority, board member of the National Institute of Water Supply and Sewerage, and member of the advisory board of Real Estate Group Tribaldos. Mr. Duboy was recognized in 2008 as one of the Top 40 outstanding young people under 40 and given an "Award of Excellence" by

Capital Financiero. He received a bachelor's degree in business management and a master of business administration with special emphasis on finance from Loyola University.

Vidalia de Casado. Mrs. de Casado has been a voting director since 2014. She has more than 30 years of experience in the industry. Mrs. de Casado has served as a human resources and services director for Air Panama, a Panamanian local airline. In 1988, Mrs. de Casado served as vice president for airports for Copa Airlines. She is currently vice president for Inflight, supervising the Inflight, Onboard and Catering divisions. She received a bachelor's degree in human resources from the "Centro de Estudios Superiores de Administración", a bachelor's degree in business management from Universidad Latina de Costa Rica and a master in business administration from The University of Louisville.

Rigoberto Lee. Mr. Lee has been a voting director since 2014. He is currently head of document management and archives at AITSA. Previously, he held a managerial position in the Union of Airport Workers of Panama as secretary of minutes and correspondence.

Mr. José Frade, a finance and audit vice president of Grupo Wisa, who was elected to our Board of Directors by the Airport's concessionaires in 2014, resigned from our Board of Directors on May 6, 2016. A replacement member has not yet been elected or designated.

Each of our administrators, officers and executives can be reached through Aeropuerto Internacional de Tocumen, S.A., at Vía José Domingo Díaz, Corregimiento de Tocumen City of Panama, Panama. Phone: + 507-238-2975.

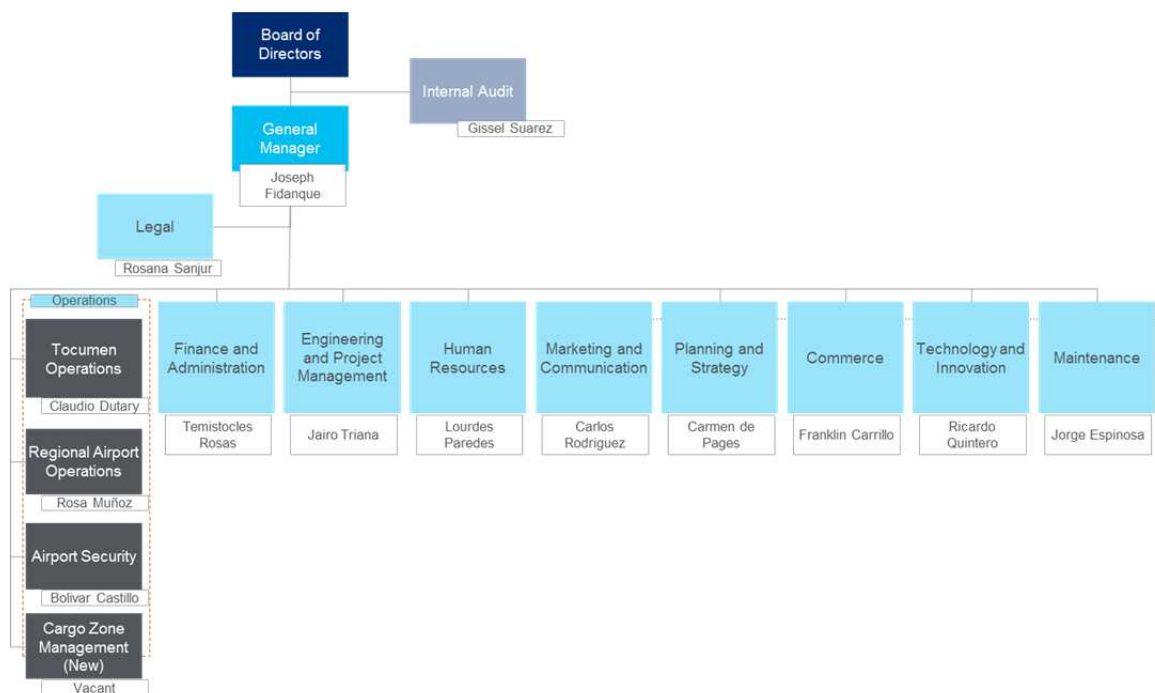
Management Team

Our management team currently consists of eleven managers. Our managers are appointed by our Board of Directors and are in charge of the management and legal representation of the Airport. Our managers have, among others, the following powers and responsibilities: (1) execute all types of documents and actions in connection with our corporate purpose; (2) execute the resolutions of the Board of Directors; (3) decide the appointment and hiring of certain of our officers; (4) authorize the monthly publication of our balance sheet; (5) participate in the board of directors sessions; (6) all other responsibilities stated in our by-laws; (7) subject to certain exceptions, enter into agreements for amounts of up to US\$300,000; (8) enter into concession agreements for up to US\$10,000; and (9) execute any actions delegated by the Board of Directors. All vice-presidents report to the general manager who in turn reports to the Board of Directors.

Our General Manager is entitled to enter into procurement agreements in amounts of up to US\$300,000 but requires authorization from the Board of Directors to enter into any agreements that exceed that amount.

The activities of our management are guided by our Code of Ethics, which states the ethical principles that apply to our business and that we expect to apply to those with whom we do business.

The following chart provides an overview of our management structure. Set forth below are the names, title, dates of appointment and brief biographical descriptions of the members of our management team as of the date of this Offering Memorandum.



Joseph Fidanque Tercero. Mr. Fidanque has served as general manager since 2014. His experience in the airline industry began at Copa Airlines after receiving a bachelor’s degree from Tufts University. Mr. Fidanque is president of Fidanque Brothers and Sons, Ltd., a family company with over 130 years of experience in communications, travel and real estate. Mr. Fidanque has been a board member of major companies in Panama, ranging from think tanks to logistics companies, from the largest retailer of tools to the largest clothing retailer, from the largest banking conglomerate to a major insurance company and a fund of angel investment. Lately he has been appointed to the local board of the Smithsonian Tropical Research Foundation in Panama.

Temístocles Rosas. Mr. Rosas started working as vice president of finance and administration in 2014. Mr. Rosas is a managing partner of Consulting Plus, SA, director of World Group, director and treasurer of Banco Panameño de la Vivienda, president of Mundial Fiduciaria, president of Banvivienda Leasing & Factoring, president of Banvivienda Securities, director of Proyectos y Construcciones del Oriente and director of PTY Manager Trucks Corporation. He has also been director of auditing standards of the Comptroller General’s Office, deputy Minister of Commerce and Industry and general director of INADEH. He received a bachelor’s degree in finance and accounting and a master’s degree in business administration and marketing degree. He also received a postgraduate degree in government auditing from the American University.

Carmen de Pagés. Mrs. de Pagés began working as Vice President of Planning and Strategy in 2014. Previously, Mrs. de Pagés served for over 20 years at the Canal Authority as a manager of strategic planning and innovation developing. Mrs. de Pagés received a bachelor’s degree in industrial engineering from the Universidad Santa María, La Antigua and a master’s degree in project management from the Project Management Institute.

Lourdes Paredes. Mrs. Paredes has served as human resources vice president since 2014. Mrs. Paredes has held various positions in several multinational companies in Panama, including in such capacity as human resources manager at IBM, director of human resources and administration at BellSouth, regional human resources manager at Samsung Electronics of Panama, administrator of Albroom Mall, director of human resources and corporate social responsibility in La Prensa Corporation and national executive director of human resources at Caja del Seguro Social. She received a bachelor’s degree in secretarial administration from the Universidad Santa María,

La Antigua, a master's degree in business administration from Nova University and a master's degree in business techniques from Georgetown University.

Rosana Sanjur. Mrs. Sanjur has served as vice president of legal advisory since 2014. She was part of the technical unit of public policy of the Ministry of Economy and Finance and subsequently national telecommunications director and then as legal director of the National Authority of Public Services. In 2009, she became part of the law firm Consultores Jurídicos Asociados. She received a bachelor's degree in law and political science from Universidad de Panamá Law School in the year 1984 and has over 25 years of experience in the public sector.

Jorge Luis Espinosa. Mr. Espinosa started working as Maintenance Vice President in 2014. Mr. Espinosa has led projects and operations in several countries in Central America and the Caribbean and has provided consulting services to major international companies. In 1998 he joined the multinational Asea Brown Boveri (ABB Central America and Caribbean) where he later held the position of country manager in the subsidiary of the Caribbean in the Dominican Republic. In 2012 he served as account manager by the multinational Tetra Pak (Central America and Caribbean). He received a bachelor's degree in electromechanical engineering from the Technological University of Panama.

Jairo Triana. Mr. Triana has served as engineering and project vice president since 2014. Mr. Triana has worked in the construction industry since 1996 and has more than 15 years of experience in project management in Europe, America and Middle East. He has held various positions, including such capacities as director of operations at Sweett Group PLC and Alpha Corporation in the regional offices in Madrid, Spain and Bogotá, Colombia, respectively. He received a bachelor's degree in structural architecture from the Universidad Santa María, La Antigua and a master's degree in management and financing of private projects and concessions from the University of San Pablo CEU. He also holds a postgraduate degree in management from the University of Sussex.

Carlos Rodríguez. Mr. Rodríguez has served as marketing and communications vice president since 2014. He started working as advisor to the general manager for commercial affairs of business strategies. Mr. Rodríguez is an entrepreneur and manager with over 25 years of marketing experience for consumer products and he has served as a director of large trading companies, both domestic and transnational, such as Food Isthmus (now Frito Lays), Bonlac, Star Blue, Avipac and Swift and Company. From 2006 to 2014, he led retail businesses at the regional level (Latin America and the Caribbean) for the Tommy Hilfiger brand. He is an active member of the Chamber of Commerce where he served for two years as president of the organizing committee Expocomer. He is currently president of Multiservicios La Despensa S.A. He received a bachelor's degree in business administration from the National University in Panama.

Franklin Carrillo. Mr. Carrillo has served as commercial vice president since 2014. Previously, he served as deputy manager of platform operations and as security and finance auditor at Copa for Panama, North, Central and South America. He received a bachelor's degree in nautical engineering with specialization in navigation and maritime transport from the Nautical School of Panama. He also has a diploma in management and process improvement from the Latin University of Panama, focused on disciplines VPM, LEAN and SIX GAMMA.

Ricardo Quintero. Mr. Quintero has served as technology and innovation vice president since 2014. He has extensive experience in various companies like Panama Canal Authority, leading and developing working teams for technology logistics operations, Banco Latinoamericano de Exportaciones, SA (Bladex), performing teamwork in regional banking technology, EGS Global, provider of business process outsourcing services, overseeing technology call center operations and Cable Onda, operating telecommunications services. He received a bachelor's degree in computer science - programming and systems from the University of Central Florida, a master's degree in business administration degree from Nova Southeastern University and a MSc in information security from Royal Holloway - University of London.

Employees

As of December 31, 2015, we had approximately 1,452 employees spread across ten different operating vice-presidencies, which encompass the broad range of activities typical for a large commercial service airport. Approximately one-third of these employees perform airport security functions.

Substantially all of our employees, including the members of the Board of Directors, are unionized and covered by a collective bargaining agreement with the UTAP entered into in October 2013 for a four-year term. The agreement includes certain benefits, including an annual increase of 3% to 5% to the base salary of all employees and 40 scholarships to be granted every year, each for 10 months, to children of the employees, half for US\$40.00 monthly and the other half for US\$50.00 every month.

The Board of Directors has retained the services of Alfaro, Ferrer & Ramirez (AFRA), a Panamanian law firm specialized in union negotiations, to negotiate the future collective bargaining agreement. According to the Panamanian Labor Code, Airport employees are subject to a particular regime governing strikes, which establishes an arbitration procedure that can be enforced by the relevant Panamanian Labor Authorities and that has the effect of immediately suspending a strike. Additionally, we believe we maintain good relations with our labor force.

As is typical in major airports, personnel in charge of air traffic and the control tower are not employees of the Airport but public employees of the CAA. The CAA is responsible for aircraft after they are no longer in contact with the Airport terminal or at parking stations. Furthermore, perimeter security for the Airport is the responsibility of the National Police.

REGULATORY OVERVIEW

The Airport started operations in 1947. From its creation and up to 2003, the airport was managed by the CAA. On January 29, 2003, the Panamanian Legislative Assembly passed Law 23, establishing a regulatory framework for the management of airports and airfields in Panama. Pursuant to Law 23, the Government of Panama may establish companies to provide the “public service” of airports and airfields management, as subject to the Law of Corporations and the Code of Commerce.

Law 23 was amended by Law No. 71 of November 2009 (“*Law 71*”), passed by the Panamanian Legislative Assembly on November 9, 2009. Law 71 introduced certain changes to the corporate organization and governance of the airport management companies created pursuant to Law 23, including authorizing general managers of these companies to retain external auditors and establishing a procedure for removal of general managers.

Law 23 was further amended by Law No. 86 of December 2012 (“*Law 86*”), approved by the Panamanian National Assembly on December 3, 2012, and Law No. 125 of December 2013, approved by the Panamanian National Assembly on December 31, 2013 and Law 24 of October 2014, approved by the Panamanian National Assembly on October 28, 2014. Law 86 modifies articles 19 and 20 of Law 23. It explicitly authorizes the companies created pursuant to Law 23 to issue bonds and sell them in Panama or internationally. Law 86 further authorizes these companies to establish liens over some of their assets as well as assign them or pledge them as guarantee to Panamanian or international financial creditors or agents, with the approval of their Board of Directors and of the Cabinet Council. It further authorizes the board of directors of the managing companies to waive any immunity or prerogative to which they are entitled according to Panamanian law regarding the liens or assets given as guarantee. This law authorizes the companies created pursuant to Law 23 to manage the funds generated by its operations or received as the result of financing transactions through trusts or special funds created for that purpose. Law 86 also permits us and all airport management companies to incorporate subsidiaries to carry out commercial activities related to their aeronautical operations, but it forbids the sale or pledge of shares of such companies. Finally, Law 86 explicitly states that fees charged by aviation or non-aviation services are not considered taxes.

We are a corporation organized under the laws of Panama that was incorporated pursuant to the provisions of Law 23 and Cabinet Resolution No. 30 of April 9, 2003. The Airport is managed by us. We own all the assets and rights related to the Airport previously owned by the Government directly.

Our corporate purpose includes owning and managing the Airport, complying with international agreements entered into by Panama including rules and recommendations from the ICAO and complying with rules adopted by Panama regarding airport operations.

Our authorized capital is one million shares with a par value of US\$20.00 each. Pursuant to Law 23, 100% of our shares must be owned by Panama and will be under the custody of the Ministry of Economy and Finance (“*MEF*”).

All assets and liabilities owned by the Government prior to our creation were transferred to us free of charge, including all assets related to the Airport’s operation and development. According to Panamanian law, these assets and liabilities were classified and appraised by experts from the MEF and the *Contraloría General de la República* before they were transferred. Assets related to protection and security of air navigation were not transferred, as this is a core responsibility of the CAA.

As determined by the U.S. Federal Aviation Administration, we are currently in compliance with ICAO Standards and have been rated as a category 1 jurisdiction by IASA since April 2004. We also comply with additional regulations issued by the CAA.

Regulation of Rates and Fees

With regard to the setting of fees and rates for aeronautical and non-aeronautical services, Article 15 of Law 23 and our bylaws establish that our Board of Directors will set, as appropriate, rates and charges for airport aeronautical services to be provided to aircraft on land, including but not limited to, the services of loading and

unloading of passengers and cargo, passenger check-in counters and baggage and airline offices, subject to approval by the CAA. These rates and fees should preferably be based on the costs of the services provided, in accordance with CAA guidelines. Also, our Board of Directors is entitled to set the rates for non-aeronautical commercial services and minimum rents for the use of airport surfaces at the respective airports and airfields without prior approval by the CAA. It is a policy of our Board of Directors to include the costs of maintaining a robust financial profile for the Airport and meeting its financial covenants and obligations in our costs of services.

Passenger Exit Fee

The PEF is levied on departing international Origin/Destination Passengers for their use of Airport facilities. Revenue from the PEF constitutes our most significant source of revenue (32.7% in 2015 and 35.0% in 2014 of our total revenue) and is directly related to the number of international Origin/Destination Passengers who depart from the Airport. In 2015 and 2014, we earned US\$61.6 million of revenue and US\$58.1 million, respectively from the PEF, exclusive of any amounts of the PEF remitted to government agencies as required by law as described below. All passengers that remain in Panama for at least 24 hours are considered Origin/Destination Passengers, while all others are considered Transit/Transfer Passengers. Transit/Transfer Passengers and passengers on domestic flights are not required to pay the PEF. Currently, the overwhelming majority of flights at the Airport are arriving from or departing to international locations. Official Panamanian delegations (with proper authorization) in the areas of sports, academics and culture and people with diplomatic passport are exempt from paying the PEF. Children under two years of age are also exempt from paying the PEF. Retired passengers and residents over 55 years of age receive a 50% discount in respect of the PEF.

The PEF is currently set at US\$40.00 per international Origin/Destination Passenger at the Airport. In October 2009, the board of directors of the CAA increased the PEF from US\$20.00 to US\$40.00. We are not aware of any other plans to change the amount of the PEF, or to change the applicability of the PEF among the various categories of travelers.

While the PEF is paid by the passenger, it is included in the airline ticket price received by the airlines and then paid by the airlines to us, on a monthly basis following our receipt from the Airlines of a list of all passengers traveling on such airline during such period. The average period of time required by the Airlines to pay the PEF is 7 calendar days from the day we send the corresponding invoice to the Airlines. Such invoice is issued by us following receipt of the boarding passes from the Airlines at the end of each month. Once we receive the boarding passes, we validate the information through an internal audit process (issuing reports to the Board of Directors on a periodical basis). If an airline fails to pay for the PEF in a timely manner (within 7 days from the date the invoice was sent), a penalty is imposed on such airline by the Airport, which can amount to up to 10% over the amounts owed. As a result, we should receive payment of the PEF by no later than two months on average after the passenger uses our facilities. Historically, we have not had any collection problems or delays in payment by the Airlines and have never imposed the applicable penalty for late payment. Since October 2009, the PEF has been US\$40.00 per departing passenger, and since then, we have received from the airlines the full amount of US\$40.00. Pursuant to applicable law, 25% of each PEF, currently US\$10.00, must be sent by the Airport to the Panamanian Tourism Authority and US\$1.0 of the remaining PEF (US\$30.00) is later paid by the Airport to the National Commission for the Prevention of Crimes of Sexual Exploitation (“CONAPREDES”). The portions sent to the Panamanian Tourism Authority and CONAPREDES are not included in our revenue, are Excluded Revenues and do not form part of the Committed Revenues.

In order to modify the PEF or the Development Fee, our Board of Directors must approve the proposed modification, which must then be submitted to the CAA for its approval in accordance with Article 17 of Law 23.

Development Fee

On December, 2015, the board of directors of the Civil Aeronautics Directorate issued Resolution No. 022, through which a special Airport development fee (the “*Development Fee*”) was authorized along with certain amendments to several other fees for airport services. The Development Fee, along with the changes to the existing fees, became effective and applicable as of January 1, 2016; however, payments for the Development Fee, although accruing since such date, have not yet been made due to certain adjustments to be implemented by the airlines on their internal systems. Total payments for the accrued amount of Development Fee corresponding to the the January-April period is expected to be made by April 30, 2016. Thereafter, the Development Fee will be collected

from the airlines along with the PEF on a monthly basis. The Development Fee is levied on departing international Origin/Destination Passengers for their use of Airport facilities. Revenue from the Development Fee is directly related to the number of international Origin/Destination Passengers who depart from the Airport. Retired passengers and residents over 55 years of age receive a 50% discount on the Development Fee.

The Development Fee is currently set at US\$10.00 per international Origin/Destination Passenger at the Airport, and is scheduled to increase to US\$12.00 per international Origin/Destination Passenger at the Airport beginning January 1, 2017. We are not aware of any other plans to change the amount of the Development Fee, or to change the applicability of the Development Fee among the various categories of travelers.

Similar to the PEF, the Development Fee is included in the airline ticket price received by the airlines and then paid by the airlines to us along with the PEF, with the same collection and penalty procedures described above for the PEF. No portion of the Development Fee is required to be paid to the Panamanian Tourism Authority or CONAPREDES, and all revenue earned from such fee will be included in our aeronautical revenues upon receipt.

Aeronautical Services Rates and Fees (including the PEF)

Based on the provisions of Law 23 and our articles of incorporation, the approval process for these rates and fees is as follows. Our General Manager submits for consideration of our Board of Directors any proposed fees and rates for aeronautical services to be charged at the Airport. These fees and rates should preferably be established based on the costs of services rendered. Our Board of Directors considers the proposal and, if approved, passes a resolution establishing the rates and fees for aeronautical services. The proposed increase must then be submitted for approval of the board of directors of the CAA. This submission includes a justification for the proposed increase and comparative fee and rate figures with respect to other airports. The board of directors of the CAA considers the fees and rates proposed by our Board of Directors and passes a resolution approving, rejecting or modifying them (in whole or in part). The resolution of the board of directors of the CAA is published in the Official Gazette.

The CAA has full discretion to reject or modify the proposed increase so long as it provides a justification. We are entitled to request reconsideration of this decision to the CAA or to initiate a legal challenge to their decision in Panamanian courts. However, consensus has always been reached in the past between us and the CAA before new fees and rates are proposed to the CAA's board of directors. There is no legal term within which the board of directors of the CAA must reach a decision, although it is customary for the decision to be taken at the meeting where our proposal is presented.

The process described above applies for all aeronautical fees, including the PEF, the Development Fee, landing charges, boarding bridge charges, electricity and air conditioning, clubrooms and cargo charges. No other authorities, domestic or international, are formally consulted as part of the aeronautical services fees and rates setting process.

We typically notify the airlines before the new fees and rates are proposed and published, though we are not legally required to do so. Our practice has been to provide such advance notice to the airlines and, if applicable, to hold a meeting with them to discuss the proposed changes.

Non-Aeronautical Commercial Services Rates and Fees

The CAA does not regulate non-aeronautical commercial revenues or otherwise establish what non-aeronautical fees and rates we can charge. Our General Manager submits for consideration of our Board of Directors the rates for non-aeronautical commercial services and the minimum rents from the use of airport property. Our Board of Directors passes a resolution approving the rates for non-aeronautical commercial services and the minimum rents for the use of airport property. Our Board of Directors has sole and final authority over the setting of non-aeronautical rates and fees.

Refrendo from Contraloría

According to Law No. 32 of 1984, the Contraloría is an independent institution of the Government (not overseen by the executive branch or by the National Assembly) created by the Constitution of Panama, whose mission is to oversee and regulate the management and disposition of the funds and assets of public entities and, among others, of corporations that are controlled by the Government, including us, as well as to examine the accounts related thereto. Therefore, all transfers of funds required pursuant to the terms of the Transaction Documents, such as transfers from the Operating Accounts to the Transaction Accounts (each as defined in “*Description of the Notes*”), require the prior examination and approval of the Contraloría, which occurs through a process that concludes with, what is known as *refrendo*.

Annual Operating Budget

We prepare our own annual operating and capital investment budget, which is not part of the budget of the Republic of Panama. Our annual budget has to be submitted for approval to the Cabinet Council and the National Assembly each year. The National Assembly may approve or reject our budget, but it may not make any amendments to it. In the event that the National Assembly does not approve our budget, the current fiscal year’s budget will enter into effect for the next fiscal year; however, all items in our proposed budget relating to the payment of our debt, labor and contractual obligations, including those for the financing of investments, will be automatically incorporated to the new budget. Historically, the National Assembly has approved our budget by October of the preceding year.

RELATED PARTY TRANSACTIONS

All transactions between us and Government entities are considered transactions between related parties. The material transactions that we have engaged in with related parties are described below.

In February 2014, we exercised our option to purchase 285 hectares of land adjacent to the Airport for US\$109.9 million pursuant to an option contract between us and Universidad de Panamá dated December 15, 2012. This land is expected to be used in accordance with our master capital expansion plan. In January 2015, we negotiated a longer period over which the purchase price will be paid without interest payments, and an addendum to the contract was negotiated for the addition of six hectares of land, located in the township of Tocumen, which increased the amount owed by US\$6,000,000. As of December 31, 2015, we had paid US\$60 million of the purchase price and still owe US\$55.9 million in purchase price. The remainder purchase price is expected to be paid by 2018.

In November 2015, we entered into a real estate sale agreement with the Ministry of Education, though which we sold approximately 10.6 hectares of land adjacent to the Airport for a total purchase price of US\$20.2 million. The land was acquired by the Ministry of Education for the construction and development project of the *Instituto Técnico Superior del Este*, a technical educational institute. The approval process followed and complied with all the steps and formalities required in Panama for this kind of transactions, including the *Resolución de Gabinete* No. 125 issued on November 17, 2015.

For additional information regarding our related party transactions, please see note 10 to our financial statements attached to this Offering Memorandum.

DESCRIPTION OF THE TOCUMEN TRUST

Certain terms in this section are used as defined in “Description of the Notes—Certain Definitions.”

The Tocumen Trust was established pursuant to a trust agreement dated September 27, 2013 among the Bank of Nova Scotia (Panama), Prival Bank S.A. and us, the grantors (the “Original Trust Agreement”) in the Republic of Panama pursuant to Panamanian Law No. 1 of January 5, 1984 under the technical name of “*Fideicomiso The Bank of Nova Scotia (Panama) S.A./FID-132*” to hold assets that constitute security for the benefit of the holders of the Existing Notes. The primary purpose of the Original Trust Agreement was to create a separate legal entity to hold certain committed revenues, to be managed by the Collateral Trustee, pursuant to certain terms and conditions.

Trusts are regulated in Panama by Law No. 1 of January 5, 1984. This law granted great flexibility to trusts per se, and facilitated their creation and management.

The trust business is regulated by Executive Decree No. 16 of October 3, 1984. This regulation is applicable to every person, natural or juridical, engaged professional and customarily to the exercise to the trust business within or from the Republic of Panama, except for official banks.

The Superintendency of Banks is the official entity responsible for supervising and safeguarding the adequate functioning of the trust business in the Republic of Panama.

We entered into the Amended and Restated Trust Agreement in order to expand the revenues to be transferred periodically by us to the Tocumen Trust to be held as Collateral and include additional secured creditors in the Tocumen Trust’s collateral structure, which upon such amendment and restatement will secure on a first priority, *pari passu* basis (i) the Existing Notes, (ii) the notes, and (iii) future debt permitted to be incurred by us and intended to be secured by the Collateral with *Pari Passu* Priority (together with the Existing Notes and the notes, the “*Collateral Secured Debt*”); *provided* that the Designated Voting Party of the holders of such other Collateral Secured Debt shall have executed a joinder to the Intercreditor Agreement; *further provided*, in all cases, that each Debt Service Reserve Account and each Payment Account shall secure on a first priority basis only the specific Collateral Secured Debt in respect of which such Debt Service Reserve Account and Payment Account are established and maintained.

The Amended and Restated Trust Agreement provides for the establishment and maintenance by the Collateral Trustee of the Collateral Trustee’s Transaction Accounts and the establishment and maintenance by us, in our own name, of the Issuer’s Operating Accounts. The Amended and Restated Trust Agreement provides that the Collateral Trustee shall be authorized to open and maintain each Transaction Account with an Approved Account Bank. Only the Collateral Trustee shall be a signatory under the Transaction Accounts. Transfer and/or withdrawals on each Transaction Account shall be made by the Collateral Trustee in accordance with the priority order described in “*Description of the Notes—Accounts and Priority of Payments—Flow of Revenues*” and the instructions given by us in each Withdrawal Certificate, provided that, after the occurrence of and during the continuance of an Event of Default, our instructions may apply solely for transfers as described in “*Description of the Notes—Accounts and Priority of Payments—Flow of Revenues*” and the Intercreditor Agent may issue supplementary instructions. Interest and other revenues generated by each Transaction Account shall be credited into the Trustee General Account.

The obligations secured by the Amended and Restated Trust Agreement include, amongst others (the “*Secured Obligations*”):

- The timely and complete payment when due (whether on the original due date or the early date) of each and every amount owed, including but not limited to the payment of principal, current interest, delinquent interest, commissions, expenses, fees and any other amounts owed to the Secured Parties under any Collateral Secured Debt, according to the terms of the Relevant Documents, as well as those deriving from any modifications, reforms, supplements, extensions, renewals or replacements thereof;
- The timely and complete payment by us of all expenses and obligations incurred or which may be incurred in the future by the Collateral Trustee, its advising agents and the other Secured Parties to collect, either

judicially or extra-judicially, the amounts owed under any Collateral Secured Debt, to ensure fulfillment of the relevant obligations and commitments or to defend the rights of the Secured Parties conferred under the Amended and Restated Trust Agreement, including but not limited to attorney expenses, costs and other judicial expenses; and

- The timely and complete payment of any other sums we must pay to the Collateral Trustee or creditors pursuant to the Relevant Documents, as applicable.

The Trust is irrevocable, pure and simple, and it shall be extinguished when one of the following events occur: (i) all of the Secured Obligations are paid pursuant to what the Intercreditor Agent certifies to the Collateral Trustee, or (ii) if an Execution Order is issued in light of an Anticipated Event of Default by the Settlor of any of the obligations contracted for in any of the debt related documents, without the Anticipated Event of Default having been remedied within the term established in the respective debt document that gave rise to the Anticipated Event of Default, once (1) the Collateral Trustee has paid all the Secured Obligations, pursuant to the certification of the Intercreditor Agent; and (2) any judicial action of any other kind filed by the Collateral Trustee as a result of the Execution Order has been terminated; or (iii) any of the causes set forth in Article 33 of Law No. 1 of January 5, 1984 takes place

Collateral

The Collateral will consist of a security interest in and to:

- Our Committed Aeronautical Revenues and Committed Non-Aeronautical Revenues, other than Excluded Revenues, that are transferred to the Collateral Trustee General Account upon us obtaining the *refrendo* of the Contraloría;
- The Collateral Trustee's Transaction Accounts and any amounts deposited therein;
- Any other bank or investment accounts the Collateral Trustee may establish from time to time in fulfillment of its fiduciary duty;
- Moneys, assets and rights the Collateral may produce in the form of earnings on principal, interest, credits, indemnifications or other amounts; or that derive from such assets by reason of disposals, exchanges, transfers or for any other reason; and
- Any other moneys, assets or rights that may be transferred from time to time to the Collateral Trustee in order to form part of, or become incorporated into, the Collateral.

For the avoidance of doubt, none of the revenues or other assets of the Other Airports, Airport City or any Unrestricted Subsidiary will be included in the Collateral.

Collateral Secured Debt Certificates

Pursuant to the terms of the Transaction Documents, we are permitted to incur Collateral Secured Debt, *provided* that such incurrence is permitted by the Transaction Documents. After incurring any Collateral Secured Debt, and prior to including the holders of any Collateral Secured Debt as secured parties under the Amended and Restated Trust Agreement, we shall notify the Collateral Trustee and the Intercreditor Agent, through the delivery of a certificate in substantially the form included as Exhibit A to the Amended and Restated Trust Agreement (the "*Collateral Secured Debt Certificate*"), of the incurrence of the Collateral Secured Debt and of our intention to include the holders of such debt as Secured Parties under the Amended and Restated Trust Agreement. Such holders shall be deemed to be Secured Parties effective upon the date and time of execution of a joinder agreement to the Intercreditor Agreement or an Additional Intercreditor Agreement by the Designated Voting Party (as defined under the Intercreditor Agreement) of the corresponding Secured Party.

Withdrawal Certificates

Except as otherwise provided below, not later than the first Business Day after each Monthly Transfer Date, we will deliver to the Collateral Trustee, with a copy to the Indenture Trustee and the Intercreditor Agent, a certificate (the “*Withdrawal Certificate*”) setting forth instructions for the transfer of specific funds to be made by the Collateral Trustee from the Trustee General Account to the other Accounts in the order of priority set forth in “*Description of the Notes*”. Each Withdrawal Certificate will include: (i) an officer’s statement stating that both immediately prior to the transfer of funds and after giving effect to such transfers no Default or Event of Default shall have occurred and be continuing; (ii) the flows of funds to be transferred by the Collateral Trustee to the accounts indicated by us, together with reasonably detailed calculations of the amounts of such flows and the dates when such transfers are to be made from the Payment Accounts or from the Reserve Accounts to the accounts of the respective agents and creditors; (iii) if immediately prior to the transfer of funds no Default or Event of Default shall have occurred and be continuing, the information about the amounts to be deposited directly by us into the Issuer’s Operating Accounts, in the specific priority order as set forth in the Amended and Restated Trust Agreement; and (iv) all other information as necessary for the Collateral Trustee to fulfill and comply with the instructions given in the Withdrawal Certificate.

The Collateral Trustee, THE BANK OF NOVA SCOTIA (PANAMA) S.A., is a corporation organized under the laws of Panama, duly recorded with the Mercantile Section of the Public Registry at Micro-Jacket 566776, Document 1130136. The Collateral Trustee holds a trustee license granted by the Superintendence of Banks of Panama through Resolution FID No.-010-2010 issued on September 14, 2010. The Trustee’s contact information is:

THE BANK OF NOVA SCOTIA (PANAMA) S.A.
Address: Torre de las Américas,
Torre A, Piso seis (6)
Panama City, Panama
Phone: (+507 282-7900)
Fax: (+507 282-7909)
Attention: Christy López
Email address: christy.lopez@pa.scotiabank.com

The Collateral Trustee engages in providing trustee related services, and has never been subject to any sanctions by its supervising entity.

The person in charge of the Amended and Restated Trust Agreement on behalf of the Collateral Trustee is Mrs. Christy López.

We and our subsidiaries or affiliates have no pending obligations with the Collateral Trustee.

We are the Settlor of the Amended and Restated Trust Agreement.

The Collateral that is subject to the Amended and Restated Trust Agreement is our property.

The Settlor’s contact information is:

AEROPUERTO INTERNACIONAL DE TOCUMEN
Address: Vía José Domingo Díaz, Corregimiento de Tocumen
City of Panama, Panama
Phone: + 507-238-2975
Att: Temístocles Rosas
E-mail: temirosas@tocumenpanama.aero
c.c. President of the Board of Directors

The Trust is irrevocable, pure and simple, and it shall be extinguished when one of the following events occur: (i) all of the Secured Obligations are paid pursuant to what the Intercreditor Agent certifies to the Collateral

Trustee, or (ii) if an Execution Order is issued in light of an Anticipated Event of Default by the Settlor of any of the obligations contracted for in any of the debt related documents, without the Anticipated Event of Default having been remedied within the term established in the respective debt document that gave rise to the Anticipated Event of Default, once (1) the Collateral Trustee has paid all the Secured Obligations, pursuant to the certification of the Intercreditor Agent; and (2) any judicial action of any other kind filed by the Collateral Trustee as a result of the Execution Order has been terminated; or (iii) any of the causes set forth in Article 33 of Law No. 1 of January 5, 1984 takes place.

The Amended and Restated Trust Agreement is onerous and the Collateral Trustee shall collect an annual remuneration that shall be paid by the Settlor. The Amended and Restated Trust Agreement sets forth that the Collateral Trustee may debit the annual remuneration amount (US\$45,000) directly from the Concentration Account.

The Amended and Restated Trust Agreement sets forth that the Collateral shall constitute a separate patrimony from the personal assets of the Collateral Trustee and of the Settlor for all the legal effects, and, as a result, the assets that compose it may not be seized nor attached, except for obligations incurred in or damages caused with the execution of the Amended and Restated Trust Agreement, or by third parties whenever such Collateral were transferred to the Amended and Restated Trust Agreement or fraudulently retained in fraud and in prejudice of its rights.

The Collateral Trustee may not dispose of the Collateral in a form contrary or different to what is set forth in the Amended and Restated Trust Agreement.

The Collateral Trustee is not obliged to grant a security interest of any kind for good administration in favor of the Settlor of any of the Secured Parties.

The Collateral Trustee has no power to authorize the substitution of Collateral.

The Collateral Trustee shall comply with the obligations set forth in the Amended and Restated Trust Agreement in respect of the accumulation, distribution or disposition of the assets, rents and products of the Collateral.

There is no expense related to the Amended and Restated Trust Agreement that must be paid by the Secured Parties.

Duties and Responsibilities of the Collateral Trustee

Under the terms of the Amended and Restated Trust Agreement, which is governed by Panamanian law, the Collateral Trustee shall have the following duties and responsibilities:

- Maintain and manage the Collateral Trustee General Account, until such time as all Secured Obligations have been paid in their entirety;
- Open, maintain and manage, for the entire lifetime of each Collateral Secured Debt, the respective Reserve Account and Payment Account of the corresponding Collateral Secured Debt, within or outside the Republic of Panama, as set forth in the Amended and Restated Trust Agreement, the Relevant Documents and the instructions received from us in the corresponding Certificate of Collateral Secured Debt, if any.
- Execute periodic transfers according to the instructions contained in the corresponding Collateral Secured Debt Certificates;
- Undertake the execution, administration and/or completion or partial disposition of the Collateral, in accordance with the instructions received from us or from the Intercreditor Agent, in order to safeguard the interests of the Secured Parties;
- Undertake transfers from the Payment Accounts and/or Reserve Accounts to the Agents and/or Creditors accounts, with the periodicity and for the amounts indicated by us in each Withdrawal Certificate;

- Send to us and to the Intercreditor Agent, a report including Tocumen Trust's balance sheet and income statement, as well as the final report on its administrative management, both annually and upon termination of the Amended and Restated Trust Agreement;
- Within the first five (5) days of each month and in all cases subject to the Collateral Trustee having received it, send to the Intercreditor Agent a copy of the report identified in Exhibit E to the Amended and Restated Trust Agreement, prepared and sent to the Collateral Trustee by us together with a copy of the movements of cash deposited to the Collateral Trustee General Account during the immediately preceding month;
- Deliver to us and the Intercreditor Agent, at our expense, the information, data and reports we request, notwithstanding the other obligations provided for in the Amended and Restated Trust Agreement and the Law;
- Enter into the Intercreditor Agreement according to the written instructions sent thereto jointly by us and the Intercreditor Agent, substantially in the form attached as Exhibit B to the Amended and Restated Trust Agreement;
- Enter into an Additional Intercreditor Agreement that may be necessary as required by us in accordance with our written instructions and substantially in the form attached as Exhibit B to the Amended and Restated Trust Agreement;
- Deliver to the Intercreditor Agent, at our expense or, in the event we do not cover such expenses within three (3) Business Days after being so requested, at the expense of and charged to the Collateral, the information, data and reports it may request, notwithstanding the other obligations provided for in the Amended and Restated Trust Agreement and the Law;
- Send to the SMV, on a quarterly basis, a certification of the assets and rights constituting the Collateral, with a copy to the Intercreditor Agent;
- Remit, at any time, any information required of it regarding its management as Collateral Trustee, or any other information required by Law, to the proper authorities;
- Retain the documents evidencing fulfillment of its duties as Collateral Trustee during the term of the Amended and Restated Trust Agreement and until the final rendering of accounts has been approved;
- Act through legal representative(s) or attorney(s) in fact where necessary or appropriate, at its complete judgment and discretion, to execute its authority and responsibility as Collateral Trustee and as such, establish legal representatives to file and pursue to their conclusion any necessary legal actions against us, in the event of breach of our obligations in the Amended and Restated Trust Agreement, or any other action or judicial or extrajudicial measure that might correspond to a creditor, or otherwise initiate and pursue to their conclusion any and all actions that might correspond to the owner or holder of any of the Collateral;
- Request from the Intercreditor Agent any reports, instructions and notifications it deems necessary to confirm the satisfaction of any Secured Obligation;
- Deduct from the Collateral those funds necessary to cover the expenses necessary for the execution (judicial or extrajudicial), administration, retention and/or disposal of the Collateral;
- Fulfill the obligations imposed by the Amended and Restated Trust Agreement and applicable law; and
- Such other duties as are set forth in the Amended and Restated Trust Agreement and the Law or as may be required pursuant to the Intercreditor Agreement.

Our Duties and Responsibilities as Issuer

Under the terms of the Amended and Restated Trust Agreement, our main duties and responsibilities are to:

- Take all necessary measures so that the corresponding portion of the Committed Aeronautical Revenues and Committed Non-Aeronautical Revenues, other than Excluded Revenues, are deposited in the Collateral Trustee General Account on the dates required by the Amended and Restated Trust Agreement;
- Contribute to any measures in order for the Collateral Trustee to be able to open the Transaction Accounts that require opening, and make the initial contributions for the opening of these accounts, if necessary;
- Prepare and deliver to the Collateral Trustee any Collateral Secured Debt Certificates as set forth in the Amended and Restated Trust Agreement;
- Prepare and deliver to the Collateral Trustee any Withdrawal Certificate as set forth in the Amended and Restated Trust Agreement and the Relevant Documents;
- Make reasonable best efforts each month to obtain the approval of the Comptroller General of the Republic of Panama for the timely transfer of the Committed Aeronautical Revenues and Committed Non-Aeronautical Revenues, other than Excluded Revenues, deposited in the Committed Revenues Account to the Collateral Trustee General Account;
- Provide to the Collateral Trustee, at the time and on the occasion required, the funds needed to address the obligations the Collateral Trustee incurs on behalf of the trust for its fulfillment, development, execution and settlement;
- Assume responsibility for the payment of all duties, taxes and/or special contributions, national or municipal, domestic or foreign, to be paid with respect to the Collateral, for which the Collateral Trustee may discount said payments from the funds deposited to the Collateral Trustee General Account;
- Present quarterly to the Intercreditor Agent, with a copy to the Collateral Trustee, a report from the General Manager, or such person as is appointed to act on our behalf, certifying whether or not we have satisfied the obligations under the Relevant Documents, including (i) the obligations to perform; (ii) the obligations to refrain, and (iii) the financial conditions of the relevant Debt. The report must also indicate whether any Event of Default has occurred, to the best of our knowledge;
- In the event the funds deposited in the Committed Revenues Account are insufficient to fund the Transaction Accounts at the required levels, transfer the required funds from the Airport General Account or from any other of our Operating Accounts to the corresponding Transaction Accounts; and
- Fulfill in its entirety any other obligation specified in the terms and conditions of the Collateral Secured Debt, the Relevant Documents, the Law and other applicable provisions.

Instructions

The Collateral Trustee will not be required to follow instructions from us or the Intercreditor Agent if, in his reasonable opinion, compliance with such instructions (i) would result in the violation of any laws, regulations, judicial order or orders from any authorities; (ii) would result in a violation of the terms and conditions of the Amended and Restated Trust Agreement; (iii) would expose the Collateral Trustee to personal liability or could cause him any damage; or (iv) would require the Collateral Trustee to incur any expenses not covered by the Collateral at the time.

Additionally, if, at any time, the Collateral Trustee were to receive contradictory instructions from us and the Intercreditor Agent, he shall be required to seek further clarification from both parties. If such clarification does

not come within five Business Days, the Collateral Trustee shall follow the instructions from the Intercreditor Agent.

Additionally, if, at any time, the Collateral Trustee receives a notification of the occurrence of an Event of Default from the Intercreditor Agent, only the Intercreditor Agent will be allowed to give instructions to the Collateral Trustee and we would not be permitted to either give instructions or issue a Withdrawal Certificate or a Collateral Secured Debt Certificate.

Resignation and Removal of Collateral Trustee

The Collateral Trustee may resign at any time, with or without cause, by providing thirty Business Days advance notice to us, the Intercreditor Agent and the other Designated Voting Parties. If no Enforcement Event has occurred that is then continuing, we shall have up to seventy-five (75) Business Days from the date of the Collateral Trustee's notice of resignation to appoint an Eligible Trustee as a replacement collateral trustee, with the consent of the Intercreditor Agent (acting upon the direction of the Controlling Pari Passu Parties), and if we fail to appoint a replacement collateral trustee in such time, the original Collateral Trustee may appoint a replacement. If an Enforcement Event has occurred and is continuing under any Collateral Secured Debt, the Intercreditor Agent shall have seventy-five (75) from the date of the Collateral Trustee's notice of resignation to appoint an Eligible Trustee as a replacement collateral trustee (without our consent) upon the direction of the Controlling Pari Passu Parties; *provided, however*, that if the Intercreditor Agent shall not have appointed the Eligible Trustee within such term, the resigning Collateral Trustee may appoint, with the written consent of the Intercreditor Agent, an Eligible Trustee as replacement trustee. The Collateral Trustee may be removed by the Intercreditor Agent pursuant to the terms of the Intercreditor Agreement.

Supplement and Modification

The Amended and Restated Trust Agreement shall only be modified by way of a written document signed between us and the Collateral Trustee on behalf of the holders of the Collateral Secured Debt who shall approve such modification. The approved amendments shall be valid and binding among all parties to the Amended and Restated Trust Agreement, including all holders of the Existing Notes, holders of the notes and holders of any other Collateral Secured Debt. However, we, the Collateral Trustee and the Intercreditor Agent may, from time to time, establish procedures and rules for the implementation and administration of the Amended and Restated Trust Agreement, which, as long as such procedures and rules do not contradict or alter the terms of the Amended and Restated Trust Agreement, shall not constitute an amendment thereto. A change of the Intercreditor Agent shall not be deemed an amendment to the Amended and Restated Trust Agreement. See "Description of the Notes—Amendments of the Transaction Documents."

The firm responsible for auditing the Collateral Trustee is KPMG. Its commercial address is: Edificio KPMG (Calle 50 No.54), Panamá, Rep. de Panamá. The person responsible for the relationship is Luis Venegas. His/her email address is: lvenegas@kpmg.com.

The resident agent of the Amended and Restated Trust Agreement is the law firm VALLARINO, VALLARINO & GARCÍA-MARITANO. Its domicile is Calle Aquilino de la Guardia y Calle 50, Plaza Banco General Piso 24, Panama City, Republic of Panama. They countersigned the Amended and Restated Trust Agreement.

Governing Law and Jurisdiction

The Amended and Restated Trust Agreement is governed and interpreted in accordance with the laws of the Republic of Panama. The parties to the Amended and Restated Trust Agreement agreed that any dispute regarding the agreement's validity, interpretation or execution that cannot be resolved by negotiation, will be submitted to binding arbitration in accordance with the Arbitration Rules of the International Chamber of Commerce, in Spanish, in Panama City.

DESCRIPTION OF THE NOTES

The notes will be issued pursuant to an indenture dated May 4, 2016, as amended and restated as of May 13, 2016 (the “Amended and Restated Indenture”), by and between the Issuer and Citibank, N.A., as indenture trustee (in such capacity, the “Indenture Trustee”), and as registrar, transfer agent and paying agent (in such capacity, the “Paying Agent”). The following description of certain provisions of the notes, the Amended and Restated Indenture and the other Transaction Documents is not complete and is qualified in its entirety by reference to the provisions of the notes, the Amended and Restated Indenture and the other Transaction Documents. The noteholders will (as applicable) be entitled to the benefits of, be bound by and be deemed to have notice of all of the provisions of the notes, the Amended and Restated Indenture and the other Transaction Documents, including the protections and rights of the Indenture Trustee and the Collateral Trustee. Copies of the Transaction Documents will be on file at the corporate trust office of the Indenture Trustee and may be inspected by noteholders during the Indenture Trustee’s normal business hours upon reasonable prior written request. When we refer to “notes” in this section, we mean the notes originally issued on the Issue Date and any additional notes of the same series which may be issued from time to time under the Amended and Restated Indenture at a later date, unless otherwise stated.

General

The notes will constitute senior secured indebtedness of Aeropuerto Internacional de Tocumen, S.A., a sociedad anónima organized under the laws of the Republic of Panama (the “Issuer”) pursuant to Public Record No. 2,018 of April 11, 2003, the security for which has been effected through the Issuer’s entry into the Amended and Restated Trust Agreement under Panamanian law. The Issuer is domiciled in Panama and duly recorded since April 15, 2003 in the Mercantile Section of the Panamanian Public Registry Office, at Microjacket 432290, Document 456104.

Principal and Interest on the Notes will be payable on each Payment Date, with the final payments thereof being required to be made on the Maturity Date. While the notes will constitute unconditional and unsubordinated obligations of the Issuer, it is expected that payments to noteholders of principal and Interest on the notes will be made from funds on deposit in the Payment Accounts or, should such funds be insufficient for such purposes, from funds in the other Transaction Accounts; *it being understood* that, should the amounts in the Payment Accounts and the other Transaction Accounts be insufficient for any payment to noteholders, then the Issuer will be obligated to make such payments as and when due.

The Amended and Restated Indenture will not be qualified under the Trust Indenture Act and noteholders will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under an indenture that is so qualified. The notes will also have the benefit of, and will be subject to the terms of, the other Transaction Documents. The Transaction Documents set forth the terms of the agreements that will secure the obligations of the Issuer under the notes. The registered holder of a note will be treated as its owner for all purposes. Only registered holders will have rights under the Amended and Restated Indenture.

The Amended and Restated Indenture permits the Issuer to issue an unlimited amount of debt securities in different series from time to time. The specific terms of each of the series may differ from the notes offered hereby. The Amended and Restated Indenture does not limit the number of other series of debt securities the Issuer may issue or the aggregate amount of any particular series. The Amended and Restated Indenture does not require that the Issuer issue future issuances of debt securities under the Amended and Restated Indenture. The Issuer will be free to employ other indentures or documentation containing provisions different from those included in the Amended and Restated Indenture or applicable to one or more series of debt securities, in connection with future issuance of debt securities.

Ranking

The notes will constitute direct, unconditional senior secured obligations of the Issuer and will rank *pari passu* in right of payment with all other existing and future senior Debt of the Issuer (including the Existing Notes); rank senior in right of payment to any existing and future Debt of the Issuer that is expressly subordinated in right of payment to the notes; be effectively senior to all of the Issuer’s existing and future senior unsecured Debt, to the extent of the value of the Notes Collateral that is subject to liens securing the notes; and be effectively subordinated

to any future Debt of the Issuer that is secured by liens on assets that do not secure the notes, to the extent of the value of the assets securing such future Debt.

Issuance of Additional Notes

The Amended and Restated Indenture will provide that the Issuer may from time to time, without notice to or the consent of the noteholders, issue additional notes under the Amended and Restated Indenture from time to time in one or more series; *provided* that such issuance, as with any issuance of Permitted Debt, complies with the limitations set forth under the covenant described in paragraph (a) of “—Negative Covenants” below. Under the Amended and Restated Indenture, we are permitted to issue additional notes of the same series as the notes offered by this offering memorandum, which (other than the issuance date, the first payment date, the price thereof and (at least for a period) trading restrictions and CUSIP and/or other securities numbers) are identical to the then-existing notes (such additional notes of the same series as the notes offered hereby, the “Additional Notes”).

The notes and the Additional Notes will be treated as a single class for all purposes of the Amended and Restated Indenture and the other Transaction Documents, including waivers and amendments; *provided, however*, that unless the Additional Notes are issued under a separate CUSIP number, the Additional Notes must be fungible with the notes issued on the Issue Date for U.S. federal income tax purposes. For all purposes of the Amended and Restated Indenture, the other Transaction Documents and this “Description of the Notes,” unless otherwise specified references to notes include any Additional Notes actually issued.

Each of the Issuer, the Indenture Trustee, the Intercreditor Agent and the Collateral Trustee are (without the need for any approvals, consents or instructions from any noteholders, but in accordance with all other provisions applicable thereto) authorized to join in the execution of any amendment (including an amendment and restatement) of any Transaction Document(s) to the extent required to provide for such increase in the Principal Balance of the notes.

Collateral

General

On September 27, 2013, the Issuer, The Bank of Nova Scotia (Panama), S.A., in its capacity as Collateral Trustee (the “Collateral Trustee”) and Prival Bank, S.A., in its capacity as paying, register and transfer agent for the Existing Notes (“Prival”), entered into a trust agreement (the “Original Trust Agreement”) pursuant to which a trust was created (the “Tocumen Trust”) and the Issuer transferred to the Tocumen Trust, and committed to transfer to the Tocumen Trust in the future, certain revenues to secure the Existing Notes.

In connection with an amendment to the terms of the Existing Notes, the Collateral Trustee and the other parties to the Original Trust Agreement amended and restated, with the consent of the required majority of the holders of the Existing Notes, the Original Trust Agreement (such agreement as amended and restated, the “Amended and Restated Trust Agreement”) in order to, among other changes, expand the assets and revenues subject to the Tocumen Trust as described below (the “Collateral”) and to allow the assets of the Tocumen Trust to secure future Debt permitted to be incurred by the Issuer and intended to be secured by the Collateral with Pari Passu Priority (together with the Existing Notes and the notes, the “Collateral Secured Debt”) for the benefit of additional creditors. On May 4, 2016, the Indenture Trustee executed and delivered a joinder to the Intercreditor Agreement, which joinder may be amended on or prior to the Issue Date, after which the obligations of the Issuer under the notes will be secured by a first priority lien on the Collateral, subject to the terms of the Amended and Restated Trust Agreement and the Intercreditor Agreement, and the Collateral will also secure on a first priority, *pari passu* basis (i) the Existing Notes and (ii) other Collateral Secured Debt, *provided* that the Designated Voting Party of the holders of such other Collateral Secured Debt shall have executed a joinder to the Intercreditor Agreement; *provided*, in all cases, that each Debt Service Reserve Account and each Payment Account shall secure on a first priority basis only the specific Collateral Secured Debt in respect of which such Debt Service Reserve Account and Payment Account are established and maintained.

The Collateral will consist of a security interest in and to the Shared Collateral, as defined below, and the security interest in and to each Debt Service Reserve Account and each Payment Account established and

maintained pursuant to the Amended and Restated Trust Agreement for each Collateral Secured Debt. The Shared Collateral (the “Shared Collateral”) will consist of a security interest in and to:

- (a) the Issuer’s Committed Aeronautical Revenues and Committed Non-Aeronautical Revenues, other than Excluded Revenues, that are transferred to the Trustee General Account upon the Issuer obtaining the *refrendo* of the *Contraloría*; and
- (b) the Trustee General Account and any funds deposited therein.

For the avoidance of doubt, none of the revenues or other assets of the Other Airports, Airport City or any Unrestricted Subsidiary will be included in the Collateral. For 2015, the total revenues of the Other Airports were US\$3.3 million. The Issuer currently has no Unrestricted Subsidiaries.

Each Collateral Secured Debt (including the notes and the Existing Notes) will be secured by the Shared Collateral and by the Debt Service Reserve Account and the Payment Account established and maintained pursuant to the Amended and Restated Trust Agreement specifically for the benefit of such Collateral Secured Debt, and any funds deposited in such accounts (in the case of the notes, collectively with the Shared Collateral, the “Notes Collateral”).

Administration of Collateral

The Amended and Restated Trust Agreement and the Collateral will be administered by the Collateral Trustee for the benefit of the Collateral Trustee, the Indenture Trustee, the Intercreditor Agent, the noteholders, the holders of the Existing Notes and the holders of any other Collateral Secured Debt and their respective agents. By accepting a note, each holder of notes will be deemed to have:

- irrevocably appointed the Collateral Trustee to act as its agent under the Transaction Documents; and
- irrevocably authorized the Collateral Trustee to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Transaction Documents or other documents to which it is a party, together with any other incidental rights, powers and discretions; and (ii) execute each document to be executed by the Collateral Trustee on its behalf.

Application of Proceeds from the Collateral

Pursuant to the terms of the Amended and Restated Trust Agreement and the Intercreditor Agreement, proceeds realized by the Collateral Trustee, the Indenture Trustee or the trustees or agents for any other series of Pari Passu Obligations from the sale, collection or other liquidation of the Shared Collateral will be applied:

- *first*, on a *pro rata* basis, to the payment of all reasonable and documented expenses incurred by the Intercreditor Agent, the Collateral Trustee, the Indenture Trustee and any other trustee or agent for any series of Pari Passu Obligations (in their respective capacities as such) in connection with such sale, collection or other liquidation, in each case pursuant to the terms of the Transaction Documents;
- *second*, on a *pro rata* basis, to the payment in full of all amounts constituting reasonable and documented fees and expenses (including, without limitation, the reasonable fees and disbursements of counsel), indemnities and other amounts (other than principal and interest) owed to the Intercreditor Agent, the Collateral Trustee, the Indenture Trustee and any other trustee or agent for any series of Pari Passu Obligations (in their respective capacities as such), in each case pursuant to the terms of the Transaction Documents;
- *third*, to the payment in full, on a *pro rata* basis, of all Pari Passu Obligations payable as of such time, in accordance with the terms of the applicable agreements or instruments governing the Pari Passu Obligations;
- *fourth*, to the payment in full of all interest or entitlement to fees or expenses or other charges that accrue on the Pari Passu Obligations after the commencement of any insolvency or liquidation

proceeding with respect to the Issuer or any of its Restricted Subsidiaries, whether or not allowed or allowable in any such proceeding; and

- *fifth*, any surplus proceeds remaining after the payment, to the reasonable satisfaction of the Secured Parties, of the amounts set forth above, will be remitted to the Tocumen Trust by depositing such amount in the Trustee General Account to be applied in accordance with the Amended and Restated Trust Agreement.

If the net proceeds of the Notes Collateral were not sufficient to repay all amounts due on the notes and the Amended and Restated Indenture, the noteholders (to the extent not repaid from the proceeds of the Notes Collateral) would have only an unsecured claim against the remaining assets of the Issuer.

Release of Notes Collateral

The Liens on the Notes Collateral will be, automatically and without the need for any further action by any Person, released with respect to the notes:

- (a) in whole, upon the full and final payment and performance of all obligations of the Issuer under the Amended and Restated Indenture and the notes (other than contingent obligations that may arise in the future for indemnities or otherwise);
- (b) in part, as to any property constituting Notes Collateral that is sold, transferred or otherwise disposed of by the Issuer in a transaction permitted by “—Asset Sales” and by the Transaction Documents (to the extent of the interest sold or disposed of);
- (c) otherwise in accordance with, and as expressly provided for under, the Amended and Restated Indenture or the other Transaction Documents;
- (d) in whole or in part, with the consent of the noteholders of the requisite percentage of notes in accordance with the provisions described under “—Amendments of the Transaction Documents”; and
- (e) in whole or in part, as applicable, as to all or any portion of any property constituting Notes Collateral that has been taken in any Condemnation Event; and
- (f) in whole, upon legal defeasance, covenant defeasance or satisfaction and discharge of the notes as provided below under the captions “—Defeasance of Amended and Restated Indenture” and “—Satisfaction and Discharge.”

Upon release of the Notes Collateral, the Indenture Trustee and the Collateral Trustee shall (and the Indenture Trustee shall instruct the Intercreditor Agent and/or the Collateral Trustee, as applicable, accordingly to) promptly take such actions as reasonably requested by the Issuer in order to reconvey to the Issuer the released Notes Collateral and, if necessary, the Collateral Trustee shall, at the Issuer’s expense, cause to be filed such documents or instruments (that are prepared by the Issuer and provided to the Collateral Trustee) as shall be necessary to provide for the release by the Collateral Trustee of the released Notes Collateral. In connection with any such reconveyance or filing, the Indenture Trustee or the Collateral Trustee, as applicable, shall receive and be fully protected in conclusively relying upon an Opinion of Counsel and an Officers’ Certificate and such other documents as prescribed by the Amended and Restated Indenture or the other Transaction Documents.

Accounts and Priority of Payments

The Amended and Restated Trust Agreement will provide for the establishment of, deposits into and withdrawals from the Accounts, as described below.

Operating Accounts

The Issuer will establish and maintain in its own name the following accounts held or to be held at Banco Nacional de Panama or any other reasonably acceptable Panamanian state bank:

- (a) the Primary Committed Revenue Collection Account;
- (b) the Primary Uncommitted Revenue Collection Account;
- (c) the O&M Account;
- (d) the Tax Payment Account;
- (e) the Major Maintenance and CapEx Reserve Account;
- (f) the Airport General Account; and
- (g) such other accounts as the Issuer shall from time to time require and establish and maintain for the operations of the Airport, the Other Airports, Airport City and any Unrestricted Subsidiaries.

Transaction Accounts

The Collateral Trustee shall establish and maintain in its own name the following accounts, held at an Approved Account Bank in Panama:

- (a) the Trustee General Account;
- (b) one or more Debt Service Reserve Accounts; and
- (c) one or more Payment Accounts.

Flow of Revenues

As set forth in the Amended and Restated Trust Agreement, the Issuer will sign a transfer order or check for the purpose of transferring the Committed Revenues on deposit in the Primary Committed Revenue Collection Account to the Trustee General Account not later than the 21st day of the following month (such date, a “Programmed Transfer Order Date”), and more often at its discretion, and use its reasonable best efforts to secure the *Contraloría’s refrendo* applicable thereto, and as soon as reasonably possible thereafter, transfer the Committed Revenues (the date such Committed Revenues are actually received in the Trustee General Account being an “Effective Monthly Transfer Date”) in accordance with the following paragraph.

Except as otherwise provided below, on each Effective Monthly Transfer Date, the Issuer will deliver to the Collateral Trustee, with a copy to the Intercreditor Agent, a certificate (the “Withdrawal Certificate”) setting forth instructions for the transfer of specific funds to be made by the Collateral Trustee from the Trustee General Account to the other Accounts in the order of priority set forth below. Except as otherwise provided below, not later than the first Business Day after each Effective Monthly Transfer Date or on such day in which the Trustee General Account reflects the available funds in its balance (the date of such transfer, “Disposition Date”), the Collateral Trustee shall transfer funds on deposit in the Trustee General Account in the following order of priority and in accordance with instructions set forth in the Withdrawal Certificate:

- (a) *first*, to pay, where applicable, upon request, and on a *pro rata* basis, (i) the commissions, fees (including fees of counsel), additional taxes, expenses and indemnifications for the Agents and any tax that must be charged to said payments, which the Issuer must pay for any reason to the Collateral Trustee or to the Intercreditor Agent or any Designated Voting Party, including any professional fees the Collateral Trustee must pay for administration, advising or any other reason to fulfill its functions and obligations under the Amended and Restated Trust Agreement;
- (b) *second*, into the O&M Account, until the balance in such account equals an amount that, together with amounts then on deposit in the O&M Account, is equal to the next three months of O&M Costs as budgeted in the Annual Operating Budget; *provided* that the Issuer may direct the Collateral Trustee to deposit additional funds in the O&M Account such that the balance in such account is equal to an amount that, together with the amounts then on deposit in the O&M Account, is up to 120% of the next

three months of O&M Costs as budgeted in the Annual Operating Budget, plus, any amounts solely for the purpose of addressing any Specified Force Majeure Event;

- (c) *third*, into the Tax Payment Account in an amount equal to the relevant portion of Tax Payments payable by the Issuer to the Government on the next scheduled tax payment date. The “relevant portion” for such Tax Payments will be equal to (A) the total amount of Tax Payments due on the next payment date, less the amounts then on deposit in the Tax Payment Account, divided by (B) the number of Programmed Transfer Order Dates prior to the next scheduled tax payment date, including such Programmed Transfer Order Date, less one; *provided* that such denominator shall be equal to one on the last Programmed Transfer Order Date prior to each scheduled tax payment date. The Issuer may increase the amount to be deposited into the Tax Payment Account on any Disposition Date; *provided* that all amounts required to be deposited into each Payment Account and each Debt Service Reserve Account on such Disposition Date shall have been so deposited into each such account;
- (d) *fourth*, on a *pro rata* basis, into each Payment Account in an amount equal to the relevant portion of the interest and principal payments under each applicable Collateral Secured Debt due on the next scheduled payment date. The “relevant portion” for each Collateral Secured Debt shall be equal to (A) the total amount of interest and principal payments under such Collateral Secured Debt due on the next payment date, less the amounts then on deposit in the relevant Payment Account (*provided* that, upon any acceleration but, prior to the delivery of any Remedies Direction by the Intercreditor Agent to the Collateral Trustee upon the direction of the Controlling Pari Passu Parties or the applicable Designated Voting Party for any such Collateral Secured Debt following the conclusion of the Standstill Period, the total amount of interest and principal payments shall equal the scheduled interest and principal payment and not such accelerated amount) divided by (B) the number of Programmed Transfer Order Dates prior to the next scheduled payment date, including such Programmed Transfer Order Date, less one; *provided* that such denominator shall be equal to one on the last Programmed Transfer Order Date prior to each scheduled payment date. The Issuer may increase the amount to be deposited in any Payment Account on any Disposition Date; *provided* that all amounts required to be deposited into each other Payment Account and each Debt Service Reserve Account on such Disposition Date shall have been so deposited into each such account;
- (e) *fifth*, on a *pro rata* basis, into each Debt Service Reserve Account, until the balance in each such account equals the applicable Debt Service Reserve Requirement;
- (f) *sixth*, into the Major Maintenance and CapEx Reserve Account, until the balance in such account equals the aggregate amount expected to be paid by the Issuer in respect of Sustaining CapEx during the six months immediately subsequent to such Effective Monthly Transfer Date; and
- (g) *seventh*, so long as no Event of Default or Default shall have occurred and be continuing, any amounts not transferred in accordance with clauses (a) through (f) above shall be transferred to the Airport General Account; *provided, however*, that if there are insufficient funds in the Trustee General Account to make the transfers specified in clauses (a) to (f) above, the Issuer shall complete such transfers from amounts held in the Airport General Account;

provided, that, if no Event of Default or any other Enforcement Event shall have occurred and be continuing on such Effective Monthly Transfer Date, the Issuer shall be permitted to: (X) transfer to the Trustee General Account for distribution in accordance with this flow of revenues on such Effective Monthly Transfer Date only such amounts as specified in clauses (d) and (e) above, and the Withdrawal Certificate may set forth instructions for the transfer of funds on deposit in the Trustee General Account solely with respect to such transfers specified in clauses (d) and (e) above and (Y) transfer directly to the Issuer’s Operating Accounts such amounts in accordance with the priority of payments set forth above.

Notwithstanding the foregoing, (x) Exempt Governmental Taxes shall be transferred directly to the Government in the ordinary course of operations and (y) all Airport revenues that are not Committed Revenues shall be transferred to the Primary Uncommitted Revenue Collection Account.

Amended and Restated Trust Agreement

The Tocumen Trust was created pursuant to the Original Trust Agreement and amended and restated pursuant to the Amended and Restated Trust Agreement. Pursuant to the Amended and Restated Trust Agreement, the Issuer has undertaken to deposit the Collateral in the Tocumen Trust in the amounts and with the frequency as described therein. The Amended and Restated Trust Agreement and the rights and obligations of the parties thereunder will be governed by the laws of the Republic of Panama.

Transaction Accounts

Each of the Transaction Accounts will be managed by the Collateral Trustee in accordance with the rules and mechanics set forth in the Amended and Restated Trust Agreement. The Amended and Restated Trust Agreement provides that the Collateral Trustee shall be authorized to open and maintain each Transaction Account with an Approved Account Bank. Only the Collateral Trustee shall be a signatory under the Transaction Accounts. Transfer and/or withdrawals on each Transaction Account shall be made by the Collateral Trustee in accordance with the priority order described above and the instructions given by the Issuer in each Withdrawal Certificate, *provided* that, after the occurrence of and during the continuance of an Event of Default, the Issuer's instructions may apply solely for transfers pursuant to clauses (b) to (e) under the heading “—Accounts and Priority of Payments—Flow of Revenues” and the Intercreditor Agent may issue Remedies Directions or other instructions (acting at the direction of the Controlling Pari Passu Parties or a Designated Voting Party acting in accordance with the provisions of the Intercreditor Agreement). Interest and other revenues generated by each Transaction Account shall be credited into such Transaction Account.

Security Interest

Upon the execution and delivery of the Amended and Restated Trust Agreement, the authentication by a notary public of the signature of the parties thereto and the transfer of the Committed Revenues into the Trustee General Account, the Tocumen Trust will grant the holders of Collateral Secured Debt a first priority lien on the assets in the Tocumen Trust.

Duration of the Tocumen Trust

The Tocumen Trust is an irrevocable, pure and simple trust subject to the laws of the Republic of Panama and extinguishable only pursuant to the terms of the Amended and Restated Trust Agreement. See “—Description of the Tocumen Trust.”

Duties and Responsibilities of the Collateral Trustee

Under the terms of the Amended and Restated Trust Agreement, the Collateral Trustee shall have, amongst others, the following duties and responsibilities:

- establish and maintain the Transaction Accounts;
- implement the payment waterfall in accordance with the terms of the notes and the other Collateral Secured Debt as instructed by the Issuer or the Intercreditor Agent, as applicable;
- take any action to protect and extend the security interest of the Tocumen Trust to any Collateral Secured Debt; and
- take any and all actions required pursuant to the Intercreditor Agreement.

Resignation and Removal of the Collateral Trustee

The Collateral Trustee may resign at any time, without cause, by providing thirty calendar days' advance notice to the Issuer and the Intercreditor Agent. If no Enforcement Event has occurred that is then continuing, the Issuer shall have up to seventy-five (75) Business Days from the date of the Collateral Trustee's notice of resignation to appoint a successor trustee as a replacement collateral trustee for the Tocumen Trust (a "Successor Trustee"), with the consent of the Intercreditor Agent (acting upon the direction of the Controlling Pari Passu Parties). If the Issuer fails to appoint a Successor Trustee in such time, the resigning Collateral Trustee may appoint a Successor Trustee with the consent of the Intercreditor Agent.

If the Collateral Trustee resigns and an Enforcement Event has occurred and is continuing under the Existing Notes, the notes or any other Collateral Secured Debt, the Intercreditor Agent (acting at the direction of the Controlling Pari Passu Parties) shall have seventy-five (75) Business Days from the date of the Collateral Trustee's notice of resignation to appoint a Successor Trustee (without the consent of the Issuer), *provided, however*, that if the Intercreditor Agent (acting at the direction of the Controlling Pari Passu Parties) shall not have appointed the replacement trustee within such term, the resigning trustee may appoint a Successor Trustee.

From the time the Successor Trustee accepts the outgoing Collateral Trustee's appointment, the Successor Trustee shall succeed to the outgoing Collateral Trustee and shall have all the rights, powers, privileges and duties previously corresponding to the outgoing Collateral Trustee, and the outgoing Collateral Trustee shall be released from the duties and obligations required under the Security Documents.

The Collateral Trustee's resignation will not be effective until the appointment of a Successor Trustee and until the Successor Trustee becomes party to the Intercreditor Agreement and executes an instrument, acceptable to the Intercreditor Agent (acting upon the direction of the Controlling Pari Passu Parties), assuming the rights and obligations of the Collateral Trustee under the Security Documents.

If one hundred and five (105) calendar days have passed from the date of the Collateral Trustee's notice of resignation to the Issuer and the Intercreditor Agent and a Successor Trustee has not been appointed in accordance with the terms of the Amended and Restated Trust Agreement, the Collateral Trustee may put the Collateral at the disposal of a court of competent jurisdiction.

The Collateral Trustee may be removed by the Intercreditor Agent (acting upon the direction of the Controlling Pari Passu Parties) at any time without cause and without requiring the consent of the Issuer. The Collateral Trustee may be removed, in the event that no Enforcement Event has occurred and is continuing, by the Issuer, with the prior written consent of the Intercreditor Agent (acting upon the instruction of the Controlling Pari Passu Parties), under the following circumstances:

- (a) the Collateral Trustee closes its offices in Panama City or its authorization to provide the services of Collateral Trustee are otherwise revoked;
- (b) the Collateral Trustee is inspected or investigated by the Superintendency of Banks;
- (c) the Collateral Trustee is dissolved, becomes insolvent or is otherwise subject to certain bankruptcy or liquidation proceedings;
- (d) if in the reasonable opinion of the Issuer, the Collateral Trustee has, by either act or omission committed gross negligence or fraud in the fulfillment of its obligations under the Amended and Restated Trust Agreement; or
- (e) if in the opinion of the Issuer, fifteen (15) Business Days following the request to review and adjust its service fees, the Collateral Trustee's requested fee increase is deemed excessive.

Upon the removal of the Collateral Trustee by the Intercreditor Agent (acting upon the instruction of the Controlling Pari Passu Parties), the Intercreditor Agent (acting upon the instruction of the Controlling Pari Passu Parties) shall appoint a Successor Trustee, which shall be reasonably acceptable to the Issuer, unless an Enforcement Event has occurred and is continuing, in which case no approval by the Issuer shall be required. Upon the removal of the Collateral Trustee by the Issuer, in accordance with the provisions of the Amended and Restated Trust Agreement, the Issuer shall, with the written consent of the Intercreditor Agent (acting upon the instruction of the

Controlling Pari Passu Parties), appoint a Successor Trustee; provided that, if an Enforcement Event has occurred and is continuing, the Intercreditor Agent (acting upon the instruction of the Controlling Pari Passu Parties) shall appoint a Successor Trustee and no approval of the Issuer shall be required.

No removal of the Collateral Trustee will become effective until the appointment of a Successor Trustee and until the Successor Trustee becomes a party to the Intercreditor Agreement and executes an instrument, acceptable to the Intercreditor Agent (acting upon the direction of the Controlling Pari Passu Parties), assuming the rights and obligations of the Collateral Trustee under the Security Documents.

Amendment, Supplement and Modification

The Amended and Restated Trust Agreement shall only be modified by way of a written document signed between the Issuer and the Collateral Trustee (acting pursuant to the instructions given by the Intercreditor Agent). The approved amendments shall be valid and binding among all parties to the Amended and Restated Trust Agreement, including all holders of the Existing Notes, noteholders and holders of any other Collateral Secured Debt. Modifications of the Amended and Restated Trust Agreement will require approval of the holders of Pari Passu Obligations. See “—Intercreditor Agreement—Modifications.”

Governing Law and Jurisdiction

The Amended and Restated Trust Agreement is governed and interpreted in accordance with the laws of the Republic of Panama. Any disagreement or disputes arising from the Amended and Restated Trust Agreement shall be subject to arbitration pursuant to International Chamber of Commerce Rules of Arbitration, in Spanish. The arbitral tribunal shall be in Panama City.

Intercreditor Agreement

On April 19, 2016, the Issuer, the Intercreditor Agent, the Collateral Trustee and the Paying Agent for the Existing Notes entered into the Intercreditor Agreement. On May 4, 2016, the Indenture Trustee entered into a joinder to the Intercreditor Agreement, which may be amended on or prior to the Issue Date. The Intercreditor Agreement is governed by the laws of the State of New York.

The notes and the Existing Notes will be secured by a Lien on the Collateral pursuant to the Amended and Restated Trust Agreement. See “—Collateral—General.” In addition, any future Collateral Secured Debt will be secured by a Lien on the Collateral pursuant to the Amended and Restated Trust Agreement, provided that the Designated Voting Party of the holders of such future Collateral Secured Debt shall have executed a joinder to the Intercreditor Agreement. Notwithstanding anything to the contrary in this paragraph, each Debt Service Reserve Account and each Payment Account shall secure on a first priority basis only the specific Collateral Secured Debt in respect of which such Debt Service Reserve Account and Payment Account are established and maintained. By their acceptance of a note, each noteholder will be deemed to have authorized the Intercreditor Agent, the Collateral Trustee and the Indenture Trustee to enter into the Intercreditor Agreement and the other Transaction Documents.

Pari Passu Benefits

Pursuant to the terms of the Intercreditor Agreement, each of the Intercreditor Agent, the Collateral Trustee and each Designated Voting Party (for itself and on behalf of each party on whose behalf it enters into the Intercreditor Agreement) will agree that (a) the Shared Collateral is for the joint benefit of the holders of the Secured Parties, (b) the rights of payment from Shared Collateral of the holders of Pari Passu Obligations shall be as set forth in the Intercreditor Agreement, (c) that it will not accept any Lien on any Shared Collateral for the benefit of any Secured Party other than pursuant to the Security Documents and (d) it will be bound by the terms of the Intercreditor Agreement. In addition, each of the holders of Pari Passu Obligations will agree that it will not contest or support any other Person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the holders of Pari Passu Obligations in all or any part of the Collateral, or the provisions of the Intercreditor Agreement.

Under the Intercreditor Agreement, the noteholders will be represented by the Indenture Trustee and the holders of Existing Notes and any other Collateral Secured Debt will be represented by their respective Designated

Voting Parties. The Intercreditor Agreement will provide for the priorities and other relative rights among the Noteholders, the holders of Collateral Secured Debt, including, among other things, that:

(1) notwithstanding the date, time, method, manner or order of (a) grant, attachment or perfection of any of the Liens on the Shared Collateral or (b) the incurrence or creation of any Collateral Secured Debt, the Liens securing any Collateral Secured Debt shall be of equal priority to the Liens securing all other Collateral Secured Debt; and

(2) the obligations in respect of the notes and any other Collateral Secured Debt may be refinanced, extended, renewed, defeased, restructured, refunded, replaced or repaid from time to time, in each case, to the extent permitted by the Amended and Restated Indenture and any other agreement or instrument governing such other Collateral Secured Debt without affecting the Lien priority or relative rights of the holders of such obligations.

Under the Intercreditor Agreement, each Designated Voting Party will agree that (i) none of the holders of Pari Passu Obligations may institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Collateral Trustee or any other holder of Pari Passu Obligations seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral, (ii) neither the Collateral Trustee nor any other Secured Party shall be liable for any action taken or omitted to be taken by the Collateral Trustee, or other Secured Party with respect to any Shared Collateral in accordance with the provisions of the Intercreditor Agreement or any other Security Document, (iii) it will not challenge or question in any proceeding the validity or enforceability of any Pari Passu Obligations or any Relevant Document or the validity, attachment, perfection or priority of any Lien under any Security Document or the validity or enforceability of the priorities, rights or duties established by or other provisions of the Intercreditor Agreement or any other Security Document; (iv) it will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Shared Collateral by the Collateral Trustee in accordance with the Amended and Restated Trust Agreement, (v) except as provided in the Intercreditor Agreement, it shall have no right to direct the Collateral Trustee or any other Secured Party to exercise any right, remedy or power with respect to any Shared Collateral, (vi) it will not seek, and hereby waives any right, to have any Shared Collateral or any part thereof marshalled upon any foreclosure or other disposition of such Shared Collateral and (vii) it will not attempt, directly or indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of the Intercreditor Agreement or any other Security Document; *provided* that nothing in the Intercreditor Agreement will be construed to prevent or impair the rights of the Collateral Trustee or any other Secured Party to enforce the Intercreditor Agreement or the right to take any action permitted hereby.

No Secured Party in respect of any Collateral Secured Debt shall have any obligation to share amounts on deposit in, or proceeds in respect of, any Debt Service Reserve Account or any Payment Account established in respect of such Secured Party's Collateral Secured Debt, and each such Secured Party may enforce any rights or remedies available to it in respect of any Debt Service Reserve Account or any Payment Account under the Security Documents (other than the Intercreditor Agreement) to the extent permitted by, and in accordance with, the Security Documents (other than the Intercreditor Agreement), regardless of obtaining the consent of any other Secured Party under the Intercreditor Agreement, such enforcement to be carried out by the Collateral Trustee at the direction of the Intercreditor Agent (acting at the direction of the Designated Voting Party of the Collateral Secured Debt to which such Debt Service Reserve Account or Payment Account relates), in accordance with the Security Documents.

Direction of the Intercreditor Agent

Each Designated Voting Party (for itself, for each party on whose behalf it executes the Intercreditor Agreement and any Person claiming through it and as Designated Voting Party on behalf of any other Secured Party), will agree that no Secured Party shall, except in accordance with the provisions of the Intercreditor Agreement take any Enforcement Action except in accordance with the provisions of the Intercreditor Agreement, and that each decision made in accordance with the terms of the Intercreditor Agreement shall be binding upon each Secured Party and each other party to the Transaction Documents.

Except as otherwise set forth in the Intercreditor Agreement, where, in accordance with the Intercreditor Agreement or any other Security Document, any direction or other decision of the Intercreditor Agent is requested or required, other than as otherwise provided in the Intercreditor Agreement, the giving of such direction, or the making of such other decision by the Intercreditor Agent will be determined by Intercreditor Vote.

Upon the request of the Intercreditor Agent, if necessary in connection with the taking of any action under the Intercreditor Agreement by the Intercreditor Agent, each Designated Voting Party will be required to notify the Intercreditor Agent in writing, as of any time that the Intercreditor Agent may specify in such request, of (a) the aggregate principal amount of Collateral Secured Debt outstanding under its respective Relevant Document(s) as of such date and (b) such other information as the Intercreditor Agent may reasonably request. Any calculation of the principal amount of outstanding Collateral Secured Debt by the Intercreditor Agent shall be based solely upon the information provided by each Designated Voting Party as described in this paragraph or in an Intercreditor Vote, and the Intercreditor Agent will be entitled to conclusively rely upon information provided by a Designated Voting Party in connection with the determination of the principal amount of outstanding Collateral Secured Debt of the Secured Parties in respect of its respective Collateral Secured Debt.

Upon receiving notice from the Intercreditor Agent of an action requiring an Intercreditor Vote, each Designated Voting Party shall provide a certificate to the Intercreditor Agent setting forth its vote in respect of the matters set forth in such notice on or prior to the last day of the relevant Decision Period and setting forth the aggregate principal amount of outstanding Collateral Secured Debt represented by such Designated Voting Party that voted for or against the decision.

Other than in cases where the Controlling Pari Passu Parties have delivered a determination on such Intercreditor Vote to the Intercreditor Agent, if a Designated Voting Party fails to provide a certificate to the Intercreditor Agent setting forth its vote within the specified Decision Period, then the Intercreditor Agent shall notify such Designated Voting Party on or before the close of business on the next Business Day following the last day of the Decision Period of such Designated Voting Party's failure to provide such certificate and request that it provide such certificate no later than 11:00 a.m. on the date that is 30 days after the expiration of the Decision Period, or, if such date is not a Business Day, the Business Day immediately thereafter (such date, the "Final Voting Date"); *provided* that the Intercreditor Agent shall not be held liable for any failure by it to provide such notice to such Designated Voting Party; *provided, further*, that if the Designated Voting Party in respect of such Collateral Secured Debt does not provide such certificate by the Final Voting Date, the aggregate principal amount of the Collateral Secured Debt represented by such Designated Voting Party shall be excluded, solely for the purpose of such Intercreditor Vote, from both (i) the calculation of aggregate principal amount of then outstanding Collateral Secured Debt and (ii) the determination whether the requisite percentage constituting the Controlling Pari Passu Parties is met for such Intercreditor Vote.

The Collateral Trustee shall refrain from taking any action to exercise any rights with respect to any Collateral unless it is instructed to do so by the Intercreditor Agent. The Intercreditor Agent shall refrain from taking any action in directing the Collateral Trustee unless it is instructed to do so by the Controlling Pari Passu Parties through an Intercreditor Vote or otherwise in accordance with the procedures set forth in the Intercreditor Agreement; *provided* that the Intercreditor Agent may, at the direction of any Designated Voting Party and without need for instruction from the Controlling Pari Passu Parties, agree to any corrections as are ministerial in nature or are necessary to correct an error or inconsistency and reflective of the clear intent of the parties and do not involve a material change; *it being understood* that the Intercreditor Agent shall be entitled to rely on a certificate from the applicable Designated Voting Party and the advice of counsel.

The Intercreditor Agent may provide the Designated Voting Parties of the Pari Passu Obligations with a request for instructions in writing from the holders of the Pari Passu Obligations as to enforcement actions to be taken, setting forth procedures for providing such instructions. Each such Designated Voting Party agrees to cooperate fully with the Intercreditor Agent to administer any solicitation of instructions from the holders of Pari Passu Obligations and to take all action as reasonably requested by the Intercreditor Agent in connection therewith. If the Intercreditor Agent has not received instructions from the Controlling Pari Passu Parties in accordance with the immediately preceding paragraph above, then the Intercreditor Agent shall not exercise any rights or remedies or perform any other discretionary action or duty unless and until the Controlling Pari Passu Parties instruct the Intercreditor Agent in writing to take such action.

Defaults and Remedies

Promptly after any Designated Voting Party obtains knowledge of either (i) the occurrence of any Enforcement Event under any Relevant Document to which it is a party, or (ii) that any Enforcement Event under any Relevant Document to which it is party has ceased to exist, such Designated Voting Party shall notify the Intercreditor Agent in writing thereof (such notice, an “Enforcement Event Notice”). Upon receipt by the Intercreditor Agent of any such Enforcement Event Notice or of any notice from the Issuer issued pursuant to the terms of the Intercreditor Agreement, it shall promptly send copies thereof to each Designated Voting Party, the Collateral Trustee and the Issuer; *provided* that the failure to give such notice to the Issuer shall not affect the validity of the Enforcement Event Notice.

After the occurrence of an Enforcement Event, the Intercreditor Agent is authorized pursuant to and in accordance with the terms of the Intercreditor Agreement to instruct the Collateral Trustee to make payments from the Collateral to the Intercreditor Agent, the Collateral Trustee and the Designated Voting Parties, solely in such capacities, in the proportions and amounts indicated by the Intercreditor Agent, in compliance with the provisions set forth in the Intercreditor Agreement.

In the event of any discrepancy between the instructions provided by the Intercreditor Agent and those sent by the Issuer, the Collateral Trustee must consult the parties involved. If the instructions have not been clarified within five (5) Business Days after the Collateral Trustee provides notice of the discrepancy, the Collateral Trustee must proceed in accordance with the Intercreditor Agent’s instruction.

At any time after the occurrence and during the continuance of an Enforcement Event, the Designated Voting Party representing the Secured Parties of the Collateral Secured Debt in respect of which an Enforcement Event has occurred and is continuing may serve a notice (such notice, a “Remedies Notice”) on the Intercreditor Agent which describes the Enforcement Event with respect to which such Designated Voting Party is seeking to pursue remedies as well as the various remedies (the “Proposed Remedies”) that such Designated Voting Party wishes the Intercreditor Agent to pursue.

If the Intercreditor Agent receives any Remedies Notice from any Designated Voting Party and if such Designated Voting Party has not by notice to the Intercreditor Agent withdrawn such notice prior to the end of the third (3rd) Business Day after the day on which the Intercreditor Agent receives such Remedies Notice, the Intercreditor Agent will promptly after such third (3rd) Business Day provide each Designated Voting Party with a copy of such Remedies Notice (provided that if the Remedies Notice was initiated or otherwise signed or consented to by the Controlling Pari Passu Parties, the Intercreditor Agent shall provide each Designated Voting Party with a copy of such notice no later than the next Business Day following the day on which the Intercreditor Agent receives such notice) and inform them of the date (such date, which shall be no later than two (2) Business Days following the last day of the Decision Period corresponding to such Remedies Notice or such earlier date specified in writing by the Controlling Pari Passu Parties, the “Remedies Commencement Date”) on which the Intercreditor Agent would issue a Remedies Direction to pursue the Proposed Remedies if so directed in accordance with the following sentence. Unless the Remedies Notice was executed by the Controlling Pari Passu Parties, the Intercreditor Agent shall submit such Remedies Notice to an Intercreditor Vote requesting instructions as to whether the Intercreditor Agent should (i) issue a Remedies Direction to the Collateral Trustee instructing the Collateral Trustee to exercise the Proposed Remedies in accordance with the Amended and Restated Trust Agreement, (ii) issue a Remedies Direction instructing the Collateral Trustee to exercise other remedies in accordance with the Amended and Restated Trust Agreement or (iii) take no action with respect to the Enforcement Event specified in such Remedies Notice. The Intercreditor Agent shall only give effect to any instructions as to the matters described in clauses (i) or (ii) of the immediately preceding sentence if they are contained in a Remedies Notice or a Remedies Instruction executed by the Controlling Pari Passu Parties, or in a Remedies Direction approved by the Controlling Pari Passu Parties in the Intercreditor Vote described in the immediately preceding sentence.

If, following the delivery of a Remedies Notice by a Designated Voting Party and on or prior to the corresponding Remedies Commencement Date, the Controlling Pari Passu Parties elect to exercise remedies and provide to the Intercreditor Agent written instruction regarding the exercise of remedies, which may be in the form of a response to an Intercreditor Vote or otherwise and which direction may include an instruction to exercise the Proposed Remedies or an instruction to exercise other remedies (a “Remedies Instruction”), then the Intercreditor

Agent shall issue a Remedies Direction in accordance with the Intercreditor Agreement, *provided* that the Enforcement Event which is the subject of such Remedies Notice has not previously been cured or waived. Other than where the Controlling Pari Passu Parties elect to exercise the Proposed Remedies contained in a Remedies Notice delivered to the Intercreditor Agent, each Remedies Instruction shall specify the particular action or actions that the Controlling Pari Passu Parties propose that the Intercreditor Agent direct the Collateral Trustee to take.

If the Controlling Pari Passu Parties elect not to exercise remedies following delivery of a Remedies Notice by a Designated Voting Party, then, on the expiration date of the Decision Period or the Final Voting Date, as applicable, a 120-day standstill period (the “Standstill Period”) shall commence during which period no Secured Party, other than the Controlling Pari Passu Parties, shall be entitled to take any Enforcement Action in connection with such Enforcement Event and the Intercreditor Agent shall distribute a notice to such effect to each Designated Voting Party. At the expiration of the Standstill Period, if such Enforcement Event shall still be continuing, the Designated Voting Party representing the Secured Parties of the Collateral Secured Debt in respect of which such Enforcement Event has occurred and is continuing may serve a second remedies notice (a “Repeat Remedies Notice”) on the Intercreditor Agent which describes the Enforcement Event with respect to which such Designated Voting Party is seeking to pursue remedies, states that the Standstill Period has concluded and specifies the date (which shall be no earlier than the third (3rd) Business Day after the date of such Repeat Remedies Notice) and the particular action or actions (provided that any such remedies shall apply only in respect of the holders of Collateral Secured Debt represented by such Designated Voting Party) that such Designated Voting Party proposes that the Intercreditor Agent direct the Collateral Trustee to take (such date, the “Non-Controlling Party Enforcement Date”). No later than the third (3rd) Business Day following its receipt of a Repeat Remedies Notice, the Intercreditor Agent shall distribute a copy of such Repeat Remedies Notice to each Designated Voting Party, and the Intercreditor Agent shall on the Non-Controlling Party Enforcement Date deliver a Remedies Direction to the Collateral Trustee, with a copy to the Issuer, instructing the Collateral Trustee to exercise the remedies provided in such Repeat Remedies Notice (provided that the relevant Security Documents permit such remedy); *provided, however*, that the Non-Controlling Party Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred and the Intercreditor Agent shall disregard such Repeat Remedies Notice and withdraw any related Remedies Direction (1) at any time the Controlling Pari Passu Parties have commenced and are pursuing any Enforcement Action with respect to such Enforcement Event or (2) at any time the Issuer is subject to any Insolvency or Liquidation Proceeding.

During the period prior to the commencement of the taking of any remedies with respect to any Enforcement Event, no Secured Party shall be entitled to take any Enforcement Action in connection with such Enforcement Event, nor shall, subject to the two immediately preceding paragraphs, any Secured Party instruct the Intercreditor Agent to take any Enforcement Action in connection with such Enforcement Event. None of the Secured Parties shall have any independent power to enforce or to exercise any rights, discretions or powers in respect of the Collateral except through the Collateral Trustee acting upon the instructions of the Intercreditor Agent.

A Designated Voting Party may serve only one Remedies Notice with respect to any specific Enforcement Event within any thirty (30) day period, except if such Remedies Notice was initiated or otherwise signed and consented to by the Controlling Pari Passu Parties, and each Remedies Notice served by such Designated Voting Party shall specify the Enforcement Events relating to the Relevant Documents governing the Collateral Secured Debt represented by such Designated Voting Party in existence on the date such Remedies Notice is served. The applicable Designated Voting Party may amend or withdraw a Remedies Notice at any time after service on the Intercreditor Agent in accordance with the terms of the Intercreditor Agreement, and shall immediately rescind any Remedies Notice if the applicable Enforcement Event has been cured, waived or ceased to exist.

Intercreditor Agent's Obligations

The Intercreditor Agent shall, subject to the terms of the Intercreditor Agreement:

- (a) promptly provide each Designated Voting Party with a copy of any material notice or document which it, in its capacity as Intercreditor Agent, receives from or delivers to (i) the Issuer, (ii) the Collateral Trustee, any Designated Voting Party or (iv) any Governmental Authority;
- (b) act as Intercreditor Agent under the Intercreditor Agreement in accordance with any instructions given to it by the Controlling Pari Passu Parties; and

- (c) if so instructed by the Controlling Pari Passu Parties, refrain from exercising any right, power or discretion vested in it as the Intercreditor Agent under the Intercreditor Agreement (other than any right, power or discretion provided to the Intercreditor Agent for its own benefit).

Resignation or Removal of the Intercreditor Agent

Subject to the appointment and acceptance of a successor Intercreditor Agent in accordance with the provisions described in the third paragraph under this “—Resignation or Removal of the Intercreditor Agent,” the Intercreditor Agent, by giving notice thereof to each of the other parties to the Intercreditor Agreement, may resign at any time.

The Controlling Pari Passu Parties may request at any time that the Intercreditor Agent be removed with or without cause by giving not less than thirty (30) days’ prior written notice to that effect to the Intercreditor Agent; *provided* that no such removal shall be effective until a successor for the Intercreditor Agent is appointed in accordance with the next succeeding paragraph.

Upon any resignation or removal, the Controlling Pari Passu Parties shall have the right (so long as no Enforcement Event has occurred and is continuing), subject to the prior consent of the Issuer (not to be unreasonably withheld, conditioned or delayed), to appoint a successor Intercreditor Agent, and if no such successor Intercreditor Agent shall have been so appointed and shall have accepted such appointment within thirty (30) days after the retiring Intercreditor Agent’s giving of notice of resignation or the removal of the retiring Intercreditor Agent, as applicable, then the retiring Intercreditor Agent may, on behalf of the holders of Pari Passu Obligations petition a court of competent jurisdiction for the appointment of a successor Intercreditor Agent, which shall be an Eligible Agent. Upon the acceptance of any appointment as Intercreditor Agent in accordance with the provisions of this paragraph by any successor Intercreditor Agent, such successor Intercreditor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Intercreditor Agent and the retiring Intercreditor Agent shall be discharged from its duties and obligations under the Intercreditor Agreement.

Modifications

No Modification shall be agreed to by any Secured Party or granted or withheld, no instruction shall be given to the Intercreditor Agent under or with respect to the Intercreditor Agreement or any Modification and no discretion shall be exercised by any Secured Party under or with respect to the Intercreditor Agreement, unless, in each case, an Intercreditor Vote is taken in accordance with the procedures set forth in the Intercreditor Agreement and the Controlling Pari Passu Parties authorize the Intercreditor Agent or the relevant Secured Parties to agree to such Modification, provide the Intercreditor Agent with such instruction or authorize the Intercreditor Agent or the relevant Secured Parties to exercise such discretion, as the case may be. The Issuer’s consent shall be required for Modifications of the Intercreditor Agreement. Any Modification for the purpose or having the effect of (i) releasing Shared Collateral, (ii) changing the application of proceeds of Shared Collateral as set forth in the Intercreditor Agreement, (iii) making any amendment to the definition of “Controlling Pari Passu Parties,” “Modification” or with respect to the voting mechanics under the Intercreditor Agreement and (iv) changing the provisions in relation to the Accounts, including the application of funds into and from such Accounts as set forth in the Amended and Restated Trust Agreement shall, in each case, require all of the Designated Voting Parties to authorize the Intercreditor Agent or the relevant Secured Parties to agree thereto.

Except as otherwise set forth in the Intercreditor Agreement, the Amended and Restated Trust Agreement may only be modified with the signed written consent of the Issuer, the Collateral Trustee and the Controlling Pari Passu Parties (acting through the Intercreditor Agent). The Intercreditor Agent, acting upon the instruction of any Designated Voting Party, shall notify the Collateral Trustee regarding any Modifications requested by any Designated Voting Party to the Amended and Restated Trust Agreement.

The Intercreditor Agent shall, at the request of any Designated Voting Party and without the need for a prior determination through an Intercreditor Vote, agree to such Modifications (i) in regard to ambiguities, inconsistencies, errors, matters or questions arising under this Agreement or the other Security Documents that (x) are necessary or desirable to reflect the clear intent of the parties, (y) will not be inconsistent with this Agreement (for example, errant cross-references and misspelled defined terms) and (z) will not materially adversely affect the interests of any of the Secured Parties (the Intercreditor Agent being entitled to rely on a

certificate from the related Designated Voting Party and the advice of counsel and having all of the rights provided to it under Article 2 of the Intercreditor Agreement) or (ii) to convey, transfer, assign, mortgage or pledge any Property to the Collateral Trustee as additional Collateral for the Secured Parties.

Collateral Secured Debt

Pursuant to the terms of the Transaction Documents, the Issuer is permitted to incur Collateral Secured Debt, *provided* that such incurrence is permitted by paragraph (a) under “—Negative Covenants” and the other Transaction Documents. Upon the delivery of a Collateral Secured Debt Certificate by the Issuer in the form attached to the Amended and Restated Trust Agreement to the Intercreditor Agent (a “Collateral Secured Debt Certificate”), the Intercreditor Agent shall, and shall direct the Collateral Trustee to, take any such action necessary to allow such Collateral Secured Debt to be secured by the Collateral.

Additional Intercreditor Agreements

The Amended and Restated Indenture shall provide that, at the request of the Issuer, in connection with the incurrence by the Issuer of any future Collateral Secured Debt or any Refinancing Debt in respect of Collateral Secured Debt, the Indenture Trustee shall enter into with the Designated Voting Party of the holders of such Collateral Secured Debt or Refinancing Debt, as applicable, a joinder to the Intercreditor Agreement or an amended and restated intercreditor agreement (an “Additional Intercreditor Agreement”) on substantially the same terms as the Intercreditor Agreement (or terms more favorable to noteholders) including substantially the same terms with respect to the limitation on enforcement and release of the Collateral, priority and release of the Liens securing the notes; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Indenture Trustee, the Intercreditor Agent or the Collateral Trustee or adversely affect the rights, duties, liabilities or immunities of the Indenture Trustee, the Intercreditor Agent or the Collateral Trustee under the Amended and Restated Indenture, the Amended and Restated Trust Agreement or the Intercreditor Agreement.

The Amended and Restated Indenture shall also provide that, at the direction of the Issuer and without the consent of the noteholders, the Indenture Trustee shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreements to (A) cure any ambiguity, omission, defect or inconsistency of the Intercreditor Agreement or any Additional Intercreditor Agreements, (B) increase the amount of Collateral Secured Debt covered by the Intercreditor Agreement or any Additional Intercreditor Agreements that may be incurred by the Issuer that is subject to the Intercreditor Agreement or any Additional Intercreditor Agreements; (C) further secure the notes, or (D) make any other such change to the Intercreditor Agreement or an Additional Intercreditor Agreement that does not adversely affect the noteholders in any material respect.

The Issuer shall not otherwise direct the Indenture Trustee to enter into any amendment to the Intercreditor Agreement or an Additional Intercreditor Agreement without the consent of the Majority Noteholders, except as otherwise permitted under this covenant, and the Issuer may only direct the Indenture Trustee to enter into any amendment to the extent that such amendment does not impose any personal obligations on the Indenture Trustee or adversely affect the rights, duties, liabilities or immunities of the Indenture Trustee under the Amended and Restated Indenture, the Intercreditor Agreement or an Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement or an Additional Intercreditor Agreement, the Indenture Trustee shall consent on behalf of the noteholders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the notes thereby; *provided, however*, that such transaction would comply with the covenant described under paragraph (b) of “—Negative Covenants.”

Each noteholder, by accepting a note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of the Intercreditor Agreement or Additional Intercreditor Agreements shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Indenture Trustee.

Payments on the Notes

Payments of Interest, principal and Redemption/tender Premium (if applicable) on the notes will be paid to each noteholder on a *pro rata* basis; *it being understood* that, with respect to any tenders described in “—Redemption of the Notes” below, the Issuer’s purchase of any notes (or beneficial interests therein) participating in such tender will be made on a *pro rata* basis only among such participating notes (or beneficial interests therein). All payments by (or on behalf of) the Issuer under the Transaction Documents (other than payments to the Collateral Trustee) will be required to be delivered to the Indenture Trustee by no later than 10:00 a.m. (New York City time) on the date when due; *provided* that: (a) funds available for application in the Payment Accounts at or prior to 12:00 noon (New York City time) on the Business Day before the date on which such amounts are due will be considered to have been timely delivered to the Indenture Trustee but only to the extent such funds have been received by the Indenture Trustee from the Collateral Trustee by 10:00 a.m. (New York City time) on the date when such payment is due and (b) such payments relating to the Issuer’s purchase of any notes (or beneficial interests therein) pursuant to any tender offer described in “—Redemption of the Notes” below will be delivered to the participating Investors in the manner described in such tender offer. Any such payment received by the Indenture Trustee after such time will be considered to have been paid on the following Business Day and, with respect to any payment of principal on the notes, additional Interest will be immediately payable by the Issuer with respect thereto.

Interest

Interest on the notes will accrue at the Interest Rate and will be payable semi-annually in arrears on each Payment Date commencing on November 18, 2016. The Interest with respect to each note will be payable on each Payment Date to the applicable Noteholder of record in the Register at 5:00 p.m. (New York City time) on each May 3 and November 3 (or, if such day is not a Business Day, on the next day that is a Business Day) preceding such Payment Date, as applicable (the “Record Date”). The “Interest” payable on the notes on a Payment Date will be equal to the sum of: (a) the product of: (i) the Interest Rate, (ii) the average daily Principal Balance during the period from and including the preceding Payment Date (or, in the case of the first Payment Date, the Issue Date) (but not including any principal amount repaid on such beginning date) to, but excluding, such Payment Date and (iii) the number of days (based upon a month of 30 days) in the related Interest Period *divided by* 360; *it being understood* that should any Redemption Price that is paid for a redemption of the Notes include any accrued and unpaid Interest, then the calculation of the amount of Interest payable on the next Payment Date will be adjusted to reflect such previous payment of accrued Interest, (b) the amount of any Interest accrued and payable on the Notes but not paid on any prior Payment Date and (c) to the extent permitted by Applicable Law, the product of: (i) the Interest Rate, (ii) the amount determined pursuant to clause (b) and (iii) the number of days in the related Interest Period (based upon a month of 30 days) *divided by* 360.

Principal

On each Payment Date commencing on May 18, 2026, the noteholders of record as of the preceding Record Date will be entitled to receive a principal payment equal to the semi-annual amortization amount corresponding to such Payment Date set forth in the table below (for each Payment Date, as such may be decreased as a result of a redemption or cancellation or partial payment of a Default Payment as described in “—Redemption of the Notes” or “—Purchase of Notes by the Issuer” below or increased as a result of the issuance of Additional Notes as described in “—Issuance of Additional Notes” above, its “Semi-Annual Amortization Amount”; *it being understood* that any Payment Date’s amortization amount resulting from such decrease or increase for any Payment Date will be rounded upwards to the next US\$0.01). The final such payment is scheduled (and required) to be paid on the Maturity Date.

<u>Payment Dates</u>	<u>Semi-Annual Amortization Amount</u>
May 18, 2026	US\$13,392,140
November 18, 2026	US\$13,751,670
May 18, 2027	US\$15,587,670
November 18, 2027	US\$15,999,360
May 18, 2028	US\$18,985,030
November 18, 2028	US\$19,491,280
May 18, 2029	US\$22,093,320
November 18, 2029	US\$22,686,580
May 18, 2030	US\$26,476,480
November 18, 2030	US\$27,196,300
May 18, 2031	US\$29,560,890
November 18, 2031	US\$30,373,780
May 18, 2032	US\$31,771,470
November 18, 2032	US\$32,655,480
May 18, 2033	US\$34,345,490
November 18, 2033	US\$35,323,030
May 18, 2034	US\$37,151,550
November 18, 2034	US\$38,265,780
May 18, 2035	US\$40,257,580
November 18, 2035	US\$41,730,910
May 18, 2036	US\$27,904,210

The Maturity Date is May 18, 2036.

Additional Amounts

All payments to be made by (or on behalf of) the Issuer to noteholders under the Transaction Documents in respect of principal, Interest or Redemption/tender Premium, will be made free and clear of, and without any deduction or withholding for or on account of, any Taxes on or after the Issue Date imposed, levied, collected, withheld or assessed by (or on behalf of) any taxing authority in Panama or in any other jurisdiction in which the Issuer or the Tocumen Trust is organized or resident for tax purposes or from or through which payments are made (each such taxing jurisdiction, a “Relevant Taxing Jurisdiction”) unless such Taxes are required by any such taxing authority to be deducted or withheld.

If any such Taxes are required by Applicable Law to be deducted or withheld with respect to any such payment, then the Issuer, subject to the exceptions described below, will pay to the Indenture Trustee (for the benefit of the applicable recipient of such payment) (or, with respect to any redemption or tender offer as described in “—Redemption of the Notes” below, in the manner described in such tender offer or redemption) such additional amounts (“Additional Amounts”) as may be necessary so that such recipient will receive the full amount otherwise payable in respect of such payment had no such Taxes (including any Taxes payable in respect of such Additional Amounts) been required to be so deducted or withheld. Notwithstanding the preceding sentence, no such Additional Amounts will be payable with respect to any payment under the Transaction Documents:

- (a) in the case of any Tax assessed or imposed by any taxing authority of any jurisdiction to the extent that such Tax would not have been assessed or imposed but for any present or former connection between the applicable recipient of such payment (or between a fiduciary, settlor, beneficiary or member of such recipient, if such recipient is an estate, a trust or a partnership) and such jurisdiction, including such recipient (or such fiduciary, settlor, beneficiary or member) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein other than its participation in the transactions effected by the Transaction Documents and the receipt of payments thereunder;
- (b) for any estate, inheritance, gift, personal property, sales, value added, transfer or other similar Tax;
- (c) to the extent that any such Taxes would not have been imposed but for the failure of the applicable recipient of such payment to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection of such recipient with the jurisdiction imposing such Tax to the extent: (i) such compliance is required by Applicable Law as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes (including Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8IMY, W-8ECI, W-8EXP, 6166 and W-9 or any successor form, as applicable) and (ii) at least 30 days before the first Payment Date with respect to which the Issuer shall apply this clause (c), the Issuer shall have notified such recipient in writing that such recipient will be required to comply with such requirement;
- (d) where such Taxes are imposed on or in respect of any Note pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the “Code”), any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code;
- (e) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meetings of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (f) in respect of any Taxes that would not have been so withheld or deducted if the note had been presented for payment (to the extent presentation is required) within 30 days after the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the noteholders in accordance with the Amended and Restated Indenture (except to the extent that the noteholder would have been entitled to Additional Amounts had the note been presented for payment on the last day of such 30-day period);
- (g) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the notes;
- (h) in respect of any Taxes that would not have been so imposed if the noteholder had presented the note for payment (where presentation is required) to another reasonably available paying agent; or
- (i) due to any combination of the circumstances described in clauses (a) through (h),

nor will any Additional Amounts be paid with respect to any payment to a recipient who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that such payment would be

required to be included in the income, for tax purposes, of a beneficiary or settlor or with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been in the place of such recipient.

Notwithstanding the foregoing paragraph, the limitations on the obligation of the Issuer to pay Additional Amounts as set forth in clause (c) above will not apply if a certification, identification, information, documentation or other reporting requirement described in such clause would be materially more onerous (in form, in procedure or in the substance of information disclosed) to the applicable recipient than comparable information or other reporting requirements imposed under United States tax law, regulation and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E, W-8IMY, W-8ECI, W-8EXP, 6166 and W-9 or any successor form).

The Issuer will pay when due any present or future stamp, transfer, court or documentary taxes or any other excise or property taxes, charges or similar levies imposed with respect to the initial execution, delivery or registration of the notes or any other document or instrument relating thereto.

Upon request of a recipient, the Issuer will provide the Indenture Trustee (for the Indenture Trustee to deliver to such applicable recipient) evidence of the payment of Taxes in respect of which the Issuer has paid any Additional Amounts.

Any reference in this offering memorandum, the Amended and Restated Indenture or the notes to principal, interest or any other amount payable in respect of the notes by the Issuer will be deemed also to refer to any Additional Amounts, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The Issuer's obligation to pay Additional Amounts will survive the final payment of principal and Interest on the notes and the sale or transfer of the notes (or beneficial interests therein) by any noteholder.

Redemption of the Notes

Upon the redemption of the notes (or any portion thereof) (whether such redemption is a voluntary redemption permitted by or a mandatory redemption required by the terms of the Amended and Restated Indenture, including a redemption upon acceleration as a result of an Event of Default), the Issuer will pay all accrued and unpaid Interest, Additional Amounts (if any), Redemption/tender Premium (if applicable) and all amounts then due and payable to noteholders by the Issuer under the Transaction Documents (including any fees, expenses, indemnities or other amounts payable to the Indenture Trustee and/or the Collateral Trustee). In addition, under certain circumstances described below, the Issuer will be required to make a tender offer with respect to some or all of the notes.

Should any Redemption Price that is paid for a redemption of the notes include any accrued and unpaid Interest, then the calculation of the amount of Interest payable on the next Payment Date will be adjusted to reflect such previous payment of accrued Interest.

Mandatory Redemption

The Issuer will be required to make an offer to noteholders to repurchase or redeem the notes at the Redemption Price and, to the extent required, any other Collateral Secured Debt, within 180 days of any of the following events: (a) as a result of (i) any Casualty Event in respect of which any net cash proceeds are received by the Issuer or (ii) any Condemnation, in which case the Issuer shall apply 100% of the net cash proceeds from insurance, indemnification, condemnation or otherwise (provided such net cash proceeds exceed US\$75,000,000 in the aggregate), if not otherwise applied or committed within the period set forth in paragraph (d) under “—Negative Covenants” to replace or restore any affected property or assets or repay the notes or other Collateral Secured Debt; (b) in the event of any loss of or material adverse modification of the right to operate the Airport by the Issuer in respect of which net cash proceeds are received by the Issuer, to the extent of such net cash proceeds; (c) to the extent of available funds, upon the notes or such Collateral Secured Debt being declared immediately due and payable as a result of an Event of Default, following notice duly given to the Issuer; and (d) with the net cash proceeds of any sale or disposition of Airport assets in excess of US\$75,000,000 in any fiscal year, if not otherwise

applied or committed within the period set forth in paragraph (d) under “—Negative Covenants” to invest in new assets or repay Debt.

Optional Redemption

At any time and from time to time, the Issuer may, by delivery of an irrevocable notice to the Indenture Trustee at least 30 days (but no earlier than 60 days) before the selected Redemption Date and by delivery of the Redemption Price (including the Optional Redemption Premium) to the Indenture Trustee on or before such Redemption Date, redeem the notes (or a portion thereof) in whole or in part on such Redemption Date; *provided* that such Redemption Date must be a Business Day. If any such redemption is for less than the entire amount of the notes, then the reduction in the Principal Balance of the notes will be applied to reduce the remaining scheduled Semi-Annual Amortization Amounts on a *pro rata* basis. Promptly (and, in any event, within two Business Days) after receipt of a notice of such an optional redemption, the Indenture Trustee will provide a copy of such notice to the noteholders. This notice will specify the Redemption Date, the portion and components of the Redemption Price to be payable to the noteholders and the place(s) of payment of such amounts.

The “Optional Redemption Premium” means, with respect to any optional redemption described in the preceding paragraph for which payment of the applicable Redemption Price is made: (a) on or prior to the date that is twelve months prior to the Maturity Date, an amount equal to the Make-whole Premium, and (b) thereafter, there shall be no Optional Redemption Premium.

Prior to 10:00 a.m. (New York City time) on the relevant Redemption Date, the Issuer will deliver to the Indenture Trustee the applicable Redemption Price. Following receipt by the Indenture Trustee of the Redemption Price in connection with such an optional redemption of the notes, the noteholders will be entitled to receive on the selected Redemption Date an amount in U.S. Dollars equal to the sum of: (a) the Principal Balance of the notes (or, in the case of a partial redemption, the portion thereof to be redeemed), (b) all accrued and unpaid Interest (if any) on such redeemed principal amount to, but excluding, the Redemption Date, (c) any unpaid Additional Amounts, (d) the Optional Redemption Premium on the notes (or, in the case of a partial redemption, the portion thereof to be redeemed), if any, and (e) all other amounts (if any) then due and payable to the noteholders under the Transaction Documents. If such Redemption Price (or a portion thereof) is made by (or on behalf of) the Issuer, then the Indenture Trustee will apply such amounts to make such payment to the applicable noteholders; *it being understood* that such payments to the applicable noteholders might not occur until the Business Day after the Redemption Date and no additional Interest or other amounts will accrue as a result of any such delay.

Optional Redemption for Changes in Taxes

If, as a result of any amendment to or other change in (or change in the official interpretation of) the Applicable Laws of any Relevant Taxing Jurisdiction, which amendment or other change is first announced and takes effect on or after the Issue Date (or, if Additional Notes have been issued pursuant to “—Issuance of Additional Notes” above, on or after the latest date of such issuance), the Issuer is required (or, in the case of a successor, on or after the date such successor assumes the obligations under the notes), after taking all reasonable measures to avoid this requirement, to pay Additional Amounts, then the Issuer may elect to redeem all, but not less than all, of the notes at any time by giving at least 30 days’ but not more than 60 days’ irrevocable notice thereof (including the selected Redemption Date, which must be a Business Day); *provided* that no such notice may be given before the date that is 90 days before the earliest date on which such Additional Amounts would first begin to accrue. Concurrently with the delivery of any such notice of redemption, the Issuer will be required to deliver to the Indenture Trustee: (x) an opinion of nationally recognized counsel, which opinion is in form and substance reasonably acceptable to the Indenture Trustee, to the effect that the Issuer is or will be required to pay such Additional Amounts as a result of such amendment or other change and that all governmental requirements necessary for the Issuer to effect the redemption have been complied with and (y) a certificate, signed in the name of the Issuer by any two of its executive officers or by its attorney in fact in accordance with its bylaws, stating that the Issuer is entitled to redeem the notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer to so redeem have occurred or been satisfied; *it being understood* that the failure to deliver such an opinion of counsel and certificate will make such notice of redemption void *ab initio*. Promptly (and, in any event, within two Business Days) after receipt of such a notice of redemption (and the corresponding opinion of counsel and certificate), the Indenture Trustee will provide a copy of such notice

to the noteholders. This notice will specify the Redemption Date, the portion and components of the Redemption Price to be payable to the noteholders and the place(s) of payment of such amounts.

On or before the Business Day before the indicated Redemption Date, the Issuer will deliver to the Indenture Trustee the Redemption Price for the redemption of the notes. Following receipt by the Indenture Trustee of such Redemption Price, the noteholders will be entitled to receive on the selected Redemption Date an amount in U.S. Dollars equal to the sum of: (a) the Principal Balance of the notes, (b) all accrued and unpaid Interest (if any) on the notes to but excluding the Redemption Date, (c) all unpaid Additional Amounts and (d) all other amounts (if any) then due and payable to the noteholders under the Transaction Documents. No Redemption/tender Premium would be payable by Issuer with respect to any such redemption. If such Redemption Price (or a portion thereof) is made by (or on behalf of) the Issuer, then the Indenture Trustee will apply such amounts to make such payment to the applicable noteholders; *it being understood* that such payments to the applicable noteholders might not occur until the Business Day after the Redemption Date and no additional Interest or other amounts will accrue as a result of any such delay.

Change of Control

Except to the extent that it would violate Applicable Law, by no later than 30 days after the date on which a Change of Control occurs, the Issuer will (unless, before the end of such period, it has delivered to the Indenture Trustee a notice of optional redemption with respect to the redemption of all of the notes as described in “—Redemption of the Notes—Optional Redemption” or “—Redemption of the Notes—Optional Redemption for Changes in Taxes” above or if, immediately after the closing of any such Optional Redemption, there would be fewer than twelve months remaining until the Maturity Date) send to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) a notice (a “Change of Control Notice”) offering to purchase the notes (and/or beneficial interests therein) on a selected date that is no earlier than 30 days and no later than 60 days (or such additional time as may be required by Applicable Law) after the date of such Change of Control Notice, which selected date must be a Business Day. The Change of Control Notice must advise each noteholder in sufficient detail as to how to tender its notes (or beneficial interests therein) should it elect to accept such offer. In connection with any such purchase offer, the Issuer will comply with Rule 14e-1 under the Exchange Act and, to the extent applicable, any other Applicable Laws. To the extent that the provisions of any Applicable Law or Rule 14e-1 conflict with the provisions of this covenant, the Issuer will comply with such Applicable Law or Rule 14e-1, as applicable, and will not be deemed to have breached its obligations under this covenant by virtue of such conflict or its compliance with such Applicable Law or Rule 14e-1, as applicable.

Upon the Issuer’s delivery to the Indenture Trustee of a Change of Control Notice, each noteholder will have the right to tender in the offer all or any portion of such noteholder’s notes (or beneficial interests therein); *provided* that, unless such noteholder tenders all of its notes (or beneficial interests therein), a noteholder may not so tender its notes (or beneficial interests therein) if such would leave it holding notes (or beneficial interests therein) with an original face value of less than the Minimum Denomination. On the selected purchase date, the Issuer will: (a) subject to the next paragraph, accept (except to the extent such acceptance would violate Applicable Law) for purchase all of the notes (and/or beneficial interests therein) that have been tendered in (and not withdrawn from) such offer, and (b) pay each applicable noteholder for its tendered notes (and/or beneficial interests therein) a purchase price equal to 101% of the portion of the Principal Balance represented thereby *plus* all accrued and unpaid Interest (if any) thereon to, but excluding, the purchase date *plus* any applicable Additional Amounts. Any such notes (and/or beneficial interests therein) so purchased by the Issuer will be promptly cancelled by the Indenture Trustee in the manner described in “—Cancellation” below.

In any such tender, a noteholder may elect to condition its tender of the notes (or beneficial interests therein) to the condition that a minimum percentage (selected by such noteholder) of the outstanding Principal Balance of the notes has been tendered in (and not withdrawn from) the offer; *it being understood* that, in determining whether such percentage has been achieved, the notes (or beneficial interests therein) of such noteholder and other noteholders that have so conditioned their tenders with the same or a higher percentage will not be considered to have been tendered. If the Issuer purchases only a portion of an outstanding note in connection with a repurchase offer following a Change of Control, the Issuer will, promptly upon cancellation of such original note, issue in the name of the holder thereof a new note in a principal amount equal to the portion thereof not purchased. The unpurchased portion of any note will not be less than the Minimum Denomination.

There is no assurance that the Issuer would be able to make payments for all notes (or beneficial interests therein) tendered and accepted in such an offer, whether due to the lack of sufficient funds or otherwise. While the Issuer may seek to obtain financing in order to make such payments, it may not be able to do so and its failure to make such payments when due would constitute an Event of Default.

One of the events that may result in a Change of Control is the disposition of “all or substantially all” of the Issuer’s Property under certain circumstances. The meaning of this term is subjective, is based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which will be the governing law of the Amended and Restated Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involves a disposition of “all or substantially all” of the Property of the Issuer. In the event that Noteholders believe that such a Change of Control has occurred and the Issuer contests such election, there can be no assurance as to how a court interpreting New York State law would interpret the phrase.

Asset Sales

If an Asset Sale occurs, then under certain circumstances the Issuer will be required to make an offer to redeem some or all of the notes (or beneficial interests therein) and, to the extent required, any other Collateral Secured Debt. See paragraph (d) of “—Negative Covenants” below.

There is no assurance that the Issuer would be able to make payments for all notes (or beneficial interests therein) to be redeemed, whether due to the lack of sufficient funds or otherwise. While the Issuer may seek to obtain financing in order to make such payments, it may not be able to do so and its failure to make such payments when due could constitute an Event of Default.

Insurance Proceeds

Should any Property that constitutes Airport assets of the Issuer be lost, damaged, destroyed or otherwise affected and the Issuer receives payment (whether in one or a series of payments) with respect thereto under any insurance that it or any other person maintains (an “Insurance Payment”), then, if such Insurance Payment, after deducting any amounts thereof required to be paid to (or reserved for the purpose of making payment to) parties other than the Issuer in connection with such loss or other event, is at least US\$5,000,000 (or its equivalent in any other currency), the amount of such Insurance Payment must (by no later than the 270th day after the receipt of such Insurance Payment (the “Application Period”)) be applied by the Issuer to either: (a) repay Debt (other than Subordinated Debt and Contingent Liabilities) of the Issuer without refinancing (and, with respect to any such Debt under an arrangement that permits future disbursements or other incurrences of Debt thereunder, with a corresponding permanent reduction in the amount of Debt available to be incurred thereunder) or (b) repair or replace the affected Property of the Issuer; *provided* that such Insurance Payment will be maintained in cash or Cash Equivalents pending such application; and *provided further* that a binding commitment to repay Debt or to repair or replace such affected Property shall be treated as a permitted application of such Insurance Payment from the date of such commitment so long as the Issuer enters into such commitment with the good faith expectation that such Insurance Payment will be applied to satisfy such commitment within 180 days of the end of such Application Period (an “Acceptable Commitment”) and such Insurance Payments are actually applied in such manner within the later of the date that the Application Period expires and 180 days after the date of the Acceptable Commitment and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Insurance Payments are applied in connection therewith, then such Insurance Payments shall constitute Remaining Insurance Payment Amounts if the Application Period has expired.

To the extent that at least US\$75,000,000 (or its equivalent in any other currency) of such Insurance Payment has not been so applied within the indicated period (any such unapplied amount at the end of such period, the “Remaining Insurance Payment Amount”), then by no later than such 270th day or the 180 days after the Acceptable Commitment, as applicable, the Issuer will (unless, before the end of such period, it has delivered to the Indenture Trustee a notice of optional redemption with respect to the redemption of all of the notes and, if required, other Collateral Secured Debt as described in “—Optional Redemption” or “—Optional Redemption for Changes in Taxes” above or if, immediately after the closing of such tender offer, there would be fewer than twelve months remaining until the Maturity Date) be required to send to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) a notice (an “Insurance Payment Notice”) for the redemption of notes (and/or beneficial interests

therein) having an outstanding Principal Balance equal to the Remaining Insurance Payment Amount; *provided* that, to the extent any other Collateral Secured Debt shall be required to be redeemed by the Issuer with the Remaining Insurance Payment Amount, the Issuer shall be required to apply only the percentage of the Remaining Insurance Payment Amount equal to the *pro rata* portion of the notes of all such Collateral Secured Debt to redeem the notes (“Mandatory Redemption Pro Rata Portion”). Such Insurance Payment Notice must also indicate a selected date for such redemption that is no earlier than 30 days and no later than 60 days (or such additional time as may be required by Applicable Law) after the date of such notice, which selected date must be a Business Day. In connection with any such purchase offer, the Issuer will comply with Rule 14e-1 under the Exchange Act and any other Applicable Laws.

On the selected redemption date, the Issuer will (a) redeem an amount representing a portion of the Principal Balance equal to the Remaining Insurance Payment Amount or the Mandatory Redemption Pro Rata Portion of the Remaining Insurance Payment Amount, as applicable; *provided* that in the event that less than all of the notes (or beneficial interests therein) are to be redeemed, selection of notes for redemption shall be made by DTC in accordance with its applicable procedures in the case of any notes represented by a Global Note and otherwise on a *pro rata* basis, by lot, or by such other method the Indenture Trustee shall deem fair and appropriate, subject to the requirements of the principal securities exchange or market, if any, on which the notes are then listed, and (b) pay each applicable noteholder for its redeemed notes (and/or beneficial interests therein) a purchase price equal to 100% of such portion of the Principal Balance *plus* all accrued and unpaid Interest (if any) thereon to, but excluding, the payment date *plus* any applicable Additional Amounts. No Redemption/tender Premium would be payable by the Issuer with respect to any such redemption. Any such notes (and/or beneficial interests therein) so redeemed by the Issuer will be promptly cancelled by the Indenture Trustee in the manner described in “—Cancellation” below.

Cancellation

Any notes (or beneficial interests therein) that are acquired by the Issuer or its Subsidiaries will be canceled. In order to effect such cancellation, the Issuer will, by no later than 30 days after its acquisition of such notes (or beneficial interests therein), send to the Indenture Trustee a notice that it owns such notes (or beneficial interests therein) (including, to the extent applicable, indicating the amounts of each Global Note so acquired) and that the indicated principal amount thereof is to be canceled (which ownership the Issuer will evidence to the reasonable satisfaction of the Indenture Trustee). In addition, if the Issuer holds any definitive notes, then (with such notice) such will be required to be delivered to the Indenture Trustee for cancellation. Upon receipt of any such notice and reasonably satisfactory evidence, the Indenture Trustee will promptly cause such principal amount to be canceled (including, if applicable, to notify the Depository and/or any other applicable clearing system; *it being understood* that the Issuer will also notify such clearing system, if necessary, through any applicable participants or members therein, of such cancellation and (to the extent required) arrange for its interests in a Global Note to be delivered “free for cancellation”) in accordance with its standard procedures. Upon any such cancellation, the remaining scheduled Semi-Annual Amortization Amounts of the notes will be reduced on a *pro rata* basis and the calculation of Interest (and other calculations under the Transaction Documents) will take into effect such cancellation.

Notwithstanding the preceding paragraph, any notes (or beneficial interests therein) that are acquired by the Issuer in the manner described in “—Change of Control,” “—Asset Sales” or “—Insurance Proceeds” above will be promptly cancelled by the Indenture Trustee in accordance with its standard procedures. By no later than the selected purchase or redemption date, the Issuer will notify the Indenture Trustee of the portion of the Principal Balance of the notes that it will be so purchasing or redeeming (and, to the extent applicable, the amounts of each Global Note being so purchased or redeemed) and immediately after such purchase or redemption will provide to the Indenture Trustee reasonably satisfactory evidence of the consummation of such purchase or redemption. Upon receipt of evidence reasonably satisfactory to the Indenture Trustee as to the consummation of such purchase or redemption, the Indenture Trustee will promptly cause the applicable amount of the Principal Balance to be canceled (including, if applicable, to notify the Depository and/or any other applicable clearing system; *it being understood* that the Issuer will also notify such clearing system, if necessary, through any applicable participants or members therein, of such cancellation) in accordance with its standard procedures. Upon any such cancellation, the remaining scheduled Semi-Annual Amortization Amounts of the notes will be reduced on a *pro rata* basis and the calculation of Interest (and other calculations under the Transaction Documents) will take into effect such cancellation.

Payments; Registration of Transfer

The Issuer will appoint the Indenture Trustee as registrar, a paying agent and a transfer agent for the notes.

The Indenture Trustee will be responsible for (among other things): (a) accepting notes for exchange and registration of transfer, (b) ensuring that payments in respect of the notes are duly paid to the applicable noteholders to the extent that funds are available to the Indenture Trustee therefor, (c) transmitting notices to the noteholders and from the noteholders to the Issuer (in each case, solely as required by the Amended and Restated Indenture), (d) maintaining at its office a register (the “Register”) in which, subject to such reasonable requirements as it may prescribe, it will provide for the registration of the Notes and registration of transfers and exchanges of the notes and (e) accepting notes for exchange and registration of transfer.

Payments and Paying Agents

Payments on a note are payable only to the person in whose name such note is registered at the applicable Record Date; provided that the final payment of principal in respect of any note will be made only against surrender of such Note at the corporate trust office of the Indenture Trustee (or such other location or process as the Indenture Trustee will notify the noteholders). Payments to a noteholder will be made by electronic funds transfer in immediately available funds to an account maintained by such noteholder with a bank having electronic funds transfer capability or, if such valid transfer instructions have not been provided by a noteholder to the Indenture Trustee by the New York Business Day before the applicable date of payment, by check sent by first-class mail to the address of such noteholder appearing on the Register as of the relevant Record Date. Unless such designation for payment by electronic funds transfer is revoked, any such designation made by a noteholder with respect to a note will remain in effect with respect to any future payments in respect of such note. The Issuer will pay any wiring or similar administrative costs that are imposed in connection with making payments by wire transfer.

The Issuer will pay through the Paying Agent principal, Interest, Additional Amounts, if any, and Redemption/tender Premium (if applicable) on the notes in global form (the “Global Notes”) registered in the name of, or held by, the Depository or its nominee in immediately available funds to the Depository or its nominee, as the case may be, as the registered holder of such Global Note.

The Indenture Trustee will initially be designated as paying agent for payments with respect to the notes. The Issuer may at any time designate additional co-paying agents or rescind the designation of any co-paying agent.

The Amended and Restated Indenture will provide that all money or other amounts received by the Indenture Trustee, the Collateral Trustee or any other co-paying agent under or in connection with the Transaction Documents will, until used or applied as provided in the Amended and Restated Indenture, be held in trust for the purposes for which they were received.

Upon the written request of a noteholder (or a person that was a noteholder but no longer is), the Indenture Trustee will deliver to such person any information reasonably requested by such person (and freely deliverable and available to the Indenture Trustee) to enable such person to prepare its tax return.

The Issuer will maintain a paying agent in a jurisdiction that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC regarding the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income.

Affirmative Covenants

Pursuant to the Amended and Restated Indenture, unless the Majority Noteholders otherwise agree in writing, the Issuer will agree to the following:

- (a) Use of Proceeds. The Issuer will use the net proceeds from the sale of the notes (after payment of taxes, commissions, fees and other transaction expenses and costs of issuance) for the following purposes: (i) *first*, to fund the Debt Service Reserve Account for the notes; (ii) *second*, to fund the Payment Account for the notes with the relevant portion for the notes due on the next payment date; (iii) *third*, to

fund the O&M Account; and (v) *fourth*, the remainder will be transferred to the Major Maintenance and CapEx Reserve Account.

(b) Existence; Conduct of Business. Subject to paragraph (g) of “—Negative Covenants” below, the Issuer will (and will cause each of its Restricted Subsidiaries to) maintain, renew and keep in full force and effect its legal existence and the continued operation and maintenance of the Airport.

(c) Compliance with Applicable Law. The Issuer will (and will cause each of its Restricted Subsidiaries to) comply in all material respects with all Applicable Laws, including to ensure compliance in all material respects with all governmental authorizations required for the ownership, maintenance and operation of the Airport.

(d) Maintenance and Preservation of Assets. The Issuer will obtain and maintain in force good and valid title and/or rights to such properties as are necessary for the maintenance and operation of the Airport and the use of its Property, assets and revenues, except as would not reasonably be expected to have a Material Adverse Effect.

(e) Payment of Taxes and other Obligations. The Issuer will (and will cause each of its Restricted Subsidiaries to) timely pay, discharge and otherwise satisfy (or cause to be paid, discharged or otherwise satisfied): (i) all material Taxes imposed upon it (whether on its income, its profits or otherwise) and all utility and other governmental charges incurred by it in the ownership, operation, maintenance, use and occupancy of its Properties and (ii) all of its material contractual and other obligations of whatever nature, in each case except where the amount or validity thereof is being contested in good faith and (to the extent required by Applicable Law and/or applicable accounting principles) the amount thereof is fully reserved for. In addition, the Issuer will either pay directly or promptly (upon request of the Collateral Trustee) reimburse the Tocumen Trust for any Taxes payable by the Tocumen Trust and will pay all annual registration and listing fees with the SMV and the BVP.

(f) Insurance. The Issuer will (and will cause each of its Restricted Subsidiaries to): (i) maintain all insurance in the ordinary course of business required under Applicable Law and maintain all other insurance that is generally accepted as customary in regard to Property and business of like character, with financially sound and recognized insurers with the following ratings: (x) “Good” by A.M. Best Company or (y) if no Panamanian insurer maintains the rating set forth in clause (x), a rating at least equal to the highest insurance rating maintained by any Panamanian insurance company with adequate capital, and (ii) make all premium and other payments due in respect of such insurance promptly when due and take such other action as may be necessary to cause such insurance to be in full force and effect at all times.

(g) Books and Records; Inspection Rights. The Issuer will (and will cause each of its Restricted Subsidiaries to): (i) maintain internal accounting, management information and cost control systems adequate to ensure compliance with Applicable Law and (ii) maintain books, accounts and records in compliance with all Applicable Law and, with respect to financial statements, in accordance with applicable accounting principles. The Issuer will permit reasonable examinations of its assets and properties by the Majority Noteholders once per calendar year; *provided* that such examinations shall only take place following the provision of written notice in advance to the Issuer at reasonable times.

(h) Notices of Certain Events. The Issuer will promptly (and in any event within three Business Days with respect to clauses (i) and (iii) below and 10 Business Days otherwise, in each case after the Issuer obtains actual knowledge of such event) provide the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) and the Collateral Trustee: (i) notification of an Event of Default or Default, (ii) if one or more of such events described in clause (i) of this paragraph has/have actually occurred (including events that have since been cured), notice specifying all such events and what actions have been taken and/or will be taken with respect to such events, (iii) notice of any event, occurrence or circumstance that has had a Material Adverse Effect and (iv) notice of the initiation of any material proceeding in, by or before any court, other Governmental Authority or arbitrator relating to any Material Project Contract.

(i) **Reporting.** (i) As soon as available, and in any event within 75 days after the end of each of the first three fiscal quarters of each fiscal year of the Issuer and 120 days after the end of each fiscal year of the Issuer, the Issuer will provide to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) copies of its unaudited IFRS (with respect to a fiscal quarter) or audited IFRS (with respect to a fiscal year) Financial Statements, in each case in English and, in the case of reports delivered after the end of each fiscal year, accompanied by an audit report of an independent auditor and a presentation of the Issuer's financial condition and results of operations; provided that any such Financial Statements will be deemed to have been delivered on the date on which the Issuer has posted such Financial Statements in a legible and accessible manner on its website on the internet (it being understood that the Issuer will: (x) promptly notify the Indenture Trustee that the Issuer has posted such Financial Statements on such website and (y) maintain such Financial Statements on its website in a legible and accessible manner for at least two years from the date of such notice to the Indenture Trustee).

(ii) Concurrently with the delivery of the Financial Statements required under paragraph (i)(i) of these "—Affirmative Covenants," the Issuer will deliver to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) an Officer's Certificate setting forth the calculation of (A) the Debt Service Coverage Ratio for the most recent Calculation Period and (B) the projected Debt Service Coverage Ratio for the Calculation Period ending on the next payment date, which calculations, in each case, shall set forth in reasonable detail the components of such Debt Service Coverage Ratio. For the avoidance of doubt, the projected Debt Service Coverage Ratio calculation in clause (ii)(B) of this paragraph (i) shall be based on the Issuer's reasonable expectation and shall not be required to be validated by the opinion of an Independent Consultant.

(iii) Concurrently with the delivery of the Financial Statements required under paragraph (i)(i) of these "—Affirmative Covenants," the Issuer will deliver to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) traffic information for such recently ended quarter or annual period (which annual period information shall also include separate information for the fourth quarter of such annual period), setting forth passenger traffic information for such quarter or annual period (including geographic data); *provided* that if such information is not available at such time for any given quarter or annual period, it shall be provided by the Issuer in the immediately subsequent quarter.

In addition, within 10 days after such filing, the Issuer will deliver to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) copies (including electronic copies) of each material public filing made by the Issuer and/or any of its Restricted Subsidiaries with the SMV, the BVP and/or any other securities exchange or securities regulatory agency or authority; *provided* that the Issuer will be deemed to have furnished such reports to the Indenture Trustee and the noteholders if it has made such reports publicly available on its website.

(j) **Annual Operating Budget.** The Issuer will deliver to the Collateral Trustee and the Intercreditor Agent the Annual Operating Budget not later than five (5) Business Days after the approval of the Annual Operating Budget by the National Assembly of Panama each fiscal year (commencing with the Annual Operating Budget for the fiscal year ending December 31, 2017) for the forthcoming fiscal year accompanied by a certificate of the chief financial officer (or authorized person performing equivalent functions) of the Issuer, certifying that such Annual Operating Budget constitutes a reasonable estimate for the period covered thereby; *provided* that if, in any year, the Annual Operating Budget is not approved by the National Assembly of Panama by the date that is 15 days prior to the commencement of the forthcoming fiscal year, the Issuer will deliver to the Indenture Trustee (i) the draft annual operating budget (the "**Draft Operating Budget**") for the forthcoming fiscal year that has been approved by the Issuer's Board of Directors and submitted for approval to the National Assembly of Panama by no later than 10 days prior to the commencement of the forthcoming fiscal year, accompanied by a certificate of the chief financial officer (or authorized person performing equivalent functions) of the Issuer, certifying that such Draft Operating Budget constitutes a reasonable estimate for the period covered thereby, and (ii) the Annual Operating Budget not later than five (5) Business Days after the approval of such Annual Operating Budget by the National Assembly of Panama accompanied by a certificate of the chief financial officer (or

authorized person performing equivalent functions) of the Issuer, certifying that such Annual Operating Budget constitutes a reasonable estimate for the period covered thereby.

(k) Preservation of Collateral; Further Assurances. The Issuer will undertake all actions that are necessary to: (A) establish, maintain, preserve, protect and perfect the Tocumen Trust's and the Collateral Trustee's Liens (and the priority thereof) on the Collateral in full force and effect at all times, (B) preserve and protect the Collateral and protect and enforce the Issuer's rights and title and the rights of the Tocumen Trust and the Collateral Trustee thereto, (C) enable the Collateral Trustee, on behalf of the holders of Pari Passu Obligations, to exercise and enforce its rights, powers, remedies and privileges under the Transaction Documents, (D) cause to be filed in the appropriate jurisdictions in Panama all necessary financing statements, and any amendments and continuation statements with respect thereto, necessary in order to reflect the transactions effected by the Transaction Documents and promptly to provide the Collateral Trustee confirmation of all such filings (for example, if the Issuer should change its name, then an amendment to the existing applicable financing statement and a new financing statement in the new corporate name should be filed) and (E) reasonably promptly execute and deliver all further documents, and take all further action, that may be necessary or that the Collateral Trustee may reasonably request in order to protect the Collateral Trustee's right, title and interest in, to and under the Collateral.

(l) Rating Agencies. The Issuer will obtain and maintain international ratings from at least two Rating Agencies and will pay any monitoring fees of such Rating Agencies in respect of the notes and provide at least two Rating Agencies (at the Issuer's sole expense) such reports, records and documents as each shall reasonably request to monitor or affirm the rating(s) assigned by it to the notes; *provided, however,* that in the event that any such Rating Agency (i) ceases to exist, (ii) ceases to issue ratings of the type issued in respect of the notes as of the Issue Date or (iii) refuses or otherwise declines to provide a rating for the notes (other than due to the Issuer's failure to (A) provide such Rating Agency with such reports and other information or documents as it shall reasonably request to monitor and continue to assign ratings to the notes, (B) pay customary fees to such Rating Agency in connection therewith or (C) take any other action reasonably requested by such Rating Agency in connection therewith) (and, in each of cases (i) through (iii) above, the Issuer is unable to substitute such Rating Agency), the failure by the Issuer to obtain or maintain such rating shall not constitute an Event of Default or Default; *it being understood* that the Issuer will not request either Rating Agency then rating the notes to stop rating the notes and/or the Issuer unless an additional Rating Agency has been engaged to rate the notes and/or the Issuer, as applicable.

(m) Maintenance of Priority of the Notes. The Issuer shall ensure that its payment obligations in respect of the notes shall constitute its direct, unconditional senior secured obligations and shall rank at least *pari passu* in priority of payment with all other existing and future senior Debt of the Issuer (other than obligations mandatorily preferred by the Applicable Laws of Panama generally).

(n) Rule 144A Information. For so long as any of the notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon the request of any noteholder, such information as is specified in Rule 144A(d)(4) under the Securities Act: (i) to such noteholder, (ii) to a prospective purchaser of such note (or a beneficial interest therein) who is a QIB designated by such noteholder and (iii) to the Indenture Trustee for delivery to any applicable noteholder (or such prospective purchaser so designated), in each case in order to permit compliance by such noteholder (or prospective purchaser) with Rule 144A in connection with the resale of such note (or beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 12 or 15(d) of the Exchange Act or is included in the list of foreign private issuers that claim exemption from the registration requirements of Section 11(g) of the Exchange Act (and therefore is required to furnish the SEC certain information pursuant to Rule 12(g)3-2(b) thereunder).

(o) Listing. The Issuer will use commercially reasonable efforts to register the notes with the SMV and list the notes on the BVP, and if the notes are so listed then the Issuer will use commercially reasonable efforts to maintain such listing. If the Issuer is unable to maintain its listing having used all commercially reasonable efforts or if the maintenance of such listing is determined by the Issuer to be unduly burdensome or impractical, use commercially reasonable efforts to obtain and maintain a quotation

or listing of the notes on such other stock exchange or exchanges or securities market or markets as the Issuer decides and will give notice of the identity of such other stock exchange or exchanges or securities market or markets to the Indenture Trustee, which will provide notice thereof to each of the noteholders.

(p) Operation and Maintenance; Maintenance and Preservation of Assets. The Issuer will use, operate, maintain, service, repair and preserve the Airport (i) in good working order and condition and in accordance with the Material Project Contracts, prudent industry practices, insurance requirements set forth in the Amended and Restated Indenture and the Annual Operating Budget and (ii) in a manner that is designed to promote the conditions set forth in any warranty provisions provided by any manufacturer, supplier, vendor or licensor of any equipment or process incorporated into the Airport (whether in such manufacturer's, supplier's, vendor's or licensor's operating manuals or otherwise) are not violated, except in each case as would not reasonably be expected to cause a Material Adverse Effect.

(q) Compliance with Material Project Contracts. The Issuer shall perform and observe in all material respects all of its covenants and obligations contained in the Material Project Contracts such that all Material Project Contracts remain at all times in full force and effect, except to the extent that failure to do any of the foregoing could not reasonably be expected to have a Material Adverse Effect, and shall take all reasonable and necessary action to prevent the termination or cancellation of each Material Project Contract (except for its expiration in accordance with its terms and not as a result of a breach or default thereunder or its termination as a result of a breach or default by the Issuer's counterparties thereunder).

(r) Minimum Projected Debt Service Coverage Ratio. In the event that, at any time:

(i) the minimum projected Debt Service Coverage Ratio for the next four Calculation Periods falls below 1.25:1.00, the Issuer will promptly take reasonable measures to increase the projected Debt Service Coverage Ratio above 1.25:1.00, including but not limited to all actions necessary or advisable to increase the Committed Aeronautical Revenues, including (x) the submission through its General Manager of a proposed increase of the passenger exit fee rate for consideration by its Board of Directors, (y) to the extent such proposed increase is approved by its Board of Directors, the further submission of such proposed increase to the CAA for consideration by the CAA's Board of Directors and (z) any other actions necessary or advisable in connection with the process described in clauses (x) and (y);

(ii) the Debt Service Coverage Ratio for the Calculation Period ended on the most recent payment date falls below 1.25:1.00, the Issuer will promptly undertake a review of the facts and circumstances resulting in such decrease in order to determine the advisability of taking reasonable measures to increase the Debt Service Coverage Ratio above 1.25:1.00, including but not limited to all actions necessary or advisable to increase the Committed Aeronautical Revenues, including the actions specified in subsection (i),

provided that, in each case, no such actions shall be required (A) if taking such action would have a Material Adverse Effect on the Issuer's total revenues, as confirmed by an Independent Consultant with customary experience in the airport industry, (B) if the facts, events or circumstances resulting in the relevant decrease in projected Debt Service Coverage Ratio is capable of being cured, corrected or otherwise remedied within ninety (90) days, the Issuer is proceeding with diligence and in good faith to such cure, correction or remedy and such actions have not had, and would not reasonably be expected to have, a Material Adverse Effect or (C) if the facts, events or circumstances resulting in the relevant decrease in projected Debt Service Coverage Ratio was caused by an event of *force majeure*, the impact of which on the Issuer's revenues is temporary and such revenues are reasonably expected to fully recover once such event of *force majeure* has subsided.

(s) Termination of Registration and Listing. The Issuer will terminate the registration and listing of the notes upon repayment in full of the notes promptly thereafter and file with the SMV and/or the BVP all documents required for this purpose.

(t) Reporting and Payment to Regulatory, Stock Exchange and Clearing Agency. The Issuer will deliver, pay or notify, as applicable, to the BVP and the SMV the following: (i) within the three

months following the closing of each fiscal year, the Issuer's audited financial statements together with its annual report (*informe anual de actualización del emisor*), for the previous fiscal year; (ii) within two months following the closing of each quarter, the Issuer's unaudited quarterly financial statements together with its quarterly report (*informe de actualización trimestral*) within the timeframes prescribed by Applicable Law, for the previous fiscal quarter; (iii) notification of any material events of importance to noteholders (*hechos de importancia*); (iv) pay the annual supervision fee and any applicable fees and expenses; and (v) pay any applicable fees and expenses to LatinClear.

(u) Additional Collateral. Within 45 days from the issue date of the notes, the Issuer shall assign to the Collateral Trustee, and the Collateral Trustee shall accept the assignment of, the Issuer's car parking revenues and advertising revenues, and thereafter such revenues shall constitute Committed Non-Aeronautical Revenues and shall cease to be included in the definition of "Excluded Revenues" for purposes of the Amended and Restated Indenture.

Negative Covenants

Pursuant to the Amended and Restated Indenture, the Issuer will agree to the following:

(a) Debt. The Issuer will not (and will not permit any of its Restricted Subsidiaries to) incur, create, assume, permit, guaranty, endorse or be liable, directly or indirectly (including receiving any disbursements or other Incurrences of Debt under revolving loans or other arrangements permitting therefor), with respect to ("Incur") any Debt, including as a result of any acquisition of another person and/or any Property of another person, except that the Issuer and the Restricted Subsidiaries may Incur the following (collectively, the "Permitted Debt"):

(i) at any time and from time to time, additional Debt, which may be secured by, and entitled to the benefit of, the Collateral and the other Transaction Documents with respect to the Collateral, and which shall rank equally and ratably on a *pari passu* basis with the notes provided the following conditions are met: (A) the Debt Service Coverage Ratio for the Calculation Period most recently ended is not less than 1.35:1.00, (B) the Issuer reasonably projects (such projections to be validated by the opinion of an Independent Consultant) that (x) the Debt Service Coverage Ratio for each Calculation Period during the remaining term of the notes will be not less than 1.35:1.00 and (y) the Projected Average Debt Service Coverage Ratio for the remaining term of the notes will be not less than 1.60:1.00, in the case of clauses (A) and (B) after (1) adjusting collections during each Calculation Period to reflect any adjustments to any fees or tariffs charged by the Issuer that shall be in effect at the time of measurement and (2) giving effect on a pro forma basis (including giving pro forma effect to the application of the proceeds thereof) to the additional Permitted Debt; (C) the Issuer has delivered an updated financial model to the Collateral Trustee and the Indenture Trustee and (D) the Issuer has obtained confirmation from at least one Rating Agency that the notes shall remain Investment Grade, after giving effect to the additional Permitted Debt;

(ii) Debt under the Transaction Documents;

(iii) Debt existing on the Issue Date (including the Existing Notes);

(iv) Refinancing Debt with respect to Debt existing on the Issue Date (including the Existing Notes) or Incurred in compliance with the Amended and Restated Indenture;

(v) unsecured Debt Incurred from either Affiliates or non-Affiliates (x) that is created under or evidenced by an instrument containing provisions evidencing the subordination of such Debt to the notes and the other obligations under the Transaction Documents, which shall specify that there shall be no cross-acceleration or voting rights granted to such subordinated Debt holders, (y) all payments in respect of which shall only be permitted subject to satisfaction of the conditions under paragraph (b) under this "—Negative Covenants" and (z) the Issuer has obtained confirmation from at least one Rating Agency that the notes shall remain Investment Grade, after giving effect to such additional subordinated Debt ("Permitted Subordinated Debt");

(vi) interest rate or currency hedging obligations entered into in the ordinary course of business and not for speculative purposes;

(vii) obligations to pay dividends on Capital Stock that have been declared; provided that such declaration was in compliance with paragraph (b) under this “—Negative Covenants”;

(viii) Debt represented by letters of credit in order to provide security for workers’ compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(ix) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business in an aggregate amount not to exceed US\$10,000,000 at any time outstanding, such amount to be adjusted every six months to reflect changes in the inflation rate as calculated and published by the National Statistics and Census Institute (*Instituto Nacional de Estadística y Censo*) of the *Contraloría*;

(x) Contingent Liabilities with respect to any Debt of the Issuer or any of its Restricted Subsidiaries that is otherwise permitted by this paragraph;

(xi) Debt in connection with bids, performance or surety bonds (or similar obligations) Incurred in the ordinary course of business;

(xii) the Incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Debt between or among the Issuer or any of its Restricted Subsidiaries;

(xiii) Debt Incurred by finance subsidiaries or other special purpose entities that has recourse for payment only to the revenues to be generated by the assets financed by such Debt, *provided* that at all times such revenues do not constitute Committed Aeronautical Revenues or Committed Non-Aeronautical Revenues; and

(xiv) Debt in an amount not to exceed US\$25,000,000 at any time outstanding, such amount to be adjusted every six months to reflect changes in the inflation rate as calculated and published by the National Statistics and Census Institute (*Instituto Nacional de Estadística y Censo*) of the *Contraloría*.

(b) Restricted Payments. The Issuer will not (and will not permit any of its Restricted Subsidiaries to) declare or make any Restricted Payment other than to the Issuer or from a Restricted Subsidiary of the Issuer to either a Wholly Owned Subsidiary of the Issuer that is a Restricted Subsidiary or such payor’s direct parent unless each of the following conditions has been satisfied:

(i) the Restricted Payment occurs within 45 days following the end of any of the Issuer’s first three fiscal quarters or within 90 days following the end of the Issuer’s fiscal year;

(ii) no Event of Default or Default has occurred and is continuing;

(iii) on and as of the most recent payment date with respect to such Restricted Payment: (x) the Debt Service Coverage Ratio for the most recently ended Calculation Period prior to but not including such payment date is greater than 1.25:1.00; and (y) the Issuer certifies that it reasonably expects the minimum projected Debt Service Coverage Ratio for the Calculation Period for the next payment date to be not less than 1.25:1.00, and in each case with appropriate supporting documentation,

(iv) prior to the payment of such Restricted Payment, the Issuer shall have delivered to the Indenture Trustee and the Collateral Trustee written notice from an authorized officer certifying that: (x) as of the applicable payment date, and after giving effect to such Restricted Payment, no Event of Default or Default will have occurred and be continuing; and (y) such

Restricted Payment complies in all respects with the applicable requirements set forth in the Transaction Documents; and (z) such Restricted Payment complies with all Applicable Law; and

(v) the Issuer shall not make Restricted Payments from amounts on deposit in the Major Maintenance and CapEx Reserve Account; *provided* that any amounts in the Major Maintenance and CapEx Reserve Account may be transferred to the Payment Accounts to the extent required to make payments or prepayments of Debt; *provided, however*, that the amounts held for the purpose of paying the construction cost of the South Terminal may not be transferred and shall be used only for the purpose of paying the construction cost of the South Terminal until completion.

Notwithstanding the above:

(x) this paragraph does not prohibit the Issuer or any of its Restricted Subsidiaries from making the payment of any dividend on Capital Stock within 90 days after the date on which such dividend was declared so long as such dividend would have been permitted to have been paid on such declaration date and the Issuer or such Restricted Subsidiary (as applicable) believed in good faith that such would be permissible to be payable hereunder on such date of payment notwithstanding this sentence, and

(y) the Issuer may apply the proceeds of the notes in the manner provided in paragraph (a) under “—Affirmative Covenants.”

The Issuer will not permit any of its Restricted Subsidiaries to enter into any Contractual Obligation restricting such Restricted Subsidiaries’ ability to make Restricted Payments to the Issuer, to a Wholly Owned Subsidiary of the Issuer that is a Restricted Subsidiary and/or to such Restricted Subsidiary’s direct parent.

(c) Negative Pledge. The Issuer will not (and will not permit any of its Restricted Subsidiaries to) create, assume or permit to exist any Lien upon any of its Properties (including the Collateral), whether owned on the Issue Date or thereafter acquired, or any of its Capital Stock, other than Permitted Liens.

(d) Limitation on Asset Sales. The Issuer will not (and will not permit any of its Restricted Subsidiaries to) convey, sell, lease, assign, transfer or otherwise dispose of any of its Property or business, whether owned on the Issue Date or thereafter acquired, with a Fair Value of over US\$5,000,000 (or its equivalent in any other currency) (an “Asset Sale”), unless (x) it receives consideration at the time of such Asset Sale in an amount at least equal to the Fair Value (with respect to any Property or business so disposed of (whether consummated in a single transaction or a series of related transactions) by the Issuer or a Restricted Subsidiary) of the Property disposed of, at least 75% of which consideration must be in the form of cash, Cash Equivalents or other Property or business substantially similar to the Property or business so disposed of and (y) if the Fair Value of the assets to be sold is at least US\$30,000,000, the Issuer must, by no later than the time of consummation of such Asset Sale, deliver to the Indenture Trustee an opinion of an Independent Consultant as to the Fair Value, *provided* that the requirement to deliver a fairness opinion of an Independent Consultant pursuant to this clause (y) shall not apply if the Issuer obtains an opinion given pursuant to applicable procurement laws in Panama regarding the determination of the sale price for any such Asset Sale; *provided, further*, that the following will not be considered to be an Asset Sale: (i) sales or other disposals for Fair Value of obsolete, worn out or defective Property or Property no longer used in connection with the operation of the Issuer’s or the applicable Restricted Subsidiary’s business, (ii) sales, leases or other disposals of tangible Property (or rights therein) in the ordinary course of business, including leases of gates and other tangible Property to airlines, (iii) Property transferred from a Wholly Owned Subsidiary of the Issuer that is a Restricted Subsidiary to the Issuer or between two Wholly Owned Subsidiaries of the Issuer, each of which are Restricted Subsidiaries, (iv) sales by the Issuer or a Restricted Subsidiary thereof at Fair Value of cash, Cash Equivalents or its own Capital Stock and (v) disposals as permitted by paragraph (b) and (g) under this “—Negative Covenants.”

Except as provided in the following paragraph, with respect to any Asset Sale (whether consummated in a single transaction or a series of related transactions) other than a sale of assets that constitute assets of Airport City (including Airport City Land) or the Other Airports, the Net Cash Proceeds

of such Asset Sale must (by no later than the 270th day after such Asset Sale) be applied by the Issuer or its applicable Restricted Subsidiary (as applicable) to either: (A) to invest in new assets of the Issuer or such applicable Restricted Subsidiary, (B) repay Debt (other than Subordinated Debt and Contingent Liabilities) of the Issuer or such applicable Restricted Subsidiary without refinancing (and, with respect to any Debt under an arrangement that permits future disbursements or other incurrences of Debt thereunder, with a corresponding permanent reduction in the amount of Debt available to be incurred thereunder) or (C) be deposited in the Primary Committed Revenue Collection Account (unless such asset is used only in activities that generate solely revenues that do not constitute Committed Aeronautical Revenues or Committed Non-Aeronautical Revenues); *provided* that such Net Cash Proceeds will be maintained in cash or Cash Equivalents pending such application; and *provided, further* that, in the case of clause (B), a binding commitment to repay Debt shall be treated as a permitted application of the proceeds of such Asset Sale from the date of such commitment so long as the Issuer enters into such commitment with the good faith expectation that such proceeds shall be applied to satisfy such commitment within 180 days of the end of such Application Period and such proceeds are actually applied in such manner within the later of the date that the Application Period expires and 180 days after the date of the Acceptable Commitment and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the proceeds of such Asset Sale are applied in connection therewith, then such proceeds shall constitute Remaining Asset Sale Amounts to the extent any Application Period has expired. With respect to any Asset Sale by the Issuer (whether consummated in a single transaction or a series of related transactions) of Property or business assets which constitute Airport assets having a Fair Value of at least US\$75,000,000 (or its equivalent in any other currency), the Net Cash Proceeds of such Asset Sale, except to the extent such proceeds are used in accordance with clauses (A), (B) or (C) of this paragraph, must (by no later than the 270th day after such Asset Sale or the 180th day after the Acceptable Commitment, as applicable) be applied by the Issuer to, except to the extent that such would violate Applicable Law, redeem notes and, if required, any other Collateral Secured Debt of the Issuer (or beneficial interests therein) on a *pro rata* basis as provided below in this paragraph (d). To the extent that at least US\$75,000,000 (or its equivalent in any other currency) of such Net Cash Proceeds has not been so applied within the indicated period (any such unapplied amount at the end of such period, the “Remaining Asset Sale Amount”), then by no later than such 270th day the Issuer will (unless, before the end of such period, it has delivered to the Indenture Trustee a notice of optional redemption with respect to the redemption of all of the notes as described in “—Redemption of the Notes—Optional Redemption” or “—Redemption of the Notes—Optional Redemption for Changes in Taxes” above or if, immediately after the closing of such tender offer, there would be fewer than twelve months remaining until the Maturity Date) send to the Indenture Trustee (for the Indenture Trustee to deliver to each noteholder) a notice (an “Asset Sale Notice”) for the redemption of notes (and/or beneficial interests therein), on a *pro rata* basis, having an aggregate outstanding Principal Balance equal to the Remaining Asset Sale Amount; *provided* that, to the extent any other Collateral Secured Debt shall be required to be redeemed by the Issuer with the Remaining Asset Sale Amount, the Issuer shall be required to apply only the Mandatory Redemption Pro Rata Portion of the Remaining Asset Sale Amount to redeem the notes. Such Asset Sale Notice must also indicate a selected date for such redemption that is no earlier than 30 days and no later than 60 days (or such additional time as may be required by Applicable Law) after the date of such notice, which selected date must be a Business Day. In connection with any such redemption, the Issuer will comply with Rule 14e-1 under the Exchange Act and any other Applicable Laws.

On the selected redemption date, the Issuer will (1) redeem an amount representing a portion of the Principal Balance equal to the Remaining Asset Sale Amount or the Mandatory Redemption Pro Rata Portion of the Remaining Asset Sale Amount, as applicable; *provided* that in the event that less than all of the notes (or beneficial interests therein) are to be redeemed, selection of notes for redemption shall be made by DTC in accordance with its applicable procedures in the case of any notes represented by a Global Note and otherwise on a *pro rata* basis, by lot, or by such other method the Indenture Trustee shall deem fair and appropriate, subject to the requirements of the principal securities exchange or market, if any, on which the notes are then listed, and (2) pay (such payment to be made in Dollars in the United States) each applicable noteholder for its redeemed notes (and/or beneficial interests therein) a purchase price equal to 100% of such portion of the Principal Balance *plus* all accrued and unpaid Interest (if any) thereon to, but excluding, the redemption date *plus* any applicable Additional Amounts. No Redemption/tender Premium will be payable by the Issuer with respect to any such redemption. Any such notes (and/or

beneficial interests therein) so redeemed by the Issuer will be promptly cancelled by the Indenture Trustee in the manner described in “—Cancellation” above.

(e) Investments; Subsidiaries. The Issuer will not make or own any Investments in any person except Permitted Investments, unless it shall have complied with paragraph (b) of this “—Negative Covenants.”

(f) Limitation on Affiliate Transactions. The Issuer will not (and will not permit any of its Restricted Subsidiaries to), directly or indirectly, enter into or permit to continue any activity, business, arrangement or other transaction with (including the purchase, sale, lease or exchange of Property with, the making of any Investment in, the rendering of any service to, the incurrence of any Debt from or the purchasing of any service from) any Affiliate thereof unless such activity, business, arrangement or other transaction is:

(i) on terms at least as favorable to the Issuer (or such Restricted Subsidiary) as would reasonably be expected to have been obtainable by the Issuer (or such Restricted Subsidiary) in comparable arm’s-length transactions with un-Affiliated persons of adequate financial and technical capability to perform the transaction; *provided* that with respect to any such transaction (or series of related transactions) that involves aggregate payments or transfers of Property or services with a Fair Value exceeding: (A) US\$15,000,000 (or its equivalent in any other currency), the Issuer must deliver to the Indenture Trustee evidence that such transaction was approved in advance by a majority of the members (including a majority of the disinterested members) of the Board of Directors (or similar body) of the Issuer and/or such Restricted Subsidiary (as applicable), and (B) US\$30,000,000 (or its equivalent in any other currency), the Issuer must deliver to the Indenture Trustee an opinion of an Independent Consultant as to the fairness of such transaction to the Issuer or such Restricted Subsidiary from a financial perspective, *provided* that the requirement to deliver a fairness opinion of an Independent Consultant pursuant to this clause (B) shall not apply if the Issuer obtains an opinion given pursuant to applicable procurement laws in Panama regarding the determination of the price or consideration for any such transaction;

(ii) pursuant to any of the Transaction Documents or a Material Project Contract in effect on the date of the Amended and Restated Indenture;

(iii) for the payment of reasonable fees and other compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Issuer or any of its Restricted Subsidiaries as determined in good faith by the Issuer or its applicable Restricted Subsidiary;

(iv) a Restricted Payment permitted by paragraph (b) of this “—Negative Covenants”;

(v) a Permitted Investment permitted by paragraph (e) of this “—Negative Covenants”;

(vi) pursuant to any agreement, arrangement or commitment in effect as of the Issue Date or as thereafter amended or replaced in any manner that, taken as a whole, is not more disadvantageous to the Issuer in any material respect than such agreement as it was in effect on the Issue Date;

(vii) pursuant to any ordinary course agreement or arrangement with the Government of Panama or any of its agencies, autonomous entities or majority owned subsidiaries other than, in each case, (A) any Subsidiary of the Issuer and/or (B) any entity that is a party to a management agreement, joint venture agreement, partnership or members agreement, shareholders’ agreement or similar agreement or arrangement with the Issuer or any of its Subsidiaries, *provided* that, in each case, any such agreement or arrangement complies with all applicable laws in Panama governing transactions among government entities and is fair to the Issuer or such applicable

Restricted Subsidiary in the reasonable determination of the Board of Directors or senior management of the Issuer;

(viii) a transaction entered into by a Person prior to the time such Person becomes a Subsidiary of the Issuer or is merged or consolidated into the Issuer or a Restricted Subsidiary (provided that such transaction is not entered into in contemplation of such event); or

(ix) between or among Wholly Owned Subsidiaries that are Restricted Subsidiaries of the Issuer.

For the purpose of this paragraph, the holder (whether directly or indirectly) of Capital Stock representing 10% or more of the Capital Stock of a person will be considered to be an “Affiliate” of such person. For avoidance of doubt, transactions with the Government of Panama shall not be subject to this paragraph (f).

(g) Merger, Consolidation. The Issuer will not, and will not agree to, enter into or consummate any merger with or into, consolidation with or sale, assignment or other disposal (directly or indirectly) of all or substantially all of its Property (whether in a single transaction or a series of related transactions) to, any person unless (in each case subject to any applicable requirements of paragraphs (e) and (f) of this “—Negative Covenants”):

(i) (A) with respect to any merger or consolidation, the Issuer is the surviving entity, or (B) such person is a corporation or other legal entity organized under the laws of Panama and assumes in writing all of the Issuer’s rights and obligations under the Transaction Documents and the Issuer (or such successor person) delivers to the Indenture Trustee one or more Opinion(s) of Counsel to the effect that: (1) such assumption is sufficient for each Transaction Document to which the Issuer is a party to constitute a legal, valid and binding obligation of such person, enforceable against it (subject to customary bankruptcy and similar exceptions) in accordance with its terms, and (2) following such assumption the Collateral Trustee will continue to have a perfected security interest in the Collateral on behalf of the noteholders and the other holders of Collateral Secured Debt in the manner contemplated by the Transaction Documents; *it being understood* that, if such conditions in this clause (B) are satisfied, then the Indenture Trustee, the Collateral Trustee and the assuming person will (notwithstanding anything else in the Transaction Documents to the contrary, without requiring the consent of the Majority Noteholders or other person) as promptly as reasonably possible amend (or amend and restate) each of the applicable Transaction Documents solely to the extent necessary to reflect such assuming person as the successor to the Issuer thereunder,

(ii) such surviving entity will continue to own, operate and maintain the Airport and retain all revenues associated with the Airport, in compliance with all material governmental authorizations, licenses, consents, registrations or approvals required in Panama or by the Applicable Laws of Panama or any other applicable jurisdiction,

(iii) the Indenture Trustee shall have received evidence that such merger, consolidation, sale, assignment or conveyance will not result in either Rating Agency then rating the notes withdrawing or reducing its rating with respect to the notes (determined after giving effect to such merger, consolidation, sale, assignment or conveyance) to below the lower of such Rating Agency’s initial and then-current (*i.e.*, before such merger, consolidation, sale, assignment or conveyance) ratings on the notes,

(iv) no Event of Default or Default will be expected to exist at any time after, and no Default Payment will be payable immediately after, giving effect to such proposed merger, consolidation, sale, assignment or conveyance, and

(v) as certified to the Indenture Trustee by an Independent Consultant, immediately after such transaction: (A) the Consolidated Net Worth of the Issuer or such surviving entity is at least equal to the Consolidated Net Worth of the Issuer immediately before such merger,

consolidation, sale, assignment or conveyance and (B) the Issuer or such surviving entity would, on a *pro forma* basis as of the date of such merger, consolidation, sale, assignment or conveyance, be able to incur at least US\$1 in Debt under paragraph (a) of this “—Negative Covenants.”

For the avoidance of doubt, compliance with this paragraph does not alter the obligations (if any) of the Issuer (or a surviving person) under “—Change of Control.”

(h) Nature of Business. The Issuer will not (and will not permit any of its Restricted Subsidiaries to) engage in any business other than: (i) the business of owning, operating and maintaining the Airport and businesses reasonably related thereto and (ii) managing or otherwise operating Airport City and the Other Airports and businesses reasonably related thereto (such businesses in clause (i) and (ii) each, a “Permitted Business”). The Issuer will not (and will not permit any of the Issuer’s Restricted Subsidiaries to) operate, own, administer and/or manage any business other than a Permitted Business.

(i) Limitation on Designation of Unrestricted Subsidiaries. At the Issue Date, the Issuer will have no Subsidiaries. Upon the formation of any Subsidiary, such Subsidiary shall be a Restricted Subsidiary unless designated as an Unrestricted Subsidiary pursuant to the procedures described under this paragraph (i) of “—Negative Covenants.” The Board of Directors of the Issuer may designate any Subsidiary (including any newly formed or newly acquired Subsidiary) of the Issuer as an Unrestricted Subsidiary under the Amended and Restated Indenture (a “Designation”) only if: (1) such Designation is for the purpose of such designating an Unrestricted Subsidiary to operate and maintain a Permitted Business (other than the business of owning, operating and maintaining the Airport (including its cargo operations)); (2) no Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation; and (3) the Issuer would be permitted to make, at the time of such Designation, an Investment under clause (b) of the definition of Permitted Investments, without regard for the annual maximum; *provided* that this clause (3) shall not apply to any designation of an Unrestricted Subsidiary for purposes of operating and maintaining Airport City or the Other Airports.

(j) Limitation on Capital Improvement Projects. The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Investments relating to capital improvement projects for Airport City or Other Airports, except that the Issuer will be permitted to include up to an amount for Sustaining CapEx projects and Expansion CapEx for Airport City and the Other Airports that, together with any Investment under clause (b) of the definition of “Permitted Investments,” shall not exceed US\$10,000,000 per year (or its equivalent in any other currency, and such amount to be adjusted every six months to reflect changes in the inflation rate as calculated and published by the National Statistics and Census Institute (*Instituto Nacional de Estadística y Censo*) of the *Contraloría* in any calendar year) except to the extent that Investments over US\$10,000,000 (as adjusted for inflation) are in compliance with the restricted payment test in paragraph (b) of the “—Negative Covenants.”

(k) Opinion from an Independent Engineer. The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any capital expenditures, Investments or other payments relating to a single project in excess of US\$350,000,000 unless it shall provide a copy to the Indenture Trustee of an opinion from an Independent Engineer as to the commercial fairness to the Issuer or such applicable Restricted Subsidiary of such capital expenditure, Investment or other payment, which opinion shall include but shall not necessarily be limited to an affirmation of feasibility of the design, budget, construction timeline, technical capability of the main contractor(s) employed, appropriateness of technologies used, integration with existing Airport facilities and impact on traffic and financial projections.

(l) Alternative Operator. The Issuer will not contract, sub-contract, assign, sell or otherwise transfer all or any part of the operations of the Airport (except for the Airport’s cargo operations, car parking services, retail operations, food and beverage services and duty-free operations) to any other Person, and shall at all times remain the sole operator of the Airport, except that the Issuer may hire a third-party manager to operate the Airport (an “Alternative Operator”), so long as (i) the Issuer will remain subject to the continuing oversight control of the *Contraloría*, (ii) the Alternative Operator shall have managed at least two airports with total passenger traffic in excess of ten million passengers annually for each of such two airports under management in each of the immediately preceding two calendar years, (iii)

(x) if the notes are then rated Investment Grade, the notes shall continue to be rated Investment Grade confirmed by one of the Rating Agencies then rating the notes or (y) if the notes are not then rated Investment Grade, then the then-current rating shall be reaffirmed by at least one of the Rating Agencies then rating the notes and (iv) the base compensation payable to the Alternative Operator on a current basis shall not exceed the average of O&M Costs for the last two years, indexed for inflation (*provided* that such average may be adjusted based on increases in size of the Airport if such adjustments are confirmed as reasonable by the opinion of an Independent Engineer), and any excess or bonus compensation for the Alternative Operator shall be paid only after payments of principal and interest on the notes.

(m) Passenger Exit Fees Rate Reduction. At any time that (i) the Debt Service Coverage Ratio shall be below 1.25:1.00 for the Calculation Period for the most recent payment date or (ii) the minimum projected Debt Service Coverage Ratio for the Calculation Period for the next payment date as reasonably projected by the Issuer (and validated by the opinion of an Independent Consultant) following the most recent payment date shall be below 1.25:1.00, the Issuer shall ensure that the passenger exit fees rate shall not be reduced, including via the creation of new categories of exempted persons during the Calculation Period ending on the next payment date.

Events of Default

Upon the occurrence of an Event of Default, the Notes may be subject to mandatory redemption, in whole but not in part, subject to the terms of the Intercreditor Agreement. Pursuant to the Amended and Restated Indenture, each of the following events, acts, occurrences or conditions will constitute a default (each, an “Event of Default”):

(a) Failure to Make Payments. The Issuer shall have failed to make any payment, monetary transfer or deposit required to be made by it under the Transaction Documents and such failure shall have continued unremedied for at least five Business Days; *it being understood* that the failure of the Indenture Trustee or the Collateral Trustee to apply funds delivered to it by (or on behalf of) the Issuer (or available from the Transaction Accounts) to make payments on behalf of the Issuer will not constitute such a failure by the Issuer.

(b) Misrepresentation. Any representation or warranty made by the Issuer in any Transaction Document shall have been untrue or incorrect in any respect at the time when it was made (or deemed made) and such untruth or incorrect statement (or the actual circumstances that caused such statement to be untrue or incorrect), alone or in the aggregate, shall have already had or could reasonably be expected to have a Material Adverse Effect; *provided* that if the Issuer has eliminated the underlying facts or circumstances causing the same to be untrue or incorrect, there shall be no Event of Default pursuant to this paragraph (b).

(c) Breach of Covenant. Except as specifically provided in another Event of Default, the Issuer shall have failed to observe or perform any of its covenants specified in “—Affirmative Covenants” or “—Negative Covenants” above or any other agreement in the Transaction Documents and such failure shall continue unremedied for at least 30 days after an authorized officer of the Issuer obtains actual knowledge of such failure; *provided* that if the Issuer is taking action reasonably likely to cure such failure, an Event of Default pursuant to this paragraph (c) will accrue only if such failure remains unremedied for 60 days.

(d) Failure of Notes Collateral. At any time, the Collateral Trustee shall fail to have a perfected first priority Lien on all or any part of the Notes Collateral purported to be granted thereto pursuant to the Amended and Restated Trust Agreement and the Amended and Restated Assignment Agreement, except to the extent that such failure is remediated within 30 days after an authorized officer of the Issuer obtains actual knowledge of such failure.

(e) Governmental Authorizations. Any governmental authorization, license, consent, registration or approval required in or by the Applicable Laws of Panama or any other applicable jurisdiction: (i) to enable the Issuer lawfully to enter into and perform its obligations under the Transaction Documents, (ii) to enable the Issuer to own, operate and maintain the Airport and its business and/or

generate revenues and/or (iii) to enable the Indenture Trustee and/or the Collateral Trustee to exercise the rights expressed to be granted to it in the Transaction Documents, shall cease to be in full force and effect in any respect, the effect of any of which, alone or in the aggregate, shall have already had or could reasonably be expected to have a Material Adverse Effect; *it being understood* in respect of each of the foregoing clauses that such clause does not cover notarizations, certified translations, registrations or any other normal-course formality for admissibility in evidence in Panama of the Transaction Documents.

(f) Destruction or Abandonment of Airport; Cessation of Operations. All or any substantial part of the Airport is destroyed, abandoned or becomes permanently inoperative, or suffers an actual or constructive loss or damage, which actual or constructive loss or damage is not restored and for which insurance proceeds are not applied to the repair and restoration within the time frame required for the delivery of an Insurance Payment Notice as set forth in “—Insurance Proceeds,” or the Issuer ceases to operate the Airport as an international airport for any reason.

(g) Bankruptcy; Insolvency. If the Issuer or any of its Significant Subsidiaries that are Restricted Subsidiaries is at any time subject to bankruptcy, insolvency or suspension of payment rules and, pursuant to such rules, at any time makes a general assignment for the benefit of creditors; or any proceeding shall be instituted by any Person against the Issuer or any of its Significant Subsidiaries that are Restricted Subsidiaries seeking to adjudicate it as a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it, either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its Property) shall occur.

(h) Cross-Defaults. The Issuer and/or any of its Restricted Subsidiaries shall default (as principal or guarantor or other surety) in the payment of any principal of, interest on, or premium, guaranty fees or other fees payable with respect to any credit-enhancement for, any Debt, which Debt is outstanding in the principal amount of at least US\$40,000,000 in the aggregate (or its equivalent in any other currency), and such default shall have continued for more than the applicable period of grace, or (ii) any other event shall occur or condition shall exist referred to in clause (i) in respect of any such Debt (or obligation) that results in the acceleration of the Issuer’s and/or any of its Restricted Subsidiaries’ obligation to pay (or purchase or defease) such Debt (or obligation) (or the Issuer and/or any of its Restricted Subsidiaries is obligated to purchase (or cause to be purchased or defeased) such Debt (or obligation)).

(i) Judgment Defaults. Any court, other Governmental Authority or arbitrator shall enter against the Issuer or any of its Restricted Subsidiaries a decree, order, arbitration award, final judgment or tax claim and any such event, alone or in the aggregate, shall have already had or could reasonably be expected to have a Material Adverse Effect; *it being understood* that any decree, order, arbitration award, final judgment or tax claim for the payment of money in excess of US\$40,000,000 (or its equivalent in any other currency) will be considered to have had a Material Adverse Effect, and either (A) such decree, order, arbitration award, final judgment or tax claim is not stayed, bonded, fully escrowed for or discharged within 60 days after entry thereof or (B) there shall be any period of at least 60 consecutive days during which a stay of enforcement of such judgment or order shall not be in effect.

(j) Termination, Invalidity of Transaction Documents. Except with respect to obligations and/or Transaction Documents that have terminated by their own terms, either: (i) any of the Transaction Documents shall fail for any reason to be in full force and effect, or (ii) the Issuer shall allege that any of its obligations under the Transaction Documents shall fail for any reason to be in full force and effect.

(k) Condemnation Event. Any Condemnation Event has occurred and is continuing; *provided* that if the governmental instrumentality causing such Condemnation Event is an entity other than the Government of Panama, such Condemnation Event will have continued for a period of ninety days so

long as, at all times during this period, the Issuer will be diligently pursuing an end to such Condemnation Event and the Government of Panama will not have acknowledged its legitimacy.

Upon the occurrence and during the continuation of any Event of Default, the Indenture Trustee (if so instructed by the holders of notes representing at least 25% of the aggregate amount of then outstanding notes in conjunction with the provision of such security and indemnity as the Indenture Trustee and the Collateral Trustee require), by notice then given in writing to the Issuer, the Intercreditor Agent and the Collateral Trustee, will declare the Principal Balance of the notes immediately due and payable and the Issuer will, subject to the terms of the Intercreditor Agreement, then be required to pay the Default Payment; *provided* that any Event of Default under paragraph (g) under this “—Events of Default” will automatically be deemed to have resulted in an immediate declaration of the Principal Balance of the notes to be due and payable and the requirement for the Issuer to make payment of the Default Payment. Upon a request (or deemed request) to the Issuer for such payment, the Issuer will promptly (but in any event by no later than the next Business Day), but subject to the Intercreditor Agreement, pay to the Indenture Trustee an amount equal to the Default Payment. If a Default Payment is requested (or deemed requested) to be made, then the Indenture Trustee will also (in coordination with the Collateral Trustee and the Intercreditor Agent to the extent applicable and subject to the terms of the Amended and Restated Trust Agreement and the Intercreditor Agreement) apply funds in the Transaction Accounts for such purpose (any such application resulting in an equivalent reduction in the amount of the Default Payment remaining to be paid by the Issuer).

Any such declaration of acceleration may be annulled and rescinded by the holders of notes representing at least 25% of the aggregate amount of then outstanding notes if (i) the rescission would not conflict with any judgment or decree under Applicable Law, (ii) all Events of Default have been cured or waived (except nonpayment of principal or interest that has become due solely because of the acceleration), (iii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid and (iv) the Issuer has paid the Indenture Trustee, the Intercreditor Agent and the Collateral Trustee their reasonable compensation and indemnities and reimbursed the Indenture Trustee, the Intercreditor Agent and the Collateral Trustee for their reasonable expenses, disbursements and advances, to the extent required pursuant to the terms of the Amended and Restated Indenture, the Intercreditor Agreement and the Amended and Restated Trust Agreement.

The Majority Noteholders by notice to the Indenture Trustee and the Issuer may waive an existing Event of Default and its consequences except (i) an Event of Default in the payment of the principal of or interest on a note or (ii) an Event of Default in respect of a provision that cannot be amended without the consent of each noteholder affected. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right.

Satisfaction and Discharge

If: (a) the Issuer shall have finally and indefeasibly paid in full the principal, Interest, Redemption/tender Premium and all other amounts payable by the Issuer to Beneficiaries in accordance with the Amended and Restated Indenture and the other Transaction Documents or (b) the Principal Balance of the notes is US\$0, then the Indenture Trustee, upon the written request and at the expense of the Issuer, will: (i) execute proper instruments acknowledging such satisfaction (and discharging) the Amended and Restated Indenture and releasing the rights of the Indenture Trustee granted in the Amended and Restated Indenture and (ii) instruct the Intercreditor Agent to instruct the Collateral Trustee to take similar actions (which the the Intercreditor Agent and the Collateral Trustee will then do).

Defeasance of Amended and Restated Indenture

The Issuer may, at its option and at any time, terminate or discharge all of its obligations with respect to the outstanding notes (“Legal Defeasance”), which means that the Issuer will be deemed to have paid and discharged the entire Debt represented by the outstanding notes, except for:

- (a) the rights of noteholders to receive payment in respect of the principal of, Interest on, and Additional Amounts, if any, on such notes when such payments are due;

- (b) the Issuer's obligations to register the transfer or exchange of any notes, replace mutilated, destroyed, lost or stolen notes and maintain an office or agency for payments in respect of the notes;
- (c) the rights, powers, trusts, duties, indemnities and immunities of the Indenture Trustee, the Paying Agent, the Registrar and the Collateral Trustee; and
- (d) the Legal Defeasance provisions of the Amended and Restated Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants that are described in the Amended and Restated Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute an Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (a) the Issuer must irrevocably deposit with the Indenture Trustee, in trust, for the benefit of the noteholders, cash denominated in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay, without reinvestment, the principal of, interest on and Additional Amounts, if any, on the outstanding notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the notes are being defeased to such stated date for payment or to a particular redemption date;
- (b) in the case of Legal Defeasance, the Issuer must deliver to the Indenture Trustee an Opinion of Counsel from counsel in the United States to the effect that (subject to customary exceptions and exclusions): (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the date of issuance of the notes, there has been a change in the applicable U.S. federal income tax law; in either case to the effect that, and based thereon such Opinion of Counsel state that, the noteholders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (c) in the case of Covenant Defeasance, the Issuer will have delivered to the Indenture Trustee an Opinion of Counsel from counsel in the United States to the effect that the noteholders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (d) in the case of Legal Defeasance and Covenant Defeasance, the Issuer will have delivered to the Indenture Trustee an Opinion of Counsel from counsel in Panama to the effect that, based upon Panamanian law then in effect, noteholders will not recognize income, gain or loss for Panamanian tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Panamanian taxes, if any, on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;
- (e) no Event of Default or Default shall have occurred and be continuing with respect to the notes, including with respect to certain events of bankruptcy or insolvency, at any time during the period ending on the 121st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

- (f) the Issuer has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with;
- (g) the Issuer has delivered to the Indenture Trustee Opinions of Counsel from U.S. and Panamanian counsel to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law in Panama; and
- (h) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Issuer is a party or by which it is bound.

Listing

Application has been made to register the notes with the SMV and list the notes on the BVP. Promptly after such a listing, the Issuer will so notify the Indenture Trustee, which will provide notice thereof to each of the noteholders. Upon registration of the notes with the SMV and the listing of the notes on the BVP, the Issuer will comply with the reporting and other requirements of Panamanian securities law applicable to companies who have registered their securities with the SMV, as well as the requirements of the BVP.

The Issuer has applied to list the notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Each of the Issuer, the Indenture Trustee, the Collateral Trustee and the Intercreditor Agent (without the need for any approvals, consents or instructions from any noteholders, but in accordance with all other provisions applicable thereto) are authorized to join in the execution of any amendment (including amendment and restatement) of any Transaction Document(s) to the extent required to provide such listing. Prompting after such a listing, the Issuer will so notify the Indenture Trustee, which will provide notice thereof to each of the noteholders.

In the event that the notes are admitted to listing on the Luxembourg Stock Exchange, the Issuer will use commercially reasonable efforts to maintain such listing. If the Issuer determines that it is unduly burdensome to maintain a listing on the Luxembourg Stock Exchange, the Issuer may delist the notes from the Luxembourg Stock Exchange and, in the event of such delisting, the Issuer will use commercially reasonable efforts to seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Issuer may decide. Although the Issuer cannot assure you as to the liquidity that may result from a listing on the Luxembourg Stock Exchange, delisting the notes from the Luxembourg Stock Exchange may have a material effect on the ability of noteholders to resell the notes in the secondary market.

Amendments of the Transaction Documents

Amendments without Consent of the Noteholders

The Issuer and (as applicable) the Indenture Trustee, the Intercreditor Agent and/or the Collateral Trustee may, from time to time and at any time, without the consent of the noteholders or any other Beneficiary, enter into a written amendment of the Amended and Restated Indenture and/or any other Transaction Document, subject in all cases to the terms thereof, for one or more of the following purposes:

- (a) to convey, transfer, assign, mortgage or pledge any Property to the Indenture Trustee or the Collateral Trustee as additional collateral for the noteholders and the other holders of Collateral Secured Debt;
- (b) to add to the obligations, covenants and/or representations and warranties of the Issuer or to surrender any right or power conferred in the Transaction Documents upon the Issuer;
- (c) amendments described in paragraph (g) of “—Negative Covenants” above;

- (d) to issue additional notes in the manner described in “—Issuance of Additional Notes” above;
- (e) to effect the listing of the notes in the manner described in “—Listing” above or any other exchange on which the notes are listed pursuant to paragraph (o) of “—Affirmative Covenants” above;
- (f) to conform the text of the Transaction Documents to the provisions of this “—Description of the Notes” to the extent necessary to accurately reflect such provisions;
- (g) with respect to the Amended and Restated Trust Agreement and the Intercreditor Agreement, as provided in the Intercreditor Agreement;
- (h) to provide for the release of Notes Collateral from the Liens securing the notes when permitted by the Transaction Documents or as required by the Intercreditor Agreement; or
- (i) to make such other modifications in regard to ambiguities, inconsistencies, errors, matters or questions arising under the Transaction Documents as the Issuer and the Indenture Trustee and/or the Collateral Trustee (as applicable) may deem necessary or desirable that will not be inconsistent with the provisions of the Transaction Documents and that will not adversely affect the interests of any of the noteholders in any material respect.

In addition to the foregoing, the Amended and Restated Trust Agreement and the Intercreditor Agreement may be amended or supplemented or replaced without the consent of the noteholders to the extent necessary or appropriate to maintain the Liens of the Collateral Trustee in connection with the issuance of future Collateral Secured Debt otherwise permitted by the Amended and Restated Indenture.

The Indenture Trustee and the Collateral Trustee will be authorized to join in the execution of any such amendment, to make any further appropriate agreements and stipulations that may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any Property thereunder; *provided* that, prior to any such amendment, both the Indenture Trustee and the Collateral Trustee will be entitled to receive and rely upon an Opinion of Counsel and an Officer’s Certificate stating that the execution of such amendment is authorized and permitted by the Amended and Restated Indenture.

Amendments with Consent of the Majority Noteholders

Subject to the provisions described in “—Amendments without Consent of the Noteholders” and the provisions described below applicable to the modification of Reserve Matters, and only with the written consent of the Majority Noteholders, the Issuer and (as applicable) the Indenture Trustee, the Intercreditor Agent and/or the Collateral Trustee may, from time to time and at any time, enter into a written amendment, other than an amendment to a Reserve Matter, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Amended and Restated Indenture and/or any of the other Transaction Documents, subject in all cases to the terms thereof, or of modifying in any manner the rights of the Issuer and/or the Beneficiaries in respect thereof. Upon receipt of a copy of the amendment and the delivery to the Indenture Trustee, the Intercreditor Agent and/or the Collateral Trustee (as applicable) of evidence of the consent of the Majority Noteholders, the Indenture Trustee, the Intercreditor Agent and/or the Collateral Trustee (as applicable) will join in the execution of such amendment.

Noteholders may approve, by vote or consent through one of three modification methods described below, any proposed modification by the Issuer that would do any of the following (each such matter set forth below, a “Reserve Matter”):

- (a) reduce in any manner the amount of, or delay the timing of or alter the priority of, any payments to the noteholders that are required to be made under the Transaction Documents, or change any date of payment on which, the place of payment where or the currency in which any such payment is payable, or impair the Indenture Trustee’s, the Collateral Trustee’s or any noteholder’s right to institute suit for the enforcement of any such payment;

(b) reduce any premium payable upon redemption of the notes or change the date on which any notes are subject to redemption (other than the notice provisions) or waive any payment with respect to the redemption of the notes; *provided, however*, that solely for the avoidance of doubt, and without any other implication, any purchase or repurchase of notes (including pursuant to “—Change of Control”) shall not be deemed a redemption of the notes;

(c) release all or any portion of the Liens granted to the Collateral Trustee under the Amended and Restated Indenture and the Amended and Restated Trust Agreement or reduce the transfer of Collateral to the Tocumen Trust under the Amended and Restated Trust Agreement;

(d) reduce the percentage of the Principal Balance of the notes that is required for any amendment, or reduce such percentage required for any waiver or instruction, provided for in the Transaction Documents;

(e) alter the ranking of the Issuer’s payment obligations under the Transaction Documents;

(f) materially increase the discretionary authority of the Indenture Trustee and/or the Collateral Trustee;

(g) change the definition of “Uniformly Applicable or “Reserve Matter”; or

(h) eliminate any of the items described in these clauses (a) through (g).

A change to a Reserve Matter, including the payment terms of the notes, can be made without your consent, *provided* that such change is approved pursuant to one of the three following modification methods:

- by the consent of holders of more than 75% of the aggregate principal amount of the outstanding notes;
- solely where such proposed amendment would affect the outstanding debt securities of two or more series of debt securities issued under the Amended and Restated Indenture, by the consent of the holders of more than 75% of the aggregate principal amount of the outstanding debt securities of all of the series affected by the proposed amendment, taken in the aggregate, if certain “Uniformly Applicable” requirements set forth below are met; or
- solely where such proposed amendment would affect the outstanding debt securities of two or more series of debt securities issued under the Amended and Restated Indenture, the holders of more than 66 2/3% of the aggregate principal amount of the outstanding debt securities of all the series affected by the proposed amendment, taken in the aggregate, and the holders of more than 50% of the aggregate principal amount of the outstanding debt securities of each series affected by the proposed amendment, taken individually.

“Uniformly Applicable,” as referred to above, means a modification by which holders of debt securities of any series issued under the Amended and Restated Indenture affected by such modification are invited to exchange, convert or substitute their debt securities, on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a modification will not be considered to be Uniformly Applicable if each exchanging, converting or substituting holder of debt securities of any series affected by such modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holders of debt securities of any series affected by that modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of debt securities or any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification electing the same option under such menu of instruments).

The Issuer may select, in its good faith, reasonable discretion, any of the modification methods for a Reserve Matter modification as set forth above and in accordance with the Amended and Restated Indenture and to designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of such consent solicitation.

Before soliciting the written consent of noteholders for any change to a Reserve Matter, the Issuer will provide the following information to the Indenture Trustee for distribution to the noteholders that would be affected by the proposed modification or amendment:

- a description of the Issuer's financial circumstances that is, in the Issuer's opinion, relevant to the request for the proposed modification or amendment and a description of the Issuer's existing debts;
- if the Issuer shall at the time have entered into an arrangement for financial assistance with any major creditor or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of any creditors, as applicable, a copy of the arrangement or agreement;
- a description of the Issuer's proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and
- if the Issuer is then seeking any amendment to Reserve Matters affecting any other series of debt securities, a description of such proposed modification.

Prior to the execution of any such modification, each of the Indenture Trustee and the Collateral Trustee will be entitled to receive and rely upon an Opinion of Counsel and an Officer's Certificate stating that the execution of such amendment is authorized and permitted by the Amended and Restated Indenture. A copy of any such executed modification will be delivered by the Indenture Trustee to each Rating Agency then rating the notes and each noteholder after receipt of a fully executed copy thereof.

The consent of the noteholders is not necessary to approve the particular form of any proposed modification, amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed modification, amendment, supplement or waiver.

Any amendment to the terms of the notes and the Transaction Documents shall comply with the above listed requirements, as well as, the *Acuerdo* 4-2003 of April 11, 2003 of the SMV.

Notices; Meetings of Noteholders

Notices

Any notice or other communication under the Transaction Documents to the Indenture Trustee, the Collateral Trustee, the Intercreditor Agent or a noteholder will be in English and in writing. As long as any Global Notes are outstanding, notices to be given to noteholders will be given to the Depository, in accordance with its applicable policies as in effect from time to time. If the Issuer issues notes in definitive form, notices to be given to noteholders will be sent by mail to the respective addresses of the noteholders as they appear in the Register, and will be deemed given when mailed. For so long as the notes are listed on the Luxembourg Stock Exchange and in accordance with the rules and regulations of the Luxembourg Stock Exchange, the Issuer will publish all notices to noteholders in a newspaper with general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Amended and Restated Indenture will provide that, notwithstanding anything else in the Amended and Restated Indenture to the contrary, with respect to any Global Note held through the Depository (or a nominee thereof), each Person holding a beneficial interest in such Global Note may be considered to be a noteholder of its portion of the notes for purposes of voting on the matter relating thereto (for example, such Person may consent to any waiver or amendment directly without requiring the participation of the applicable clearing system or its

nominee and may attend and vote at meetings of noteholders); *it being understood* that the Indenture Trustee must have received from (or on behalf of) such Person evidence satisfactory to the Indenture Trustee (in its sole discretion) that such Person holds the beneficial interests in such Global Note that it purports to vote, and such evidence of ownership may include a securities position or participant list or other information obtained from the applicable clearing system.

Meetings of Noteholders

The Indenture Trustee or the Issuer will, upon the written request of noteholders holding at least 25% of the Principal Balance, or may at its discretion, call a meeting of noteholders at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Transaction Documents to be made, given or taken by the noteholders, including the modification of any of the terms and conditions thereof.

Any such meetings will be held in the City of New York; provided that the Issuer and the Indenture Trustee may elect to hold any such meeting elsewhere in the United States. In any case, meetings will be held at such time and at such place in any city set forth above as the Issuer or the Indenture Trustee (as applicable) determine.

If a meeting is being held pursuant to a request of noteholders, then the agenda for the meeting will be as determined in the request and such meeting will be held within 60 days from the date such request is received by the Indenture Trustee or the Issuer, as the case may be. Notice of any meeting of noteholders will include the date, place and time for the meeting, the agenda therefore and the requirements to attend and will be given not less than 20 days nor more than 60 days before the date fixed.

The quorum at any meeting called to adopt a resolution will be persons holding or representing greater than 50% of the Principal Balance; provided that if any meeting is adjourned for lack of the requisite quorum, then a second meeting may be convened at which persons holding or representing greater than 25% of the Principal Balance will constitute a quorum. Any action taken at a duly called and held meeting of the noteholders will be conclusive and binding on all noteholders, whether or not they gave consent or were present at the meeting; it being understood that, in taking any actions for which an indicated portion of the noteholders is required to approve, such level of approval will be required and no modifications, amendments or waivers of any of the Transaction Documents, or any other actions, made by any such meeting will be valid unless they otherwise comply with the voting and other requirements of the Transaction Documents (including, notwithstanding that quorum might have been obtained at a meeting, the minimum voting requirements set forth in “—Amendments of the Transaction Documents” below being complied with during such vote at such meeting).

Any noteholder may attend any such meeting either personally or by proxy. Other than clearing systems (and their representatives), each noteholder who intends to attend any such meeting must notify the Indenture Trustee in writing of its intention to do so at least five Business Days before the date of such meeting. Such notification to the Indenture Trustee will entitle the applicable noteholder to attend such meeting.

Modifications may also be approved by noteholders pursuant to the written consent of noteholders of the requisite percentage of the notes.

Purchase of Notes by the Issuer

To the extent permitted under Applicable Law, the Issuer and its Affiliates may at any time and from time to time purchase any note (or a beneficial interest therein) in the open market or otherwise at any price that may be agreed with the seller thereof; provided that if an Event of Default or Default exists or a Default Payment is payable, then the Issuer will not purchase any notes (or beneficial interests therein) unless such purchase is made on a *pro rata* basis among all of the noteholders. With respect to any note (or beneficial interest therein) owned by the Issuer or any of its Subsidiaries, the Issuer will, as noted in “—Cancellation” above, have such note (or beneficial interest therein) cancelled.

Notwithstanding anything in the Transaction Documents to the contrary, should any notes (or beneficial interests therein) be owned by the Issuer or any of its Affiliates, then any vote participated in by noteholders will exclude, and any determination of the “Majority Noteholders” will exclude, the vote relating to (and, in both the

numerator and denominator of such calculation, the principal amount of) the notes (or beneficial interests therein) of each such person; provided that if such persons own all of the notes (or beneficial interests therein), then such persons will not be excluded from any such vote or determination. Promptly after the Issuer or any Subsidiary thereof acquires or disposes of any notes (or beneficial interests therein), it will so notify the Indenture Trustee.

Governing Law; Consent to Jurisdiction

The Amended and Restated Indenture and the notes and the Intercreditor Agreement will be expressly stated to be governed by, and construed in accordance with, the laws of the State of New York. The Tocumen Trust will be constituted through execution of the Amended and Restated Trust Agreement, which will be expressly stated to be governed by, and construed in accordance with, the laws of Panama.

Each of the parties to the Amended and Restated Indenture will irrevocably and unconditionally submit (and each noteholder (by its acquisition of a note or a beneficial interest therein or otherwise accepting the benefits of the Amended and Restated Indenture and the other applicable Transaction Documents) will be deemed to irrevocably and unconditionally submit) to the non-exclusive jurisdiction of: (a) the United States District Court for the Southern District of New York or of any New York State court (in either case, sitting in Manhattan, New York City) and (b) solely with respect to itself, the courts of its own corporate domicile, in each case with all applicable courts of appeal therefrom (all the above such courts, the “Submitted-to Courts”), with respect to actions brought against it, for purposes of all legal proceedings arising out of or relating to the Transaction Documents and/or the transactions contemplated thereby; *provided* that nothing in this paragraph will be deemed to limit the ability of any party to such Transaction Documents to bring suit against any other party to such Transaction Documents in any other permissible jurisdiction. Each of the parties to the Amended and Restated Indenture will irrevocably waive (and each noteholder (by its acquisition of a note or a beneficial interest therein or otherwise accepting the benefits of the Amended and Restated Indenture and the other applicable Transaction Documents) will be deemed to irrevocably and unconditionally waive), to the fullest extent permitted by Applicable Law, any objection that it may now or thereafter have to the laying of the venue of any such proceeding brought in such a Submitted-to Court, any claim that any such proceeding brought in such a court has been brought in an inconvenient forum and any objection based upon place of residence or domicile.

The Issuer will irrevocably appoint CT Corporation System, with an address at 111 Eighth Avenue, 13th Floor, New York, New York 10011, as its authorized agent on which any and all legal process may be served in any such action, suit or proceeding brought in New York. The Issuer will agree that: (a) service of process in respect of it upon such agent, together with written notice of such service sent to it in the manner provided for in the Amended and Restated Indenture, will be deemed to be effective service of process upon it in any such action, suit or proceeding and (b) the failure of such agent to give notice to it of any such service of process will not impair or affect the validity of such service or any judgment rendered in any action, suit or proceeding based thereon. If for any reason such agent ceases to be available to act as such (including by reason of the failure of such agent to maintain an office in New York City), then the Issuer will promptly designate a new agent in New York City, on the terms and for the purposes of the Amended and Restated Indenture. Nothing contained in the Transaction Documents will in any way be deemed to limit the ability of the Indenture Trustee or any other noteholder to serve any such legal process in any other manner permitted by Applicable Law or to obtain jurisdiction over the Issuer or bring actions, suits or proceedings against it in such other jurisdictions, and in such manner, as may be permitted by Applicable Law.

To the extent that the Issuer has or may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution or execution, on the ground of sovereignty or otherwise) with respect to itself or its Property, it will irrevocably waive, to the fullest extent permitted by Applicable Law, such immunity in respect of its obligations under the Transaction Documents.

Each of the parties to the Amended and Restated Indenture will (and each noteholder, by its acquisition of a note or a beneficial interest therein, will be deemed to) irrevocably and unconditionally waive trial by jury in any legal action or proceeding relating to the Transaction Documents and for any counterclaim relating thereto.

Indenture Trustee, Intercreditor Agent and Collateral Trustee

For a description of the duties and the protections and rights of the Indenture Trustee, the Intercreditor Agent and the Collateral Trustee under the Amended and Restated Indenture, reference is made to the Amended and Restated Indenture, and the obligations of the Indenture Trustee and the Collateral Trustee to the noteholders will be subject to such immunities and rights as set forth therein. Pursuant to the Amended and Restated Indenture, neither Indenture Trustee nor the Collateral Trustee will (other than with respect to the calculation of Interest by the Indenture Trustee and calculations of the amounts in the Transaction Accounts maintained at the applicable trustee) have any obligation to perform any calculation or to make any determination with respect to any financial matter (including the determination of any financial ratio or any amount due in respect of payments of the notes).

Under certain circumstances described in the Amended and Restated Indenture, the Majority Noteholders may vary or terminate the appointment of the Indenture Trustee, the Intercreditor Agent and/or the Collateral Trustee and either the Indenture Trustee or the Collateral Trustee may appoint additional trustees or other agents. Notice of any resignation, termination or appointment of a Trustee, or of any change in the office through which it acts, will be provided to noteholders in accordance with “—Notices; Meetings of Noteholders” above.

In addition to those specified in the Amended and Restated Indenture, for a description of certain additional duties, protections and rights of the Collateral Trustee under the other Transaction Documents, reference is made to such other Transaction Documents, and the obligations of the Collateral Trustee to the other Beneficiaries will be subject to such immunities and rights as set forth therein.

Prescription

Claims for the payment of principal, interest, if any, or other amounts due on the notes will be prescribed unless made within five years from the date on which such payment first became due, unless a shorter period is required by applicable law.

Certain Definitions in the Amended and Restated Indenture

The following are certain of the terms as such will be defined in the Amended and Restated Indenture:

“Accounts” means the Operating Accounts and the Transaction Accounts.

“Affiliate” means, with respect to any specified person, any other person Controlling, Controlled by or under common Control with such specified person, other than (except as such term is used in the definitions of Debt Service Coverage Ratio and Projected Average Debt Service Coverage Ratio), in the case of the Issuer, such persons that are financial institutions, pension funds, insurance companies and sovereign wealth funds, which shall include, without limitation, Banco Nacional de Panama, *Caja de Seguro Social* and *Fondo de Ahorro de Panama*.

“Airport” means Aeropuerto Internacional de Tocumen, located in Panama City, Panama, owned, operated, maintained and developed by the Issuer.

“Airport City” means the commercial developments and other principally non-aeronautical businesses developed on the Airport City Land, and extensions of such developments and businesses on land outside of the Airport City Land, *provided* that such extensions outside the Airport City Land shall not hinder or include the ownership, operation and maintenance of the Airport (including its cargo operations).

“Airport City Land” means the parcel of land number 455263 registered on document 2538372 of the Property Section, Province of Panama, of the Public Registry, which adjoins with the land on which the Airport is located, and which was acquired from the University of Panama.

“Airport General Account” means an account established and maintained by the Issuer with Banco Nacional de Panama or any other reasonably acceptable Panamanian state bank into which excess funds from the Primary Collection Accounts and the Trustee General Account, as well as proceeds from any Permitted Subordinated Debt and contributions from Equity Offerings, will be deposited from time to time.

“Allowed Key Deposit Amount” in any Calculation Period shall be equal to the amounts deposited in the Primary Committed Revenue Collection Account from turnkey rights deposits received by the Issuer during such Calculation Period multiplied by a fraction, the numerator of which is the duration of the Calculation Period in

months and the denominator of which is the length of the contract governing the payment of such turnkey rights deposits to the Issuer in months; *provided* that such amount shall be calculated separately for each agreement pursuant to which committed turnkey rights deposits were received by the Issuer and deposited in the Primary Committed Revenue Collection Account; *provided further* that if the length of such contract is shorter than such Calculation Period, then the Allowed Key Deposit Amount shall be equal to all of such committed turnkey rights deposits received by the Issuer and deposited in the Primary Committed Revenue Collection Account pursuant to such contract.

“Amended and Restated Assignment Agreement” means that certain assignment agreement (*Contrato de Cesión*) dated September 21, 2013, entered into among the Issuer, as assignor, and the Collateral Trustee, as assignee, as amended and restated in its entirety on April 19, 2016, and as amended or supplemented from time to time.

“Amended and Restated Trust Agreement” means the amended and restated trust agreement, dated as of April 19, 2016, by and among the Issuer, the Collateral Trustee and the other parties thereto.

“Annual Operating Budget” means an annual budget and operating plan prepared by the Issuer and approved by the National Assembly of Panama.

“Applicable Law” means, as to any person, any law, order, decree, treaty, rule, regulation or similar requirement (including measures thereunder) or any determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such person and/or to which such person is subject.

“Approved Account Bank” means The Bank of Nova Scotia, Panama Branch, or another bank with a general license granted by the Superintendency of Banks of Panama or an international bank with a minimum rating from an internationally known risk rating agency equivalent to an “A” from S&P, and with parent company located in an Organization for Economic Cooperation and Development Member Country.

“Beneficial Owner” means a holder of a beneficial interest in a note.

“Beneficiary” means each of the Indenture Trustee, the Intercreditor Agent, the Collateral Trustee, each noteholder and each other person entitled to payment from the Issuer under the Transaction Documents; *provided* that such term will not include: (a) the Issuer or any of its Affiliates other than, for Affiliates of the Issuer other than its Subsidiaries, to the extent that such person is a noteholder, or (b) any person in a capacity unrelated to the transactions contemplated by the Transaction Documents.

“Board of Directors” means (1) with respect to the Issuer, the board of voting directors governing the Issuer or any duly authorized committee thereof, (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof, and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors of any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“Business Day” means any day other than a Saturday, Sunday or other day on which banking institutions in New York City, New York or Panama City, Panama are permitted or required by Applicable Law to remain closed.

“BVP” means the *Bolsa de Valores de Panama* (Panama Stock Exchange).

“CAA” means the Civil Aviation Authority of Panama.

“Calculation Period” means, with respect to any payment date, a period of two quarterly consecutive periods immediately preceding such payment date.

“Capital Lease Obligations” means, with respect to any person as of the date of determination, the obligations of such person to pay rent and other amounts under any lease of (or other arrangement conveying the right to use) real or personal Property, or a combination thereof, which obligations are required to be classified and

accounted for as capital leases on the balance sheet of such person under applicable accounting principles. The amount of such obligations at any date of determination will be the capitalized amount thereof as of such date as determined in accordance with the applicable accounting principles.

“Capital Stock” means, with respect to any person, any and all shares (whether common or preferred), interests, participations, partnership interests or other equity or ownership interests in such person (however designated and whether or not voting) and any warrants, rights or options to purchase any of such equity or ownership interests.

“Cash Equivalents” means:

(1) U.S. Dollars, or money in foreign currencies received in the ordinary course of business that are readily convertible into U.S. Dollars;

(2) marketable obligations issued or directly and fully guaranteed or insured by the United States or Panamanian government or any agency or instrumentality thereof (*provided* that the full faith and credit of such government is pledged in support thereof), maturing within one year of the date of acquisition thereof;

(3) demand and time deposits and certificates of deposit of any Eligible Bank organized under the laws of Panama or the United States, any state thereof or the District of Columbia, as applicable, or a U.S. or Panamanian branch of any other Eligible Bank maturing within one year of the date of acquisition thereof;

(4) commercial paper issued by a Person incorporated in the United States or Panama rated, at the time of acquisition thereof, at least A1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Fitch or an equivalent rating by a nationally recognized rating agency if both S&P and Fitch cease publishing ratings of commercial paper issuers generally, and in each case maturing not more than one year after the date of acquisition thereof;

(5) repurchase obligations with a term of not more than one year for underlying securities of the types described in clause (2) above entered into with any Eligible Bank and maturing not more than one year after such time;

(6) securities issued and fully guaranteed by any state, commonwealth or territory of the United States or by any political subdivision or taxing authority thereof, rated at least A by Fitch or S&P and having maturities of not more than one year from the date of acquisition;

(7) (i) shares of any money market fund that has net assets of not less than US\$500,000,000 and satisfies the requirements of rule 2a-7 under the Investment Company Act and (ii) shares of any offshore money market fund that has net assets of not less than US\$500,000,000 and a US\$1 net asset mandate;

(8) investments in money market or other mutual funds substantially all of whose assets comprise securities of the types described in clauses (1) through (7) above; and

(9) demand deposit accounts maintained in the ordinary course of business.

“Casualty Event” means an event (other than ordinary course wear and tear) that causes all or a portion of the Airport to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever.

“Change of Control” means that: (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as whole, to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Shareholder, (b) other than the Permitted Shareholders, any person or group (each as used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Capital Stock of the Issuer, (b) for any reason, Permitted Shareholders do not have the right (directly or indirectly) to appoint at least a majority of the Board of Directors of the Issuer, (c) the Permitted Shareholders ceasing to have the power to direct the management and/or policies of the Issuer or (d) the adoption of a plan relating to the liquidation or dissolution of the Issuer. For the purpose of clarification, any

transaction permitted by clause (g)(i)(B) of “—Negative Covenants” above will be deemed to be a Change of Control if the surviving entity (or acquiror) of such transaction were considered to be the Issuer for purposes of this paragraph and one or more of the events described in clauses (b) and (c) would have occurred as a result of such transaction.

“Collateral” has the meaning set forth under “—Collateral—General.”

“Collateral Secured Debt” has the meaning set forth under “—Collateral—General.”

“Collateral Secured Debt Certificate” has the meaning set forth under “Collateral—Collateral Secured Debt.”

“Collateral Trustee” means The Bank of Nova Scotia (Panama), S.A., in its capacity as collateral trustee for the holders of Existing Notes, the holders of notes and the holders of any future Permitted Secure Debt.

“Committed Aeronautical Revenues” means all current and future revenues derived from aeronautical services that relate to the use of facilities at the Airport by airlines and passengers, including: (i) passenger exit fees, transit fees and any other passenger fees (including but not limited to the “*tasa por servicios al pasajero*” and the “*tasa de desarrollo aeroportuario*”), (ii) security charges, (iii) landing charges, (iv) aircraft parking and services charges (including for private aircraft), (v) passenger boarding bridge charges, (vi) revenues from the Airport’s cargo operations, (vii) utilities charges, (viii) airline club room leases and (ix) any sub-leases or subcontracts of the foregoing, other than Excluded Revenues.

“Committed Non-Aeronautical Revenues” means all current and future revenues not derived from aeronautical services that relate to the use of facilities at the Airport by airlines and passengers, including the South Terminal Turnkey Rights Deposits, but only after the release of the lien on the South Terminal Turnkey Rights Deposits derived from the pledging or transfer in trust of such revenues to Odebrecht in connection with the South Terminal Construction Agreement, other than Excluded Revenues.

“Committed Revenues” means the Committed Aeronautical Revenues and the Committed Non-Aeronautical Revenues, collectively.

“Condemnation Event” means any action or series of actions taken, authorized, ratified or acquiesced in by any Governmental Authority in Panama or any Person purporting to act as a Governmental Authority in Panama or a governing authority which is in de facto control of part of Panama or arising under any Applicable Law for any appropriation, confiscation, expropriation or nationalization, compulsory transfer or taking or transfer under threat of compulsory transfer or taking (by intervention, condemnation or other form of taking), whether with or without compensation and whether under color of law or otherwise (including through confiscatory taxation or imposition of confiscatory charges) of all or a part of the Airport or any material portion of the Issuer’s economic benefits therefrom; *provided* that the government of the Republic of Panama’s ownership of the Issuer’s Capital Stock alone shall not be considered a Condemnation Event.

“Consolidated Net Worth” means, for any person at any time, the consolidated stockholders’ (or similar) equity of such person at such time, determined on a consolidated basis in accordance with IFRS, *minus* the amount thereof attributable to Disqualified Capital Stock of such person.

“Contingent Liabilities” mean any agreement, undertaking or arrangement by which any person guarantees, endorses or otherwise becomes or is contingently liable (by a Contractual Obligation, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) for the Debt, obligation or any other liability of any other person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Stock of any other person. The principal amount of any person’s obligation under any Contingent Liability will (subject to any maximum liability of such person set forth in the documentation for such Contingent Liability) be deemed to be the outstanding principal amount (or maximum outstanding principal amount, if larger) of the Debt, obligation or other liability guaranteed or otherwise covered thereby.

“Contractual Obligation” means, as to any person, any provision of any security issued by such person or of any agreement, instrument or other undertaking to which such person is a party or by which it and/or any of its Property is bound, which provision constitutes an agreement, obligation or commitment of, or covenant or undertaking by, such person.

“Contraloría” means the General Comptroller of the Republic of Panama (*Contraloría General de la República de Panamá*).

“Control” when used with respect to any specified person means the right or power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing. With respect to any entity that is publicly listed, the person (or group of persons) directly or indirectly having the highest percentage of ownership of (or control over the voting of) Capital Stock of such entity will be deemed to have “Control” over such entity unless such percentage is less than 10%.

“Controlling Pari Passu Parties” means, at any time, the Designated Voting Parties representing holders of Pari Passu Obligations that at such time hold (or represent) more than 50% of the aggregate principal amount of the then outstanding Collateral Secured Debt; *provided* that the Controlling Pari Passu Parties shall mean all of the Designated Voting Parties (each of which shall vote on behalf of the Secured Parties which it represents in accordance with the terms of the Relevant Document governing the applicable Collateral Secured Debt) in the case of any instruction or direction to the Intercreditor Agent to take any action or Modification having the effect of (i) releasing Shared Collateral, (ii) changing the application of proceeds of Shared Collateral as set forth under Section 5.4 of the Intercreditor Agreement, (iii) making any amendment in the Intercreditor Agreement to the definition of “Controlling Pari Passu Parties,” “Modification” or with respect to voting mechanics set forth therein and (iv) changing the provisions in relation to the Accounts, including the application of funds into and from such Accounts pursuant to the Amended and Restated Trust Agreement.

“Debt” means, with respect to any person at any date, without duplication and whether or not included as liabilities in accordance with applicable accounting principles:

- (a) any obligations of such person for borrowed money and all obligations of such person evidenced by bonds, debentures, notes or other similar instruments;
- (b) any obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, banker’s acceptances and similar arrangements for the account of such person;
- (c) any Capital Lease Obligations of such person;
- (d) any obligations of such person to pay the deferred purchase price of Property or services (other than ordinary course trade liabilities that are not past due for 60 days or more), and obligations (including under conditional sales or other title retention agreements) secured by a Lien on Property owned or being purchased by such person, whether or not such obligations shall have been assumed by such person or are limited in recourse (*provided* that if any such obligations are limited in recourse, then the amount of such Debt will be considered to be the maximum potential liability thereunder);
- (e) any net obligations of such person in respect of swap, cap, collar, swap option, option or similar agreements as determined in accordance with applicable accounting principles;
- (f) any outstanding aggregate investments or principal amounts of indebtedness held by purchasers, assignees or transferees of (or of interests in) accounts receivable, lease receivables or other payment rights (or securities, loans or other obligations issued by or of such purchasers, assignees or transferees) in connection with any Securitization by such person;

(g) obligations of such person to pay dividends on Capital Stock that have been declared and remain unpaid for more than 90 days after the date of declaration; *provided* that such will not include dividends to be paid in additional Capital Stock of the same class;

(h) Taxes, ordinary course trade liabilities and other amounts payable by such person that are past due for 60 days or more;

(i) any Contingent Liabilities of such person;

(j) all liabilities secured by any Lien on any Property of such person even though such person has not assumed or otherwise become liable for the payment thereof; and

(k) any Debt of other guaranteed by such person to the extent of such guarantee, *provided* that Debt of the Issuer or its Restricted Subsidiaries that is guaranteed by the Issuer or its Restricted Subsidiaries shall only be counted once in the calculation of the amount of Debt of the Issuer and its Restricted Subsidiaries on a consolidated basis.

“Debt Service Coverage Ratio” means with respect to any Calculation Period, the ratio of

(a) the amounts deposited in the Primary Committed Revenue Collection Account; *provided* that only the Allowed Key Deposit Amount shall be included with respect to revenues from turnkey rights deposits, less the sum of, without duplication,

(i) O&M Costs,

(ii) Tax Payments for such period except to the extent such Tax Payments have been paid out of reserves held in the Tax Payment Account, and

(iii) Sustaining CapEx expenses and Expansion CapEx expenses for such period, if any (except to the extent such Sustaining CapEx expenses and/or Expansion CapEx expenses, as applicable, have been (A) pre-funded prior to the payment of such Sustaining CapEx and/or Expansion CapEx expenses, (B) paid out of reserves held in the Major Maintenance and CapEx Reserve Account or (C) incurred to address any event of *force majeure*);

provided that neither the amount of Sustaining CapEx expenses and Expansion CapEx expenses nor the amount of Tax Payments subtracted pursuant to clauses (ii) and (iii), respectively, shall be less than zero (0); to

(b) the interest and principal payments due with respect to the notes, the Existing Notes and other Permitted Debt (excluding Permitted Subordinated Debt held by Affiliates) during such period, less principal payments in respect of any debt with “bullet maturities”.

For purposes of calculating clause (b) of this definition, any revolving credit of the Issuer shall be considered fully drawn, except for any undrawn revolving credit entered into pursuant to clause (a)(xiv) under “—Negative Covenants.”

“Debt Service Reserve Account” means the one or more separate debt service reserve account(s) established and maintained pursuant to the Amended and Restated Trust Agreement for each tranche of debt secured thereunder, including but not limited to a separate Debt Service Reserve Account established and maintained for each of the notes, the Existing Notes and each other incurrence of Collateral Secured Debt.

“Debt Service Reserve Requirement” means the aggregate amount of principal, Interest and Additional Amounts, if any, of any Collateral Secured Debt that is required by the terms of the applicable Relevant Documents thereof to be reserved in a Debt Service Reserve Account. The Debt Service Reserve Requirement for the notes shall be equal to the aggregate amount of principal, Interest and Additional Amounts, if any, payable on the notes on the succeeding one (1) scheduled payment date following any such date of determination.

“Decision Period” means the period of time determined by the Intercreditor Agent and designated in any notice delivered by the Intercreditor Agent to the Designated Voting Parties to make any decision under the Intercreditor Agreement, which Decision Period shall end not earlier than forty-five (45) days after the date of such notice nor later than sixty (60) days after the date of such notice; *provided* that, except in case of any Decision Period with respect to which a decision with respect to such action has already been determined by the Controlling Pari Passu Parties, any such period of time may be extended by any Designated Voting Party for a period not to exceed sixty (60) days on a one time basis only for any notice, *provided* that if such right is exercised by more than one Designated Voting Party, the aggregate extension may not exceed seventy-five (75) days; *provided, further*, that, in each case the Intercreditor Agent may, but shall not be required to, designate such lesser period as it may consider necessary or advisable in circumstances where the interests of the Secured Parties or any of them would otherwise be likely to be prejudiced.

“Default” means any event that with the lapse of time or the giving of notice, or both, would become an Event of Default.

“Default Payment” means, as of any date of payment, the Redemption Price for a full payment of the Principal Balance of the notes on such date.

“Depository” means The Depository Trust Company (“DTC”), or any successor thereto, or such other clearing agency registered under the Exchange Act that is designated to act as a note depository for the Notes.

“Designated Voting Party” means, with respect to any Collateral Secured Debt, the Person then entitled to cast the votes under the Intercreditor Agreement for such Collateral Secured Debt. The Designated Voting Party for each Collateral Secured Debt is as follows: (i) with respect to the notes, the Indenture Trustee (acting at the direction of the Majority Noteholders), (ii) with respect to the Existing Notes, the Paying Agent for the Existing Notes and (iii) in the case of any series of future Collateral Secured Debt that is so designated under the Amended and Restated Trust Agreement and the Intercreditor Agreement, the Designated Voting Party named for such Collateral Secured Debt.

“Disqualified Capital Stock” means that portion of any Capital Stock that, by its terms (or by the terms of any Debt or other Capital Stock into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable (whether pursuant to a sinking fund obligation or otherwise), or is redeemable at the sole option of the holder thereof, in any case on or before the 91st day after the Maturity Date.

“Dollars,” “US\$” and “U.S. Dollars” each mean the lawful currency of the United States of America.

“Eligible Agent” means any entity that (i) is authorized under all applicable laws to exercise corporate trust powers, (ii) has a combined capital and surplus aggregating in excess of US\$250,000,000 (or its equivalent in any other currency) and (iii) is a bank with an office in New York, New York, U.S.A., or an affiliate of any such bank with an office in New York, New York, U.S.A.

“Eligible Bank” shall mean (i) any commercial bank having, or which is the principal banking subsidiary of a bank holding company having, capital and surplus aggregating in excess of US\$250,000,000 (or its equivalent in any other currency) and a rating of “A” (or such other similar equivalent rating) or higher by at least one nationally recognized statistical rating organization, (ii) Banco Nacional de Panama or another reasonably acceptable Government-owned bank in Panama or (iii) The Bank of Nova Scotia (Panama), S.A. (*provided* it shall at such time continue to act as Collateral Trustee) or any commercial bank in Panama with an international rating not lower than the lower of (x) “BBB” or (y) the international rating held by the Government of Panama or a local rating not lower than “A”.

“Enforcement Event” means any Event of Default under the Amended and Restated Indenture or any event of default under any other Relevant Document.

“Equity Offering” means an issuance by the Issuer of Capital Stock issued by the Issuer.

“Excluded Revenues” means the following assets of the Issuer that will be excluded from the Collateral: (i) revenues from the Other Airports, revenues from Airport City, revenues from sales and/or transfer of all or part of the Airport City Land, car parking revenues and advertising revenues; (ii) revenues from all leasehold and easement rights other than to commercial retail space and office space for airlines; (iii) the Exempt Governmental Taxes; (iv) revenues from the sale of fuel and related services to airlines; and (v) other immaterial revenues of the Issuer that are declared by the Issuer to be Excluded Revenues, so long as at the time of declaration only, such revenues (together with all other immaterial revenues designated as Excluded Revenues pursuant to this clause (v)) shall not exceed in the aggregate 1% of the Issuer’s Total Income for the prior fiscal year as set forth on the most recently available annual statement of income of the Issuer, *provided* that if at any time such immaterial revenues designated as Excluded Revenues exceed 2.5% of the Issuer’s Total Income for the prior fiscal year as set forth on the most recently available annual statement of income of the Issuer, then the Issuer shall transfer to the Tocumen Trust revenues in such amount so that the revenues then constituting Excluded Revenues pursuant to this clause (v) shall be less than 1% of the Issuer’s Total Income for the prior fiscal year as set forth on the most recently available annual statement of income of the Issuer.

“Exempt Governmental Taxes” means any governmental taxes or levies for which the Issuer acts as collecting agent or requiring payment by the Issuer to the Government of Panama, currently including the sums of (i) US\$1.00 per person remitted to the National Commission for the Prevention of Sexual Crimes, and (ii) twenty-five percent (25%) of the passenger exit fee per person remitted to the Panama Tourism Authority.

“Existing Notes” means the 5.75% senior secured notes due 2023 issued by the Issuer on September 27, 2013.

“Expansion CapEx” means, for any period, expenditures made by or projected to be made by the Issuer to be paid or payable during such period for the purpose of expanding or enhancing the capacity of the Airport or the performance thereof or otherwise for improvements or new operations.

“Fair Value” means, with respect to any Property, service or business, the price (after taking into account any liabilities relating to such Property, service or business) that could be negotiated in an arm’s-length transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction.

“Financial Statements” means, with respect to any person, the audited (with respect to a fiscal year or any other fiscal period) or unaudited (with respect to any fiscal period other than a fiscal year) balance sheets, statements of income and statements of cash flow of such person.

“Fitch” means Fitch Ratings Ltd. and its successors (including the surviving entity of any merger with another rating agency).

“General Manager” means the general manager of the Issuer appointed by executive decree of the Government of Panama.

“Governmental Authority” means any nation or government (including Panama and the United States), any state, province or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any multilateral or supranational entity.

“IFRS” means generally accepted accounting principles and applicable legal requirements, consistently applied during a relevant period under the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor thereto, as in effect from time to time.

“Independent Consultant” means an internationally recognized accounting firm, appraisal firm, consultant or investment banking firm that is: (a) in the judgment of the Issuer’s Board of Directors, qualified to perform the task for which it has been engaged, and (b) independent in connection with the relevant transaction, including not being Affiliated with the Issuer or any of the parties to the applicable transaction(s).

“Independent Engineer” means an engineering firm or technical consultant of international standing with customary experience in the airport industry that is independent in connection with the relevant transaction, including not being Affiliated with the Issuer or any of the parties to the applicable transaction(s).

“Insolvency or Liquidation Proceeding” means (a) any voluntary or involuntary insolvency, reorganization, bankruptcy, restructuring, power of sale, compromise or foreclosure case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to the Issuer or with respect to any of its assets, (b) any liquidation, dissolution, reorganization or winding up of the Issuer whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, (c) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of the Issuer or (d) the appointment of a receiver with respect to the Issuer.

“Intercreditor Agent” means Citibank, N.A., in its capacity as intercreditor agent under the Intercreditor Agreement until a successor replaces it in accordance with the applicable provisions of the Intercreditor Agreement and thereafter means the successor serving thereunder.

“Intercreditor Vote” means, at any time, a vote conducted in accordance with the procedures set forth in the Intercreditor Agreement among the Designated Voting Parties with respect to the particular decision at issue at such time.

“Intercreditor Agreement” means the intercreditor agreement, dated as of April 19, 2016, entered into among the Issuer, the Intercreditor Agent, the Collateral Trustee and the paying agent for the Existing Notes, to which the Indenture Trustee entered and joined on May 4, 2016, which joinder may be amended on or prior to the Issue Date.

“Interest Period” means: (a) initially, the period from and including the Issuance Date to but excluding the first Payment Date, and (b) thereafter, the period from the end of the preceding Interest Period to but excluding the next Payment Date.

“Interest Rate” means 5.625% per annum commencing on the Issue Date.

“Investment” means, with respect to any person, any: (a) all direct or indirect investments by such person in any other person in the form of loans, advances or capital contributions (whether by means of any transfer of Property or otherwise) or other credit extensions constituting Debt of such other person, and any guarantee of Debt of any other person, (b) purchase or other acquisition of any Capital Stock, Debt or other securities issued by any other person, and (c) any incurrence of Debt relating to another person (such as a guarantee of the Debt of such other person); *provided* that Investment does not include the creation of accounts receivable or similar payment rights generated in the ordinary course of business.

“Investment Company Act” means the U.S. Investment Company Act of 1940, as amended.

“Investment Grade” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P and Fitch.

“Issue Date” means the date on which the notes are issued.

“Issuer” means Aeropuerto Internacional de Tocumen, S.A., a *sociedad anónima* organized under the laws of the Republic of Panama. The Issuer owns, operates, maintains and develops the Airport and operates, maintains and develops the Other Airports in Panama under a concession arrangement.

“Lien” means, as applied to any Property, any pledge, mortgage, lien, charge, security interest, deed of trust, hypothecation, security trust, fiduciary transfer of title, assignment by way of security, charge, sale and lease-back arrangement, easement, servitude, trust arrangement or encumbrance of any kind thereon (including any conditional sale or other title retention agreement, any lease in the nature thereof or the interest of the lessor under any capitalized lease), or any other preferential arrangement having the practical and/or economic effect of constituting a security interest with respect to the payment of any obligation with, or from the proceeds of, such Property (including any right of setoff or similar banker’s lien). For the purpose of clarification, a Lien will include any sales (including “true sales”) of Property in connection with any Securitization or similar transaction, *provided*

that, notwithstanding anything herein to the contrary, the granting of concessions, leases or similar arrangements for the development or exploitation of Property of the Issuer shall not constitute a Lien to the extent such grant does not secure the repayment of Debt and any beneficiary thereof shall not have any limitation hereunder on its ability to pledge its rights and obligations under such concession, lease or similar arrangement to secure any Debt incurred by such beneficiary, *provided* that, solely for the purpose of this definition, no entry into any consent or similar instrument in customary form for limited recourse financing shall constitute Debt.

“Major Maintenance and CapEx Reserve Account” means an account established and maintained with Banco Nacional de Panama or another reasonably acceptable Panamanian state bank into which the net proceeds (or corresponding portion) of any borrowing intended to be used to fund Expansion CapEx projects shall be deposited (including for the purchase of land for the construction of a third runway) and into which the Airport may from time to time deposit funds related to Sustaining CapEx or Expansion CapEx projects.

“Majority Noteholders” means, as of any date of determination but subject to “—Purchase of Notes by the Issuer” above, the noteholders that, in the aggregate, hold more than 50% of the Principal Balance of the notes on such date.

“Make-whole Premium” means, as of any date of determination, the result (not to be less than zero) of:

(a) the present value (compounded on a semi-annual basis) to such date of the scheduled future principal and Interest cash flows from the principal amount of the notes (or portion thereof) being redeemed discounted at a *per annum* rate equal to the then-current bid side yield (as most recently published in the New York edition of *The Wall Street Journal*) on the U.S. Treasury Note having a maturity date closest to the remaining weighted average life of the notes calculated at the applicable Redemption Date *plus 0.50% per annum minus*

(b) the aggregate principal amount of the notes (or portion thereof) to be redeemed.

“Material Adverse Effect” means: (a) a material adverse effect on (x) the business, operations, financial condition and/or Property of the Issuer either individually or on a consolidated basis with its Restricted Subsidiaries or (y) on the Airport, (b) a material impairment of the ability of the Issuer to perform its obligations under the Transaction Documents or (c) a material adverse effect on the transactions contemplated by the Transaction Documents, including: (i) on the validity or enforceability against the Issuer of any of the Transaction Documents, (ii) the rights and remedies of the Beneficiaries under the Transaction Documents, (iii) with respect to the Liens granted to the Collateral Trustee pursuant to the Transaction Documents and/or (iv) on the Tocumen Trust.

“Material Project Contracts” mean the South Terminal Construction Agreement, any material agreements relating to any capital expenditure, Investment or other payment in excess of US\$350,000,000 and any bilateral agreements between the Issuer and any airline with respect to the payment of passenger exit fees or other similar fees.

“Maturity Date” means the Payment Date on May 18, 2036.

“Minimum Denomination” means the minimum denomination that the notes will be issued in, which shall be a minimum denomination of US\$200,000 and integral multiples of US\$1,000.

“Modification” means, with respect to any Security Document, any amendment, supplement, waiver or other modification of any of the terms and provisions thereof.

“Moody’s” means Moody’s Investors Service, Inc. and its successors (including the surviving entity of any merger with another rating agency).

“Net Cash Proceeds” means, with respect to any Asset Sale or Equity Offering by the Issuer or any of its Restricted Subsidiaries: (a) the proceeds from such Asset Sale or Equity Offering received initially in the form of cash or Cash Equivalents (whether paid immediately or on an installment or other deferred basis) *minus* (b) the sum of: (i) reasonable expenses incurred by the Issuer or its Restricted Subsidiary (as applicable) in connection with such Asset Sale or Equity Offering, (ii) additional Taxes paid (or in good faith estimated to be payable) by the Issuer

or its Restricted Subsidiary (as applicable) as a result of such Asset Sale or Equity Offering and (iii) with respect to an Asset Sale, the amount of such cash or Cash Equivalents (if any) used to repay any Debt secured by a Lien on the Property that was the subject of such Asset Sale, *plus* (c) with respect to an Asset Sale, to the extent that such does not exceed clause (b) with respect thereto, the amount of any reduction in Taxes (as in good faith estimated by the Issuer) as a result of such Asset Sale.

“noteholder” means the registered owner of a note as reflected on the Register or the beneficial owner thereof.

“Notes Collateral” has the meaning set forth under “—Collateral—General.”

“O&M Account” means an account established and maintained with Banco Nacional de Panama or another reasonably acceptable Panamanian state bank by the Issuer into which the Airport shall deposit amounts from time to time for the purpose of funding O&M Costs.

“O&M Costs” means, with respect to any period:

(1) all cash maintenance and operation costs to be incurred and paid by the Issuer for the Airport in such period;

(2) payments for insurance in connection with the operation and maintenance of the Airport;

(3) consumables;

(4) payments by the Issuer under any leases relating to business conducted by the Airport;

(5) payments pursuant to any agreements for the administration, management, operation and maintenance of the Airport (including, among others, Indenture Trustee and Collateral Trustee fees, and other fees and expenses relating to the Transaction Documents and other responsibilities incurred in accordance therewith);

(6) reasonable legal and accounting and other professional fees and expenses paid by the Issuer in connection with the management, maintenance or operation of the Airport;

(7) fees paid in connection with obtaining, transferring, maintaining or amending any governmental authorizations;

(8) employee salaries, wages and other employment-related costs and reasonable general and administrative expenses;

(9) operational charges, contributions or payments to be made to any governmental or public institution, including payments to *Fondo Especial para el Desarrollo de la Infraestructura Aeronáutica Nacional* and airport security charges payable to *Aeronautica Civil*;

(10) amounts necessary for the purposes of operating and maintaining the Other Airports and/or Airport City.

all as budgeted and limited in the Annual Operating Budget.

Upon the Designation of an Unrestricted Subsidiary for the purpose of operating and maintaining Airport City and/or the Other Airports pursuant to paragraph (i) of “—Negative Covenants,” O&M Costs under clause (10) of this definition of O&M Costs shall be limited to an amount not to exceed US\$10,000,000.

“Odebrecht” means Construtora Norberto Odebrecht, S.A., the company engaged to perform the construction on the South Terminal under the South Terminal Construction Agreement.

“Officer’s Certificate” means, with respect to any Person, a certificate signed by one Officer of such Person.

“Operating Accounts” means the Primary Committed Revenue Collection Account, the Primary Uncommitted Revenue Collection Account, the O&M Account, the Tax Payment Account, the Major Maintenance and CapEx Reserve Account, the Airport General Account and such other accounts as the Issuer will from time to time require and establish and maintain for the operations of the Airport, the Other Airports and Airport City.

“Opinion of Counsel” means an opinion in writing signed by legal counsel, which counsel may be an employee of the Issuer or other counsel reasonably satisfactory to the Indenture Trustee and/or the Collateral Trustee (as applicable).

“Original Trust Agreement” means the trust agreement, dated as of September 27, 2013, between the Issuer and the Collateral Trustee, creating the Tocumen Trust.

“Other Airports” means the Rio Hato “Scarlett Raquel Martinez” Airport, the David “Enrique Malek” International Airport, the Enrique Adolfo Jiménez (Colón) Airport and the Panama Pacifico International Airport.

“Pari Passu Obligations” means any principal, interest, penalties (if any), fees, premiums (if any), indemnifications, reimbursements, guarantees and other liabilities payable under and pursuant to the terms of any Relevant Documents for any Collateral Secured Debt, in each case, whether now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether or not arising on or after the commencement of an Insolvency or Liquidation Proceeding and whether or not allowed or allowable as a claim in any proceeding.

“Pari Passu Priority” means, relative to specified indebtedness, other obligations having equal Lien priority to the notes on the Collateral.

“Payment Account” means the one or more separate payment account(s) established and maintained pursuant to the Amended and Restated Trust Agreement for the purpose of making interest and principal payments under each tranche of debt secured thereunder, including but not limited to a separate Payment Account established and maintained for each of the notes, the Existing Notes and each other incurrence of Collateral Secured Debt.

“Payment Date” means each May 18 and November 18, beginning on November 18, 2016; *provided* that if any such date is not a Business Day, then such day will not be a payment date and the next day that is a Business Day will be a Payment Date.

“Permitted Debt” has the meaning set forth in paragraph (a) under “—Negative Covenants.”

“Permitted Investments” means Investments: (a) in cash and Cash Equivalents, (b) in any Unrestricted Subsidiary of the Issuer formed for the purpose of developing, operating and maintaining the Other Airports or Airport City or engaging in a Permitted Business other than the operation of the Airport; *provided*, that the sum of any Investment pursuant to this clause (b) and any capital improvement project pursuant to paragraph (j) under “—Negative Covenants” shall not exceed US\$10,000,000 (or its equivalent in any other currency, and such amount to be adjusted every six months to reflect changes in the inflation rate as calculated and published by the National Statistics and Census Institute (*Instituto Nacional de Estadística y Censo*) of the *Contraloría* in any calendar year) except to the extent that Investments over US\$10,000,000 (as adjusted for inflation) are in compliance with the restricted payment test in paragraph (b) of “—Negative Covenants,” (c) in any Restricted Subsidiary of the Issuer, (d) payroll, travel and similar advances that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes, (e) received as a result of a bankruptcy, reorganization or similar occurrence with respect to any person (with respect to Debt, including Refinancing Debt therefor) or a litigation, arbitration or other dispute with respect to persons who are not Affiliates of the investing person, (f) to the extent in compliance with paragraph (d) of “—Negative Covenants” above, resulting from consideration (other than cash and Cash Equivalents) received in an Asset Sale, (g) arising as a result of interest rate or currency hedging obligations permitted by clause (a)(v) of “—Negative Covenants” and/or (h) from the proceeds of an Equity Offering; *provided* that, immediately after giving effect to such Investment, each Transaction Account shall be fully funded in accordance with the procedures set forth in clauses (b)-(e) under “—Collateral—Accounts and Priority of Payments—Flow of Revenues.”

“Permitted Liens” means:

(a) Liens created for the benefit of the holders of any Collateral Secured Debt, their agents, the Intercreditor Agent or the Collateral Trustee pursuant to any of the Transaction Documents;

(b) Liens existing on the Issue Date and securing the same Debt or other obligations (the “Original Secured Obligations”) as are secured thereby on the Issue Date (or Refinancing Debt for such Original Secured Obligations; *provided* that the Refinancing Debt secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount for the Debt renewed, refunded, refinanced, replaced, defeased or discharged with such Refinancing Debt and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge); *provided, further*, that in each case, that such Liens do not extend to any Property greater than the Property securing the Original Secured Obligations;

(c) each of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding have been commenced: (i) Liens for Taxes or other similar charges not yet due or that are being contested in good faith by appropriate proceedings, so long as adequate reserves or other appropriate provisions with respect thereto are maintained on the books of the Issuer or its applicable Restricted Subsidiary to the extent required by applicable accounting principles, (ii) statutory Liens, such as carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like Liens, arising in the ordinary course of business that secure amounts not overdue for a period of more than 90 days or that are being contested in good faith by appropriate proceedings, if adequate reserves or other appropriate provisions with respect thereto are maintained on the books of the Issuer or its applicable Restricted Subsidiary to the extent required by applicable accounting principles, (iii) any easements, rights of way, restrictions and other similar encumbrances incurred in the ordinary course of business that do not, individually or in the aggregate, materially impair the business of the Issuer and/or any of its Restricted Subsidiaries, (iv) Liens or deposits in the ordinary course of business incurred or made as required by Applicable Law in connection with workers’ compensation, unemployment insurance and social security, (v) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and (vi) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default or Default that are being contested in good faith by appropriate proceedings (or if the period within which such proceeding may be initiated shall not have expired), if adequate reserves or other appropriate provisions with respect thereto are maintained on the books of the Issuer or its applicable Restricted Subsidiary to the extent required by applicable accounting principles;

(d) any interest or title of a Person under any lease, concession or similar arrangement entered into by the Issuer or its applicable Restricted Subsidiary in the ordinary course of business and covering only the Property subject to such lease, concession or similar arrangement;

(e) a Lien on South Terminal Turnkey Rights Deposits to secure the Issuer’s outstanding obligations from time to time to Odebrecht under the South Terminal Construction Agreement and a Lien on a bank deposit sufficient to guarantee the Issuer’s outstanding obligations to Odebrecht, *provided* that such Lien may only be incurred upon the release by Odebrecht of any Lien granted relating to the South Terminal Turnkey Rights Deposits;

(f) purchase money Liens on Property of the Issuer or any of its Restricted Subsidiaries securing Debt incurred by such person for the financing of its acquisition or leasing of such Property; *provided* that the principal amount of such Debt does not exceed the cost of such Property and such Lien is created within 30 days of such acquisition or lease;

(g) Liens in connection with the development of the Other Airports or Airport City, *provided* that the obligations secured by such Liens do not exceed US\$50,000,000 in the aggregate; and

(h) project finance Liens, *provided* that the obligations secured by such Liens are incurred solely for the purpose of expanding or enhancing the capacity of the Airport or the performance thereof or otherwise for improvements or new operations.

“Permitted Shareholders” means the Government of the Republic of Panama and any person Controlled by one or more of the other Permitted Shareholder(s).

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“Primary Collection Accounts” means the Primary Committed Revenue Collection Account and the Primary Uncommitted Revenue Collection Account.

“Primary Committed Revenue Collection Account” means the account established and maintained with Banco Nacional de Panama or another reasonably acceptable Panamanian state bank by the Issuer into which all of the Committed Revenues will be deposited.

“Primary Uncommitted Revenue Collection Account” means the account established and maintained with Banco Nacional de Panama or another reasonably acceptable Panamanian state bank by the Issuer into which all of the Airport’s revenues that are not Committed Revenues will be deposited.

“Principal Balance” means, as of any date of determination, the outstanding principal balance of the notes on such date (or, with respect to any note or beneficial interest therein, the outstanding principal balance thereof) after giving effect to: (a) any payments made on or before such date for all or any portion of the principal of the notes, (b) the cancellation of all or any portion of the principal of the notes as a result of the Issuer acquiring any notes (or beneficial interests therein) and having such principal amount canceled as noted in “—Cancellation” above and (c) any increases therein on or before such date as a result of an increase permitted by “—Issuance of Additional Notes” above.

“Projected Average Debt Service Coverage Ratio” means, as of any determination date, the ratio of:

(a) the amounts projected to be deposited in the Primary Committed Revenue Collection Account; *provided* that only the Allowed Key Deposit Amount for each Calculation Period shall be included with respect to revenues from turnkey rights deposits, from the date of determination through the Maturity Date, less the projected sum of, from the date of determination through the Maturity Date, without duplication, (i) O&M Costs, (ii) Sustaining CapEx expenses and Expansion CapEx expenses, if any (except to the extent such Sustaining CapEx expenses or Expansion CapEx expenses, as applicable, have been or will be (A) pre-funded prior to the determination date or (B) paid out of reserves held in the Major Maintenance and CapEx Reserve Account as of the date of determination or (C) funded by the net proceeds of such additional Permitted Debt being incurred) and (iii) Tax Payments for such period to the extent not reserved in the Tax Payment Account as of the date of determination, each as reasonably estimated by the Issuer taking into account all circumstances and validated by the opinion of an Independent Engineer; to

(b) the projected interest and principal payments due with respect to the notes, the Existing Notes and all other Permitted Debt (excluding Permitted Subordinated Debt held by Affiliates) from the date of determination through the Maturity Date, less principal payments in respect of any debt with “bullet maturities;”

For purposes of calculating clause (b) of this definition, any revolving credit of the Issuer shall be considered fully drawn, except for any undrawn revolving credit entered into pursuant to clause (a)(xiv) under “—Negative Covenants.”

“Property” means, with respect to any person, any actual or fiduciary right or interest in or to property or other assets (whether owned by such person or a third party), contract rights and/or revenues of any kind whatsoever, whether real, personal or mixed, whether tangible or intangible, whether existing on the Issuance Date or to be created in the future.

“Rating Agency” means each of Fitch, Moody’s and S&P.

“Redemption Date” means the date of any redemption of all or a portion of the Principal Balance of the notes, whether through payment of a Default Payment or an optional redemption.

“Redemption Price” means, as of any date of determination, an amount equal to the sum of: (a) 100% of the principal amount of the notes being redeemed, (b) all accrued and unpaid Interest (if any) on such redeemed principal amount to but excluding the Redemption Date, (c) all unpaid Additional Amounts, if any, (d) the Redemption/tender Premium (if applicable) for the notes (or, in the case of a partial redemption, the portion thereof to be redeemed) to but excluding the Redemption Date and (e) all other amounts then due and payable to Beneficiaries by the Issuer under the Transaction Documents (including any fees, expenses, indemnities or other amounts payable to the Indenture Trustee and/or the Collateral Trustee).

“Redemption/tender Premium” means, with respect to any redemption or purchase of the notes by the Issuer as described in “—Redemption of the Notes” above, the amount relating to the redemption/purchase of principal of the notes (or beneficial interests therein) that is in excess of the Principal Balance of such notes (or the portion thereof so redeemed/purchased) (including the Optional Redemption Premium with respect to any redemption described in “—Redemption of the Notes—Optional Redemption” above, if any).

“Refinancing Debt” means Debt (the “New Debt”) incurred in exchange for or to refinance, replace, defease or refund other Debt (the “Original Debt”) in whole or in part so long as: (a) the aggregate principal amount (or initial accreted value, if applicable) of such New Debt as of the date of any funding under such New Debt does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Original Debt (or portion thereof so exchanged, refinanced, replaced, defeased or refunded), (b) such New Debt has: (i) a final maturity that is equal to or later than the final maturity of the Original Debt and (ii) a weighted average life to maturity that is equal to or greater than the weighted average life to maturity of the Original Debt, and (c) other than persons other than the Issuer and its Restricted Subsidiaries, the obligor(s) of the New Debt are the same as (or fewer than) the obligor(s) of the Original Debt.

“refrendo” means the act of countersigning a document by the *Contraloría* for purposes of exercising its control over the use of funds of the Republic of Panama or any instrumentality thereof.

“Relevant Documents” shall mean, for each Collateral Secured Debt, the contracts, indentures, promissory notes and other relevant documents setting forth the rights and obligations of the parties thereto in connection with such Collateral Secured Debt, but excluding the Security Documents.

“Remedies Commencement Date” has the meaning set forth under “Collateral—Intercreditor Agreement—Defaults and Remedies.”

“Remedies Direction” means a written notice and instruction to the Collateral Trustee (with a copy to the Issuer) from the Intercreditor Agent (acting at the direction of the Controlling Pari Passu Parties pursuant to the Intercreditor Agreement and in accordance with a Remedies Instruction), and substantially in the form attached to the Intercreditor Agreement, instructing the Collateral Trustee to take the actions specified therein with respect to an Enforcement Event that has occurred and is continuing.

“Remedies Instruction” has the meaning set forth under “Collateral—Intercreditor Agreement—Defaults and Remedies.”

“Remedies Notice” has the meaning set forth under “Collateral—Intercreditor Agreement—Defaults and Remedies.”

“Reserve Matter” has the meaning set forth under “Amendments of the Transaction Documents—Amendments with Consent of the Majority Noteholders.”

“Restricted Payment” means: (a) any reduction or return of capital, any payment of any dividends or other payments or distribution (whether in cash, securities or other Property) on Capital Stock (other than in the form of additional Capital Stock of the same type) of the Issuer, (b) the authorization or making of any other distribution,

any payment or delivery of Property (including cash) to holders of Capital Stock in their capacity as holders of Capital Stock, (c) the redemption, retirement, purchase or other acquisition, directly or indirectly, for consideration by a person of any of its Capital Stock now or hereafter outstanding (including any warrants, rights or options with respect to its Capital Stock), (d) except to the extent made with the proceeds of a substantially concurrent receipt of proceeds of new Capital Stock or Subordinated Debt, the making of any payments with respect to principal or interest on, or the purchase, redemption or defeasance of, any Subordinated Debt, (e) Investments in Unrestricted Subsidiaries (other than Permitted Investments), (f) any loan to any holder of Capital Stock, an Affiliate (excluding any intercompany loans between or among the Issuer and any of its Restricted Subsidiaries) or an Unrestricted Subsidiary; or (g) the setting aside of any funds for any of the foregoing purposes.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (including the surviving entity of any merger with another rating agency).

“SEC” means the United States Securities and Exchange Commission or any successor thereto.

“Secured Party” means, collectively, the holders of notes, the holders of Existing Notes, the holders of any future Collateral Secured Debt, the Intercreditor Agent, the Indenture Trustee, the Designated Voting Party for any other series of Collateral Secured Debt and any other agent appointed from time to time by the holders of Collateral Secured Debt in accordance with the respective agreements or instruments governing such Collateral Secured Debt.

“Securitization” means, with respect to any person, any sale, assignment or other transfer by such person of accounts receivable, lease receivables or other payment rights owing (currently or in the future) to such person, or any interest in any of the foregoing (whether with or without any collections and other proceeds thereof, any collection or deposit accounts related thereto and/or any security, guarantees or other Property or claims in favor of such person supporting or securing payment by the obligor thereon of, or otherwise related to, any such accounts receivable, lease receivables or other payment rights).

“Security Documents” means the Amended and Restated Trust Agreement, the Amended and Restated Assignment Agreement and the Intercreditor Agreement (including any Additional Intercreditor Agreement).

“Shared Collateral” shall have the meaning set forth under “Collateral—General.”

“Significant Subsidiary” means a Subsidiary of the Issuer that, as of the end of the Issuer’s most recently ended fiscal quarter, represented (itself on a consolidated basis with its own Subsidiaries) at least: (a) 10% of the total assets of the Issuer (on a consolidated basis in accordance with IFRS) and/or (b) 10% of the total gross revenues and/or net income for the four fiscal quarters of the Issuer (on a consolidated basis in accordance with IFRS) ended as of the end of the Issuer’s most recently ended fiscal quarter.

“SMV” means the *Superintendencia del Mercado de Valores* of Panama.

“South Terminal” means the south terminal of the Airport currently under construction.

“South Terminal Construction Agreement” means the construction agreement, dated as of February 8, 2013, between the Issuer and Odebrecht.

“South Terminal Turnkey Rights Deposits” means the payments from concessionaires to secure concessions of retail space for commercial development in the South Terminal that have been pledged to Odebrecht as security for the payment of obligations to Odebrecht under the South Terminal Construction Agreement.

“Specified Force Majeure Event” means any act of war, terrorist attack, natural disaster, calamity or other event of force majeure that would, in the reasonable opinion of the Issuer, materially threaten the operation of the Airport.

“Subordinated Debt” means any unsecured Debt: (a) that is created under or evidenced by a document containing provisions specifically providing for and otherwise evidencing the subordination of such Debt to the

notes and the Issuer's other obligations under the Transaction Documents and (b) the incurrence of which is permitted under paragraph (a) of “—Negative Covenants” above.

“Subsidiary” means, with respect to any person at any time, a corporation, partnership or other entity of which Capital Stock having ordinary voting power (other than Capital Stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors (or similar body) of such corporation, partnership or other entity are at such time owned, or the management of which is otherwise Controlled, directly or indirectly through one or more intermediaries, or both, by such person.

“Successor Trustee” shall have the meaning set forth “Collateral—Amended and Restated Trust Agreement—Resignation and Removal of the Collateral Trustee” and shall possess the the relevant trustee license to act as a trustee (*fiduciario*) in Panama, as granted by the Superintendency of Banks of Panama.

“Superintendency of Banks” means the Superintendency of Banks (*Superintendencia de Bancos*) of the Republic of Panama.

“Sustaining CapEx” means, for any period, expenditures made by or projected to be made by the Issuer to be paid or payable during such period to maintain, acquire or construct fixed assets, plant and equipment in accordance with applicable accounting principles, which expenditures are for the purpose of maintenance, renewals, replacements and repairs of all or part of such assets in a manner consistent with the Annual Operating Budget and are not for the purpose of expanding or enhancing the capacity of such assets or the performance thereof or otherwise for improvements or new operations.

“Tax Payment Account” means an account established and maintained with Banco Nacional de Panama or another reasonably acceptable Panamanian state bank by the Issuer into which the Airport will deposit amounts from time to time required for the payment of income, real estate and other taxes payable by the Issuer (collectively, the “Tax Payments”).

“Taxes” means all current and future taxes, levies, customs, duties, imposts, fees, assessments or other governmental charges, including all net income, gross income, gross receipts, sales, use, *ad valorem*, value added, turnover, transfer, franchise, profits, license, withholding, payroll, employment, social contributions, excise, estimated, severance, stamp, occupation, property import, export or other taxes, levies, customs duties, imposts, fees, assessments or charges of any kind whatsoever, together with any interest, penalties, adjustments for inflation, monetary corrections, additions to tax or additional amounts imposed, levied, collected, withheld or assessed by (or on behalf of) any taxing authority in Panama or in any other jurisdiction in which the Issuer or the Tocumen Trust is organized or resident for tax purposes or from or through which payments are made.

“Tocumen Trust” means the trust created pursuant to the Trust Agreement and expanded and amended by the Amended and Restated Trust Agreement.

“Total Income” means the number set forth opposite the line item titles “Ingresos” on the Issuer's most recently available annual statement of income, or another similar line item.

“Transaction Accounts” means the Trustee General Account, each Debt Service Reserve Account and each Payment Account.

“Transaction Documents” means, the Amended and Restated Indenture, the notes, the Amended and Restated Trust Agreement and the Intercreditor Agreement.

“Trust Indenture Act” means the United States Trust Indenture Act of 1939, as amended.

“Trustee General Account” means the account into which part of the Committed Revenues, subject to the flow of revenues described under “—Collateral—Accounts and Priority of Payments—Flow of Revenues,” under the Amended and Restated Trust Agreement shall be deposited periodically, but in no event less frequently than every month, after obtaining the *Contraloría's refrendo*.

“Uniformly Applicable” has the meaning set forth in “Amendments of the Transaction Documents—Amendments with Consent of the Majority Noteholders.”

“Unrestricted Subsidiary” means, (1) any Subsidiary of the Issuer that at the time of determination shall have been designated an Unrestricted Subsidiary for purposes of the Amended and Restated Indenture by the Board of Directors of the Issuer in accordance with the covenant described under paragraph (i) of “—Negative Covenants” and (2) any Subsidiary of an Unrestricted Subsidiary. Notwithstanding the preceding, if at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary described under paragraph (i) of “—Negative Covenants,” it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Amended and Restated Indenture.

“Wholly Owned Subsidiary” means any Subsidiary of the Issuer all the outstanding Capital Stock (other than directors’ qualifying shares and, to the extent required by Applicable Law, Capital Stock representing no more than 5% of such Subsidiary’s Capital Stock) of which is owned, directly or indirectly, by the Issuer.

BOOK-ENTRY, DELIVERY AND FORM

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by permanent notes in global, fully registered form without interest coupons (each, a “*Restricted Global Note*”). The notes sold in offshore transactions in reliance upon Regulation S under the Securities Act will initially be represented by permanent notes in global, fully registered form without interest coupons (each, a “*Regulation S Global Note*,” together with the Restricted Global Notes, the “*Global Notes*”). The Global Notes will be deposited with the trustee as a custodian for DTC, as depository, and registered in the name of a nominee of such depository.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the applicable legend regarding such restrictions set forth under the heading “*Transfer Restrictions—Legends*” herein. QIBs or non-U.S. purchasers may elect to take a Certificated Security (as defined below under “*Certificated Securities*”) instead of holding their interests through the Global Notes (collectively referred to herein as the “*Non-Global Purchasers*”), which Certificated Securities will be ineligible to trade through DTC, only in the limited circumstances described below. For a description of the restrictions on transfer of Certificated Securities and any interest in the Global Notes, see “*Transfer Restrictions*” and “*Plan of Distribution*.”

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depository (“*participants*”) and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

So long as DTC or its nominee is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. Unless DTC notifies us that it is unwilling or unable to continue as depository for a global note, or ceases to be a “clearing agency” registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with “*Description of the Notes—Events of Default*,” owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in individual definitive form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the indenture or the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC’s procedures, in addition to those provided for under the indenture with respect to the notes and, if applicable, those of Euroclear, Clearstream, Luxembourg and LatinClear.

Investors may hold interests in the Regulation S Global Note through Euroclear, Clearstream, Luxembourg or LatinClear if they are participants in such systems. Euroclear, Clearstream, Luxembourg and LatinClear will hold interests in the Regulation S Global Note on behalf of their account holders through customers’ securities accounts in their respective names on the books of their respective depositories, which, in turn, will hold such interests in the Regulation S Global Note in customers’ securities accounts in the depositories’ names on the books of DTC. Investors may hold their interests in the Restricted Global Note directly through DTC, if they are participants, or indirectly through organizations which are participants.

Payments of the principal of, and premium (if any) and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither we, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest on the Global Notes, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its

nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between account holders in Euroclear, Clearstream, Luxembourg and LatinClear will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the notes described above, cross-market transfers between participants, on the one hand, and directly or indirectly through Euroclear, Clearstream, Luxembourg and LatinClear account holders, on the other hand, will be effected at DTC in accordance with DTC rules on behalf of Euroclear, Clearstream, Luxembourg and LatinClear, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear, Clearstream, Luxembourg and LatinClear, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines.

Euroclear, Clearstream, Luxembourg and LatinClear, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear, Clearstream, Luxembourg and LatinClear account holders may not deliver instructions directly to the depositories for Euroclear, Clearstream, Luxembourg and LatinClear.

Because of time zone differences, the securities account of a or Euroclear, Clearstream, Luxembourg and LatinClear account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear, Clearstream, Luxembourg and LatinClear, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear, Clearstream, Luxembourg and LatinClear, Luxembourg account holder on such day. Cash received in Euroclear, Clearstream, Luxembourg and LatinClear as a result of sales of interests in a global note by or through a Euroclear, Clearstream, Luxembourg and LatinClear account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear, Clearstream, Luxembourg and LatinClear cash account only as of the business day following settlement in DTC.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. None of us, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons (“*Certificated Securities*”) only in the following limited circumstances:

- DTC notifies us that it is unwilling or unable to continue as depository for the Global Note and we fail to appoint a successor depository within 90 days of such notice, or
- there shall have occurred and be continuing an event of default with respect to the notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “*Transfer Restrictions*” and “*Plan of Distribution—Notes Are Not Being Registered.*”

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes will be limited to such extent.

Exchanges Between Regulation S notes and Restricted Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the indenture. A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Restricted Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

CLEARING AND SETTLEMENT

The Depository Trust Company

DTC is a limited-purpose trust company organized under the New York Banking Law; a “banking organization” under the New York Banking Law; a member of the Federal Reserve System; a “clearing corporation” under the New York Uniform Commercial Code; and a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between its participants. It does this through electronic book-entry settlement in the accounts of its direct participants, eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants and by the NYSE Euronext, the American Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. (successor to the National Association of Securities Dealers, Inc.).

DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. In addition, unless a global security is exchanged in whole or in part for a definitive security, it may not be physically transferred, except as a whole among DTC, its nominees and their successors. Therefore, your ability to pledge a beneficial interest in the global security to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

Euroclear

Euroclear was created as a cooperative in 1968 to hold securities for Euroclear Participants, as defined below, and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of securities and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. All operations are conducted by the Euroclear Bank, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Bank, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Sole Lead Manager and Structuring Agent (“*Euroclear Participants*”). Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with Euroclear Participants, either directly or indirectly. Euroclear is located at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

Securities clearance accounts and cash accounts with Euroclear Bank are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “*Euroclear Terms and Conditions*”). The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payment with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear Bank acts under the Euroclear Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding through Euroclear Participants.

The ability of an owner of a beneficial interest in the Regulation S notes to pledge such interest to persons or entities that do not participate in the Euroclear system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive note for such interest because Euroclear can act only on behalf of Euroclear Participants, who in turn act on behalf of indirect Euroclear Participants and certain banks.

Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear Bank and by Euroclear.

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for Clearstream Participants, as defined below, and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of securities. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute.

Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the Sole Lead Manager and Structuring Agent (“*Clearstream Participants*”). Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly. Clearstream is located at 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

The ability of an owner of a beneficial interest in the Regulation S notes to pledge such interest to persons or entities that do not participate in the Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive note for such interest because Clearstream can act only on behalf of Clearstream Participants, who in turn act on behalf of indirect Clearstream Participants and certain banks.

Distributions with respect to the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by Clearstream.

LatinClear

LatinClear is incorporated under the laws of Panama as a corporation. LatinClear holds securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. LatinClear’s participants include securities brokers-dealers and banks. Access to LatinClear’s book-entry system is also available to others, such as banks, brokers, dealers, trust companies and individual investors that clear through or maintain a custodial relationship with a participant, either directly or indirectly. LatinClear’s book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to LatinClear and its participants are on file with the SMV. LatinClear is owned by a number of its Panamanian direct participants and by the PSE.

LatinClear is the clearinghouse in Panama for the notes. LatinClear may be contacted at P.O. Box 87-4009, Panama 7, Republic of Panama or by telephone at +(507) 214-6105 or by fax at +(507) 214-8175. LatinClear is a Clearstream Participant.

TAXATION

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of acquiring, owning and disposing of the notes. Except where otherwise noted, this discussion applies only to U.S. Holders (as defined below) of notes that purchase the notes at the initial issue price indicated on the cover of this Offering Memorandum and that hold the notes as “capital assets” (generally, property held for investment). This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the Internal Revenue Service (the “IRS”) and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This discussion assumes that the notes will not be issued with more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular holder and holders are urged to consult their own tax advisors regarding their specific tax situations. The discussion does not address the tax consequences that may be relevant to holders subject to special tax rules, including, for example:

- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect the mark-to-market method of accounting with respect to their securities holdings;
- banks or other financial institutions;
- partnerships or other pass-through entities for U.S. federal income tax purposes;
- U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates; or
- holders that hold the notes as part of a hedge, straddle, conversion or other integrated transaction.

Further, this discussion does not address the U.S. federal estate and gift tax, or alternative minimum tax consequences, or the Medicare tax on net investment income, or any state, local and non-U.S. tax consequences of acquiring, owning and disposing of the notes.

As used herein, the term “U.S. Holder” means a beneficial owner of the notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of

the trust or (ii) the trust has an election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of acquiring, owning and disposing of the notes.

Stated Interest

Stated interest paid to a U.S. Holder on a note, including any amount withheld in respect of any taxes and any additional amounts, will be includible in such U.S. Holder's gross income as ordinary interest income at the time such payments are received or accrued in accordance with such U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the notes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including a redemption) of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid stated interest which will be taxable as ordinary income to the extent not previously included in gross income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to the U.S. Holder. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Any gain or loss realized on the sale, exchange or other taxable disposition of a note generally will be treated as U.S. source gain or loss, as the case may be. If any gain from the sale, exchange or other taxable disposition of notes is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income) unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or redemption of a note, to U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, notes (including additional amounts, if any), and to proceeds from the sale or redemption of notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding will be required on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. A holder of notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

In addition, certain U.S. Holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Panama

The following is a summary of the principal Panamanian income tax consequences resulting from the beneficial ownership and disposition of the notes by certain persons. This summary is based on the Panamanian Tax Code of 1956, as amended, other applicable tax laws, decrees and regulations issued thereunder, and judicial and administrative interpretations thereof, all as in effect on the date hereof, and is subject to any changes in these or other laws, decrees, regulations and interpretations occurring after such date, possibly with retroactive effect. This summary is intended as a descriptive summary only and is not a complete analysis or listing of all potential Panamanian income tax consequences to holders of the notes. The summary does not address the tax treatment of potential investors that may be subject to special income tax withholding rules. The summary is not intended as tax advice to any particular investor, nor does it purport to furnish information in the level of detail or with attention to an investor's specific tax circumstances that would be provided by an investor's own tax advisor. Prospective purchasers of the notes are urged to consult their own tax advisors as to the precise Panamanian and other tax consequences of acquiring, owning and disposing of the notes.

Taxation of Interest

Interest payable on the notes will be exempt from income tax or withholding requirements in Panama, provided that the notes are registered with the SMV and are initially placed on an exchange or through an organized market. A filing has been made to register the notes with the SMV and to list the notes on the PSE. Accordingly, interest payments made on the notes will be exempt from income tax or withholding requirements in Panama; *provided, however*, that there can be no assurance that these tax benefits will not be changed or revoked by the Government in the future. Should the notes not be initially placed on the PSE, interest payments will be subject to a 5% income tax, which would have to be withheld by us.

Taxation of Dispositions

Upon registration of the notes with the SMV, any capital gains realized by a noteholder on the sale or other disposition of notes will be exempt from income tax in Panama, provided that the sale or disposition of the notes is made through an exchange or other organized market in Panama or outside of Panama. The listing and negotiation of the notes has been authorized by the PSE. Thus, any gains realized on the sale of the notes on this exchange will be exempt from income tax in Panama.

If the notes are not sold through a securities exchange or another organized market, pursuant to Law No. 18 of June 19, 2006, which was further regulated through Executive Decree No. 135 of February 6, 2012, (i) the seller will be subject to income tax in Panama on capital gains realized on the sale of the notes calculated at a fixed rate of ten percent (10%) on the gain realized, and; (ii) the buyer will be obligated to withhold from the seller an amount equal to five percent (5%) of the aggregate proceeds of the sale, as an advance in respect of the capital gains income tax payable by the seller, and the buyer will be required to send to the fiscal authorities the withheld amount within ten business days following the date of withholding; (iii) the seller will have the option of considering the amount withheld by the buyer as definitive payment in full of the seller's obligation to pay income tax on capital gains; and (iv) in the event the amount withheld by the buyer is greater than the amount of capital gains income tax payable by the seller, that is, exceeding ten percent (10%) of the capital gain actually realized on the sale, the seller may file a sworn declaration before the tax authorities claiming a tax credit or refund in respect of the amounts paid in excess.

The capital gains income tax provisions of Law No. 18 of June 19, 2006 and its regulations do not provide an exemption from income tax in Panama with respect to capital gains on sales of notes outside Panama by holders not resident in Panama. Notwithstanding Law No. 18 of June 19, 2006, based on Tax Opinion No. 201 01 706 of June 27, 2006 and on Tax Opinion No. 201-01-3772 of May 1, 2012 issued by the Dirección General de Ingresos, or the Tax Authority, any capital gains realized by a holder of notes who is not resident in Panama on the sale or other disposition of notes that is executed and effected outside Panama, and which payment thereof is made outside of Panama, will not be deemed Panamanian source income and the inference from the foregoing would, therefore, be that the income realized from said sale would not be subject to income tax in Panama. However, we have been advised by our Panamanian counsel that the Tax Opinions are not legally binding interpretations of the 2006 Tax Law.

Stamp and Other Taxes

Upon registration of the notes with the SMV, the notes will not be subject to stamp, registration or similar taxes. There are no sales, transfer or inheritance taxes applicable to the sale or disposition of the notes.

Foreign Investors

A person domiciled outside of Panama is not required to file a tax return in Panama, solely by reason of his or her investment in the notes, provided that gains realized on the sale and disposition of the notes are exempt from income tax as indicated above.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. is acting as Sole Lead Manager and Structuring Agent and as the Initial Purchaser. Subject to the terms and conditions stated in a purchase agreement, the Initial Purchaser named below has agreed to purchase from us, and we have agreed to sell to the Initial Purchaser, the principal amount of notes set forth below.

Initial Purchaser	Principal Amount
Citigroup Global Markets Inc.	US\$575,000,000
Total	US\$575,000,000

The purchase agreement provides that the obligation of the Initial Purchaser to purchase the notes is subject to certain conditions precedent and transactions relating to the notes may be unwound on or prior to the settlement date. In addition, the Initial Purchaser will purchase all of the notes offered hereby if any of such notes offered hereby are purchased. Rules applicable in Panama may also require that the total amount of notes to be purchased by the Initial Purchaser be reduced in certain cases.

The Initial Purchaser proposes to resell the notes at the offering price set forth on the cover page of this Offering Memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. The price at which the notes are offered may be changed at any time without notice. The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “*Notice to Investors*” and “*Transfer Restrictions*.”

In addition, until 40 days after the commencement of this Offering, an offer or sale of notes within the United States by any dealer may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

In addition, entities affiliated with the government of the Republic of Panama (which may also be affiliates of the Issuer), may from time to time purchase or hold notes.

The notes will be listed on and offered by the Issuer through, the Panama Stock Exchange. The Issuer has appointed BG Investment Co., Inc. and BG Valores, S.A., both as the Broker-Dealer Houses of the offering through the Panama Stock Exchange (*Bolsa de Valores de Panamá, S.A.*). Both BG Investment Co., Inc. and BG Valores, S.A. have a Trading Post at the Panama Stock Exchange (*Bolsa de Valores de Panamá, S.A.*) and are broker-dealers authorized to act as such by the SMV, pursuant to Resolutions CNV-322-00 of November 24, 2000 and CNV-376-00 of December 22, 2000 respectively.

Between 9:30 a.m. and 10:00 a.m. Panama time on the date the Issuer offers the notes through the Panama Stock Exchange, each person registered as a member of the Panama Stock Exchange, or a Local Broker, will be permitted to submit bids for the notes. At 10:00 a.m. Panama time, the Initial Purchaser will submit its bid for the notes through a Local Broker. The Issuer anticipates that the aggregate principal amount of the bids for the notes that it accepts from Local Brokers will equal the aggregate principal amount of the notes set forth on the cover page of this offering memorandum. Bids accepted from Local Brokers may be at prices equal to or higher than the price at which the notes will be offered to investors initially, which is set forth on the front cover page of this offering memorandum.

The offices of BG Investment Co., Inc. are located at calle Aquilino de la Guardia y Ave. 5ta B Sur, Panama City, Republic of Panama and their telephone number is + (507) 303-5001 and their fax number is (507) 265-0291. The offices of BG Valores, S.A. are located at calle Aquilino de la Guardia y calle 58, Panama City, Republic of Panama and their telephone number is + (507) 205-1700 and their fax number is + (507) 215-7490.

BG Investment Co., Inc. and BG Valores, S.A. will enter into a broker-dealer house agreement with the Issuer to carry out the sale of the notes through the Panama Stock Exchange. Among the services to be rendered in their role as placing agents of the notes, BG Investment Co., Inc. and BG Valores, S.A. may:

- (i) carry out the offers of the notes through the Panama Stock Exchange pursuant to the rules of the Panama Stock Exchange; and
- (ii) deliver at the disposal of the broker-dealer houses, brokers, investments advisors and the public in general, this offering memorandum of the notes and any amendments to it.

No Sales of Similar Securities

We have agreed that, for a period of 60 days from the date of this Offering Memorandum, we will not, without the prior written consent of the Initial Purchaser, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us. The Initial Purchaser in its sole discretion may release any of the securities subject to these lock up agreements at any time without notice.

Listing of Securities

The notes will constitute a new class of securities with no established trading market. Application has been made to list the notes on the PSE and the Euro MTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the prices at which the notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this Offering. The Initial Purchaser has advised us that it currently intends to make a market in the notes. However, it is not obligated to do so and it may discontinue any market making activities with respect to the notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes.

Stabilization Transactions

In connection with the Offering of the notes, the Initial Purchaser (or persons acting on its behalf) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail including, by means of short-sales, stabilizing transactions and purchases to cover positions created by short-sales. However, there is no assurance that the Initial Purchaser (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made, and, if begun may be ended at any time, but it must end no later than 30 days after the date on which we received the proceeds of the issue, or no later than 60 days after the date of allotment of the relevant securities, whichever is the earlier.

Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchaser. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Stabilizing transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions.

Settlement

We expect to deliver the notes against payment for the notes on May 18, 2016, which will be the third business day following the date of the pricing of the notes.

The notes will be offered for sale by the Issuer and purchased by the Initial Purchaser (and any other purchasers pursuant to the Panama Stock Exchange bidding process described herein) on the Panama Stock Exchange. The settlement will take place three business days after the trade date. However, the settlement and consummation of the sale and purchase of the notes on the settlement date will be conditioned upon the Initial Purchaser's satisfaction on the settlement date that all conditions precedent set forth in the Purchase Agreement have been met or waived on or prior to the settlement date (the "*Conditions*"). The Conditions include, but are not limited to, no material adverse event occurring on or prior to the settlement date, the execution and delivery of all required documentation and the delivery to the Initial Purchaser of an executed "comfort" letter from the Issuer's auditors. In addition, the Purchase Agreement permits the Initial Purchaser to terminate its obligation to purchase the notes in certain circumstances, including general trading suspensions, bank moratoria in the United States or Panama and acts of war or terrorism ("*Termination Events*"). If the Initial Purchaser were to determine on or prior to the settlement date, in accordance with the terms of the Purchase Agreement, that any of such Conditions has not been satisfactorily met or waived or a Termination Event has occurred, all sales and purchases of the notes made on

the Panama Stock Exchange by the Initial Purchaser and any other purchasers pursuant to the Panama Stock Exchange bidding process described herein on or after the trade date shall be cancelled and unwound without recourse to the Issuer or the Initial Purchaser, and neither the offering nor the purchase of the notes shall be consummated. Any person that offers to purchase the notes from the Issuer through the Panama Stock Exchange on the trade date irrevocably accepts that (i) the consummation of the purchase of the notes is subject to the fulfillment of the Conditions to the satisfaction of the Initial Purchaser and the non-occurrence of any Termination Event and (ii) if the Initial Purchaser, acting through its Panamanian broker-dealer, notifies the Panama Stock Exchange on or before the settlement date that the Conditions have not been fulfilled or a Termination Event has occurred, the settlement and consummation of the purchase of the Notes will not take place and no notes shall be deemed to have been purchased by such person.

Relationship with the Initial Purchaser

The Initial Purchaser is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchaser and its affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the Initial Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

We have agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchaser may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area, no offer of notes which are the subject of the Offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Initial Purchaser for any such offer; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

This Offering Memorandum has been prepared on the basis that any offer of notes in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the Offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for us or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the Initial Purchaser have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the Initial Purchaser to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC (as amended including the Directive

2010/73/EU to the extent implemented in the relevant Member State) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restriction set out below.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. By purchasing notes and accepting delivery of a purchase confirmation, each purchaser in Canada is representing to us and the dealer from whom the purchase confirmation is received that they satisfy such requirements. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Initial Purchaser is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

This offering memorandum does not address the Canadian tax consequences of the acquisition, holding or disposition of the notes. Prospective purchasers of notes are strongly advised to consult their own tax advisors with respect to the Canadian and other tax considerations applicable to them.

Our directors and officers as well as any experts named in this document are likely to be located outside of Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and those persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "*qualified investors*" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "*Order*") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "*relevant persons*"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Australia

The Initial Purchaser has acknowledged that no prospectus or other disclosure document (as defined in the Corporations Act) in relation to the notes has been or will be lodged with ASIC or the ASX and has represented, warranted and agreed with Virgin Australia that it:

- (i) has not made or invited, and will not make or invite, applications for an offer of the notes for issue, sale or purchase in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, this Offering Memorandum or any other offering material or advertisement relating to the notes in Australia, unless:
 - (a) (I) the minimum aggregate consideration payable by each offeree is at least AU\$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates); or
 - (II) the offer or invitation otherwise does not (other than by reason of section 708(14) or section 708A of the Corporations Act) require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act;
 - (b) the offer is not made to a person in Australia who is a “retail client” for the purposes of section 761G of the Corporations Act;
 - (c) such action complies with all applicable laws, regulations and directives (including, without limitation, the licensing requirements in Chapter 7 of the Corporations Act) of the Commonwealth of Australia; and
 - (d) such action does not require any document to be lodged with ASIC.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (Norma de Carácter General) No. 336, dated June 27, 2012, issued by the SVS, the notes may be privately offered in Chile to certain “qualified investors” identified as such by Rule 336 (which in turn are further described in Rule N°. 216, dated June 12, 2008, of the SVS). Rule 336 requires the following information to be provided to prospective investors in Chile:

- (i) Date of commencement of the offer: May 12, 2016. The offer of the notes is subject Rule (Norma de Carácter General) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (Superintendencia de Valores y Seguros de Chile or SVS”);
- (ii) The notes and these Luxembourg Listing Particulars are not registered with the Securities Registry (Registro de Valores) of the SVS, nor with the foreign securities registry (Registro de Valores Extranjeros) of the SVS and as such as not subject to the oversight of the SVS;
- (iii) Since the notes are not registered in Chile there is no obligation on us to make publicly available information about the notes in Chile; and
- (iv) The notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la “NCG 336”), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la “SVS”), los bonos pueden ser ofrecidos privadamente a ciertos “inversionistas calificados”, a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

- (i) *La oferta de los bonos comienza el 12 de mayo de 2016, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la SVS;*
- (ii) *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia;*

- (iii) *Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos; y*
- (iv) *Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.*

Notice to Prospective Investors in Colombia

The notes will not be authorized by the *Superintendencia Financiera de Colombia* (Colombian Superintendency of Finance) and will not be registered under the *Registro Nacional de Valores y Emisores* (Colombian National Registry of Securities and Issuers), and, accordingly, the notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

Notice to Prospective Investors in France

Neither this Offering Memorandum nor any other offering material relating to the notes described in this Offering Memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this Offering Memorandum nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411 2, D.411 1, D.411 2, D.734 1, D.744 1, D.754 1 and D.764 1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411 2 II 1° or 2° or 3° of the French *Code monétaire et financier* and article 211 2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411 1, L.411 2, L.412 1 and L.621 8 through L.621 8 3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in this Offering Memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “*FIEL*”). The Initial Purchaser has represented and agreed that the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term, as used in this paragraph means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the *FIEL* and (ii) in compliance with any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, the notes may not be offered or sold publicly in Mexico, except that the notes may be sold to Mexican institutional and qualified investors solely pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico. Such notice will be submitted to the CNBV to comply with Article 7 of the Mexican Securities Market Law for informational and statistical purposes only. The delivery to, and the receipt by, the CNBV of such notice does not constitute or imply any certification as to the investment quality of the notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this Offering Memorandum. This Offering Memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor who is a resident of Mexico will be made under its own responsibility.

Notice to Prospective Investors in Peru

This Offering Memorandum and the notes have not been, and will not be, registered with or approved by the SMV, the Lima Stock Exchange or the SBS. Accordingly, the notes cannot be offered or sold in Peru, except in compliance with the applicable securities laws and regulations of Peru. This notice is for information purposes only and it does not constitute a public offering of any kind in Peru.

Notice to Prospective Investors in Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “*SFA*”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the *SFA*, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the *SFA*, in each case subject to compliance with conditions set forth in the *SFA*.

Where the notes are subscribed or purchased under Section 275 of the *SFA* by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the *SFA*)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the *SFA* except:
 - to an institutional investor (for corporations, under Section 274 of the *SFA*) or to a relevant person defined in Section 275(2) of the *SFA*, or to any person pursuant to an offer that is

made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in The Netherlands

This Offering Memorandum has not been and will not be approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in accordance with Article 5:2 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*). The notes will only be offered in The Netherlands to qualified investors (*gekwalficeerde beleggers*) as defined in Article 1:1 of the Dutch Act on Financial Supervision.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of the notes (other than the Initial Purchaser in connection with the initial issuance and sale of the notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that the notes initially offered in the United States to qualified institutional buyers will be represented by a Global Note and that the notes offered outside the United States pursuant to Regulation S will also be represented by a Global Note;

(4) it will not offer, sell, pledge or otherwise transfer any of such notes except (a) to us, (b) to a qualified institutional buyer in compliance with Rule 144A under the Securities Act, (c) in an offshore transaction complying with the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) pursuant to a registration statement that has become effective under the Securities Act and in accordance with all applicable securities laws of the states of the United States and other jurisdictions;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(7) it acknowledges and agrees (a) that either (i) no assets of a Plan or a non-U.S., governmental or church plan have been used to acquire the notes or an interest therein or (ii) the purchase, holding and disposition of the notes or an interest therein by the purchaser do not constitute a non-exempt prohibited transaction under the Employee Retirement Income Security Act of 1974 or Section 4975 of the Code or a violation of similar law, and (b) that it will not sell or otherwise transfer such notes or any interest therein other than to a purchaser or transferee that is deemed to represent and agree with respect to its purchase, holding and disposition of such notes to the same effect as the purchaser's representation and agreement set forth in this paragraph (7);

(8) it acknowledges that the trustee, registrar or transfer agent for the notes may not be required to accept for registration or transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(9) it acknowledges that we, the Initial Purchaser and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the Initial Purchaser; and

(10) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend that will appear on the face of the Restricted Global Note and that will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent.

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF THE ISSUER.”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE OF WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES.”

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance through DTC, Euroclear, Clearstream and, as a participant of Clearstream, LatinClear with the following security codes:

	<u>CUSIP</u>	<u>ISIN</u>	<u>Common Code</u>
Rule 144A notes	00787C AB8	US00787CAB81	140950556
Regulation S notes	P0092A AC3	USP0092AAC38	140950599

2. Application has been made to admit the notes offered hereby to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market of that exchange.
3. We are registered with the Registro Público de Panamá (Public Registry of Panama) and our identification number is 432290.
4. There are no litigation or arbitration proceedings against or affecting us or any of our assets, nor are we aware of any pending or threatened proceedings that are or might reasonably be expected to be material in the context of the issuance of the notes.
5. Copies of our latest annual financial statements and interim financial statements, which are published on a quarterly-basis, may be obtained during normal business hours at the offices of the trustee and the Luxembourg listing, transfer and paying agent. Copies of our bylaws (estatuto social), as well as the Transaction Documents (including forms of notes), will be available (free of charge) at the offices of the Luxembourg paying agent. As long as the notes are outstanding, the documents referred to in this paragraph will be available, by physical or electronic means.
6. Except as disclosed in this Offering Memorandum, there has been no adverse change or any development reasonably likely to involve an adverse change, in our condition (financial or otherwise), prospects or general affairs since December 31, 2015 that is material in the context of the issuance of the notes.
7. To the best of our knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the significance of such information. Accordingly, we accept responsibility.
8. All required consents, approvals, authorizations or other orders of all regulatory authorities have been given for our entry into the Transaction Documents and the creation and issue of the notes. We will comply with the reporting and other requirements of the Panamanian securities law applicable to companies that have registered their securities with the SMV, as well as the requirements of the PSE.

LEGAL MATTERS

Certain legal matters with respect to U.S. law and New York law and the issuance of the notes offered hereby will be passed upon for us by Shearman & Sterling LLP, as our U.S. legal counsel. Certain legal matters with respect to Panamanian law will be passed upon for us by Aleman, Cordero, Galindo & Lee, as our Panamanian counsel. Certain legal matters with respect to U.S. law and New York law and the issuance of the notes offered hereby will be passed upon for the Initial Purchaser by Milbank, Tweed, Hadley & McCloy LLP, as their U.S. legal counsel. Certain legal matters with respect to Panamanian law will be passed upon for the Initial Purchaser by Arias, Fábrega & Fábrega, as their Panamanian legal counsel.

INDEPENDENT AUDITORS

Our audited financial statements included in this Offering Memorandum as of and for the years ended December 31, 2013, 2014 and 2015 were audited by Deloitte, Inc., an affiliate to Deloitte LATCO, member firm of Deloitte Touche Tohmatsu Ltd., as stated in their report included elsewhere in this Offering Memorandum.

INDEPENDENT CONSULTANT

The Consultant Report attached as Appendix A to this Offering Memorandum was prepared for us by *Consortio PM Terminal Sur S.A.* in accordance with generally accepted practices using current recognized statistical and financial principles and practices.

INDEX TO FINANCIAL STATEMENTS

**Audited Financial Statements of Aeropuerto Internacional de Tocumen S.A. as of and for the years ended
December 31, 2015, 2014 and 2013**

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic
of Panama)

Financial statements as of and for each of the three years in
the period ended December 31, 2015 and Independent
Auditors' Report of April 7, 2016

"This document has been prepared with the knowledge that its
contents will be made available to the investing and general
public"

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Independent Auditors' Report and Financial Statements as of and for each of the three years in the period ended December 31, 2015

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Statement of profit or loss and other comprehensive income	4
Statement of changes in equity	5
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Aeropuerto Internacional de Tocumen, S.A.

We have audited the accompanying financial statements of **Aeropuerto Internacional de Tocumen, S.A.** which comprise the statement of financial position as of December 31, 2015, 2014 and 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Aeropuerto Internacional de Tocumen, S.A.** as December 31, 2015, 2014 and 2013, and its financial performance and its cash flows for each of the three year in the period ended December 31, 2015 in accordance with International Financial Reporting Standards (IFRS).

Deloitte.

Matters of Emphasis

Without qualifying an opinion, as detailed in Note 10, the financial statements include balances and transactions with related parties that influence the results, financial position and cash flows of the Company.

/s/ Deloitte, Inc.

April 7, 2016
Panama, Republic of Panama

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Statement of financial position

As at December 31, 2015, 2014 and 2013

(In balboas)

Assets	Notes	2015	2014	2013	Equity and liabilities	Notes
Non-current assets					Equity	
Property, equipment and improvements, net of depreciation	4	549,714,015	576,964,704	570,128,661	Common stock; 1,000,000 authorized with par value; of B/.20.00 each, all issued and outstanding.	
Constructions in progress	5	592,653,226	430,119,233	186,132,243	Additional paid-in capital	
Deferred tax assets	15	14,351,533	15,118,909	16,545,888	Retained earnings	
Advance to contractors	6,8,10	50,251,287	72,927,770	96,922,104	Accounts receivable shareholder	10
Advance to purchases abroad	7	37,087,836	6,277,534	12,205,298	Complementary tax	
Inventories, net		1,964,821	1,593,160	1,851,550	Total equity	
Unemployment fund	3	1,775,622	1,621,598	1,434,447	Non-current liabilities	
Guarantee deposits		29,689	29,689	29,689	Deferred revenue	12
Total Non-current assets		1,247,828,029	1,104,652,597	885,249,880	Bonds payable	13
Current assets					Accounts payable to concessionaires	
Cash and bank deposits	9	109,719,310	108,896,641	141,541,096	Concessionaires' guarantee deposits	
Accounts receivable:					Provision for benefits to retirees	14
Customers	22	11,593,276	9,615,696	11,729,100	Seniority premium	
Related parties	10	20,308,622	302,871	308,277	Withholding to contractors	8
Others		8,323	9,666	6,369	Total Non-current liabilities	
		31,910,221	9,928,233	12,043,746	Current liabilities	
Less: Provision for impairment of doubtful accounts		(1,923,235)	(1,791,735)	(1,354,109)	Accounts payable related parties	10
Total accounts receivable, net		29,986,986	8,136,498	10,689,637	Accounts payable and other accrued expenses payable	8,11
Prepaid expenses		488,165	2,299,322	3,583,096	Dividends payable	10
Prepaid income tax		-	1,770,560	16,913,960	Accounts payable to concessionaires	
Total current assets		140,194,461	121,103,021	172,727,789	Income tax payable	
					Other taxes payable	16
					Deferred revenue	12
					Total current liabilities	
					Total liabilities	
Total assets		<u>1,388,022,490</u>	<u>1,225,755,618</u>	<u>1,057,977,669</u>	Total equity and liabilities	

The accompanying notes are an integral part of these financial statements.

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Statement of profit or loss and other comprehensive income

For each of the three years in the period ended December 31, 2015

(In balboas)

	Notes	2015	2014
Continuing operations			
Revenue	10,17	188,461,592	166,028,3
Depreciation	4	(15,837,978)	(14,462,3
Personnel costs	18	(23,310,650)	(19,756,4
Repair and maintenance	10	(11,188,247)	(23,745,4
Electricity, water and telephone		(10,525,916)	(7,805,1
Special Fund for the Development of National Aeronautics	10	(4,500,000)	(4,500,0
ICAO Fees and other expenses	7	(3,062,646)	(3,830,1
Ministry of Education	10	-	
Property and services transfer tax	19	-	
Payment for Panama Pacific concession	26	(1,500,000)	(1,500,0
Other expenses	8,10,16,19	(18,947,134)	(26,165,3
Financial costs, net	10,20	(14,456,622)	(14,334,4
Profit before tax		<u>85,132,399</u>	<u>49,928,9</u>
Income tax:			
Current		(25,268,542)	(15,143,4
Deferred		<u>(767,376)</u>	<u>(1,426,9</u>
Total income tax	15	<u>(26,035,918)</u>	<u>(16,570,3</u>
Net profit		<u><u>59,096,481</u></u>	<u><u>33,358,6</u></u>

The accompanying notes are an integral part of these financial statements.

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Statement of changes in equity**For each of the three years in the period ended December 31, 2015**

(In balboas)

	Notes	Common shares	Additional paid-in capital	Retained earnings	Accounts receivable shareholder
Balance at 1 January, 2013		20,000,000	256,036,033	11,379,998	(69,303,28)
Net profit		-	-	20,201,840	
Contributions and shareholder's distribution					
Contribution to Capital	10	-	51,625,000	-	
Declared dividends		-	-	(10,000,000)	
Dividends declared with credit to accounts receivable shareholder	10,21	-	-	(16,117,047)	14,505,34
Complementary tax		-	-	-	
Total contributions and distributions to shareholder		-	51,625,000	(26,117,047)	14,505,34
Balance at December 31, 2013		20,000,000	307,661,033	5,464,791	(54,797,94)
Net profit		-	-	33,358,611	
Contributions and shareholder's distribution					
Dividends declared with credit to accounts receivable shareholder	10,21	-	-	(16,117,047)	14,505,34
Others		-	-	-	(1)
Complementary tax		-	-	-	
Total contributions and distributions to shareholder		-	-	(16,117,047)	14,505,32
Balance at December 31, 2014		20,000,000	307,661,033	22,706,355	(40,292,61)
Net profit		-	-	59,096,481	
Contributions and shareholder's distribution					
Declared dividends		-	-	(12,805,556)	
Dividends declared with credit to accounts receivable shareholder	10,21	-	-	(16,117,047)	14,505,34
Complementary tax		-	-	-	
Total contributions and distributions to shareholder		-	-	(28,922,603)	14,505,34
Balance at December 31, 2015		20,000,000	307,661,033	52,880,233	(25,787,27)

The accompanying notes are an integral part of these financial statements.

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Statement of cash flows

For each of the three years in the period ended December 31, 2015

(In balboas)

	Notes	2015	2014	2013
Cash flows from operating activities:				
Net profit		59,096,481	33,358,611	20,201,840
Adjustments for:				
Depreciation	4	15,837,978	14,462,343	11,518,534
Provision for impairment of doubtful accounts	22	338,129	437,626	-
Provision for obsolescence inventory provision		-	(121,940)	(2,847)
Property tax provision for improvements	16	1,787,873	3,358,441	4,659,808
Provision reversal for benefit to retirees	14	144,867	(86,604)	577,854
Provision for seniority premium		318,465	367,125	258,796
Loss on disposal of fixed assets	4	31,793	-	-
Financial costs, net	20	14,456,622	14,334,451	14,060,147
Income tax recognized in the statement of profit or loss and other comprehensive income	15	26,035,918	16,570,379	16,064,020
		<u>118,048,126</u>	<u>82,680,432</u>	<u>67,338,152</u>
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable		(1,979,083)	2,110,366	139,410
(Increase) decrease in inventories		(371,661)	380,330	10,569
Decrease (increase) in prepaid expenses and other assets		1,811,157	1,283,775	(2,789,290)
(Increase) decrease in advance purchases abroad and contractor		(30,810,302)	5,927,763	24,243,170
Decrease in deferred revenue		(11,013,615)	(9,686,042)	(19,601,685)
Increase in accounts payable and other accrued expenses payable		3,347,208	11,367,044	749,096
Decrease in accrued expenses and other liabilities		(678,427)	(6,834,187)	(59,419,973)
Increase in accounts with related parties, net		119,854	-	-
Increase in unemployment fund		(154,024)	(188,151)	(186,449)
		<u>78,319,233</u>	<u>87,041,330</u>	<u>10,483,000</u>
Flows from operating activities:				
Income tax paid		(12,739,888)	-	(32,398,835)
Interest received		153,956	131,114	1,371,597
Interest paid		(14,610,578)	(14,465,565)	(16,095,092)
Net cash provided by (used in) operating activities		<u>51,122,723</u>	<u>72,706,879</u>	<u>(36,639,330)</u>
Cash flows from investing activities:				
Payment for construction in progress	5	(46,924,730)	(192,819,308)	(184,782,242)
Acquisition of fixed assets	4	(8,828,616)	(21,298,387)	(85,219,994)
Change in advance to contractors	6	22,676,483	23,994,334	(91,462,656)
Net cash used in investing activities		<u>(33,076,863)</u>	<u>(190,123,361)</u>	<u>(361,464,892)</u>
Cash flows from financing activities:				
Dividends paid	21	(14,417,260)	-	(12,250,003)
Guarantee trust fund	9,22	(2,995,693)	(3,355,981)	(22,598,643)
Prepaid dividend tax		(2,805,931)	(1,325,385)	(1,403,797)
Payment of loan payable		-	-	(75,546,350)
Proceeds from issuance of corporate bonds	13	-	89,718,300	556,379,829
Accounts with related parties, net		-	(3,620,888)	-
Net cash (used in) provided by financing activities		<u>(20,218,884)</u>	<u>81,416,046</u>	<u>444,581,036</u>
Net (decrease) increase in cash and cash equivalents		(2,173,024)	(36,000,436)	46,476,814
Cash and cash equivalents at beginning of year		<u>82,942,017</u>	<u>118,942,453</u>	<u>72,465,639</u>
Cash and cash equivalents at end of year	9	<u><u>80,768,993</u></u>	<u><u>82,942,017</u></u>	<u><u>118,942,453</u></u>

The accompanying notes are an integral part of these financial statements.

Aeropuerto Internacional de Tocumen, S.A.

(A wholly-owned Company of the Government of the Republic of Panama)

Notes to the financial statements

As of and for each of the three years in the period ended December 31, 2015

(In balboas)

1. General information

a) Constitution and general information

Aeropuerto Internacional de Tocumen, S.A. (hereinafter “the Company”) was established by Deed No. 2018 of April 11, 2003, and registered in the commercial section of corporations, under the regulatory framework for the management of airports and airfields in Panama in accordance to Law No. 23 of April 20, 2003. Through Resolution No. 30 of April 9, 2003, the Ministry of Economy and Finance authorized the issuance of the Articles of Incorporation of the Company that manages the Tocumen International Airport (hereinafter “Airport”).

The activity of the Company is to provide the Airport management of public services with efficiency, transparency and equal treatment criteria, in order to ensure a quality service to the users. Its main income comes from charging fees to airlines for international flights and departure taxes to passengers as well as commercial rentals and concessions of areas within the airport facilities and basic services.

The main office of the Company is located in the township of Tocumen, in the District of Panama.

2. New and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs with no effects on reported amounts and/or disclosures in the financial statements

The Company has adopted all of the new and revised standards and interpretations issued by the IASB that are relevant to its operations and that are mandatorily effective at December 31, 2015. The application of these amendments has had no impact on the disclosures or amounts recognized in the Company financial statements.

2.2 New and revised IFRSs issued but not yet effective

The Company has not applied the following new and revised IFRSs, relevant to operations, which have been issued but have not yet entered into force:

IFRS 9 - Financial Instruments

IFRS 9 – Financial Instruments (as revised in 2014) (Effective for annual periods beginning on or after January 1, 2018):

- Phase 1: Classification and measurement of financial assets and financial liabilities;
- Phase 2: Impairment methodology; and
- Phase 3: Hedge accounting.

In July 2014, the IASB finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which will supersede IAS - 39 Financial Instruments: Recognition and Measurement in its entirety upon the former’s effective date.

Compared to IFRS 9 (as revised in 2013), the 2014 version includes limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirements relating to the accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit.

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The completed IFRS 9 (as revised in 2014) contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under IFRS 9, all recognized financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period ending on 17 October 2014.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS in details.

The Company's Management believes that the application of IFRS 9 in the future could have a significant impact on the reported amounts and disclosures in the financial statements of the Company. However, it is not practical to provide a reasonable estimate of that effect until the Company has performed a detailed review.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS - 11 Construction Contracts and the related Interpretations when it becomes effective.

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The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

It is effective for annual periods beginning on or after January 1, 2018.

Disclosure Initiative

In December 2014, the amendment to IAS 1 "Disclosure Initiative" was issued, which is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. This amendment includes changes to a small number of rules, exploring the possibility of improving disclosures. In addition, it provides better guidance to preparers of financial statements to exercise their judgment in the preparation of financial statements

Annual Improvements to IFRSs 2012-2014 Cycle

Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

- The amendments to IFRS 5 introduce specific guidance in IFRS 5 when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan disposal and hence requirements set out in IFRS 5 regarding the change of sale plan that do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.
- The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.
- The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency instead.

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It is effective for annual periods beginning on or after January 1, 2016.

IFRS 16 - Leases

On January 13, 2016, the IASB issued the IFRS 16 which specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, with the distinction between operating and finance leases removed, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value to be accounted for by simply recognizing an expense, typically straight line, over the lease term. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 supersedes IAS 17 and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, with earlier application being permitted if IFRS 15 has also been applied

Management is in the process of evaluating the potential impact of the application of the rules and modifications described above. However, it is not practicable to provide a reasonable estimate of the effect until the Company performs a detailed review.

The impact of the amendments to the following IFRS not yet adopted is not expected to be material:

Amendments to IAS 38 and IAS 16 - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IFRS 11 - Accounting of Acquisitions of Interests in Joint Operations

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses⁵

Amendment to IAS 7- Financial reporting disclosure

3. Significant accounting policies

A summary of the accounting policies applied in the preparation of financial statements is presented below:

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Functional and presentation currency

The financial statements are expressed in balboas (B/.), the official currency of the Republic of Panama, which is at par and is freely exchangeable with the US dollar (US\$). The balboa is the functional and presentation currency of the Company's financial statements.

3.4 Financial Instruments

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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3.5 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Below are the financial assets relevant to the date of the statement of financial position:

3.5.2 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.5.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3.5.4 Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

3.6 *Financial liabilities and equity instruments*

3.6.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Company after deducting all of its liabilities. Equity instruments issued by a Company entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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3.6.3 Other financial liabilities

Other financial liabilities (including bonds payable and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.7 Inventories

Inventories consist of parts, spare parts and materials that are valued at acquisition cost, less provision for impairment or obsolescence. The Company evaluates annually the need to record any adjustment for inventory obsolescence.

3.8 Constructions in progress

Constructions in progress represent project costs considered in the "Expansion Plan of South Terminal" and other infrastructure projects, which are under construction.

The costs of the projects under construction are transferred to property and improvements to property in exploitation throughout the fiscal period or at the end of the financial year, once the infrastructure has been commissioned to enter into commercial exploitation and the corresponding minutes of substantial or final acceptance are available.

The costs of the constructions in progress include salary costs, employee benefits, loan interest attributable to construction and other direct costs directly associated with the project.

Interest incurred on financings acquired for the projects under construction are capitalized as a component of construction costs in progress. Capitalization ends when the infrastructure under development is available for use. The other interests are recognized as financial costs when incurred. At December 31, 2015, capitalized interest costs were for B/.26,366,657 (2014: B/.23,000,001 and 2013: B/.11,021,426).

3.9 Property, equipment and property improvements

i. Recognition and measurement

Property, equipment and property improvements for use in the production or supply of goods and leasing services to third parties or for administrative purposes are stated at cost less accumulated depreciation and subsequent accumulated impairment losses. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The costs include expenses that are directly attributable to the acquisition of the asset. The cost of the constructed assets include the cost of materials and direct labor borrowing costs capitalized in accordance with the Company's accounting policy and any other costs directly related to the asset in order to be in the required conditions to operate as intended.

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Gains and losses on disposal of an item of property, equipment and property improvements are determined by comparing the disposal proceeds with the carrying amount of the assets and are recognized net within "other income" in the statement of profit or loss and other comprehensive income.

The Company classifies property and property improvements as that portion of the assets that are used for purposes of generating income when these assets cannot be sold separately and when the portion of the asset used for production or supply purposes of goods or services or administrative purposes is not insignificant.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

ii. Depreciation

Depreciation on property, equipment and property improvements is recognized in profit or loss. Depreciation is recognized so as to write off the cost of assets (other than land and properties under construction less their residual values over their useful lives).

The items of property, equipment and property improvements are depreciated using the straight-line method in profit and loss based on the estimated useful lives of each component. Land does not depreciate. The items of property, equipment and property improvements are depreciated from the date on which they are installed and ready for use or in the case of assets constructed internally, from the date on which the asset is completed and in useful conditions.

The estimated useful life is as follows:

	<u>Estimated useful life</u>
Furniture and fixtures	10
Vehicles	5
Sweeper equipment	10
Computer equipment	5
Machinery, equipment and others	10
Office equipment	10
Equipment of boarding bridges	18
Infrastructure and improvements	40

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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iii. Subsequent costs

The cost of replacing an item of property, equipment and property improvements is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced item is written off. The daily maintenance cost of furniture, equipment and improvements is recognized in the line of repair and maintenance in the statement of profit or loss and other comprehensive income as incurred.

3.10 Impairment of non-financial assets

The carrying amounts of non-financial assets of the Company are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset or its cash-generating unit (CGU) is the higher of its value in use and its fair value less costs required for its disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which future cash flow have not been adjusted. For purposes of impairment testing, assets are brought together in the lower group of assets that generates cash inflows from continued use, having great independence of the cash inflows from other assets or groups of assets cash-generating unit (CGU).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable value the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date with respect to any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount; however so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.11 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.12.1 Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

Revenues from rendering of services of airport operations include:

A) Operations – They correspond to the right of landings of aircraft, ground handling services, equipment leasing of ramp and boarding bridge for commercial, private and cargo flights, as well as the rate applied to each of the persons as national and international passengers to use the terminal facilities of the Company in outbound flights. Revenues are recognized once the service invoice is issued each month, on an accrual basis.

B) Business: include revenues from use of parking vehicles entering the airport premises and fuel marketing margin, which is the margin invoiced to the oil companies for the sale of fuel to aircraft dispatched within Company.

These revenues are recognized on an accrual basis, considering the monthly sales reports of the sales agents.

3.12.2 Rent income

The Company's policy for recognition of revenue from operating leases is described in section 3.13.1 below:

3.12.3 Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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3.13 Leasing

3.13.1 The Company as lessor

Concession agreements generally include a payment for turkey key, a fixed rental income per square meter of rented premises and a variable income based on a percentage of gross revenues generated in the leased premises to the tenant, which is determined according to the commercial activity and is usually in a range of 5% to 10%.

Payments by turnkey key received from administrative concessions for the lease of premises in the airport terminal are recognized as income over the term of the contract and included as part of the rental income in the statement of profit or loss and other comprehensive income.

Fixed rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Variable income is recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss during the period in which they are incurred.

3.15 Income tax

Income tax expense comprises current and deferred tax and is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, if any, in which case it is recognized in other comprehensive income and presented in equity.

The tax currently payable is based on taxable profit for the year, using tax rates in force or to take effect on the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for tax purposes. Deferred tax is not recognized for temporary differences relating to the initial recognition of assets and liabilities in a transaction other than a business combination and affects neither the net accounting income nor taxable income and differences related to the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applicable to the temporary differences when they are reversed, based on the laws that are effective or are expected to be in force on those dates. Deferred tax assets and liabilities are offset if there are enforceable legal rights to offset tax assets and liabilities, and are related to income taxes determined by the same authority in the same tax paying entity, or on different taxpaying entities but intend to liquidate current tax assets and liabilities in a compensated manner so that their tax assets and liabilities will be realized simultaneously.

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A deferred tax asset is recognized to the extent that it is probable that future taxable net profits will be available against which they can be used for temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not likely that related tax benefits are realized.

3.16 Provision for seniority premiums and severance fund

The Labor Code establishes in the Panamanian labor law the recognition of a premium for seniority services. To this end, the Company has established a provision, which is calculated based on a week of severance pay for every year of work, or what is equal to 1.92% on wages paid in the year.

According to the Labor Code of the Republic of Panama, at the termination of any contract of indefinite duration, whatever the cause, the employee is entitled to a seniority premium at the rate of one week's salary for each year worked from the beginning of the employment relationship.

Law 44 of December 12, 1995 provides as of its entry into force, that it is the obligation of employers to provide a severance fund to pay employees the seniority premium and compensation for unfair dismissal established by the Labor Code, which amounted to B/.1,775,622 (2014: B/.1,621,598 and 2013: B/.1,434,447).

3.17 Provision for retirement benefits

In accordance with Article No. 34 of Law No. 21 of October 18, 1982, and Official Gazette No. 19678 of October 25, 1982, related to Special Retirements, as of January 1, 2009 the Board of Directors recognized a provision for employee benefits charged to income which was established based on the last salary of the employees upon reaching 25 years of continuous service, and the years that follow until they meet the age requirement to apply for Retirement from Social Security. The information used for the recognition of the provision for retirement benefits is determined based on the eligible firefighters who remained employed by the Company.

A defined benefit plan is a post-employment plan different from a defined contribution plan. The net obligation of the Company related to the defined pension benefits is calculated separately for the plan, calculating the amount of future benefits that retirees have earned in return for their service in the current period and prior periods; that benefit is discounted to determine its present value. The cost for services not previously recognized and the fair value of any asset of a plan are deducted. The discount rate or cost is a financial measure that is applied to determine the present value of a future payment. In Panama there are no active markets of observable titles, so the rate related to bonds issued by the Government of the Republic of Panama has been considered in US dollars for the discount of this obligation.

The calculation is performed annually by a qualified actuary using the method of the projected unit credit method. When the calculation produces a benefit to the Company, the recognized asset is limited to the net total of any past service cost not recognized and at the present value of any future refund from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, any minimum funding requirements that apply to any plan of the Company must be considered. An economic benefit is available to the Company if it is realizable during the life of the plan or at the liquidation of the plan's obligations. When the benefits of a plan improve, the portion of the increased benefit relating to past services by employees is recognized in profit and loss using the straight-line method on the average period until the benefits are delivered. To the extent in which the benefits are granted immediately, the expense is immediately recognized in profit and loss.

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The Company recognizes all actuarial gains and losses arising from defined benefit plans and all related expenses, personnel costs, in profit and loss.

When reductions or liquidations take place in the defined benefit plan, the Company shall recognize gains or losses arising thereof. These gains or losses will include any changes that could result in the present value of defined benefit obligations incurred by the entity, any actuarial gains and losses and past service costs that had not been previously recognized.

3.18 Service concession arrangements

The Company recognizes service concession arrangements in accordance with the requirements of IFRIC 12 Service Concession Arrangements.

This interpretation is applicable for concessions in which:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and
- The grantor controls, through ownership, from beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Company does not recognize these infrastructures as property, plant and equipment; it recognized the consideration received on contracts that meet the above conditions at their fair value as an intangible asset to the extent that the Company receives a right to make charges to users of the service, provided that these rights are conditioned to the use of the service, or as a financial asset, to the extent that there is an unconditional contractual right to receive cash or another financial asset, whether directly from the transferor or a third party. In cases where construction services are paid to the Company in part by a financial asset and partly by an intangible asset, each component of the consideration is accounted for separately.

Financial assets of service concession arrangements are recognized in the statement of financial position as operating financial assets and are subsequently measured at amortized cost using the effective interest rate. The assessment of impairment of these financial assets is performed according to the policy for impairment of financial assets.

Intangible assets of service concession arrangements are recognized in the statement of financial position as intangible assets called "intangible assets for service concession arrangements" and are amortized linearly within the duration of the same.

Revenues from ordinary activities and costs associated with operating services are recognized according to the accounting policy for ordinary revenue.

3.19 Segment information

The Company reports operating segments under IFRS 8. Operating segments are components of an entity that: (a) develops business activities from which it may earn income from ordinary activities and incur in expenses; (b) whose operating results are regularly reviewed by the highest authority in decision-making operation of the entity, to decide on the resources to be assigned to the segment and assess its performance; (c) on which differentiating financial information is available.

The Company maintains a reportable segment - "management and airport operations".

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3.20 Funds retained to contractors

The Company retains five percent (5%) to ten percent (10%) and from the amount owed for each payment made to contractors subject to the provisions of construction contracts, as established by each contract. Upon completion of the works and satisfactorily received, the retained funds are paid to the respective contractors.

3.21 Dividends

Dividends are recognized in the statement of financial position as liabilities when the Company has the obligation to make the payment for the distribution approved by the Board of Directors.

3.22 Key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, costs and expenses. Actual results could differ from those estimated at the time. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing and current basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.22.1 Essential judgment on application of accounting policies

Below are presented essential judgments, apart from those involving estimates (see 3.22.2), made by Management during the process of applying the accounting policies of the Company and that have a significant effect on the amounts recognized in the financial statements.

Recognition of items in the financial statements

As part of the control and supervision of the Company, in some circumstances the endorsement of the Comptroller General of the Republic is legally required for the transaction to be valid. In circumstances where it is probable that the economic benefits associated with the transaction will flow to or from the entity, the item has a cost or value that can be measured reliably, reaching an agreement with the counterparty and has obtained all the required approvals from Management, then the transaction is still recognized without the approval of the Comptroller although considered a transaction with a high probability of execution.

3.22.2 Key sources of estimation uncertainty

The information about assumptions and estimates in cases of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Provision for impairment of financial assets (Note 22).
- Provision for property taxes (Note 16).
- Provision for employee benefits (Note 14).
- Contingencies.

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4. Property, equipment and improvements

Property, equipment and improvements are detailed as follows:

Cost	Balance at January 1, 2015	Acquisitions	Disposal in sale or retirement of asset	Capitalization	Balance at December 31, 2015
Lands	290,603,243	-	(20,209,534)	-	270,393,709
Infrastructures and improvements	279,727,813	6,673,340	-	-	286,401,153
Furniture and fixtures	3,081,462	207,200	(7,649)	-	3,281,013
Vehicles	9,683,926	311,915	(31,606)	-	9,964,235
Sweeper equipment	689,753	-	-	-	689,753
Computer equipment	9,443,042	95,096	-	-	9,538,138
Machinery, equipment and others	40,251,699	1,403,786	-	-	41,655,485
Office equipments	38,051	3,446	-	-	41,497
Boarding bridge equipment	21,185,762	-	-	-	21,185,762
Works of art	68,143	-	-	-	68,143
Other cultural goods	19,860	-	-	-	19,860
Other assets	1,642,477	133,833	-	-	1,776,310
Total	656,435,231	8,828,616	(20,248,789)	-	645,015,058

Depreciation	Balance at January 1, 2015	Depreciation expense	Disposal in sale or retirement of assets	Capitalization	Balance at December 31, 2015
Infrastructures and improvements	42,253,784	7,040,903	-	-	49,294,687
Furniture and fixtures	938,478	475,387	(3,248)	-	1,410,617
Vehicles	4,592,274	1,355,296	(4,214)	-	5,943,356
Sweeper equipment	344,510	62,337	-	-	406,847
Computer equipment	3,877,768	1,746,304	-	-	5,624,072
Machinery, equipment and others	20,242,497	4,185,273	-	-	24,427,770
Office equipment	16,931	3,126	-	-	20,057
Boarding bridge equipment	6,580,840	828,510	-	-	7,409,350
Other cultural goods	19,860	-	-	-	19,860
Other assets	603,585	140,842	-	-	744,427
Total	79,470,527	15,837,978	(7,462)	-	95,301,043
	576,964,704				549,714,015

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Cost	Balance at January 1, 2014	Acquisitions	Disposal in sale or retirement of asset	Capitalization	Balance at December 31, 2014
Lands	284,603,243	6,000,000	-	-	290,603,243
Infrastructures and improvements	272,703,187	7,024,626	-	-	279,727,813
Furniture and fixtures	1,970,558	1,314,702	(203,798)	-	3,081,462
Vehicles	6,164,716	3,549,068	(29,858)	-	9,683,926
Sweeper equipment	689,753	-	-	-	689,753
Computer equipment	8,078,996	1,432,419	(68,373)	-	9,443,042
Machinery, equipment and others	39,089,957	3,016,636	(1,854,894)	-	40,251,699
Office equipments	31,173	6,878	-	-	38,051
Boarding bridge equipment	21,185,762	-	-	-	21,185,762
Works of art	68,143	-	-	-	68,143
Other cultural goods	19,860	-	-	-	19,860
Other assets	709,220	933,257	-	-	1,642,477
Total	635,314,568	23,277,586	(2,156,923)	-	656,435,231

Depreciation	Balance at January 1, 2014	Depreciation expense	Disposal in sale or retirement of assets	Capitalization	Balance at December 31, 2014
Infrastructures and improvements	35,523,513	6,730,271	-	-	42,253,784
Furniture and fixtures	934,748	151,596	(147,866)	-	938,478
Vehicles	3,652,666	969,465	(29,857)	-	4,592,274
Sweeper equipment	282,172	62,338	-	-	344,510
Computer equipment	2,213,702	1,664,066	-	-	3,877,768
Machinery, equipment and others	16,675,363	3,567,134	-	-	20,242,497
Office equipment	13,028	3,903	-	-	16,931
Boarding bridge equipment	5,462,648	1,118,192	-	-	6,580,840
Other cultural goods	19,860	-	-	-	19,860
Other assets	408,207	195,378	-	-	603,585
Total	65,185,907	14,462,343	(177,723)	-	79,470,527
	570,128,661				576,964,704

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Cost	Balance at January 1, 2013	Acquisitions	Disposal in sale or retirement of asset	Capitalization	Balance at December 31, 2013
Lands	174,751,075	109,852,168	-	-	284,603,243
Infrastructures and improvements	253,191,395	18,161,792	-	1,350,000	272,703,187
Furniture and fixtures	1,515,331	455,227	-	-	1,970,558
Vehicles	4,660,562	1,504,154	-	-	6,164,716
Sweeper equipment	689,753	-	-	-	689,753
Computer equipment	1,843,140	6,235,856	-	-	8,078,996
Machinery, equipment and others	31,577,723	7,512,705	(471)	-	39,089,957
Office equipment	30,916	257	-	-	31,173
Boarding bridge equipment	21,185,762	-	-	-	21,185,762
Works of art	68,143	-	-	-	68,143
Other cultural goods	19,860	-	-	-	19,860
Other assets	709,220	-	-	-	709,220
Total	490,242,880	143,722,159	(471)	1,350,000	635,314,568

Depreciation	Balance at January 1, 2013	Depreciation expense	Disposal in sale or retirement of assets	Capitalization	Balance at December 31, 2013
Infrastructures and improvements	30,032,213	5,491,300	-	-	35,523,513
Furniture and fixtures	643,156	291,592	-	-	934,748
Vehicles	2,952,770	699,896	-	-	3,652,666
Sweeper equipment	219,398	62,774	-	-	282,172
Computer equipment	881,005	1,332,697	-	-	2,213,702
Machinery, equipment and others	14,177,070	2,498,769	(476)	-	16,675,363
Office equipment	9,880	3,148	-	-	13,028
Boarding bridge equipment	4,426,342	1,036,306	-	-	5,462,648
Other cultural goods	19,860	-	-	-	19,860
Other assets	306,155	102,052	-	-	408,207
Total	53,667,849	11,518,534	(476)	-	65,185,907
	436,575,031				570,128,661

In accord with public deed No.19,333, of November 27, 2015, the Company made a sale of 10.6 hectares of land adjacent to the airport for a total purchase price of B/.20,209,534. The inscription on the Public Registry of Panama was made in December 18, 2015. The land was acquired by the Ministry of Education for the construction and development project of the Instituto Técnico Superior del Este (ITSE), a technical educational institute.

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5. Constructions in progress

Constructions in progress are detailed below:

	Balance at January 1, 2015	Additions	Capitalizations	Balance at December 31, 2015
South terminal	422,682,266	162,533,993	-	585,216,259
Other remodellings	7,436,967	-	-	7,436,967
	<u>430,119,233</u>	<u>162,533,993</u>	<u>-</u>	<u>592,653,226</u>

	Balance at January 1, 2014	Additions	Capitalizations	Balance at December 31, 2014
South terminal	184,791,991	237,890,275	-	422,682,266
Other remodellings	1,340,252	6,096,715	-	7,436,967
	<u>186,132,243</u>	<u>243,986,990</u>	<u>-</u>	<u>430,119,233</u>

	Balance at January 1, 2013	Additions	Capitalizations	Balance at December 31, 2013
South terminal	-	184,791,991	-	184,791,991
Other remodellings	1,350,000	1,340,252	(1,350,000)	1,340,252
	<u>1,350,000</u>	<u>186,132,243</u>	<u>(1,350,000)</u>	<u>186,132,243</u>

The Company started the construction of the South terminal in 2013, under the work contract consisting of a new passenger terminal, an access boulevard from the Corredor Sur (including viaducts), expansion of the fire extinguishing system (SEI,) extension of the storage system and drinking water reservoir, taxiways and aircraft parking platform of the existing terminal, electrical substation and connection to the existing Tocumen substation.

The costs of the constructions in progress are the expenses incurred by the Company for the construction of the South Terminal and other remodeling. As of 2013, the airport acquired a financial debt for the construction of the new South Terminal and construction costs include the capitalization of interest expenses attributable in proportion to the works in construction, as well as financial costs. Once the work is completed, the costs accrued to that date become part of the infrastructure and improvements.

At December 31, 2015, capitalized interest costs amounted to B/.26,366,657 (2014: B/.23,000,001 and 2013: B/.11,021,426).

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6. Advance to contractors

Below are the details of advances to contractors:

Counterparty	Advance		
	2015	2014	2013
Constructora Norberto Odebrecht, S. A.	41,139,481	56,581,061	81,202,950
Consorcio PM Terminal Sur Tocumen, S.A.	-	5,227,786	-
Ministerio de Seguridad Pública	5,000,000	5,000,000	-
Omega Engineering, Inc	-	-	4,970,452
Landscape Vision Corporation	3,604,145	3,604,145	4,010,595
Transeq, S. A.	401,355	401,355	2,251,742
Consultores Electrotécnicos, S.A.	-	1,020,409	-
Saltex Group, S. A	-	-	1,099,295
Others less than B/.1,000,000	106,306	1,093,014	3,387,070
	<u>50,251,287</u>	<u>72,927,770</u>	<u>96,922,104</u>

The most important terms are listed below:

(a) *Constructora Norberto Odebrecht, S. A.*

Contract No.038/12 dated May 31, 2013 between the Company and Constructora Norberto Odebrecht S.A. stipulated the objective of the contract for the project called "Expansion Program of Aeropuerto Internacional de Tocumen, S.A." for an amount of B/.679,478,600 and additionally, the Company will recognize and pay for the execution of other works, constant services and supplies form "Costs Associated with Tocumen" that are formally ordered by the Company to the construction company or other charges for the amount of B/.100,000,000, and the Company may order the execution of "Optional Works" by addendum to the contract as set out in the Statement of Objections for an amount of B/.157,109,170. The contract has a maximum execution time of 48 months.

The contract establishes a price adjustment mechanism in which the contract amount should be adjusted by increasing or decreasing it, as appropriate, in order to take into account increases or reductions in prices of inputs from civil construction, according to the level of relevance for the composition of the total value offered for the works.

To ensure payment to the contractor, the Company is obliged to create a trust or other legal instrument on which an autonomous patrimony can be constituted, created for that purpose and to transfer revenue cash flows to the same that will be proceeds from the concession of areas for the new South Terminal.

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In addition, the contract considers a bonus for early delivery. In the event that the contractor complies with the delivery of the project in advance, which means it acquires the certificate of provisional acceptance of the project or minutes of substantial reception (as defined in the statement of objections) from Tocumen, on a date prior to the stipulated deadline, the contractor is duly adjusted with the time extensions that would have been granted in accordance with the terms of the contract, it will be entitled to a financial reward at the rate of B/.6,000,000 (six) million dollars per month, or equal to that amount divided by 30, prorated every day before delivery up to a maximum of B/.30,000,000.

The contract establishes that payments for accounts related to construction progress will be made within a period not to exceed ninety (90) days as of the presentation date. In the event that the Company requests them, the contractor shall make every effort to engage a financing to defer payments for due to the progress of the work or advance, to avoid impacts on the project implementation. The amount and term of the financing is defined by the Ministry of Economy and Finance and will be paid during the first quarter of the fiscal year or on its own terms.

As of December 31, 2015, the Company has recognized bills related to this contract in the amount of B/.512,964,393.

(b) Consorcio PM Terminal Sur Tocumen, S.A.

Contract No.054/13 dated February 15, 2013 between the Company and Consorcio PM Terminal Sur Tocumen, S.A., which states the purpose of the service contract for comprehensive monitoring, inspection and work control of the construction project of the south terminal of Aeropuerto Internacional de Tocumen, S.A. for an amount of B/.19,802,220.

In October 2015, the Board of Directors approved the addendum to Contract No. 054/13 signed with PM South Terminal Consortium in the amount of B/.4,625,000, for informing on the development of a comprehensive master and technical assistance in management, comprehensive monitoring, inspection and control of projects related to the construction and operation of the New South Terminal (T2).

As of December 31, 2015, the Company has recognized bills related to this contract presented in the amount of B/.6,210,495.

(c) Ministry of Public Security

During 2014, an agreement was held between Aeropuerto Internacional de Tocumen, S.A. and the Ministry of Public Security in order to execute the implementation of the second phase of activities to ensure airport security, meaning everything related to safeguard the security and integrity of persons at Aeropuerto Internacional de Tocumen, S.A. In this agreement, the Company is committed to providing financial resources required to purchase the supply, installation and integration of a facial recognition security system, for which the amount of B/.8,500,000 was established of which the sum of B/.5,000,000 was paid during 2014. Such payment is presented as advance to contractors as at December 31, 2015 and 2014.

As part of the agreement, it was stipulated that the Ministry of Public Security is committed to deliver the acquired equipment to the Company, once the procurement process is completed and the equipment is received satisfactorily.

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(d) Omega Engineering, Inc.

Contract No. 035/11 for the study, design and construction of the North Side Extension, Terminal Building of Aeropuerto Internacional de Tocumen, S.A. The work was completed and capitalized in 2014.

(e) Landscape Vision Corporation

Contract No. 010/13 to extend the areas of Immigration, Customs and checkpoints in the passenger and cargo terminal in the amount of B/.9,500,000. For this contract, the Company made an advance deposit of 50% of the value of the work, which amounted to B/.4,500,000 of which a total of B/.895,855 have been applied to the construction in progress.

(f) Transeq, S.A.

According to contract agreement No. 004/13, it was for the design and construction of airport facilities in access control points and operational reorganization of the infrastructures amounting to B/.4,261,738. As at December 31, 2015, the Company has made payments under this contract for B/.2,251,742 of which advances have been applied to the works for B/.1,850,387.

7. Advancement to purchases abroad

Advances to purchases abroad consist of advances made to the International Civil Aviation Organization (ICAO), with which agreement No. PAN/03/902 remains since December 2003. Through this agreement, ICAO will provide the Company with equipment, and other essential supplies to keep the Panamanian civil aviation system at a development level of international recognition. ICAO will also support related to technical cooperation activities of civil aviation to be implemented by the Government of Panama in other developing countries.

The International Civil Aviation Organization (ICAO) is a United Nations agency created in 1944 by the Chicago Convention, which is responsible for studying the problems of International Civil Aviation and promote regulations and standards unique to the aviation world.

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The amount of the advances represent cash held by ICAO for operation purposes and acquisition of fixed assets in progress (disbursements made by ICAO related to acquisition of fixed assets in progress at each reporting date, which are recorded when the Company takes control of such assets). The movement of the advanced account is detailed below:

	2015	2014	2013
Initial balance	6,277,534	12,205,298	36,448,467
Plus:			
Advancements paid	34,026,846	-	9,400,000
Interest earned	<u>10,129</u>	<u>13,586</u>	<u>21,241</u>
	40,314,509	12,218,884	45,869,708
Less:			
Acquisition of assets	(170,433)	(2,109,088)	(27,004,842)
Supplies and other costs	<u>(3,056,240)</u>	<u>(3,832,262)</u>	<u>(6,659,568)</u>
	<u>37,087,836</u>	<u>6,277,534</u>	<u>12,205,298</u>

8. Advance and account payable to Constructora Norberto Odebretch, S. A.

As at December 31, 2015 and 2014, the Company has the following balances with Constructora Norberto Odebretch, S.A.:

	2015	2014	2013
Assets			
Advance to contractors	41,139,481	56,081,060	81,202,950
Liabilities			
Accounts payable	143,393,427	44,631,597	-
Withholding to contractors	<u>15,874,500</u>	<u>14,429,154</u>	<u>7,893,070</u>
	<u>159,267,927</u>	<u>59,060,751</u>	<u>7,893,070</u>

The contract establishes that payments for accounts related to construction progress will be made within a period not to exceed ninety (90) days as of the presentation date. In the event that the Company requests them, the contractor shall make every effort to engage a financing to defer payments for due to the progress of the work or advance, to avoid impacts on the project implementation. The amount and term of the financing is defined by the Ministry of Economy and Finance and will be paid during the first quarter of the fiscal year or on its own terms. The financing costs will be paid in full by the State through the Company and will not be part of the contract price.

During year ended December 31, 2015, the Company requested the constructor to delay the payments of the account related to constructions progress and to make its best effort to undertake a financing. As a result, on May 12, 2015 the contractor signed a factoring framework agreement without resources for a maximum value of B/.150,000,000, with an annual interest rate of 5.375%. As consequence of this agreement, the contractor has extended the payments of the bills presented or to be presented to the Company until November 15, 2016.

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As of December 31, 2015, the contractor has sold account receivables in the amount of B/.128,310,431 which caused a finance cost compensation in the amount of B/.2,792,920, which has been capitalized as part of the construction in progress.

9. Cash and bank deposits

Cash and bank deposits are detailed as follows:

	2015	2014	2013
Cash	28,800	26,300	18,700
Bank balances	80,740,193	74,399,891	110,414,081
Time deposits	-	8,515,826	8,509,672
Guarantee trust fund	28,950,317	25,954,624	22,598,643
	<u>109,719,310</u>	<u>108,896,641</u>	<u>141,541,096</u>

The guarantee trust fund is created by irrevocable guarantee trust between the Company and The Bank of Nova Scotia (Panama), S.A. to guarantee the registered holders of the issuance, payment of in principal, interest, default interest or other fees owed to them, or that they may owe the issuer trustee in the future, under the terms and conditions of the issuance bonds, and any other amounts that the issuer trustee owes the registered holders and other beneficiaries in accordance with the documents of the issue. This fund generates monthly interest at an average rate of 0.25%. (See Note 13).

The Company has a time deposit in the National Bank of Panama with an average interest rate of 0.10% (2014: 0.06% and 2013: 0.08%), and less than three months maturity.

Below is the reconciliation of cash and bank deposits shown in the statement of financial position with cash and cash equivalents shown in the statement of cash flows:

	2015	2014	2013
Total cash and deposits in banks	<u>109,719,310</u>	<u>108,896,641</u>	<u>141,541,096</u>
Unavailable cash:			
Guarantee trust fund	<u>(28,950,317)</u>	<u>(25,954,624)</u>	<u>(22,598,643)</u>
Total cash and cash equivalents	<u>80,768,993</u>	<u>82,942,017</u>	<u>118,942,453</u>

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10. Balances and transactions with related parties

Balances and transactions with related parties are summarized as follows:

	2015	2014	2013
Assets:			
Accounts receivable:			
Banco Nacional de Panamá	3,780	23,221	17,671
Caja de Ahorros	285	-	-
Panama's Tourism Authority	4,593	1,792	16,807
Lotería Nacional de Beneficencia	-	232	232
Ministry of Agrarian Development	27,000	106,199	106,199
Ministry of Commerce and Industries	15,192	15,192	15,192
Ministry of Economy and Finance	-	127,430	127,430
Post and telegraph	48,238	28,805	24,746
Ministry of Education	20,209,534	-	-
	<u>20,308,622</u>	<u>302,871</u>	<u>308,277</u>
Advance to contractors	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Liabilities:			
Accounts payable:			
Civil Aeronautics Authority	44,480	43,838	64,553
Panama's Tourism Authority	3,767,150	3,338,190	3,319,080
Lotería Nacional de Beneficencia	407	-	-
Special Fund for the Development of the National Aeronautics Infrastructure	-	375,000	-
Attorney General's Office (National Commission for the Prevention of Commercial Sexual Exploitation)	164,990	100,146	99,563
University of Panama	<u>55,852,168</u>	<u>55,852,168</u>	<u>59,852,167</u>
	<u>59,829,195</u>	<u>59,709,342</u>	<u>63,335,363</u>
Dividends payable	<u>-</u>	<u>1,611,704</u>	<u>1,611,704</u>
Equity:			
Accounts receivable shareholder	<u>25,787,273</u>	<u>40,292,615</u>	<u>54,797,944</u>
Declared dividends	<u>16,117,047</u>	<u>16,117,047</u>	<u>26,117,047</u>
Additional paid-in capital	<u>-</u>	<u>-</u>	<u>51,625,000</u>

Accounts receivable and payable related parties do not generate interest, with the exception of the account payable to the University of Panama, as detailed below.

Accounts receivable and payable with related parties are not guaranteed.

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	2015	2014	2013
Income:			
Concession of commercial areas	<u>144,186</u>	<u>144,186</u>	<u>142,234</u>
Expenses:			
Special Fund for Development of the National Aeronautics Infrastructure	4,500,000	4,500,000	4,500,000
Distinguished Fire Brigade of the Republic of Panama	250,000	250,000	-
Ministry of Public Security	-	-	2,737,845
Ministry of Education	-	-	6,000,000
Attorney General's Office (National Commission for the Prevention of Commercial Sexual Exploitation)	<u>613,610</u>	<u>570,066</u>	<u>551,868</u>
	<u>5,363,610</u>	<u>5,320,066</u>	<u>13,789,713</u>
Financial costs, net:			
Interest expenses	-	-	4,693,033
Interest earned	<u>(7,008)</u>	<u>(6,154)</u>	<u>(8,057)</u>
	<u>(7,008)</u>	<u>(6,154)</u>	<u>4,684,976</u>

All transactions between the Company and each of the government agencies, autonomous or semi-autonomous institutions, are considered transactions with related parties.

Below is the detailed nature of transactions with related parties:

(a) *Accounts receivable shareholder*

The account receivable shareholder arises from transfers to the National Treasury from the extraordinary income received in 2007 from Duty Free Bid No. 001-05 CONCE, which will be paid in installments as the Board of Directors of the Company declares dividends as specified in Board of Directors' Resolution No.001-JD-10 of April 22, 2010.

(b) *Additional paid-in capital*

By Minutes of a Special Meeting of the Board of Directors held on December 18, 2013, the capitalization of additional irrevocable contribution was approved for B/.51,625,000, by paying off the loan balance maintained by the Company with Banco Nacional de Panama which was paid by the State through the Ministry of Economy and Finance by the authorization contained in Cabinet Decree No. 14 of July 9, 2013.

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(c) Universidad de Panamá

By Public Deed No. 5,373 of February 28, 2014, the University of Panama granted by way of transfer to actual and effective sale title of property No. 455263 resulting from the segregation of Property No. 17,908 and Property No. 18,454 in the amount of B/.109,852,167 according to the average of valuations made by the Ministry of Economy and Finance and the Comptroller General of the Republic.

At December 31, 2013 the Company owed to the University of Panama the amount of B/.49,852,167, which had a contractual payment date of December 2014. The Company requested the University to delay the payment in order to pay B/.20,000,000 in July 2015 and the remaining amount in 2016. During the year ended December 31, 2015 no payments was made. In addition, during the month of January 2015, the Company received a letter from the University accepting (a) the new terms of payment (b) requesting an annual interest payment of 4% of the amount owed. In addition, the addendum to the contract was negotiated for the addition of six (6) hectares of land of Globes A and B of Property 17908, Roll, Seat 1, located in the township of Tocumen which increased the amount owed by B/.6,000,000, which was accepted by the Company. However, Management has not accepted interest charges informed and expects to negotiate with the University the non-payment of interest for the amount owed.

(d) Ministry of Public Security - and Interagency Cooperation and Execution Agreement No. 001/11:

During 2012, an agreement was held between Aeropuerto Internacional de Tocumen, S.A. and the Ministry of Public Security in order to implement activities to ensure airport security, meaning by this, everything related to safeguard the security and integrity of persons at Aeropuerto Internacional de Tocumen, S.A. In this agreement the Company is committed to providing financial resources required for the purchase of the delivery, installation and integration of a facial recognition security system, which was charged to profit or loss for the year 2013 in the amount of B/. 2,373,844.

As indicated in Note 6, as of December 31, 2015 and 2014, there is an advance to the Ministry of Public Security in order to execute the implementation of securities activities in the airport.

(e) Distinguished Fire Brigade of the Republic of Panama - Interagency Cooperation Agreement No.001/14

During the years ended December 31, 2014, an agreement was held between Aeropuerto Internacional de Tocumen, S.A. and the Distinguished Fire Brigade of the Republic of Panama, in order to provide the required personnel to allow an effective participation of the Aeronautical Firemen within the Panama Pacific International Airport, in the amount of B/.250,000 for year for performing rescue and firefighting tasks, emergency control or any other similar situation that may happen within the perimeter of 271.19 hectares in the Panama Pacific International Airport, managed and operated by Aeropuerto Internacional de Tocumen, S.A.

(f) Ministry of Education:

Sale of land

In accord with public deed No. 19,333, of November 27, 2015, the Company made a sale of 10.6 hectares of land adjacent to airport for a total purchase price of B/.20,209,534, the inscription on the Public Registry of Panama was made in December 18, 2015. The land was acquired by the

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Ministry of Education for the construction and development project of the Instituto Técnico Superior del Este (ITSE), a technical educational institute.

Interagency and Cooperation Agreement Execution

During 2013, an agreement was held between Aeropuerto Internacional de Tocumen, S.A. and the Ministry of Education, in order to designate a funding source for the implementation of projects aimed at improving the official schools nationwide. In this agreement, the Company is committed to providing financial resources in the amount of B/.6,000,000.

In order to enable the Company to comply with the obligations of this agreement, the Ministry of Education is obligated to provide investment programs to be carried out under this Agreement, without this meaning that it cannot be modified as per agreement between the two institutions for obvious reasons of urgency and/or any other reason that justifies the amendment of the projects originally submitted.

(g) Special Fund for the Development of the National Aeronautics Infrastructure (FEDIAN)

According to Law No. 23 of April 20, 2003, which provides the regulatory framework for the management of airports and airfields of Panama, a Special Fund for the Development of the National Aeronautics Infrastructure (FEDIAN in Spanish) was created, which is intended to ensure that resources for the development of the aviation sector will be used exclusively for investments in Airports and Airfields, on operational safety and assistance systems and protection to air navigation.

By Cabinet Resolution No. 37 of September 30, 2003, it was determined that Aeropuerto Internacional de Tocumen, S.A. must make a non-refundable annual contribution to the Special Fund for the Development of Infrastructure and National Aeronautics (FEDIAN) of B/.4,500,000.

As indicated in note 1, the Company is a wholly-owned Company of the Government of the Republic of Panama and therefore all tax and social security expenses and balances are with related parties. In addition, the Government has varying significant interest and influence in the energy distribution and telecommunications companies, on which related expenses are transactions with related parties.

11. Accounts payable and other accrued expenses payable

The detail of the accounts payable and other accrued expenses:

	2015	2014	2013
Suppliers and others	42,441,563	23,758,844	11,620,553
Constructora Norberto Odebrecht, S.A.	143,393,427	44,631,598	-
Labor reserves payable	753,249	810,783	1,587,854
Employer obligations payable	419,364	572,088	566,264
	<u>187,007,603</u>	<u>69,773,313</u>	<u>13,774,671</u>

The average credit period for payments to the contractor is 90 days (see Note 8). The average credit period for other suppliers is 60 days.

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12. Deferred revenue

	2015	2014	2013
Payments received to secure the award of the lease and guarantee deposit income	<u>83,054,831</u>	<u>94,068,446</u>	<u>103,754,488</u>
Current	30,184,757	23,075,845	21,927,686
Non-current	<u>52,870,074</u>	<u>70,992,601</u>	<u>81,826,802</u>
	<u>83,054,831</u>	<u>94,068,446</u>	<u>103,754,488</u>

Deferred revenue arises as a result of the benefit of the initial payments for turnkey key received from licensees who participate in the concession contracts for the lease of commercial premises located in the duty free zone of Aeropuerto Internacional de Tocumen, S.A. Concession contracts are done for a period of 10 years.

During 2015, the Company requested concessionaries to pay in advance a minimal income guarantee for new concession. The minimal income guarantee is usually established for a period of 24 months in which the concessionary is requested to pay in advance 12 months and the another 12 months need to be pay in the 13 month.

The movement of deferred revenue is as follows:

	2015	2014	2013
Balance at beginning of the year	94,068,446	103,754,488	123,356,173
Right of key received and guaranteed minimum income	12,805,868	13,389,803	2,323,000
Amortization of the right of key and guaranteed minimum income	<u>(23,819,483)</u>	<u>(23,075,845)</u>	<u>(21,927,685)</u>
Balance at end of the year	<u>83,054,831</u>	<u>94,068,446</u>	<u>103,751,488</u>

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13. Bonds payable

Bonds payable consist of the following:

	<u>Maturity</u>	<u>Annual interest rate</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bonds - Series A	July 2023	5.75%	650,000,000	650,000,000	560,000,000
Debt issuance costs			<u>(3,625,036)</u>	<u>(3,901,871)</u>	<u>(3,620,171)</u>
			<u>646,374,964</u>	<u>646,098,129</u>	<u>556,379,829</u>

The movement of bonds payable is detailed below:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Initial balance	646,098,129	556,379,829	-
Proceeds from bond issuance, net of costs	-	89,296,820	556,295,448
Amortization costs	<u>276,835</u>	<u>421,480</u>	<u>84,381</u>
Total	<u>646,374,964</u>	<u>646,098,129</u>	<u>556,379,829</u>

The balance as at December 31, 2015 of the bond issuance costs is detailed as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bond issuance costs at beginning of year	4,407,732	3,704,552	-
Increase from issuance of bonds	<u>-</u>	<u>703,180</u>	<u>3,704,552</u>
	4,407,732	4,407,732	3,704,552
Accumulated amortization:			
Balance at beginning of the year	(505,861)	(84,381)	-
Increase in the year	<u>(276,835)</u>	<u>(421,480)</u>	<u>(84,381)</u>
Balance at end of the year	<u>(782,696)</u>	<u>(505,861)</u>	<u>(84,381)</u>
Cost of bond issuance, net	<u>3,625,036</u>	<u>3,901,871</u>	<u>3,620,171</u>

13.1 General terms of issuance

According to the ninth Special Meeting of the Board of Directors dated December 5, 2012, with the purpose to authorize the Chief Executive Officer and Legal Representative to deal with the National Economic Council and the Cabinet Council approved, the Company has access to various available local and international financing sources to finance the expansion program, performance, operation and maintenance of the Company up to a total of B/.550,000,000.

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In addition, according to the Minutes of the second ordinary meeting of the Board of Directors dated April 4, 2013, the article of Resolution J030-JD of December 5, 2012 authorizes the President and Legal Representative of the Company to make arrangements with the Cabinet and the National Economic Council to have access to different funding sources for B/.550,000,000, in order to increase such amount in B/.100,000,000, totaling an amount of B/.650,000,000.

The bond issuance was authorized by Cabinet Resolution No. 87 issued by the Cabinet Council and dated June 11, 2013. This resolution resolved to authorize the President and legal representative of the Company to restructure operations of the financings contracted, through prepayments or early, partial and total cancellations, exchanges or swaps to finance expansion programs, and the performance and operation of the airport.

The authorization of the Superintendency of Securities Market of Panama allows the issuer to sell the issuance at any time and in sections up to twelve months after the date of offer.

The purpose of the bond issuance shall have the following applications in order of priority:

Cancellation of current debts	275,000,000
Opening of Guarantee Trust Fund	26,000,000
Advance work of South Terminal	200,000,000
Payment of different taxes	100,000,000
Purchase of land for expansion to the University of Panama	39,000,000
General corporate uses and expenses of the issuance	<u>10,000,000</u>
	<u>650,000,000</u>

According to the final prospectus, the bonds have a nominal value up to B/.650,000,000 issued in nominal and registered form and recorded in a series A without coupons, in denominations of B/.1,000 and its multiples.

The issued Series A bonds bear interest at a rate based on an annual fixed rate on its outstanding balance payable on the 30th of the months of April, July, September and December each year.

The issuer will have a grace period of 3 years for payments to capital and must make the first payment to capital on December 30, 2016, according to the amortization schedule to capital.

The bonds interest payment will be secured by a Guarantee Trust. The "Airport Departure Fee" flows will be assigned to the guarantee trust corresponding to the issuer, that is, the amount resulting after deducting the amounts that correspond by law or may correspond to third parties. This assignment will be made in favor of a trust administered by the trustee of the issuance.

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13.2 Guarantees

The bonds will be backed by the general credit of the issuer and secured by a Guarantee Trust which will contain the following:

- i. The initial amount that will be delivered to the trustee and deposited into the concentration account as provided in the trust contract.
- ii. Assigned flows.
- iii. The funds deposited in the concentration account and in the reserve account.
Any other bank or investment accounts that from time to time the trust may establish for compliance of its trust goods.
- iv. Any other monies, assets or rights that from time to time are transferred to the Trustee to become subject to the trust.
- v. The monies, assets and rights produced by the trust assets in respect of capital gains, interest, credits, compensations or other concepts.
- vi. Any other sums of cash that are transferred to the trust or to be received from the implementation of the liens (net of expenses and implementation costs).

13.3 Relevant conditions and compliance

Here are some of the relevant and compliance conditions for the Company:

- (a) Maintain updated all relevant obligations and commitments in its line of business with third parties, including but not limited to trade agreements and any bank obligation.
- (b) Use the proceeds from the issuance only and exclusively for the objects identified in the prospectus.
- (c) Maintain at all times, the terms and conditions of the issuance and its guarantees, at least in the same degree of priority or preference (*pari passu*), regarding other future issuances or credits that the issuer holds in the future with other financial institutions.
- (d) Increase the departure airport rate in order to comply with the warranty coverage of flows, in case of payment deductions or exemptions thereof, involving a decrease in the coverage ratio of warranty of flows.
- (e) Acquire, assume or contract by any legal structure, additional credit facilities, either as a debtor or issuer, if not in compliance with the financial conditions agreed for the issuances contained in paragraph 11 of the bonus, excepting those acquired, assumed or contracted or to be acquired, assumed or contracted in connection with the ordinary course of business of the issuer.
- (f) Restriction to (i) consolidate, merge or sell tangible assets, except the sale and/or transfer of assets that are made in the ordinary course of business of the issuer, such as the sale and transfer of obsolete assets or those referred to in the budget of the issuer; or (ii) to acquire or receive any assets or interests in companies at any title, or advance mergers or reorganizations, to abstain from or engage in activities other than the ordinary course of business of the issuer.

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- (g) Support third parties debts without prior approval of the majority of registered holders, excluding debts and obligations incurred by subsidiaries of the issuer.
- (h) Change directly or indirectly, the issuer's shareholding structure so that it results in a change of control.
- (i) Pay dividends when it is not in compliance with the financial conditions established in this prospectus.
- (j) Maintain throughout the term of the issuance a coverage ratio of minimum debt service of 1.25 times, result of dividing the EBITDA for the corresponding period by the debt service.
- (k) Maintain the required balance in the reserve account (Guarantee Trust Fund).
- (l) Maintain throughout the term of the issuance a maximum ratio of net debt/EBITDA as shown in the following table:

Year 1	8.00x
Year 2	7.75x
Year 3	7.50x
Year 4	7.00x
Year 5	6.50x
Year 6	6.00x
Year 7	6.00x
Year 8	6.00x
Year 9	6.00x

- (m) To maintain throughout the term of the issuance, a net debt coverage ratio warranty of flows with a minimum of 1.10 times.
- (n) The issuer may not create or allow any actual right or lien to subsist on all or part of the present or future assets of Aeropuerto Internacional de Tocumen, S.A. terminal, excluding any other airports or airfields owned or under the management of the issuer, except: (i) charges imperatively required by law (in which case the issuer must previously inform the agent its constitution in writing as soon as he/she becomes aware of this) ("the excluded taxes") - and/or (ii) any encumbrance or assignment of their income from aeronautical services fees, fees for non-aeronautical commercial services, extraordinary income and present or future revenues (except the airport departure rate) (excluded income) for the development of activities and projects within the ordinary course of business of the issuer.
- (o) The issue will be at least pari passu with any other issuer credit facility.
- (p) The Issuer cannot cancel the bond before the fifth (5th) anniversary of the bond. If after the fifth anniversary, the Issuer wishes to redeem part or all of the issuance, it will have a decreasing penalty depending on the redemption date. Such penalty will be calculated on the difference between the amount of the redemption and the total of capital payment corresponding to that period, according to the capital payment schedule established and the following rate:
 - i. During the sixth (6th) year from the Issue Date, the penalty for partial or full early redemption will be equal to 3.0%;

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- ii. During the seventh (7th) year from the Issue Date, the penalty for partial or full early redemption will be equal to 2.0%;
- iii. During the eighth (8th) year from the Issue Date year, the penalty for early partial or total redemption will be 1.0%.

It is not applicable penalty for early redemption after the 9th anniversary of the issue date.

At December 31, 2015, the Company is in compliance with the financial conditions required.

As of December 31, 2015, The Company engaged a solicitation and structuring agent and has commenced the process in order to request consent of the required majority of the holders of the Company's 5.75% notes due 2023 (the "Existing Securities") to allow for additional debt incurrence and change some of the existing bond terms. In addition, the structuring agent was hired to evaluate a proposed offering by the Company, at its discretion, of either, or a combination of, new local and/or international bonds (the "Securities") in an aggregate principal amount of approximately US\$625million, to cover the financing needs of the expansion programs of the Company and the remaining amount to carry out management operations of existing debt.

As of December 31, 2015, the Company has hired a structuring agent who initiated the process of applying the required consent of the majority of bondholders issued by the Company. (The "Existing Securities") allow the Company to incur in additional debt and change some of the terms of the existing bonds.

14. Provision for benefits to retirees

The Company maintains labor liabilities of B/.1,776,259 (2014: B/.1,845,100; 2013: B/.2,140,776), a Complementary Pension Plan for firefighters, which upon reaching the retirement age established by the Social Security Fund (women: 57, men: 62 years) and also having complied with 30 years of service, seniority is required to opt for said plan, which is not backed by assets.

To calculate the present value of the obligation, the behavior of some factors was estimated such as: base valuation date; valuation currency; projected credit unit method; base population; probability of death of active participants and retirees; pension due to retirement; retirement due to old age; withdrawal function for other reasons; Annual wage growth; discount rate and duration of commitment; value of the annuity unit income and value of the temporary unit income.

The main assumptions used in the actuarial calculation of the complementary pension plan are presented below:

	2015	2014	2013
Discount rate	4.00%	4.00%	3.49%
Rate of increase in salaries:			
Up to B/. 1,000.00	5.00%	5.00%	5.00%
From B/. 1,000.01 to B/. 2,000.00	4.00%	4.00%	4.00%
More than B/. 2,000.01	3.00%	3.00%	3.00%

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- Number of participants: estimate for each of the assets that will die, retire or leave the Company for other reasons and also estimate how many of these employees will survive by December 31st each year until the termination of the collective.
- Monthly base salary: a monthly salary is estimated each year for each of the active participants until reaching the estimated retirement year, considering the growth rate of 3%, 4% and 5%, considering the new collective convention in force as of 2013.
- Capital value of the special retirement: given the likelihood that the participant survives until the age at which he/she will be able to obtain special retirement, the amount of projected salary until that age and temporary income unit corresponding to that age.
- Value capital to pay the difference from the old age pension.
- Projected credit unit where two values for credit unit are estimated, one considering the likely future increases in salary and other regardless of such increases.
- Obligation accumulated as of December 31st of each year valued.
- Cost valued service in each year that corresponds to the following year equal to the CPU, considering the likely increases in salary, plus interest that this amount may produce in the following year.

The movement in the present value of the defined benefit obligations:

	2015	2014	2013
Balance at beginning	1,845,100	2,140,774	1,780,199
Cost of service	43,157	49,872	37,975
Interest cost	77,264	77,491	75,541
Actuarial (gain) loss	24,446	(213,967)	464,338
Benefits paid by the plan	(213,708)	(209,070)	(217,277)
	<u>1,776,259</u>	<u>1,845,100</u>	<u>2,140,776</u>

The amounts recognized in the statement of profit or loss and other comprehensive income are as follows:

	2015	2014	2013
Actuarial (gain) loss	24,446	(213,967)	464,338
Cost of services	43,157	49,872	37,975
Interest cost	77,264	77,491	75,541
	<u>144,867</u>	<u>(86,604)</u>	<u>577,854</u>

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15. Taxes

15.1 Income tax

The income tax return of Aeropuerto Internacional de Tocumen, S.A. is subject to review by the tax authorities for the last three years, according to current tax regulations, including the year ended December 31, 2015.

As of February 3, 2005, date of entry into force of Law No. 6 of February 2, 2005, article 699 of the Tax Code states that legal persons must pay income tax at a rate of thirty percent (30%) on the greater of: (1) net taxable income calculated by the traditional method established in Title I of Book IV of the Fiscal Code, or (2) the net taxable income resulting from deducting ninety-five point thirty-three percent (95.33%), from the total taxable income. As of the year ended December 31, 2005, companies are required to perform both calculations of income tax, both in the calculation according to the traditional method, as well as the alternative calculation of income tax (CAIR).

Law No. 8 of March 15, 2010, modifies the application based on taxpayers to whom the Alternative Calculation of Income Tax (CAIR) is applied and replaces it with another form of assumed taxation of the Income Tax, forcing every legal person that earns income in excess of one million five hundred thousand dollars (B/.1,500,000) to determine as the taxable base of said tax, the sum greater of: (a) the net taxable income calculated by the ordinary method established in the Tax Code and the net taxable income resulting from applying four sixty-seven percent (4.67%) to the total taxable income. Legal entities that incur losses due to tax calculated under the assumed method or that by reason of the application of the assumed method, its effective rate exceeds the applicable tax rates for the fiscal period in question, may request the National Authority of Public Revenues - "ANIP" (formerly DGI - "DGI") for authorization to calculate the tax under the ordinary method of calculation.

By Official Gazette No. 26489-A, Law No. 8 of March 15, 2010 by which the general rates of income tax (ISR) are modified, applicable to legal persons. However, all companies in which the State has a stake greater than 40% will continue to pay the income tax at the rate of 30%.

Law No. 33 of June 30, 2010, amended by Law 52 of August 28, 2013, added Chapter IX to Title I of Book IV of the Fiscal Code, called Adequacy Standards to treaties or agreements to avoid Double International Taxation, establishing the system of transfer prices applicable to taxpayers that conduct transactions of their income, costs and deductions for tax purposes in their tax returns, based on the price or amount that independent parties would have agreed under similar circumstances in conditions of free competition, using the methods established in the Law 33. This law establishes the obligation to file an informative return on operations with related parties (Report 930 implemented by the DGI) within the six months following the end of the corresponding fiscal year, as well as, when filing the report, to have a transfer pricing study supporting what is declared by report 930. This study must be submitted at the request of the DGI, within 45 days from the requirement notification. Failure to file the informative return will result in a fine equivalent to one percent (1%) of the total value of transactions carried out with related parties. The Company does not have transactions with related parties, residing or domiciled abroad.

The amount of income tax caused and estimated to be paid by the Company for the years ended on December 31, 2015, 2014 and 2013 was determined in accordance with the traditional method.

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The reconciliation of the tax rate with the effective rate of income tax expense of the Company, as a percentage of profit before income tax is detailed as follows:

	2015	2014	2013
Profit before taxes	<u>85,132,399</u>	<u>49,928,990</u>	<u>36,265,860</u>
Income tax using the corporate rate	(25,539,720)	(14,978,697)	(10,879,758)
Effect of:			
Difference in estimation of prior year	379,733	-	-
Non-taxable income	25,535	16,150	411,479
Non-deductible expenses	<u>(901,466)</u>	<u>(1,607,832)</u>	<u>(5,595,741)</u>
	<u>(26,035,918)</u>	<u>(16,570,379)</u>	<u>(16,064,020)</u>

The deferred income tax asset under comprehensive income is detailed as follows:

	2015	2014	2013
Deferred income tax asset:			
Impairment provision for doubtful accounts	268,426	268,426	137,138
Provision for inventory obsolescence	56,898	56,898	93,480
Employee benefits	54,337	54,337	107,395
Seniority premium	20,406	-	-
Other provision	421,397	-	-
Effect of revenue recognition by right of key according to the cash method	12,418,525	13,986,785	15,565,642
Provision for asset losses	578,666	198,933	-
Provision for benefits to retirees	<u>532,878</u>	<u>553,530</u>	<u>642,233</u>
Deferred income tax asset	<u>14,351,533</u>	<u>15,118,909</u>	<u>16,545,888</u>

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The reconciliation of deferred income tax of the previous year with the current year is as follows:

	2014	Charge to profit or loss	2015
Deferred income tax asset:			
Impairment provision for doubtful accounts	268,426	-	268,426
Provision for inventory obsolescence	56,898	-	56,898
Employee benefits	54,337	-	54,337
Seniority premium	-	20,406	20,406
Other provision	-	421,397	421,397
Effect of revenue recognition by right of key according to the cash method	13,986,785	(1,568,260)	12,418,525
Provision for asset losses	198,933	379,733	578,666
Provision for benefits to retirees	553,530	(20,652)	532,878
Deferred income tax asset	<u>15,118,909</u>	<u>(767,376)</u>	<u>14,351,533</u>
	2013	Charge to profit or loss	2014
Deferred income tax asset:			
Impairment provision for doubtful accounts	137,138	131,288	268,426
Provision for inventory obsolescence	93,480	(36,582)	56,898
Employee benefits	107,395	(53,058)	54,337
Effect of revenue recognition by right of key according to the cash method	15,565,642	(1,578,857)	13,986,785
Provision for asset losses	-	198,933	198,933
Provision for benefits to retirees	642,233	(88,703)	553,530
Deferred income tax asset	<u>16,545,888</u>	<u>(1,426,979)</u>	<u>15,118,909</u>
	2012	Charge to profit or loss	2013
Deferred income tax asset:			
Impairment provision for doubtful accounts	137,138	-	137,138
Provision for inventory obsolescence	94,334	(854)	93,480
Employee benefits	100,255	7,140	107,395
Effect of revenue recognition by right of key according to the cash method	16,259,245	(693,603)	15,565,642
Provision for benefits to retirees	534,060	108,173	642,233
Deferred income tax asset	<u>17,125,032</u>	<u>(579,144)</u>	<u>16,545,888</u>

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15.2 Other taxes

Under Law No. 125 reforming Law No. 23 of 2003 and Law No. 32 of 2001, promulgated and entered into force on January 3, 2014, the property tax payment is exempt of all land, buildings and other permanent constructions made or to be made on such land, property or as part of airports and airfields under the administration of companies that manage airports and airfields, whether they have property titles registered or not in the Property Section of the Public Registry.

Under Law No. 125 reforming Law No. 23 of 2003 and Law No. 32 of 2001, promulgated and entered into force on January 3, 2014, Article 22-A states that services provided to legal persons who are concessionaires and operate in a free zone located within the perimeter of an international airport in national territory are exempt from the Property and Services Transfer Tax.

16. Other taxes payable

Other taxes payable are detailed below:

	2015	2014	2013
Provision of property and services transfer tax	89,725	73,860	3,229,350
Provision of tax on properties	-	-	2,309,947
Provision of tax on improvements	<u>32,223,598</u>	<u>30,435,725</u>	<u>27,077,284</u>
	<u>32,313,323</u>	<u>30,509,585</u>	<u>32,616,581</u>

Details of the movement of the provision for property tax on improvements are presented below:

	2015	2014	2013
Balance at beginning of the year	30,435,725	27,077,284	22,417,476
Increase due to surcharges and interest	<u>1,787,873</u>	<u>3,358,441</u>	<u>4,659,808</u>
Balance at end of the year	<u>32,223,598</u>	<u>30,435,725</u>	<u>27,077,284</u>

17. Revenue

Revenues are detailed below

	2015	2014	2013
Airport operation services	111,866,046	97,002,100	88,900,830
Rent	70,768,405	66,878,658	63,890,867
Others	<u>5,827,141</u>	<u>2,147,587</u>	<u>757,077</u>
Total	<u>188,461,592</u>	<u>166,028,345</u>	<u>153,548,774</u>

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During the year ended December 31, 2015, the Company signed off with the operator an agreement for advance termination of the concession contract related to the exploitation of the activity to provide fuel and lubricants for airplanes in Tocumen International Airport. As part of such agreement, the Company: (a) Agreed to pay a total amount of B/.6,664,396, related to the assets of the concession received; (b) Agreed to pay a penalty in the amount of B/.915,000; (c) received a compensation in the amount of B/.6,298,027 as consequence of an adjustment to the Company commission for each gallon of fuel dispatched since January 1, 2015. Such compensation has been booked and presented in line of Airport operation services in revenue and the penalty is presented in other expenses in the statements of profit or loss and other comprehensive income. As of December 31, 2015, the net value of the agreement has been booked as account payable.

18. Personnel costs

Details comprising personnel costs are shown below:

	2015	2014	2013
Salaries and employee benefits	16,994,556	14,150,474	13,488,717
Employment benefits	2,646,537	2,303,049	2,097,988
Thirteenth month	1,383,170	1,255,726	574,626
Compensation and pre-notice	1,009,827	858,068	1,065,273
Bonuses	958,050	821,963	258,796
Seniority premiums	318,510	367,124	702,801
	<u>23,310,650</u>	<u>19,756,404</u>	<u>18,188,201</u>

19. Property and services transfer tax

During the year ended December 31, 2013, the Company incurred in property and services transfer tax expenses in the amount of B/.9,661,679. As indicated in note 15.2, as of January 3, 2014 the Company is exempt of the Services Transfer Tax of all properties, tax payments and services provided in the free zone.

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20. Financial costs, net

The financial net costs are detailed as follows:

	2015	2014	2013
Interest expenses	40,687,017	36,600,347	21,218,848
Other financial costs	290,218	865,219	5,234,321
Interest earned	(153,956)	(131,114)	(1,371,596)
Capitalized interest	(26,366,657)	(23,000,001)	(11,021,426)
	<u>14,456,622</u>	<u>14,334,451</u>	<u>14,060,147</u>

21. Dividends

In accordance with Board Resolution No.026-JD-12 dated November 23, 2010, the dividends will be credited to the account receivable shareholder, as detailed below:

	2015	2014	2013
Declared dividends	12,805,556	-	10,000,000
Declared dividends (credited to accounts receivable)	<u>16,117,047</u>	<u>16,117,047</u>	<u>16,117,047</u>
	<u>28,922,603</u>	<u>16,117,047</u>	<u>26,117,047</u>
Declared dividends (credited to accounts receivable)	16,117,047	16,117,047	16,117,047
Less:			
Dividend tax	<u>1,611,704</u>	<u>1,611,704</u>	<u>1,611,704</u>
Total dividends credited to accounts receivable	<u>14,505,343</u>	<u>14,505,343</u>	<u>14,505,343</u>

During the years 2015, 2014 and 2013, dividends were decreed in the amount of B/.16,117,047, B/.16,117,047 and B/.16,117,047, respectively, on which the amount decreed net of dividend tax was credited to the account receivable shareholder. At December 31, 2015, 2014 and 2013, the Company paid dividends for B/.12,805,556, nil, and B/.10,000,000, respectively.

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22. Risk management of financial instruments

22.1 Objectives of financial risk management

The Board of Directors is responsible for establishing and monitoring the reference framework for the risk management of the Company. The Board of Directors is responsible for the development and monitoring of risk management policies of the Company.

The risk management policies of the Company are established to identify and analyze the risks to which the Company faces, in order to set risk and control limits that are appropriate, and to track risk and compliance limits. The risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the activities of the Company. The Company, through its training and management standards and procedures, aims to develop a constructive control and discipline environment in which all employees understand their roles and obligations.

The Board of Directors of the Company verifies how Management monitors compliance with the Company's Risk Management policies and procedures in relation to the risks it faces.

The Company is exposed to the following risks related to the use of financial instruments:

- Credit risk
- Liquidity and financing risk
- Market risk
- Operational risk

This note presents information on the Company's exposures to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and capital management of the Company. The financial statements also include additional quantitative disclosures.

22.2 Concentration

Service revenues from airport operations are mostly generated by the main airline operating in the airport which is Compañía Panameña de Aviación, S.A. (COPA) and its rental income is mainly generated by two economic groups.

22.3 Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. This risk mainly arises from accounts receivable and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company establishes an allowance for impairment that represents its estimate of losses incurred in connection with accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures.

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The receivables have maturities as follows:

	<u>2015</u>	<u>Impaired</u>	<u>2014</u>	<u>Impaired</u>	<u>2013</u>	<u>Impaired</u>
Customers:						
Current	9,352,241	-	7,211,409	-	8,620,431	-
From 1 to 30 days	294,185	-	679,979	41,660	1,242,856	-
From 31 to 60 days	428,405	316,499	117,596	93,834	267,026	-
More than 61 days	<u>1,518,445</u>	<u>1,518,445</u>	<u>1,606,712</u>	<u>1,379,742</u>	<u>1,598,787</u>	<u>1,086,080</u>
	<u>11,593,276</u>	<u>1,834,944</u>	<u>9,615,696</u>	<u>1,515,236</u>	<u>11,729,100</u>	<u>1,086,080</u>
Related parties:						
Current	20,211,817	-	2,546	-	2,640	-
From 1 to 30 days	5,087	-	7,022	326	3,630	-
From 31 to 60 days	3,020	-	3,573	326	3,620	-
More than 61 days	<u>88,698</u>	<u>88,291</u>	<u>289,730</u>	<u>275,847</u>	<u>298,387</u>	<u>268,029</u>
	<u>20,308,622</u>	<u>88,291</u>	<u>302,871</u>	<u>276,499</u>	<u>308,277</u>	<u>268,029</u>
Others:						
Current	<u>8,323</u>	<u>-</u>	<u>9,666</u>	<u>-</u>	<u>6,369</u>	<u>-</u>
	<u>31,910,221</u>	<u>1,923,235</u>	<u>9,928,233</u>	<u>1,791,735</u>	<u>12,043,746</u>	<u>1,354,109</u>

The movement of the impairment provision for accounts receivable is detailed as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	1,791,735	1,354,109	1,965,808
Less: write-offs of the year	(206,629)	-	(611,699)
Plus: provision charged to expenses	<u>338,129</u>	<u>437,626</u>	<u>-</u>
Balance at end of the year	<u>1,923,235</u>	<u>1,791,735</u>	<u>1,354,109</u>

Cash and cash equivalents:

The Company maintains cash for B/.80,768,993 (2014: B/.82,942,017; 2013: B/.118,942,453). Cash is held in the following banks: Caja de Ahorros and Banco Nacional de Panamá, both state-owned, and the guarantee trust fund for B/.28,950,317 (2014: B/.25,954,624; 2013 B/.22,598,643) in The Bank of Nova Scotia (Panamá), S.A. These banks have prestige and solidity.

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(In balboas)

22.4 Liquidity and financing risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The focus of the Company to manage liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its obligations when due, under normal and stressed conditions, without incurring in unacceptable losses or risking to damage the Company's reputation.

Liquidity risk management:

In managing liquidity, the Company assures itself that it maintains sufficient cash available to liquidate the expected operating expenses.

The following are the contractual maturities of the financial liabilities:

	Carrying amount	2015			
		Contractual cash flows			
	Total	6 months or less	7 to 12 months	More than one year	
Bonds payable	650,000,000	(650,000,000)	-	-	(650,000,000)
Interest payable	-	(294,847,222)	(18,998,958)	(18,998,958)	(256,849,306)
Accounts payable concessionaires	306,464	(306,464)	(306,464)	-	-
Guarantee deposits from concessionaires	3,301,023	(3,301,023)	-	-	(3,301,023)
Accounts payable	246,836,798	(246,836,798)	(115,775,195)	(131,061,603)	-
Dividends payable	-	-	-	-	-
Withholding to contractors	15,874,500	(15,874,500)	-	-	(15,874,500)
	<u>916,318,785</u>	<u>(1,211,166,007)</u>	<u>(135,080,617)</u>	<u>(150,060,561)</u>	<u>(926,024,829)</u>

	Carrying amount	2014			
		Contractual cash flows			
	Total	6 months or less	7 to 12 months	More than one year	
Bonds payable	650,000,000	(650,000,000)	-	-	(650,000,000)
Interest payable	-	(332,741,319)	(18,895,139)	(18,998,958)	(294,847,222)
Accounts payable concessionaires	345,924	(345,924)	(345,924)	-	-
Guarantee deposits from concessionaires	3,491,702	(3,491,702)	-	-	(3,491,702)
Accounts payable	129,482,654	(129,482,654)	(129,482,654)	-	-
Dividends payable	1,611,704	(1,611,704)	(1,611,704)	-	-
Withholding to contractors	14,429,154	(14,429,154)	-	-	(14,429,154)
	<u>799,361,138</u>	<u>(1,132,102,457)</u>	<u>(150,335,421)</u>	<u>(18,998,958)</u>	<u>(962,768,078)</u>

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(In balboas)

	Carrying amount	2013 Contractual cash flows			
		Total	6 months or less	7 to 12 months	More than one year
Bonds payable	560,000,000	(560,000,000)	-	-	(560,000,000)
Interest payable	-	(297,875,557)	(16,278,889)	(16,368,333)	(265,228,335)
Accounts payable concessionaires	77,613	(77,613)	(77,613)	-	-
Guarantee deposits from concessionaires	3,135,213	(3,135,213)	-	-	(3,135,213)
Accounts payable	77,110,034	(77,110,034)	(14,981,758)	(62,128,276)	-
Dividends payable	1,611,705	(1,611,705)	(1,611,705)	-	-
Withholding to contractors	7,983,070	(7,983,070)	-	-	(7,983,070)
	<u>649,917,635</u>	<u>(947,793,192)</u>	<u>(32,949,965)</u>	<u>(78,496,609)</u>	<u>(836,346,618)</u>

Outflows disclosed in the above table represent contractual cash flows related to non-derivative financial liabilities held for risk management purposes and which usually do not close before contractual maturity. The disclosure shows cash flow amounts for obligations settled in cash.

As indicated in note 13, the Company is in the process to get additional debt in order to cover the current liquidity shortfall, the additional cash flow required to complete the project in process and the commitment to purchase fixed assets as indicated in note 6 and 27. Management considers that it is more likely than not that the additional debt will be acquired. In addition, the Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

22.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates, stock prices, etc. may affect the Company's income or the value of its holdings in financial instruments.

Sensibility analysis:

The Company has no substantial exposures with respect to interest and market rate risk since their obligations are based on a fixed rate of 5.75% for bonds payable.

22.6 Capital management

The Company's policy is to maintain a strong capital base. The Board of Directors monitors the return on capital, which the Company defines as the result from operating activities divided by total net equity, excluding preferred shares and minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with the highest level of loans and the advantages and security afforded by the capital position.

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The debt of the Company by reason of adjusted capital at the end of the period is presented below:

	2015	2014	2013
Total liabilities	1,042,361,198	923,579,320	786,222,879
Less: cash	<u>(109,719,310)</u>	<u>(108,896,641)</u>	<u>(141,541,096)</u>
Net debt	<u>932,641,888</u>	<u>814,682,679</u>	<u>644,681,783</u>
Total equity	<u>345,661,292</u>	<u>302,176,298</u>	<u>271,754,790</u>
Debt to equity ratio	<u>2.70</u>	<u>2.70</u>	<u>2.37</u>

23. Fair value of financial instruments

The fair value is the price to be received when selling an asset or to be paid when transferring a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value estimates are made at a specific date based on market estimates and information on financial instruments. These estimates do not reflect any premium or discount that could result from offering a particular financial instrument for sale at a given date. These estimates are subjective in nature, involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Any changes in assumptions could significantly affect the estimates.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on transparency of the inputs used in determining fair value.

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which all market variables are observable, either directly or indirectly.
- Level 3 - Valuation techniques that include significant variables that are not based on observable market variables.

When measurements of fair value for assets and liabilities are determined which are required or permitted to be recorded at fair value, the Company considers the main market or the best market in which the transaction could be made and considers the assumptions that a participant market would use to value the asset or liability. When possible, the Company uses active markets and observable market prices for identical assets and liabilities.

When identical assets and liabilities are not traded in active markets, the Company uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Company must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the differential size between supply and demand and the size of investment are factors considered in determining the liquidity of markets and the relevance of observed prices in these markets.

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When reference prices are available in an active market, financial instruments are classified within Level 1 of the fair value hierarchy. If the market value prices are not available or available in markets that are not active, the fair value is estimated based on the quoted prices of similar instruments, or if these are not available, internal valuation techniques are used, primarily models of discounted cash flows. Such securities are classified within level 2 or 3 of the fair value hierarchy.

Fair value of the Company's financial assets and liabilities that are not presented at fair value on an ongoing basis (but fair value disclosures are required)

Except as detailed in the table below, Management believes that the carrying amounts of financial assets and liabilities recognized at amortized cost in the financial statements approximate their fair value due to their short-term maturity.

	Fair value hierarchy					
	2015		2014		2013	
	Carrying amount	Fair value measurement Level 2	Carrying amount	Fair value measurement Level 2	Carrying amount	Fair value measurement Level 2
December 31st						
Bonds payable	<u>646,374,964</u>	<u>674,700,000</u>	<u>646,098,129</u>	<u>669,500,000</u>	<u>556,379,829</u>	<u>561,400,000</u>

The fair value of financial liabilities included in Level 2 shown above has been determined with reasonable prices of similar financial instruments in inactive markets.

24. Non-cash transactions

During the year, the Company made the following investment activities and non-cash financing which are not reflected in the statement of cash flows:

	Year ended December 31,		
	2015	2014	2013
Increase in construcción in progress through accumulation of unpaid bills in accounts payable others and accrued expenses.	115,609,263	74,167,683	-
Capital increase through cancellation of loan payable by the shareholder	-	-	51,625,000
Increase of the land through accounts payable to related companies.	-	6,000,000	59,852,167
Dividends declared and credited to accounts receivable shareholders	16,117,047	16,117,047	16,117,047
Decrease in fixed assets for sale of land, with debit to account receivable to related companies	20,209,534	-	-

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25. New airports

According to Executive Decree No. 654 of the Ministry of Economy and Finance dated June 5, 2012, it was resolved to transfer the management and operation free of charge of the assets and liabilities of Enrique Malek airport (David), Scarlet Raquel Martinez Airport (Rio Hato) and Enrique A. Jimenez Airport (Colon) to Tocumen International Airport.

Under this decree, it was also resolved that:

- Aeropuerto Internacional de Tocumen, S.A. will be responsible for managing the airports mentioned above, as well as its assets and liabilities, including assets that are intended for its operation and development.
- The Ministry of Economy and Finance and the Comptroller General of the Republic were instructed to make the inventory and valuation of all goods for the operation and development of the airports to be transferred.
- Aeropuerto Internacional de Tocumen, S.A. will start operating all three airports, once the Civil Aviation Authority signs with the Comptroller General of the Republic the Minutes of the final acceptance of the work done in each of the terminals. As of that date, a period of ninety (90) calendar days is established to make changes and adjustments in each of them, as well as the relevant regulations. If the transition period is considered as completed before the deadline, they will become effective when the administrator so establishes it through the corresponding resolution.

According to Resolutions of the Board of Directors of the Civil Aviation Authority number 026 of September 19, 2013; number 027 of November 27, 2013, and number 002-2014, of February 24, 2014, the following is approved: (a) the transfer of assets and liabilities owned by the Civil Aviation Authority at the Enrique Malek, Scarlett Martinez and Enriquez A. Jimenez Airports; (b) to authorize the Director General of the Civil Aviation Authority to transfer the assets and liabilities of the airports mentioned above as property and free of charge to Aeropuerto Internacional de Tocumen, S.A. owned by the Civil Aviation Authority; (c) The rights and obligations under the contracts, resolutions of concessions and leasing agreements held with private or public entities in accordance with the provisions of the law and; (d) The labor obligation required to compensate workers of the Civil Aviation Authority which qualify for Option 1 of Article 26 of Law 23 of 2003 on the assumption provided in said standard. (E) The Director General of the Civil Aviation Authority is authorized to sign the Public Deed by which the real property owned by the Civil Aviation Authority and all documents required to ensure full implementation of the resolutions are transferred.

On October 21 and December 4, 2013 and March 12, 2014, the Minutes were signed of the "Transfer by Management of the Assets and Liabilities" of the Enrique Malek (David), Scarlet Raquel Martinez (Rio Hato) and Enrique A. Jimenez (Colon) airports, respectively, dates on which the Company began operating the aforementioned airports.

As stipulated in the single text of Article 19 of Law 23 of 2003, the transfer of the lands that constitute the equity of airports and airfields, as well as buildings involved in their operation and those acquired in the future for further expansion, must be approved by the Cabinet having as reference the corresponding information of inventories and appraisals conducted by the Ministry of Economy and Finance and the Comptroller General's Office to identify the actual amount of property subject to transfer as the basis for approval.

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In accordance with a Board of Directors' meeting dated November 12, 2015, the process to invalidate or rescind Executive Decree No. 654 of the Ministry of Economy and Finance was approved in order to request a new contract which clarified that the requirement to the Company is to manage and operate the New Airports without transferring the assets and liabilities.

As at December 31, 2015, neither the transfer nor the process to invalidate or rescind the Executive Decree had been approved. As the transfer was not approved as at December 31, 2015 Management considers, the Company did not control the assets of the airports and therefore have not been recognized in the financial statements.

26. Concession – Panama Pacifico Airport

Through Concession Agreement No. 005-13, countersigned by the Comptroller General of the Republic in August 2013, the concession is awarded for the operation, exploitation, administration, maintenance and development of the facilities and the Panama Pacific airport facilities and movable property pertaining to the provision of aeronautical and non-aeronautical services covered by the concession. The duration of the concession shall be twenty (20) years, renewable for twenty (20) additional years, at the discretion of the parties. The extension is subject to the modifications agreed by the parties in accordance with the economic conditions of the country and the realities prevailing at the time. Based on this contract and according to the minutes of starting the execution of the contract dated October 1, 2013, the Company began operations from the airport.

A detail of the main terms of the agreement are detailed below:

- The concession fee is set for the first five years and shall be for B/.1,500,000 for the first three (3) years, B/.2,000,000 for the fourth (4) year plus 20% of gross income above B/.10,000,000 and B/.2,500,000 for the fifth (5) year plus 20% of gross income above B/.12,000,000. Under the five-year review of the airport business evolution, the new concession fees may be established at the discretion of the parties.
- The concession contract requires that during the years 2013-2017, the licensee shall make an initial investment program aimed at solving the operating problems and restrictions of the airport and improve the capacity allowing air operations to start more easily. These investments shall reach a value of B/.9,300,000 and shall be implemented in accordance with the schedule of the works. Given that the contract was endorsed on April 11, 2014 and that the budget did not contain the 2014 investments, for B/.1,300,000, the Company requested the counterparty that the investment would begin as of 2015. As of December 31, 2015 there has not been significant investment in the concession. In accordance with Management, the investment is going to be developed in 2016.

In addition, the operator is required to file future five-year investment plans for the review and approval of the agency every six months before the expiration of each five-year period, which must contain the studies and designs needed to advance the works proposed in those plans, as well as implementation schedules with their new specific task execution dates and financial projections to support their viability.

- The assets of the concession and the assets assigned to the concession should be returned without cost and in good conditions; otherwise the agency can apply actions and/or guarantees aimed at repairing deteriorated assets to the licensee's accounts. On the effective termination date, the agency or its designee will resume possession of the concession assets and assets subject to the concession, which shall be delivered, free of any liens or liabilities, operating under optimal conditions for its use and assume the operation, commercial exploitation and maintenance thereof.

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- The operator shall require the approval of the Civil Aviation Authority to establish rates and fees for aeronautical services of the airport that are provided to aircrafts on the ground, including but not limited to embarking and disembarking services of passengers and cargo, counter service to check in passengers and luggage and airline offices. The licensee may establish rates of non-aeronautical commercial services and minimum rentals for the use of premises of the Panama Pacific International Airport in accordance with its procedures and regulations.
- The contract may be terminated by administrative resolution for breach of the concessionaire based on the grounds mentioned in Article 113 of Law 27 of June 2006 that regulates public contracting. In the event of default by the concessionaire, the agency has the right to demand compliance of the contract or to resolve it administratively and terminate it and may enforce the fulfillment of the contract bonds (bonds for B/.900,000) and investment bond (bonds for B/.450,000, which represent 5% of the amount invested during the first five years) which would have been consigned, unless such default was due to force majeure.

According to Management's assessment, this concession contract is eligible to be recognized under IFRIC 12 "Service Concession Arrangements" on which these investments shall be recognized as an intangible asset since their recovery will be through service revenues to be received from customers.

27. Commitments and contingencies

27.1 Commitments

Acquisition of fixed assets

As of December 31, 2015, Management has approved the construction or acquisition of property plant and equipment in the amount of B/.21,465,685.

27.2 Contingency

Under applicable tax legislation, improvements on new facilities will be exempt from property tax for a period of ten (10) or twenty (20) years (according to current regulations applicable in each case) as of the date of the occupation permit or registration date of improvements, whichever occurs first (as appropriate) in accordance with Article 81 of Law 6 of 2005, as amended. This exemption is done automatically once the improvements are registered in the Public Registry indicating the building and occupancy permit data in the deed of improvements, according to the provisions of article 764 of paragraph 1 of the Tax Code.

At December 31, 2015, the Company has made no registration in the Public Registry of the improvements recognized in books from 2006 until 2014. At the date of approval of these financial statements, the Company is in the process of obtaining base information for the registration and exemptions from taxes, related penalties and interest that Management estimates could amount to B/.18,295,590. No provision has been recognized since Management expects to obtain the exemption once the improvements are registered.

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28. Reclassification

Some items on the 2014 and 2013 financial statements have been reclassified to standardize the 2015 presentation. This reclassification did not have a material effect on the financial information presented in 2014 and 2013.

29. Subsequent events

The Company has evaluated subsequent events as at December 31, 2015 to assess the need for potential recognition or disclosure in the accompanying financial statements. Such events were assessed until April 7, 2016, the date these financial statements were available to be issued. Based on this evaluation, except for the following matters, it was determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

1. In accordance with a Board of Directors meeting, dated March 7, 2016, it was authorized to award the project "Design and Construction of Piping high voltage and new electrical substation encapsulated for the energization of the expansion of Tocumen Airport" with a total value of B/.25,910,493.
2. In accordance with Board of Directors' meetings, dated March 7, and March 21, 2016, respectively, it was approved to submit the addenda to the contract with Constructora Norberto Odebrecht, to the Cabinet Council related to the "Expansion Program Tocumen International Airport, which includes the design and construction of the new South terminal", to carry out works to ensure the operation of the terminal and its interaction with the existing terminal for a value of B/.89,769,945.

30. Approval of financial statements

The financial statements were authorized by Management to be issued on April 7, 2016.

* * * * *

APPENDIX A – CONSULTANT REPORT

Consortio
PM Terminal Sur S.A.



ayesa adpi CSA Group cemosa



**Informe del Consultor
Independiente**

AEROPUERTO INTERNACIONAL DE TOCUMEN

March, 2016

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Executive Summary

This report summarizes the studies, analysis and forecasts conducted by Consorcio PM Terminal Sur, an independent group of airport consultants and project managers engaged by Tocumen to manage the South Terminal construction process and optimize Airport operations.

Tocumen S.A. is a State owned Panamanian airport management company, that operates Tocumen International Airport in Panamá-City, and four regional airports.

Tocumen International Airport handled 13.4 million passengers in 2015. It is Panamá's international gateway, the busiest airport in Central America, and one of the major hubs in Latin-America. It is the airport hub of Copa Airlines, one of the fastest growing airlines in Latin-America. In 2015 it ranked as the 3rd busiest in Latin America and 7th in the Americas (including the United States & Canada) in terms of international passenger traffic.

Key Features of Tocumen

Unique geographical location: The airport benefits from a unique geographical location, natural transit link between North America, Central America, South America, and the Caribbean. Airlines flying the popular narrow-body B737-800/900 able to reach all major destinations between Toronto and Buenos Aires within 5-7 hours

Extremely favorable site characteristics: The airport site offers a flat, sea-level terrain with favorable year-round weather patterns that improves aircraft range and fuel efficiency, and minimizes delays (compared with key competitors Bogotá, Lima and México City).

Recognized excellence in airport Operations: With one of the best airports in the world in terms of operational efficiency measured by the global On Time Performance, Tocumen is rated as the best performer in Latin America by OAG, and the best airport in Central America by Skytrax.

Extensive long term growth potential: The location of the airport offers room to grow, as adjacent properties can be acquired for long term expansion plans.

Stable and reliable ownership structure: The airport is wholly government owned, with no concessions, allowing flexibility for rate adjustments as needed, without tension of short term investment return. The airport ownership structure contributes toward an emphasis on the long term financial stability as the airport is not tied to short term profit maximization or limited concession time investment return.

Robust and sustained traffic growth: The airport traffic growth over the last 10 years has been strong with a sustained development both in terms of total traffic and in terms of destinations served. The passenger traffic projections are robust: the base case scenario for passenger traffic

foresees figures close to 25 million passengers in 2025 and 40 million in 2035. Passenger traffic projections were based on historical traffic numbers and industry forecast trends (see section 3B. Traffic Dynamics).

Flexible Capital Expenditure Plan: As a fully Government owned structure, Tocumen S.A. is not tied to a mandatory contractual investment plan that would force it to make investments regardless of the actual traffic growth (as is the case with many private operators), and is not subject to the stresses of advance accounting depreciation of investments that limit the flexibility of the capital expenditure plan that private operators experiment at the end of their concession contract.

Fully funded airport development plan: Once the new debt is issued, the airport will benefit from a fully funded long term airport development plan with robust coverage metrics.

Panama's main airport: Tocumen airport is effectively Panama's only international airport, located 20 minutes from downtown Panama City, home to 49% of the country's population and 71% of the country's GDP.

Airport Development Plan

The airport is undergoing a major expansion plan: South Terminal, expected to enter operation in 2017, will add a further 20 gates and 8 remote parking slots, increasing capacity from 12 million passengers to 21 million. As of December 2015 construction is on time and 53.28% is completed.

The airport Master Plan was updated in 2015, defining the expansion guidelines for the development of the facilities and infrastructure required to handle the traffic growth expected for Tocumen. The plan foresees different development phases, including:

- Phase 0 that comprises the works that are necessary for South Terminal to be operational,
- Phase 1A that comprises the other works that are essential for the airport to operate in the short term,
- Phase 1B that comprises middle term expansions of the facilities, and the upgrade and refurbishment of the North Terminal.
- Phases 2 and 3 that include the expansion of the airport site, the development of a 3rd parallel runway and a new passenger terminal building, for a long term capacity of 32 million passengers per year.
- Phases 4 and 5 include the ultimate long term development of the facilities on the eastern side of the airport, leading to an ultimate capacity of 46 million passengers per year.

A capital investment plan was developed in line with the Master Plan update prepared by Consorcio PM Terminal Sur. The investments were scheduled at the latest date while preserving a quality of service level above IATA C standards.

Airport Business Model

A specific airport business model was built with Tocumen S.A. management to address the long term financial performance of the company, the effect of different forecast scenarios, the sensibility of Tocumen's earnings to the variation of different business assumptions, and the impact of anticipating or postponing different construction works considered in the capital investment plan according to the Airport Master Plan update. These financial projections led Tocumen S.A. to adapt the airport regulated fees, renegotiate some of its maintenance and operation contracts, review its retail policy and set its financial strategy. The results of this model and these projections are presented in this document, under "Section 3: Projected Financial Performance".

Specific stress cases were simulated on the Model verifying that the financial balance and total debt profile can comfortably be supported even in a low/no growth environment.

The revenue and Expense Key findings of the study are as follows:

Tocumen income has grown steadily with traffic. The Airport has made several key enhancements over the past year that substantially increase revenue and profitability. These changes have already taken effect and are being reflected in financials starting 2015 and 2016:

- **Rate Adjustments:** Most of the aeronautical charges had not been updated in over 30 years and Tocumen's rates were significantly below regional averages
 - Management has negotiated increased rates with its key stakeholders including Panama's Aviation Regulator and the Airlines, while still remaining competitive with other facilities
 - All parties' interests are broadly aligned to ensure that Tocumen generates sufficient operating income to invest in itself and continue providing a high quality level of service
- **Concession Strategy:** Opportunities are being implemented to optimize Tocumen's concession strategy, maximizing rents from the new South Terminal areas, balancing Key Deposits with obtaining market commission rates
- **Expense Management:** On the expense side, Management is highly focused on cost efficiency, renegotiating service contracts and establishing an expense tracking system to better assess performance.

The model shows a robust financial structure, with a sustainable financial stability even under the low growth stress scenarios.

About the Consultant

Consortio PM Terminal Sur S.A. (CPMITS) is a Joint Venture between AYESA from Spain as CPMITS' leader, ADPI from France, CEMOSA from Spain and CSA Group from United States. CPMITS role is to advise Tocumen S.A. on optimal design and construction of the South Terminal, and optimization of airfield facilities.

Incorporated in 1965, **AYESA S.A.** is a private-owned, general engineering & technology consultancy firm, with expertise in civil engineering and architecture, consultancy, industrial engineering, aeronautics & defense and ICT. With turnover exceeding €250M (2014) and a work force of 3,000 people of which more than 44% are architects and engineers, it offers Project Management services for the major engineering projects around the World. In Panama their major projects include the development of subway lines 1 and 2, Tocumen Airport South Terminal, and Panama City's water and sewage network upgrade.

ADPI (Aéroports de Paris Ingénierie) is an airport planning and design firm. It is the international engineering subsidiary of Aéroports de Paris, the owner and operator of the Paris airport system, that manages major airport infrastructure around the world that sum up more than 200 million passengers a year, including Charles de Gaulle airport that handled more than 65 million passengers in 2015. It specializes in planning and design of airport infrastructure and facilities.

CSA Group is an American consulting firm than provides services in architecture, engineering, construction supervision and environmental studies. A full services project delivery, consulting and asset optimization firm focused on the Building, Transportation, Energy, Water, and Environmental Sectors. The largest Hispanic American multidisciplinary professional service firm of its kind in the United States providing Program, Project and Construction Management, Architecture and Engineering Sustainable Design, Operations and Maintenance, Serving public and private sector clients throughout several regions in the United States, Caribbean, Central and South America.

Incorporated in 1972, **CEMOSA (Centro de Estudios de Materiales y Control de Obra, S.A)** offers engineering and quality control services for the construction industry. CEMOSA provides consulting, engineering, construction management, construction quality control, geotechnical studies, HSEQ, and R&D services.

**Consortio
PM Terminal Sur S.A.**



Independent Consultant Report

**Section 1:
Introduction &
Summary of Existing
Conditions**

Section 1: Introduction & Summary of Existing Conditions

1A - General Overview of Tocumen S.A.

Aeropuerto Internacional de Tocumen S.A. (Tocumen S.A.) is a Panamanian airport management company that was created in April 2003 pursuant to Panamanian Law No. 23 of January 29, 2003 which dictates the regulatory framework for the management of airports and airfields in Panama. Tocumen S.A. was established for the purpose of owning, managing and operating Tocumen International Airport.

Pursuant to Law 23 of January 29, 2003 (as amended by Law 71 of November 9, 2009, Law 86 of 2012 and Law 125 of December 31, 2013) Panamanian airport management companies operate as financially self-sufficient enterprises, and are governed by both the Commercial Code and the law on joint stock Corporations (Ley de Sociedades Anónimas – Law 32 of 1927). The company shares are registered and are 100% owned by the Panamanian State. Upon incorporation, Tocumen S.A. received from the Civil Aviation Authority the ownership of the land and the airport facilities of Tocumen International Airport, with the exception of air navigation equipment and facilities (as per Law 21 of January 29, 2003, the Civil Aviation Authority remains responsible for air navigation services).

Pursuant to Law 22, Airport management companies are financially autonomous from the Central Government of Panama, and shall prioritize the reinvestment of collected funds in expansion and improvement projects on the basis of efficiency and quality of service criteria.

1B - Tocumen International Airport

Tocumen International Airport (IATA: PTY, ICAO: MPTO) is located 24 kilometers northeast of downtown Panama City, and occupies an area of approximately 1,022 hectares. The airport property is surrounded by urban development to the north, west and northeast; marshlands and agricultural fields are located to the south and southeast, providing interesting opportunities for expansion.

The airport is the primary commercial service airport for the country of Panama and Panama City. It operates flights to and from 84 cities in America and Europe and is the main hub of Copa Airlines and a hub of Star Alliance for Latin America and the Caribbean.

The airport is Panama's international gateway, the busiest airport in Central America in terms of annual passengers, the 3rd busiest in Latin America and 7th in the Americas including the United States & Canada in terms of international passenger traffic, and the only airport in Central

America with two active runways capable of accommodating commercial traffic. See “Section 3C - Capacity & Expansion Planning”.

In 2015, the airport offered scheduled service to 87 destinations, on 25 passengers airlines, and served 13.4 million passengers, with a 68% transfer rate. Among the origin-destination passengers, about 80% are estimated to be foreign visitors, and 20% are Panamanian citizens. The traffic for 2016 should exceed 14 million passengers, as per Tocumen S.A. estimates. See “Section 3B - Traffic Dynamics”.

Additionally, the airport is the Central America and northern South America distribution hub for express courier carrier of DHL. It is the first cargo airport terminal in Central America, contributing to nearly 35% of the region’s cargo traffic.

1C - Tocumen Competitive Strengths

Geographical Location

The airport benefits from a unique geographical location, natural transit link between North America, Central America, South America, and the Caribbean. Airlines flying popular narrow-body aircraft such as the Boeing B737 or the Airbus A320 are able to reach all major destinations between Toronto and Buenos Aires within 5-7 hours.



The airport is located at an optimal location permitting it to serve all major European destinations with the existing commercial long range fleet, at maximal payload and without operational constraints.

The airport benefits from the central attraction of Panama, as one of the world’s major trade and logistical hubs.

Airport Site

The airport site offers a flat, sea-level terrain (without altitude operational limitations) with favorable year-round weather patterns that improve aircraft range and fuel efficiency, and minimize weather related disruptions (which is not the case for key competitors Bogotá, Lima and México City).

Additionally, the airport site has room to grow: adjacent properties can be acquired for longer term expansion plans such as the potential 3rd runway and terminal, and commercial development.

Airport Management & Organization

The airport's organization and management translates into major competitive advantages for Tocumen:

- Strategically essential infrastructure asset for the Government
- Commitment of the Panamanian Government to develop the country into a major tourism destination
- The airport ownership structure contributes toward an emphasis on the long term financial stability as the airport is not tied to short term profit maximization or limited concession time investment return.
- Historically, the airport regulatory authority has always supported the development of the airport, adapting the airport fees to the financial needs of Tocumen S.A.
- The airport works in close relation with the Panamanian Tourism Agency, implementing specific marketing and pricing policies to attract new traffic.
- Tocumen International has consistently been recognized as the top airport in Central America, winning Skytrax's "Best Airport in Central America" and "Best Airport Staff in Central America" for each of the past 4 years.

1D - Tocumen Airport Facilities

Airfield Facilities

The airport is classified as a 4E category airfield, allowing the operations of aircraft up to ICAO category E (A340, B777, B747).

The airport has two staggered near-parallel runways separated by approximately 860m:

- Runway 03L-21R, the first runway of the airport, commissioned in 1947, is 2682m long and 45m wide.
- Runway 3R-21L, commissioned in 1978, is 3050m long and 45m wide, and is located in the southeast quadrant of the airport.

Runway 03R is equipped with a Category I Instrument Landing System (ILS), which allows aircraft approaches to a decision height of 200ft in visibility minimums of 0.5 miles. The other thresholds have non-precision instrument approaches. Both runways have associated half-length parallel taxiways.

Passenger Terminal Facilities

The airport passenger terminal complex occupies approximately 60 hectares South-West of the airfield and primarily consists of a passenger terminal building, commercial aircraft parking, airport administrative offices, car park and ground access. The passenger terminal building, commissioned in 1978, includes a three story core processor building with two diagonal distributors terminating with radial satellite lounges. The passenger terminal building was expanded between 2006 and 2009 (with the expansion of the boarding hall above the apron at a cost of US\$21 million) and in 2011 (by the addition of a 20,800m², 12 gates linear boarding concourse, the North Concourse, at a cost of US\$60 million). The building is approximately 75,000m² with three levels (two dedicated to passenger services, and a mezzanine with concessions and airport offices). Baggage sorting, baggage claim, immigration, customs, rental car counters, and meet/greet hall are located on the lower level. Airline ticket counters and offices, security screening, concessions and passenger hold areas are located on the second level. The third level includes office space and food services.

The passenger terminal building provides 34 standard aircraft contact parking positions equipped with passenger loading bridges – eight on Satellite A, six on the main terminal core, eight on Satellite B and twelve on the North Concourse. In addition, six supplementary remote hardstand parking positions are serviced by shuttle buses picking up emplaning passengers at remote gates located in the terminal core building. Passengers deplaning from the hardstand positions are shuttled to an arrivals entry near gate 33. All gates are common use and airport operated.

A small domestic terminal is located on the northern side of the main core of the terminal building, for processing passengers on domestic flights (essentially flights to David, by Copa).

The passenger handling facilities are currently being expanded, with the South Terminal project. The South Terminal project is a Design & Build contract that was tendered in the first half of 2012 and awarded to the construction company Constructora Norberto Odebrecht. It represents an investment of US\$ 780 million (including base contract and approved add-ons) for the development of a new passenger terminal building south of the existing terminal, which includes 20 additional contact gates and 8 hard stands. The project includes a terminal area of 85,000 m² of which 8,000m² correspond to retail areas, a new parking area and a new 4-lane wide access road. The project also envisages the possibility of developing a third runway and a new control tower. The overall planning, coordination and control of the project is provided by Consorcio Project Management Terminal Sur whose presence guarantees not only the technical, financial

and operational supervision of the construction works, but also provides essential support for Tocumen if it were unable to find a replacement contractor to finish the project if the contractor defaults and cannot complete the project.

Airport Access and Car Parking

A 1.3km one-way loop road consisting of two lanes provides access to the terminal complex. The loop diverges and widens in front of the terminal to provide an upper and lower curbside with two travel lanes and two passenger pick-up/drop-off lanes on each curbside.

A partially covered public car park is located west of the terminal building. This is the main parking facility for airline passengers and provides approximately 700 public parking spaces. A 175 space employee parking lot is located adjacent to the airport administration buildings.

The airport is served by road and public transportation lines serving Panama City and Tocumen that are located along the new metro line currently in development, that will connect Tocumen with San Miguelito station on line 1. The projects are scheduled to be commissioned in December 2018.

Other Aeronautical Related Facilities

An air cargo facility is located in the northeast quadrant of the airfield, accessed by cargo vehicles via a new cargo road. The air cargo terminal encompasses the original airport passenger terminal building, and includes 23,000m² of freight handling facilities, and 75,000m² of apron space.

An FBO complex is located north of the terminal complex between the two runways. The site includes 10,000m² of apron space and a 700m² fixed base operations building.

Copa Airlines operates a maintenance facility north of the cargo terminal. The facility includes a 75mx60m maintenance hangar, office facilities and a parking apron.

An airport traffic control tower is located on top of the passenger terminal building and provides office space for air traffic control personnel and associated equipment storage. The Panamanian Civil Aviation Authority (CAA) manages and operates the control tower.

Airport fuel storage is located south of the FBO complex, with seven tanks that provide a total storage capacity of 1,470,000 gallons, offering three days of supply. An expansion plan for the fuel farm is being developed to double the storage capacity. The fuel tanks are connected to a fuel pump feeding underground lines to the terminal area. The fuel farm is conveyed to the airport using trucks.

The airport operates an ICAO Category 9 Rescue and Fire Fighting Service, allowing the operations of aircraft with fuselages up to 76m long and 7m wide (B777, B787, B747, A330, A340, A350).

Figure 1 : Tocumen International Airport – Aerial view and site boundary



Figure 2 : Tocumen International Airport: Airfield Layout

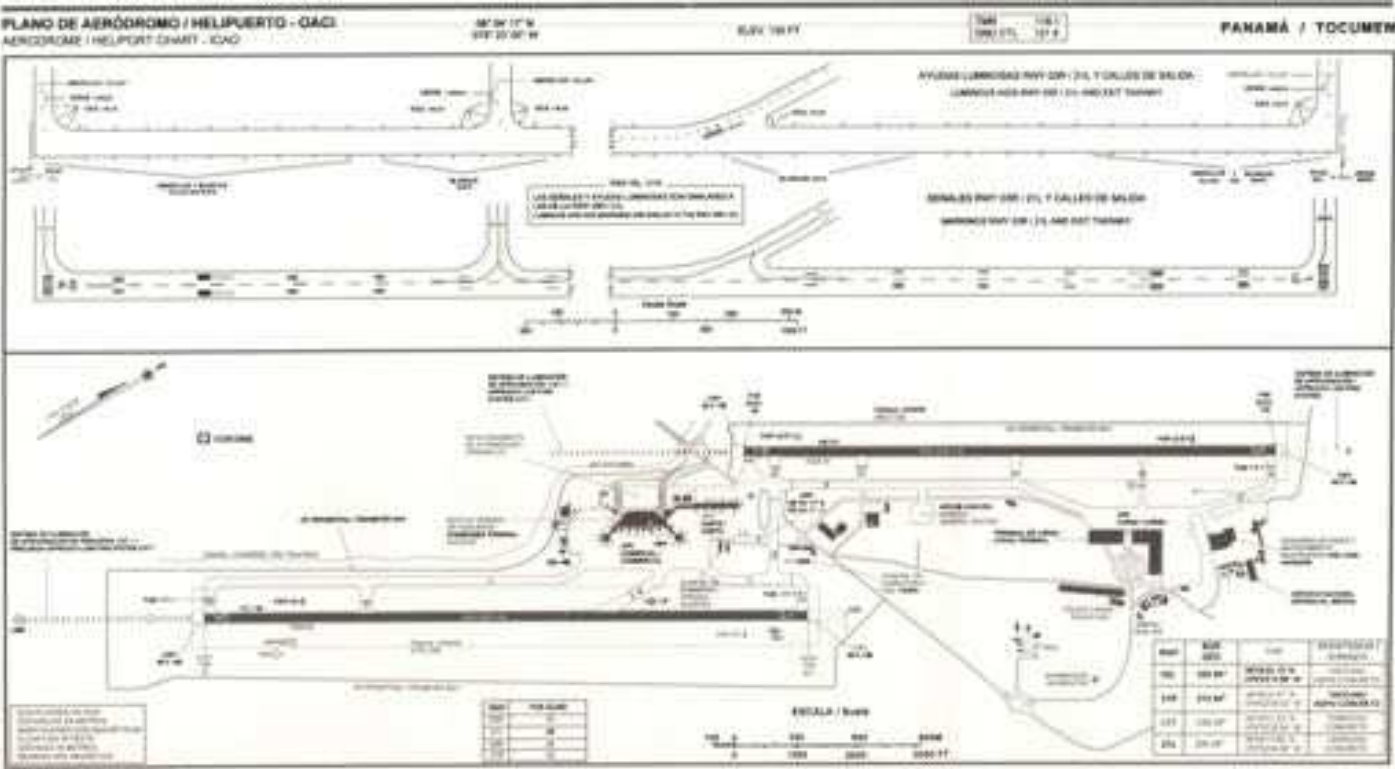


Table 1 : Tocumen International Airport – Summary of facilities

Airport land area (hectares)	1 022
Runways	2
Apron area (hectares)	17
Aircraft parking positions	40
Contact Stands	
Main Terminal Core	6
Satellite A	8
Satellite B	8
North Concourse	12
Remote hardstand positions	6
Passenger Terminal Building (sqm)	75 140
Open/circulation area	22 420
Baggage claim & makeup	11 530
Departure lounges	10 290
Retail & Concessions	8 720
Airport operations space	7 240
Copa Airlines space	5 100
Other airlines space	1 340
Security (including immigration)	3 930
Airport administration	2 310
Office space	1 950
Ground transport	310
Car parking	875
Public parking spaces	700
Employee parking spaces	175

Source: Tocumen S.A.

Table 2 : Tocumen International Airport – Runway Characteristics:

Runway 03L/21R

Width : 45m
PCN : 74/F/C/W/U
Strip: 2802m x 300m

Declared distances	03L	21R
TORA	2 682 m	2 682 m
TODA	2 742 m	2 742 m
ASDA	2 682 m	2 682 m
LDA	2 682 m	2 682 m

Runway Lighting	03L	21R
APCH	ALSF-I	Non-precision
THR WBAR	Green	Green
PAPI/VASIS	PAPI 3,07°	PAPI 3°
TDZ	-	-
RCLL	-	-
REDL	2682m / 60m / White / White-Yellow	
RENL WBAR	Red	Red
STWL	-	-

Runway 03R/21L

Width : 45m
PCN : 140/R/C/X/U
Strip: 3170 x 300

Declared distances	03R	21L
TORA	3 050 m	3 050 m
TODA	3 110 m	3 110 m
ASDA	3 050 m	3 050 m
LDA	3 050 m	3 050 m

Runway Lighting	03R	21L
APCH	ALSF-I	-
THR WBAR	Green	Green
PAPI/VASIS	PAPI 3°	PAPI 3°
TDZ	-	-
RCLL	-	-
REDL	2682m / 60m / White / White-Yellow	
RENL WBAR	Red	Red
STWL	-	-

Source: Aeronautical Information Publication – Autoridad de Aeronautica Civil

1E - Other Airports Managed by Tocumen S.A.

In addition to Tocumen International Airport, Tocumen S.A. operates four regional airports:

- Enrique Malek Airport located at David in Chiriquí province
- Scarlett Raquel Martinez Airport located at Rio Hato in Coclé province.
- Enrique A. Jimenez Airport located at Colón in Colón province
- Panama Pacifico International Airport (Howard) in Arraiján district.

The traffic across the regional airports totaled less than 300,000 passengers in 2015. Tocumen is currently evaluating the possibility of returning the ownership and operation of these airports back to the Civil Aviation Authority. In any case, as these airports have recently been renovated and expanded by the Government of Panama, only limited investment is being considered for these airports under the Investment Plan.

These airports capable of handling aircraft up to the Boeing 757, while Tocumen can handle up to ICAO Category E aircraft (including Boeing B777 and Airbus A40), and after the South Terminal completion, it will be able to accommodate the Airbus A380.

Common ownership of facilities allows a consistent strategy focusing on Tocumen as the main airport of Panama, with less domestic competition.

**Consorcio
PM Terminal Sur S.A.**



Independent Consultant Report

Section 2: Competitive Environment

Section 2: Competitive Environment

Tocumen's development success has been structured around the development of the airport into a highly competitive intercontinental and regional hub.

This success is the result of a comprehensive development strategy that includes:

- a proactive approach to the development of the route network,
- a strategic commitment to offer the best quality of service to both airlines and passengers
- a competitive pricing policy.

2A - Competitive Route Network Development

Tocumen S.A.'s major growth driver over the past decade has been the development of Copa Airline's "hub of the Americas". Copa has developed Tocumen into a major international transfer airport, and most of the airport passengers are connecting passengers. The hub connects North America, Central America, the Caribbean, and South America. The growth potential of Copa's hub lies in its ability to attract passengers from other markets.

Tocumen's close relationship with the Panamanian Civil Aviation Authority allows it to have a direct role in promoting bilateral air transport agreements with other countries, which has resulted in a number of "Open Skies" agreements including most Latin American countries, the United States and Canada, the European Union and the UAE. This approach has permitted Panama to develop into the largest air traffic liberalized country in the region (Source: "Agenda for Freedom", IATA). The "Open Skies" policy promoted by Tocumen has been crucial in the development of the new routes for international carriers, and new development opportunities for regional carriers, clearing the horizon for the opening of hubs of other regional airlines at Tocumen.

Panama's location plays a major role in the competitiveness of Copa's hub, as it is located right in the middle of its network, allowing Copa to optimize operations using narrow-body aircraft (such as the highly efficient and economical Boeing B737), whose range departing from Tocumen allows such aircraft to reach all the major cities on the East Coast of North America as well as San Francisco and Los Angeles on the West Coast. Southwards, it is possible to reach all the cities of Brazil, and the major cities of Argentina and Chile. Operationally, it means that the airline can operate with a limited number of aircraft types, allowing it to optimize fleet usage, cost of ownership, staff training and maintenance costs.

As can be seen in Figure 3, illustrating the shape and density of Copa Airlines route network, Copa currently operates under a dual hub system, with a major 75 destination intercontinental hub at Tocumen, and a smaller local distribution hub at Bogotá El Dorado Airport. Flight ranges are equally divided, between close range flights between one and two hours covering Central America, the Caribbean and Northern South-America; and middle range flights between four and

five hours covering North America and southern South America. With the exception of the small distribution network based in Bogota, a remnant of the major position that Copa held when AeroRepública (Copa’s Colombian subsidiary) was the second largest airline in Colombia, nearly all of the network’s flights converge in Tocumen, leading to a highly concentrated and efficient hub network.

Figure 3: Copa Airlines route network



Source: Data from OAG, Analysis C&A Airport Consultants

For long range flights, Copa relies on the route development of large (mainly European) airlines (including Air France, Iberia, TAP and Lufthansa). Other major airlines, as Emirates and Turkish, are implementing new routes to Tocumen.

The airport has played a central role in the development of the route network with operators other than Copa, offering specific marketing, economic incentives, and operational flexibility of the airport that meet the needs and requirements of international carriers.

2B - Competitive Airport Service and Operations

The development of the hub would not be possible without a strong commitment to offer excellent airport services both to airlines and passengers.

Focused on the operational needs of the airlines, the airport has played a major role on the successful development of the hub, developing an ambitious development plan for the passenger terminal that has been expanded in pace with the development of traffic, implementing fast and efficient terminal operational procedures to minimize connection times and optimize the throughput of the runway and taxiway system.

The excellence in airport passenger service is also a major focus of Tocumen: the airport development projects have been developed to enhance the passenger experience, and major internal projects have been implemented to maximize quality of service.

As a result, Tocumen has consistently been recognized as the top airport in Central America, winning Skytrax’s “Best Airport in Central America” and “Best Airport Staff in Central America” for each of the past 4 years.

Finally, a critical asset to enhance the transfer passenger experience at Tocumen is the excellence of the airport Duty Free shops, that are recognized to be among the best duty free shops of the Americas (Source: Duty Free News International).

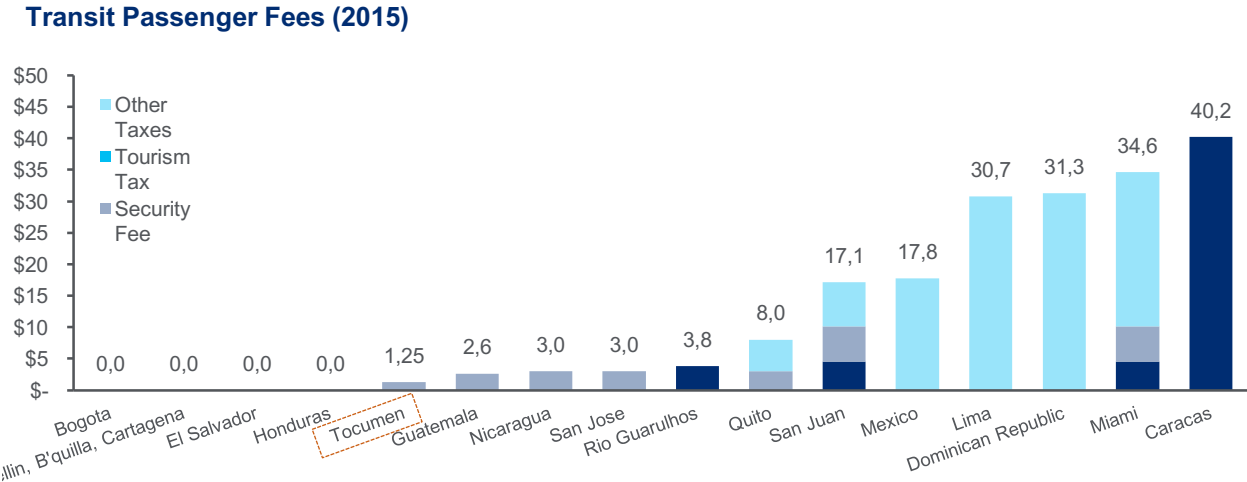
2C - Competitive Pricing

To maximize the attractiveness of the airport, Tocumen S.A. has developed a comprehensive and competitive pricing policy both for passengers and airlines, with aeronautical rates that are significantly lower than those of other airports in the region.

Tocumen S.A. has set its pricing policy minimizing the fees paid by transfer passengers: these passengers only pay minimal security fees, making Tocumen a particularly attractive transfer hub. Having one of the most successful Duty Free stores in the region Tocumen monetizes transfer passengers through commercial sales.

The structure of Tocumen’s pricing policy, which maintains extremely low rates for transfer passengers, supports the competitiveness of the hub, as can be seen in Figure 4.

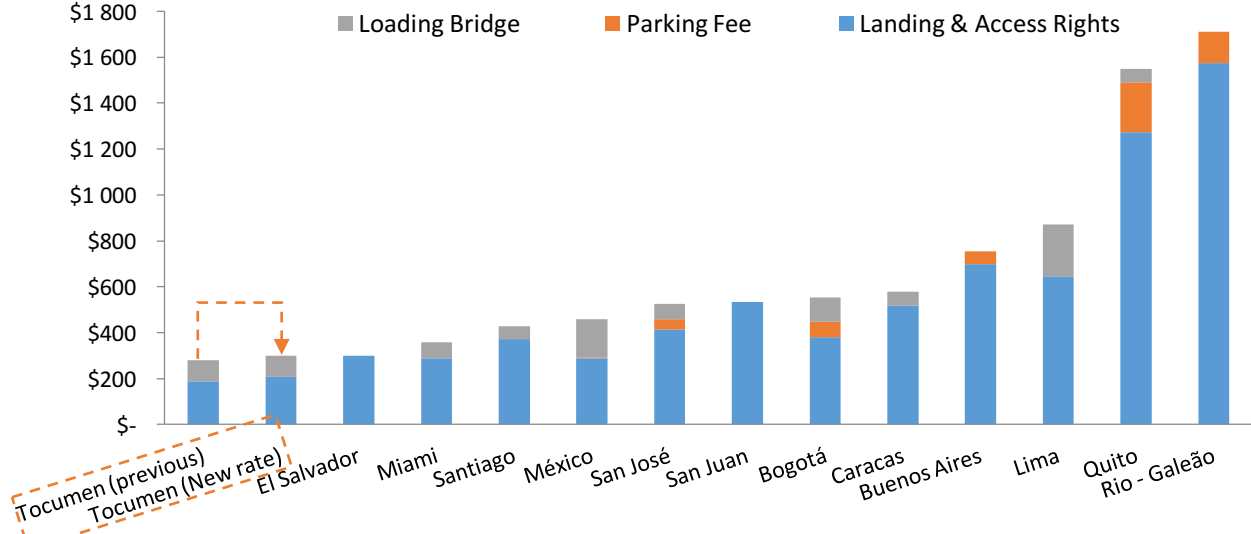
Figure 4: Benchmark of transit passenger fees



Source: IATA list of Ticket Airport Taxes and Fees, Miami, Lima, Colombian facilities – Airport websites
 Analysis: C&A Airport Consultants

This competitive pricing policy is also reflected in the fees paid by airlines, that remain significantly lower than other major airport in the region. Figure 5 illustrates the cost to cycle a B737 at Tocumen, compared with its major competitors, before and after the increase on airport aeronautical fees decided in 2015 and currently in effect.

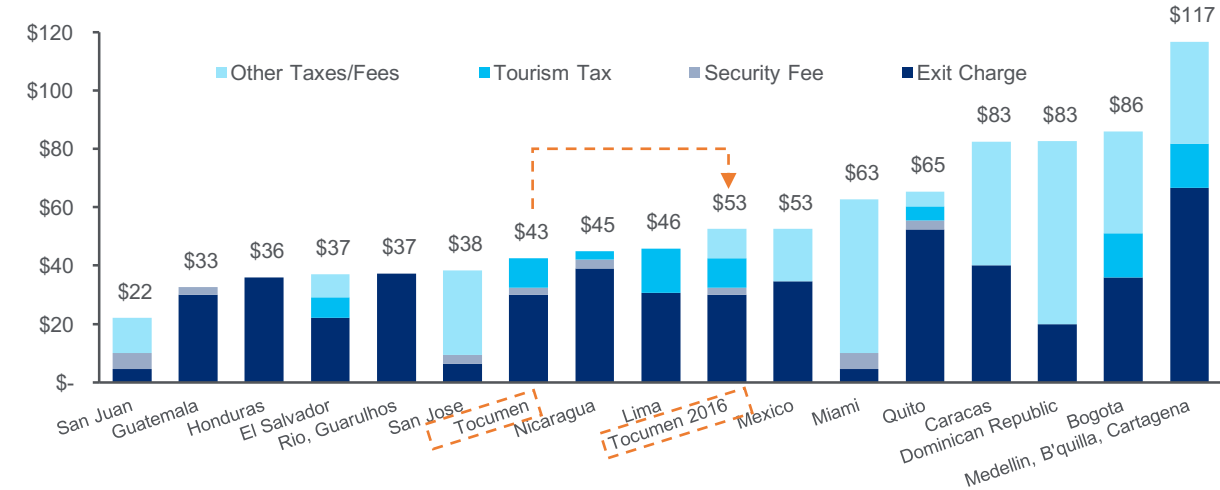
Figure 5: Aeronautical fees to cycle a B737



Source: Data from IATA - Airport, ATC and Fuel Charges Monitor
 Analysis: C&A Airport Consultants

Finally, even if the major share of the airport aeronautical revenue is paid by Originating passengers, the airport fees remains in line with other major regional airports, and lower than that of its major competitors such as México, Miami and Bogotá, as illustrated in Figure 6.

Figure 6: Benchmark of airport fees for a round trip O&D passenger (2015)



Source: Data from IATA - Airport, ATC and Fuel Charges Monitor
 Analysis: C&A Airport Consultants

2D - Tocumen Competitors

Avianca-Taca Hubs of Bogota, Lima and El Salvador

Avianca-Taca is the resulting company of the merger in 2013 of the Colombian airline Avianca with the Central American airline Taca. As can be seen in Figure 7, the airline operates three major hubs at Bogota, El Salvador and Lima.

Although Avianca-Taca operates a significantly larger number of routes (129 city-pairs compared with the 86 city-pairs operated by Copa), the connection power of their hubs are significantly lower. Avianca's Bogota hub offers only 50 destinations, and Lima and El Salvador 24 each, whereas Copa's Tocumen hub offers 75 destinations. Moreover, among the 50 destinations offered from Avianca's major hub at Bogota, 18 are minor local domestic destinations, and less than 30 are medium sized international destinations. The number of competitive routes offered from Bogota is less than half the number of competitive routes offered by Copa from Tocumen, and the number of the resulting competitive city-pairs is much less.

Note: To assess the relative competitiveness of the route network of a specific hub, we compare the number of theoretical city pair connections that are available through a connection at the hub: the higher the number of available city-pair combinations, the better the hub route network. To prevent including non-competitive city-pair combinations for which the connection at the hub would imply an excessive backtrack detour, we only retain for the comparison the number of "competitive city-pairs", excluding those that imply a detour that increases the total journey length above 150% of the length of a direct flight between the two cities.

Additionally, Avianca's triple hub strategy leads to a relative regional specialization of the different centers, with Southern South America being essentially served from Lima and Central America being served from El Salvador.

Copa's hub at Tocumen maintains a large competitive advantage for connecting passengers in relation to Avianca-Taca. Avianca has a very strong position in three major markets, effectively controlling the Colombian market (the second largest in South America after Brazil), with a strong position in Peru, and a key role in Central America, but it has concentrated on consolidating its position in these markets rather than competing in Copa's lucrative connection market.

Additionally, Avianca-Taca has major challenges in developing hub operations at its major bases, especially in Bogota and Lima which operate under private concession agreements, with a relatively rigid legal framework which makes airport expansions difficult, and with relatively high cost of regulatory fees.

Figure 7: Avianca-Taca Airlines route network



Source: Data from OAG, Analysis C&A Airport Consultants

LATAM Hubs at Santiago, Sao Paulo and Lima

LATAM is the resulting company of the merger in 2010 of the Chilean airline LAN with the Brazilian airline TAM. As can be seen in Figure 8, the airline operates three major hubs in Santiago de Chile, Sao Paulo and Lima, and three minor regional distribution hubs in Buenos Aires, Rio de Janeiro and Bogotá

Although LATAM operates significantly larger number of routes (220 city-pairs compared with the 86 city-pairs operated by Copa), the connection power of their hubs are significantly lower: Whereas Copa's Tocumen hub offers 75 destinations, LATAM's Guarulhos hub offers only 58, Santiago 46 and Lima 39 destinations. Moreover, among the 50 destinations offered from LATAM's major hub at Guarulhos, 17 are minor domestic destinations, and less than 30 are medium sized international destinations. The number of competitive routes offered from Guarulhos is less than half the number of competitive routes offered by Copa from Tocumen, and the number of the resulting competitive city pairs is much less.

Additionally, LATAM's hubs are not well served by their geographical position to compete with Copa for the Central American and Caribbean markets, as they are located far from the major Central American routes.

Figure 8: LATAM Airlines route network



Source: Data from OAG, Analysis C&A Airport Consultants

Copa's hub at Tocumen maintains a large competitive advantage for connecting passengers in relation to LATAM in the Central America-Caribbean market. LATAM is not necessarily in a position to gain a significant share of Copa's market, as its routes network offers an aggregated number of competitive city-pairs is significantly lower than Copa's network and its hubs have unfavorable geographical locations to compete in the Central America-Caribbean market compared with Tocumen.

Finally, like Avianca-Taca, LATAM will face major challenges in developing hub operations at its major bases, since Guarulhos, Santiago and Lima now operate under private concession agreements, with a relatively rigid legal framework that make airport expansions difficult, and with a relatively high cost of regulatory fees.

Other Tocumen Competitors

Other Tocumen competitors include México City Benito Juárez Airport, Miami International Airport and San Juan Luis Marín Muñoz Airport:

- **México City Benito Juárez Airport**

México City airport is one of the major airports in the region. As the major gateway to Mexico, it gives access to a major passenger pool. Its location is less competitive, as it is located significantly to the northeast from the center of North to South American routes, and out of the way from Central American to South American routes. The major limitation of MEX is its systematic capacity shortage limitations. Benito Juárez has faced significant saturation difficulties since the late 1990's, and these limitations have turned critical. These limitations do not allow any kind of hub-and-spoke operation that require important runway capacity availability. The development of the new Mexico City International Airport that is currently being developed in Lake Texcoco which is expected to be commissioned in 2020 will improve the airport capacity, as the new facilities are expected to offer up to six runways (in the long-term development plan) and three large 45 million annual passenger capacity terminals (Phase One will include three runways and a single 45 million annual passenger passenger terminal building).

If the new airport develops into a major competitor to Tocumen, it will have to face major challenges before impacting the traffic evolution at Tocumen:

- The 45 million annual passenger capacity of the first phase of the project will only offer the capacity that is already needed at MEX to cater to the existing traffic demand (the traffic for 2015 is expected to exceed 38 million annual passenger): no spare capacity has been included in the first phase of the project to serve the development of additional routes, other than those already served at the airport.
 - The financing of the new airport project, that is foreseen to be funded primarily by private debt, is not yet achieved.
 - The significant cost of the new airport (the current estimations are close to US\$ 13 billion), funded essentially by private equity, may translate into important operation tariffs to ensure a basic return on the investment.
- **Miami International Airport**
- Although it is significantly out of center from South-Central American routes and South America-Caribbean routes, Miami International used to be (and is still) a major competitor of Tocumen for North America – South America routes; the airport is very well connected to the United States domestic destinations and serves a large number of South American airports. The airport used to also be a major player on the Europe-South America route, but its competitive advantage has significantly declined over the past decades because of immigration regulations: since 2001 passengers travelling through the MIA hub are

required to have a United States transit Visa to be allowed to connect at the airport. This requirement may be prohibitive for nationals of countries of Central and South America and the Caribbean as the delay for obtaining such visa can be impractical and United States visa refusal rates for all visas of the nationals of these countries is significant (ranging between 10 and 30%).

- [San Juan Luis Muñoz Marín Airport](#)

San Juan Luis Muñoz Marín in Puerto Rico used to be a major competitor for Tocumen from the 1980's until the early 2000's, as the largest hub in the Caribbean, offering a dense distribution network to the United States, the Caribbean and Central America. It was also a major connecting airport for transatlantic routes, as a number of Central and South American airlines used to stop at SJU on their routes to Europe. The airport served as a Caribbean hub for Pan Am, Trans Caribbean Airways, and TWA, as an alternate regional location to counter Eastern Airlines *de facto* monopoly over the Caribbean and South-American routes. Since the mid 1990's, SJU traffic growth has been sluggish. On the domestic USA market after the fast growth period that followed USA air traffic deregulation, the market has consolidated and other USA hubs have drained SJU USA traffic, and on the international market technological advancement resulted in aircraft that did not need an intermediate stop to cross the Atlantic from South America, draining a large part of SJU long haul connectivity.

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Independent Consultant Report

Section 3: Projected Financial Performance

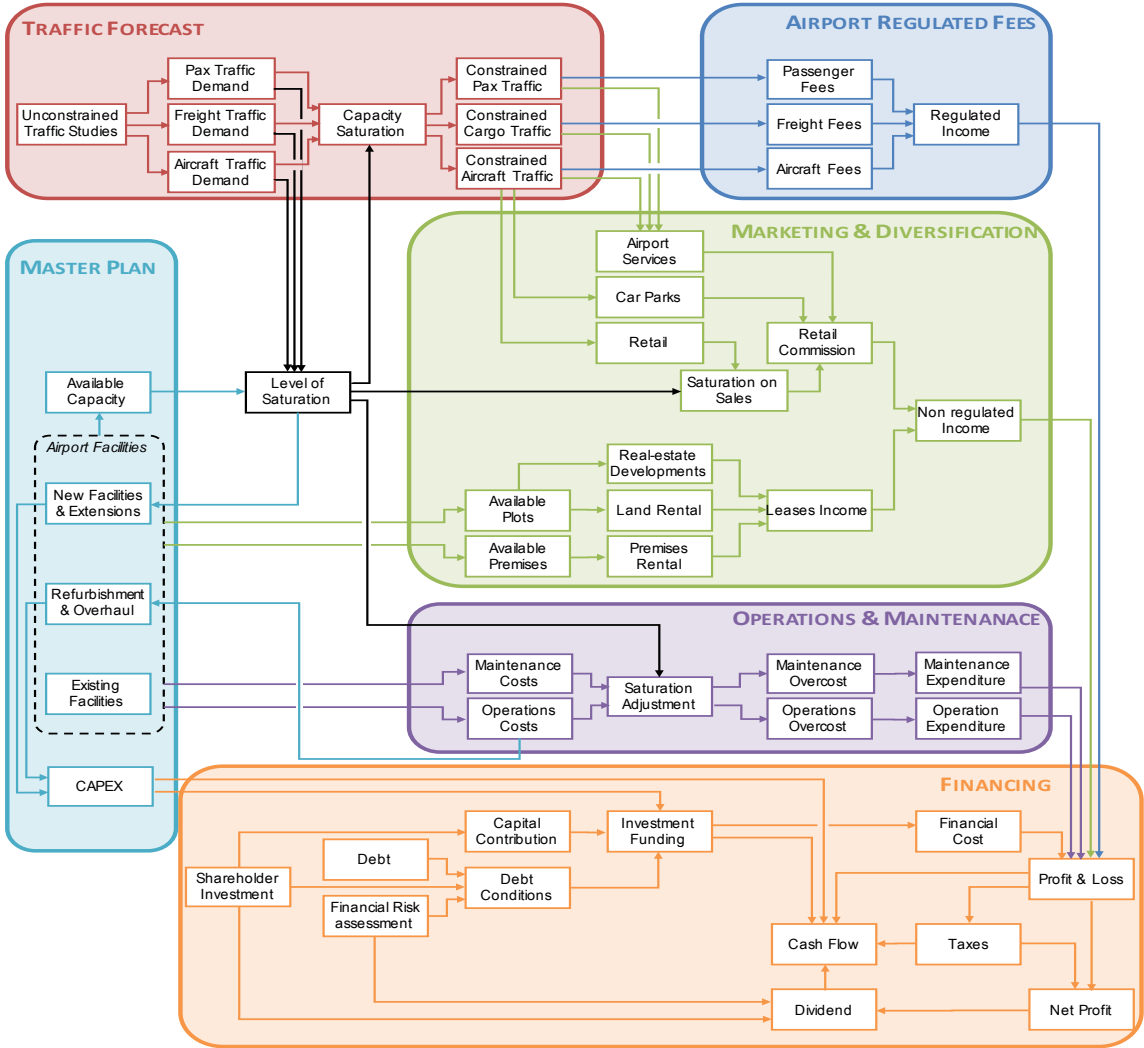
Section 3: Projected Financial Performance

3A - Modeling Methodology and Assumptions

A specific airport business model was built with Tocumen S.A.'s management to address the long term financial performance of the company, the effect of different forecast scenarios, the sensitivity of Tocumen's earnings to the variation of different business assumptions, and the impact of anticipating or postponing different construction works considered in the capital investment plan according to the Airport Master Plan update.

The diagram presented here in Figure 9 illustrates the relationships and dependencies between the different sections of the planning studies, and the general flow chart of the airport business model.

Figure 9: Business Model structure

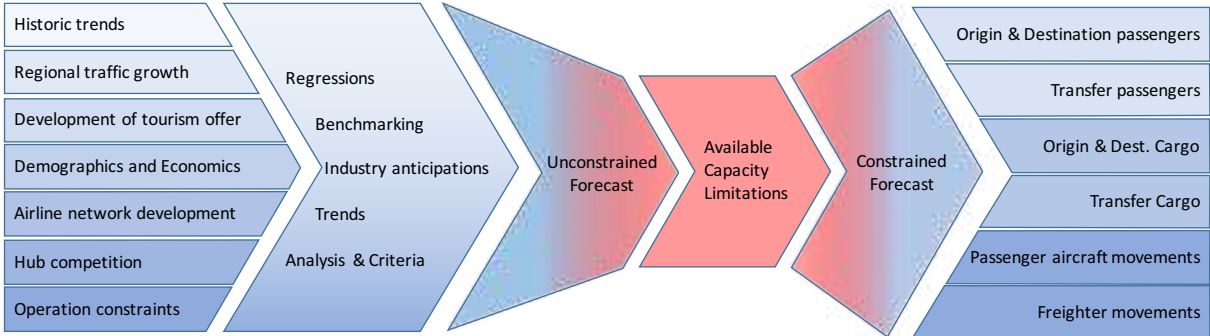


The major assumptions considered in our projection of financial performance are as follows (the detailed analysis of the foreseen evolution of each section of the model is presented and commented afterwards as they relate to traffic forecasts, airport regulated income, etc.):

Traffic Forecast Assumptions

The modeling and projection of traffic growth is based on the following assumptions:

- Origin & Destination traffic demand will grow according to the aviation industry long term traffic growth trends.
- The growth rate for each individual route is assumed to be equal to the growth rate of traffic for such route as a whole, as projected by aviation industry data.
- The traffic split of Origin & Destination traffic between Copa airlines and the other airlines will not change significantly over the forecast period.
- Tocumen will maintain its position and market-share as a major Latin-American hub. Based on the behavior and trends of other airport hubs, Copa airlines’ rate of transfer traffic will grow according to its historic trend up to a maximal transfer rate of 80%, while that of the other airlines will grow according to its historic trend but will cap at 20%.
- If the traffic unconstrained demand grows above the available nominal handling capacity of the airport terminal buildings (calculated for a IATA level of service C) a saturation abatement factor is applied to the traffic figures. The abatement factor is such that the total traffic of the airport will not be higher than 130% of the airport nominal capacity.
- In addition to the base case traffic forecast scenario, two sets of low growth scenarios were defined to assess the robustness of the airport financial model, including a scenario of an abrupt downturn of connecting traffic, and a scenario of a prolonged overall traffic recession.



Airport Regulated Income Assumptions

The modeling and projection of regulated revenues is based on the following assumptions:

- Airport regulated income is forecasted on the basis of the detailed traffic forecast scenarios, and applying the airport tariffs.
- The airport regulated fees for year 2016 will be set according to the reviewed airport tariff proposed by Tocumen and CPMTS (approved by the regulation authority in December 2015).
- The airport regulated fees will increase with an average compound inflation rate of 3%, applying increments once every 5 years (to “smooth” the financial performance results of the model, the results presented hereafter consider a constant 3% annual inflation rate for the tariffs of the airport regulated fees).

Marketing & Income Diversification

The modeling and forecasting of the commercial and real estate revenues is based on the following assumptions:

- Airport commercial income is forecasted on the basis of detailed traffic forecast scenarios and the average retail sales per passenger.
- The retail sales per passenger is assumed to keep on growing at its historic average annual growth trend.
- Airport real estate and lease revenues are forecasted on the basis of the evolution of lease rates and the projection of available leasable areas of the airport facilities. The availability of these areas is driven by the capital expenditure program.
- The airport retail sales per embarked passenger will increase annually with an average rate of 1.5% per year. Even if the projects currently underway consider increasing the available retail area per embarking passenger, conservatively the model does not consider that this increase will generate necessarily a significant increase on the retail sales per passenger.
- When traffic demand grows above the available nominal handling capacity of the airport terminal buildings (calculated for a IATA level of service C) a saturation abatement factor is applied to the retail sales figures. The abatement factor is such that the total retail sales of the airport will cap at 115% of the total retail sales that the airport generates when operating at nominal capacity.
- The model considers both the possibility of operating the airport retail areas under Key Deposit Agreements (KDR); as the passenger terminal Duty Free shops are currently being operated, or under traditional commission based retail agreements. The results presented hereafter assume that the new retail areas will not be operated through KDR agreements and that the existing KDR agreements will not be renewed.
- For the projection of real-estate income we considered conservatively that the airport developments will be leased according to the lease rates set in the current airport tariffs. These rates are currently being redefined and updated by Tocumen S.A.

- The model considers that both the retail prices and the lease rates will increase with an average compound yearly inflation rate of 2.25%.

Master Plan and Capital Expenditure Plan

- The capital expenditure plan is based on Tocumen's short term investment plan until year 2019, and on the updated Master Plan capital expenditure plan after 2019.
- The capital investments from the Master Plan study (after 2019) are considered to be traffic driven: The project delivery dates of these projects are scheduled so that the nominal capacity of the infrastructure and facilities allows to handle the traffic growth while guaranteeing specific quality of service criteria. In the financial projections presented hereafter, the investments are scheduled at the latest date while preserving a quality-of-service level of at least IATA C.
- The model considers that the construction unit costs considered in the capital expenditure plan will increase with an average compound yearly inflation rate of 2.25%.

Operations & Maintenance Expenditure

- Projections of O&M costs are based on Tocumen S.A.'s plan for operating the airport facilities. O&M costs are estimated separately for staff, maintenance costs and other costs.
- Staff costs are projected on the basis of the forecast of the number of staff and the projected evolution of staff costs in Panama. The number of staff is projected assuming that Tocumen's ratios of staff per annual passenger and staff per passenger terminal area will converge towards the world's average ratios, over the next 5 years. The staff unit costs are forecasted to increase with a yearly inflation rate of 3.25%.
- The forecast of maintenance costs was estimated on the basis of the total value of airport property (without considering depreciation). As the airport invests and expands, the total property value will increase and the maintenance costs will increase accordingly. Maintenance unit costs are forecasted to increase with a yearly inflation rate of 3.25%.
- When traffic demand grows above the available nominal handling capacity of the airport terminal facilities (calculated for a IATA level of service C) a saturation increment factor is applied to the maintenance costs. It is considered that when traffic grows beyond the nominal capacity of the facilities, the maintenance unit costs per passenger will be 150% higher.

Financial Analysis

Specific financial analysis of the different growth scenarios was conducted to estimate the evolution of Tocumen financial results, on the basis of the following assumptions:

Income Tax assumptions:

- Conservatively the projections assume that Tocumen’s income tax will remain at 30% (According to the fiscal agreements set on the last years, Tocumen should pay instead a 27% income tax).

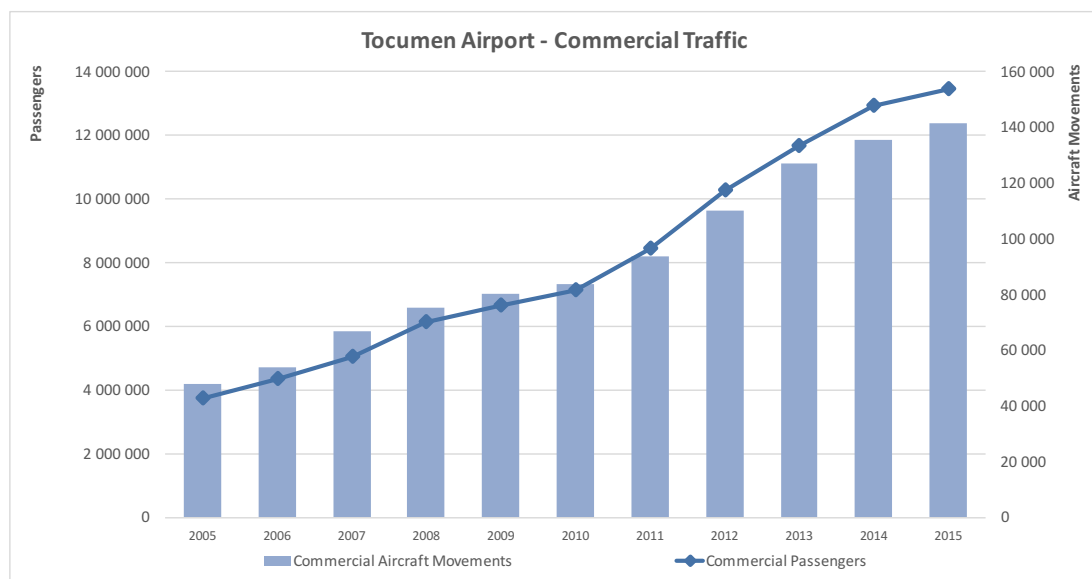
Financing assumptions:

- US\$ 625 million of new series, fully amortizing Fixed-rated Mortgage debt with 10-year principal grace are issued in 2016.
- The existing US\$ 650 million series 2013 notes amortize according to their actual schedule. The US\$ 484 million balloon due in 2023 is hypothetically refinanced into a fully amortizing structure at a stressed interest rate and co-terminus with Series 2016 debt.

3B - Traffic Dynamics

One of the major changes in the business environment of Tocumen since the last airport Master Plan lies in the anticipation of the evolution of demand in passenger, cargo and aircraft movements, as the growth in passenger traffic observed at the airport in recent years has been substantially higher than projected: the traffic growth has been nearly three times the projected growth, leading to a substantial increase in airport revenues.

Figure 10 : Evolution of passenger and aircraft traffic at Tocumen Airport



Source: Data: AITSA; Analysis: CPMTS

Figure 10 illustrates the behavior of traffic at the airport over the last 10 years. Since 2005 the airport has experienced a continuous, significant and sustained growth rate of 13,7%.

As such, Tocumen is among the airports with the highest sustained traffic growth in the world, and this trend does not seem to be affected by the economic conditions in Latin America. The airport holds a leading position among the busiest airports in the region. Tocumen is currently:

- The 3rd busiest airport in Latin America in terms of international passenger traffic (Table 3)
- The 7th busiest airport in the Americas (including North America) in terms of international passenger traffic (Table 4)
- The 10th busiest airport in Latin America, in terms of total passenger traffic (Table 5).

This ranking is even more significant provided that Tocumen has no domestic market compared to its key competitors in Mexico, Peru and Colombia, that benefit from significant local domestic demand.

Table 3 Busiest Airports in Latin-America ranked by international passenger traffic.

	Airport	City	Country	2015 Traffic
1	Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	13 620 000
2	Aeropuerto de Cancún	Cancun	México	13 566 003
3	Aeropuerto de Tocumen	Panama City	Panama	13 339 244
4	Aeropuerto Benito Juárez	Mexico City	México	12 758 456
5	Aeropuerto El Dorado	Bogotá	Colombia	9 148 501
6	Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	8 540 000 (est)
7	Aeropuerto Comodoro Arturo Merino Benítez	Santiago de Chile	Chile	8 172 300
8	Aeropuerto Jorge Chávez	Lima	Peru	8 119 188
9	Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	7 521 900 (est)
10	Aeropuerto de Punta Cana	Punta Cana	Dominican Rep.	6 413 748
11	Aeroporto Galeão-Antônio Carlos Jobim	Rio de Janeiro	Brazil	4 397 945
12	Aeropuerto Juan Santamaría	San José	Costa Rica	3 921 692
13	Aeropuerto José Martí	La Havana	Cuba	3 910 000 (est)
14	Sangster-Montego Bay Airport	Montego Bay	Jamaica	3 800 608
15	Aeropuerto Las Américas	Santo Domingo	Dominican Rep.	3 465 340
16	Lynden Pindling Airport	Nassau	Bahamas	3 350 000 (est)
17	Aeropuerto Simón Bolívar - Maiquetía	Caracas	Venezuela	3 155 000 (est)

Source: Data: Airport Websites; Analysis: C&A Airport Consultants

Table 4: Busiest Airports in North & South America ranked by international passenger traffic

Airport	City	Country	2015 Traffic
1 New York J.F. Kennedy Airport	New York	USA	30 020 301
2 Lester B. Pearson Airport	Toronto	Canada	25 177 558
3 Miami Airport	Miami	USA	21 206 541
4 Los Angeles Airport	Los Angeles	USA	20 740 075
5 Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	13 620 000
6 Cancún Airport	Cancun	México	13 566 003
7 Aeropuerto de Tocumen	Panama City	Panama	13 339 244
8 Aeropuerto Benito Juárez	Mexico City	México	12 758 456
9 Newark Liberty Airport	Newark	USA	11 802 191
10 Hartsfield-Jackson Airport	Atlanta	USA	11 233 303
11 San Francisco Airport	San Francisco	USA	11 218 000 (est)
12 O'Hare Airport	Chicago	USA	11 006 014
13 Houston George Bush Airport	Houston	USA	10 018 594
14 Aeropuerto El Dorado	Bogotá	Colombia	9 148 501
15 Dorval / Pierre Elliott Trudeau Airport	Montreal	Canada	8 883 781
16 Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	8 540 000 (est)
17 Aeropuerto Comodoro Arturo Merino Benítez	Santiago	Chile	8 172 300
18 Aeropuerto Jorge Chávez	Lima	Peru	8 119 188
19 Washington Dulles Airport	Washington	USA	7 652 513
20 Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	7 521 900 (est)

Source: Data: Airport Websites; Analysis: C&A Airport Consultants

Table 5: Busiest Airports in Latin-America ranked by total passenger traffic.

Airport	City	Country	2015 Traffic
1 Aeroporto São Paulo-Guarulhos	São Paulo	Brazil	38 984 587
2 Aeropuerto Benito Juárez	Mexico City	Mexico	38 433 078
3 Aeropuerto El Dorado	Bogotá	Colombia	29 956 551
4 Aeroporto Presidente Juscelino Kubitschek	Brasilia	Brazil	19 821 796
5 Aeropuerto de Cancún	Cancún	México	19 596 485
6 Aeroporto São Paulo-Congonhas	São Paulo	Brazil	19 279 644
7 Aeropuerto Jorge Chávez	Lima	Peru	17 575 919
8 Aeropuerto Comodoro Arturo Merino Benítez	Santiago de Chile	Chile	17 251 406
9 Aeroporto Galeão-Antônio Carlos Jobim	Rio de Janeiro	Brazil	16 942 229
10 Aeropuerto de Tocumen	Panama City	Panama	13 434 676
11 Aeroporto Confins-Tancredo Neves	Belo Horizonte	Brazil	11 167 429
12 Aeroparque Jorge Newbery	Buenos Aires	Argentina	11 052 861
13 Aeroporto Campinas-Viracopos	São Paulo	Brazil	10 282 871
14 Aeropuerto Miguel Hidalgo y Costilla	Guadalajara	México	9 759 222
15 Aeroporto Santos Dumont	Rio de Janeiro	Brazil	9 685 396
16 Aeropuerto Ezeiza-Ministro Pistarini	Buenos Aires	Argentina	9 127 908
17 Aeroporto Luís Eduardo Magalhães	Salvador	Brazil	9 087 067
18 Aeropuerto Simón Bolívar - Maiquetía	Caracas	Venezuela	9 040 652
19 Aeropuerto Luis Muñoz Marín	San Juan	Puerto Rico	8 733 161
20 Aeroporto Salgado Filho	Porto Alegre	Brazil	8 260 330

Source: Data: Airport Websites; Analysis: C&A Airport Consultants

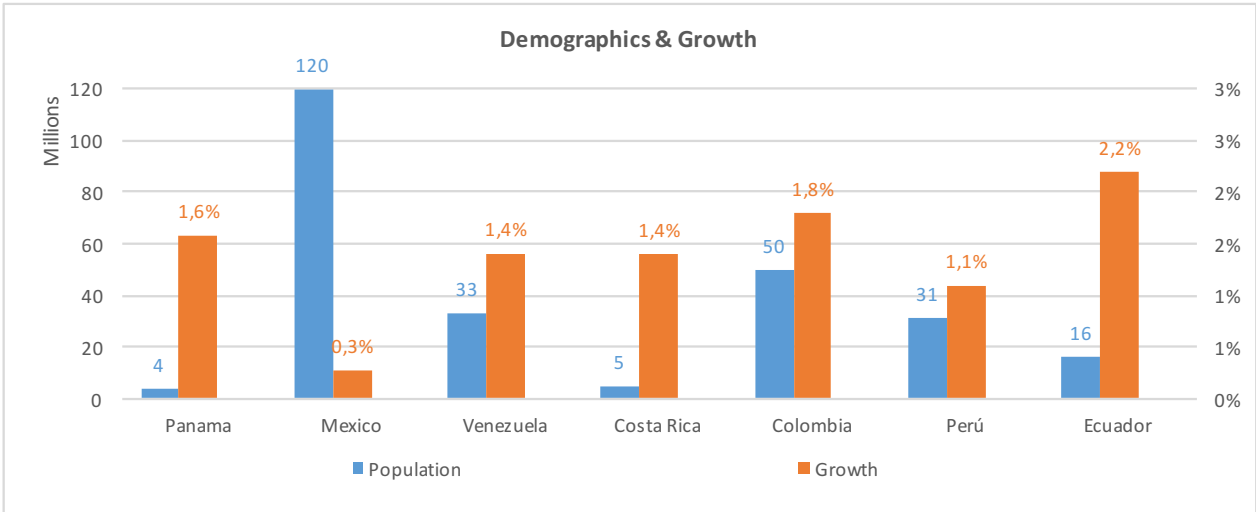
Socio-Economical Background

Demography

With 4.1 million inhabitants, Panama’s population is rather low in comparison with the major neighboring countries, including Mexico (with 119.5 million), Colombia (with 48.4 million) or Venezuela (with 33.2 million). The average annual population growth of Panama is close to the average of the countries in the region: with an annual growth of 1.6%.

Panama has an important traffic to inhabitant ratio, that can be explained not only by the significant connecting rate of passengers at Tocumen, but also by the significant rate of origin and destination trips per year per inhabitant of nearly 1.2 which characterizes the “insular” condition of Panama in relation to its neighbor countries: Costa Rica and Colombia only account for a small portion of Panamanian trade (10.6% and 5.8% of total imports, respectively). This “insular” condition of the country is made more acute given the absence of road connections between Colombia and Panama.

Figure 11: Population evolution by country (Panama, Costa Rica, Colombia, Mexico)



Source: World Bank, Analysis: CPMTS

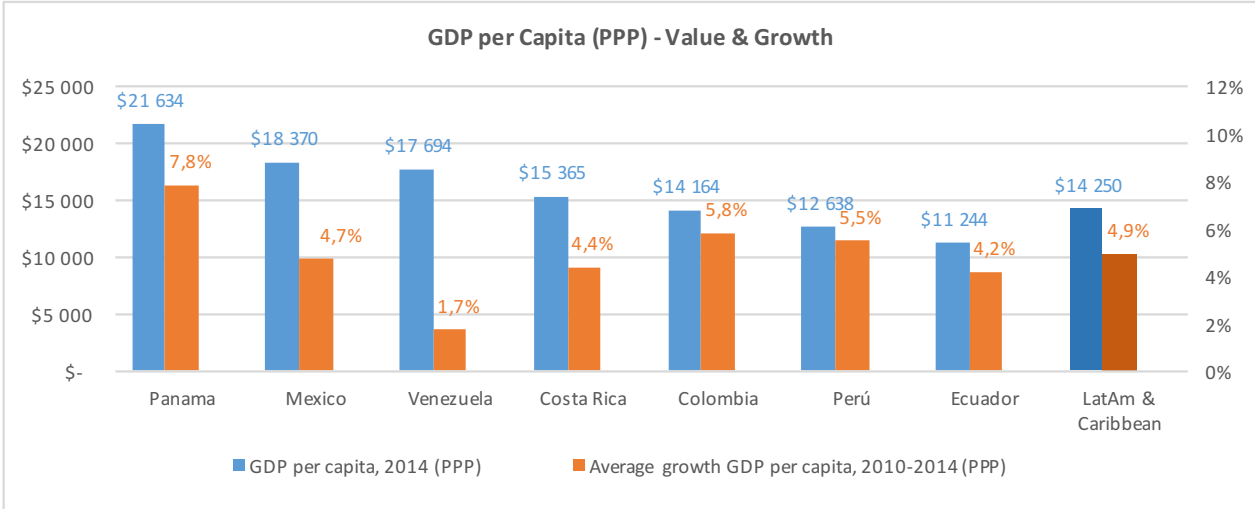
Economy and Growth Trends Profile

Panama has been one of the fastest growing economies in Central and South America over the last several years.

The Panama Canal represents a large part of Panama’s GDP, along with offshore finance, manufacturing and tourism.

The Panamanian economy slowed in 2009 as a result of the global economical slowdown, but strong growth resumed in 2010-2014 with a Compound Annual Growth Rate (CAGR) of 9.1%. The unemployment rate in Panama was 3.8% in August 2015.

Figure 12: GDP per capita (PPP), 2014

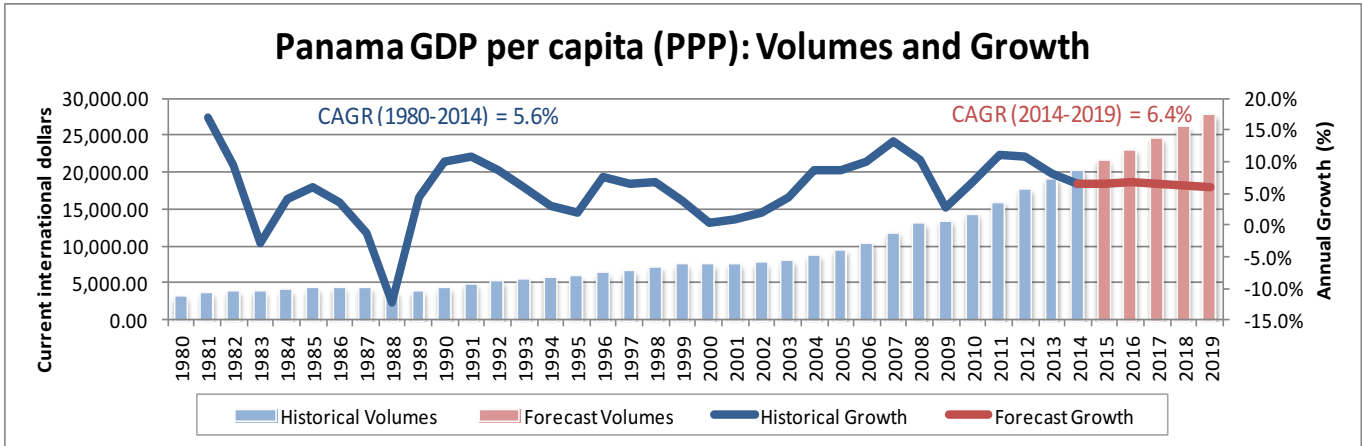


Source: International Monetary Fund, Analysis: CPMTS

Panama’s GDP per capita far surpasses that of its immediate neighbors, and its growth has been outstanding over the past four years.

The International Monetary Fund (IMF) predicts slower growth of the Panamanian GDP per capita from 2015 to 2019 as compared to the last three years.

Figure 13: Panama GDP per capita (PPP) – Volumes and Growth, Historical and Forecasts



Source: International Monetary Fund, Analysis: CPMTS

However, for the IMF , the expected growth of Panamanian GDP per capita remains higher than the expected growth of GDP for the surrounding countries.

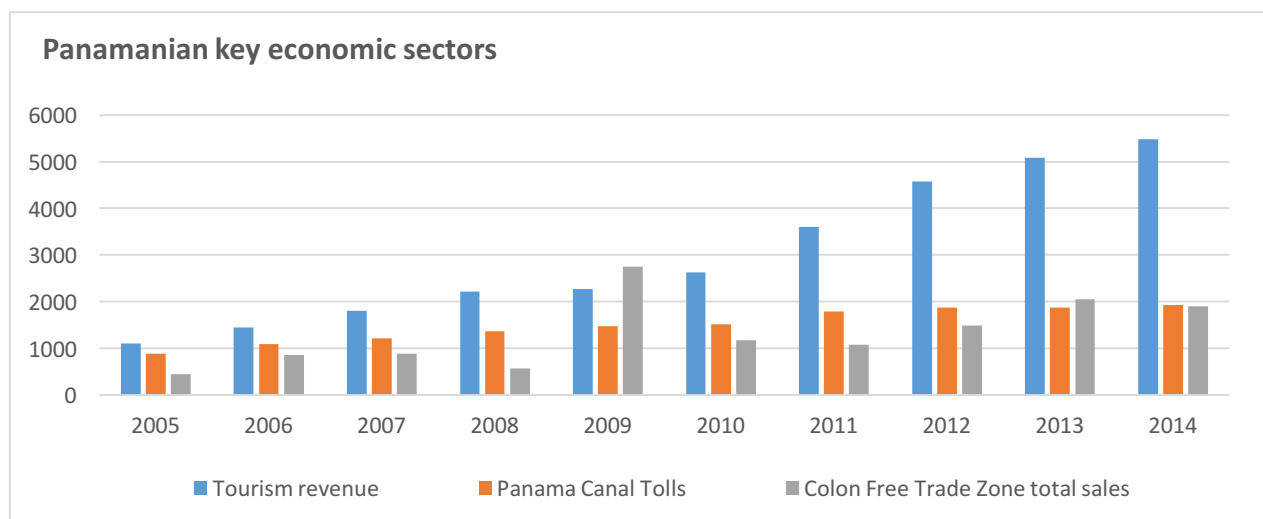
Tourism

Tourism is an important industry in Panama, in terms of economical repercussions, employment and new investments. The Panamanian government is expecting this sector to grow in order to diversify the bases of the economical growth of the country.

In 2014, tourism in Panama represented 13% of GDP whereas it represented only 6.4% in 2004. More than US\$ 7,000 million were earned by tourism generating more than 130,000 jobs. 35,000 people are directly and 98,000 are indirectly employed by the tourism sector. This contributes to the low unemployment rate of the country. Since 2010, tourism is the sector which generates the most revenues in Panama.

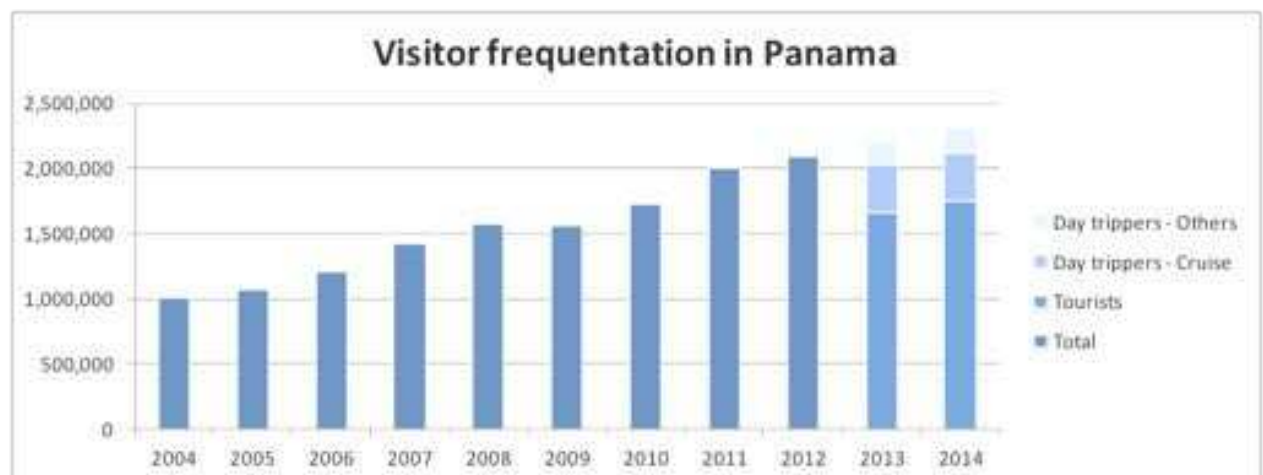
The number of tourists in Panama increased by 8.7% on average between 2004 and 2014.

Figure 14: Main economic sectors in Panama (in million US)



Source: Ministerio de Economía y Finanzas y Autoridad de Turismo de Panamá

Figure 15: Visitor frequentation in Panama



Source: Autoridad de Turismo Panama, Analysis: CPMTS

Around 70% of visitors to Panama in 2013 and 2014 arrived at Tocumen Airport. The number of visitors arriving at the airport increased by 5% between 2013 and 2014.

The tourism sector in Panama has been characterized by a strong dynamism over the last ten years and is now the leading economic sector in the country. This sector is closely linked to the development of Tocumen Airport.

Passenger Traffic Growth Drivers

Both connecting traffic and tourism development are major drivers of Tocumen’s traffic. See “Section 3A – Traffic Forecast Assumptions). As illustrated in Figure 16, both connecting and tourism traffic have grown substantially over the last decade:

- The development of Copa Airlines’ intercontinental hub has led to an impressive sustained yearly average growth rate of 18.8% for the connecting passenger traffic over the last decade.
- The promotion of Panama as a major international tourism destination has led to a significant growth of the Origin & Destination traffic at the airport of 10.4% annually, more than 1.5 times the average regional growth of air traffic in the Latin America and Caribbean region.
-

Figure 16: Growth of Transfer and Origin & Destination traffic at Tocumen



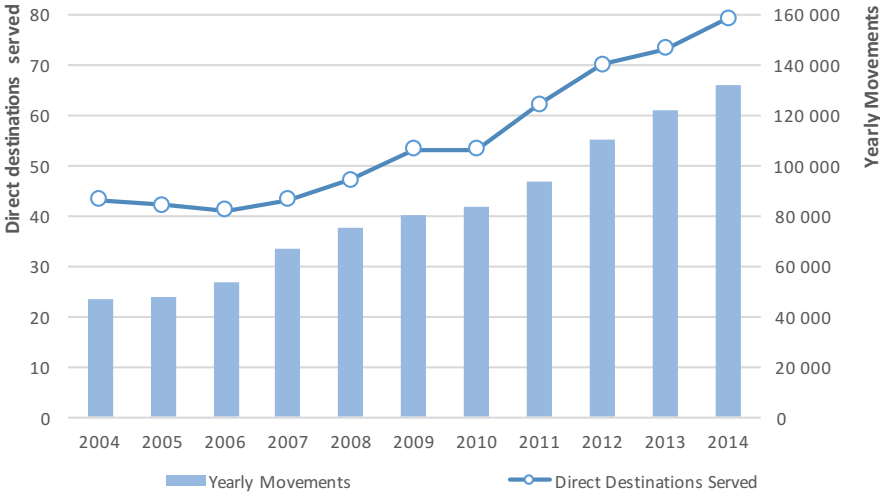
Source: Data: AITSA; Analysis: C&A Airport Consultants

The Panamanian aviation industry’s model of success is based on high connectivity, specifically of the airport’s hub. The numerous air transport connections serve economic development and boosts productivity, providing the Panamanian service industry with access to global markets, resources and infrastructure.

In terms of the number of destinations served and network density, the development of Tocumen’s network started to accelerate in 2007, and has been steady and continuous since then, with the consistent addition of five to seven additional destinations every year. The development of the hub feeding network is still in progress, as it can be seen in Figure 17:

Tocumen currently serves 87 destinations and is expected to serve 90 destinations in 2016.

Figure 17: Number of destinations served from Tocumen and yearly frequencies



Source: Data: AITSA; Analysis: C&A Airport Consultants

The airline schedule for the next IATA season confirms this trend in the near future: Air France opened a new connection from Paris in November 2013 that is about to be increased to 6 weekly flights, TAP will strengthen its connection to Lisbon that it has served since 2014.. Other destinations expected to open in 2016 include Lufthansa and Condor service to Frankfurt, Turkish Airways service to Istanbul and Emirates service to Dubai (which will be the longest flight in the world).

Projected Traffic Growth

Unconstrained Traffic Growth

The future traffic growth estimate at the airport was assessed separately for Origin & Destination traffic and for Transfer Traffic. The traffic growth of the past decade has shown:

- Consistent Traffic Growth: Tocumen passenger traffic has grown consistently and met or exceeded projections, supported by strong underlying Panamanian and Latin American economic growth, tourism initiatives of the Panamanian government, and the choice of Panama as regional headquarters of over 60 international corporations
- Resilience during Financial Crisis: Historically, traffic through Tocumen has demonstrated resilience during economic downturns as well, continuing to grow through the global financial crisis

Origin & Destination traffic shows a clear potential for growth:

- The local economy is expected to experience a significant growth wave, as the expansion of the Panama Canal that is expected to open in 2016 should foster important demand for sea traffic over the transoceanic route and boost local businesses that are focused on commercial and transshipment services.
- The tourism sector is expanding rapidly, and the pace of construction of new hotel rooms in the country has accelerated over the last three years
- The recent development of low cost carriers in Panama (with the opening of the daily operations of Viva Colombia) should encourage competition on local routes and should foster reduction in average fare prices and promote additional demand.

Conservatively, the growth of Origin & Destination traffic at Tocumen was assessed on the basis of the aviation industry growth projections in the Central America and Caribbean regions, applied to each of the routes currently served by the airport. These industry projections include Boeing's Current Market Outlook, Airbus' Global Market Forecast and IATA's 20-year passenger forecast. The growth rate for each individual route is assumed to be equal to the growth rate of traffic for such route as a whole, as projected by aviation industry data.

The growth rates considered in base unconstrained projection are presented in Table 6.

Table 6: Projected Traffic Growth Rates for Origin & Destination Traffic:

O&D Passenger traffic growth rates from PTY	2015-2025	2025-2035	2035-2040
Central America	4.70%	3.76%	2.82%
Caribbean	4.40%	3.52%	2.64%
South America	6.25%	5.00%	3.75%
North America	4.60%	3.68%	2.76%
Europe	3.95%	3.16%	2.37%

Source:

Base data: Airbus Global Market Forecast 2015-2034, Boeing Current Market Outlook 2015-2034

Analysis & Forecast: C&A Airport Consultants

Transfer traffic at Tocumen shows a specific pattern, that has been characterized by a steady increase in transfer rates, as presented in Figure 18, growing from an average 48.5% of the total traffic in 2003 to about 67% in 2015, reflecting the steady rise of Tocumen as a major regional hub.

Most of this growth has been the result of the development of Copa Airline’s hub: the based airline has seen its transfer rate grow from 69% to 77% of Copa traffic over the last decade. Other airlines have also seen their traffic rate increase at Tocumen, from about 8.5% to nearly 15% of non-Copa traffic.

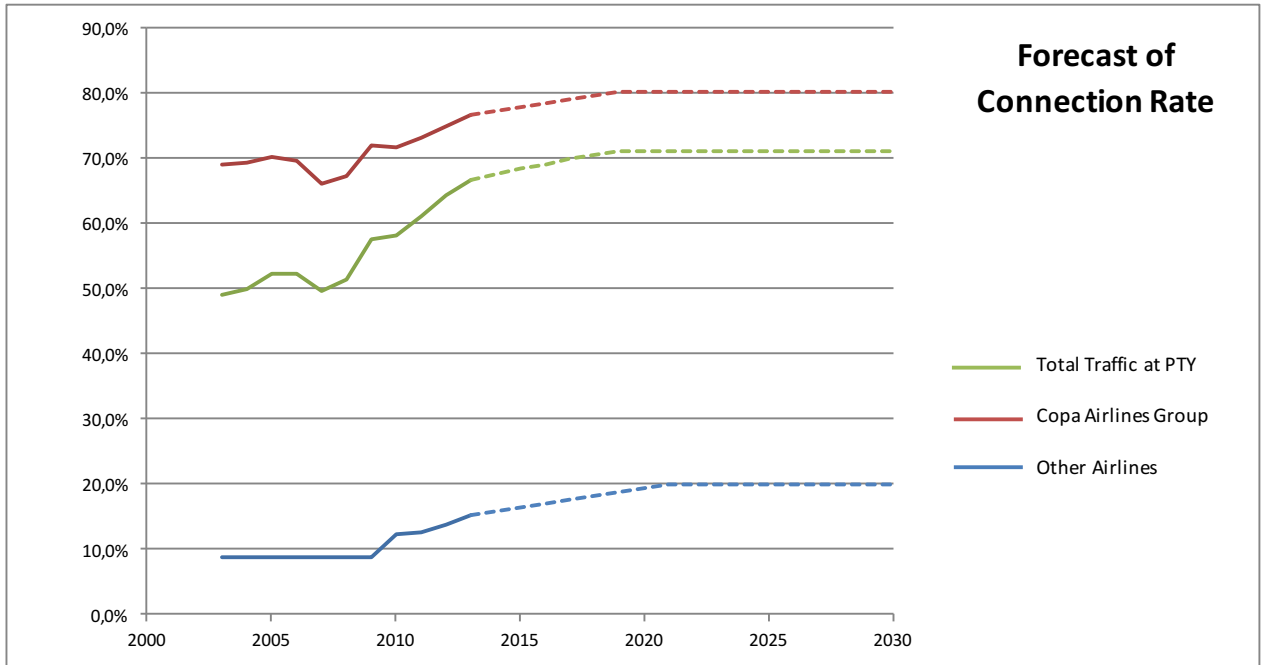
Our growth projection for connecting traffic was built on the assumption that transfer rates of both Copa Airlines Group and the other airlines will continue to grow but that they will reach a ceiling in future years. Based on the behavior of other major transfer hubs, Copa’s transfer rate is not expected to exceed 80%, while the transfer rate of the other airlines is not expected to grow above 20%, except for the long range flights. These transfer rates are based on the usual rates observed at other hubs. Our estimation of Tocumen’s future transfer rate is built upon these “rate cap” considerations, assuming that the annual increase of the transfer rate on each regional spoke will remain constant at the average pace observed over the last three years until they reach the rate cap, as indicated in Table 7.

Table 7: Projected growth of passenger transfer rates at Tocumen, and maximal ceiling rates:

Transfer rate yearly growth & Maximal transfer rate for each regional spoke	Copa Airlines Group		OAL	
	Annual Growth	Cap	Annual Growth	Cap
Central America	0.60%	80%	0.50%	20%
Caribbean	0.30%	80%	0.50%	20%
South America	2.50%	80%	1.00%	20%
North America	0.20%	80%	0.75%	20%
Europe		80%	0,50%	

Analysis & Forecast: C&A Airport Consultants

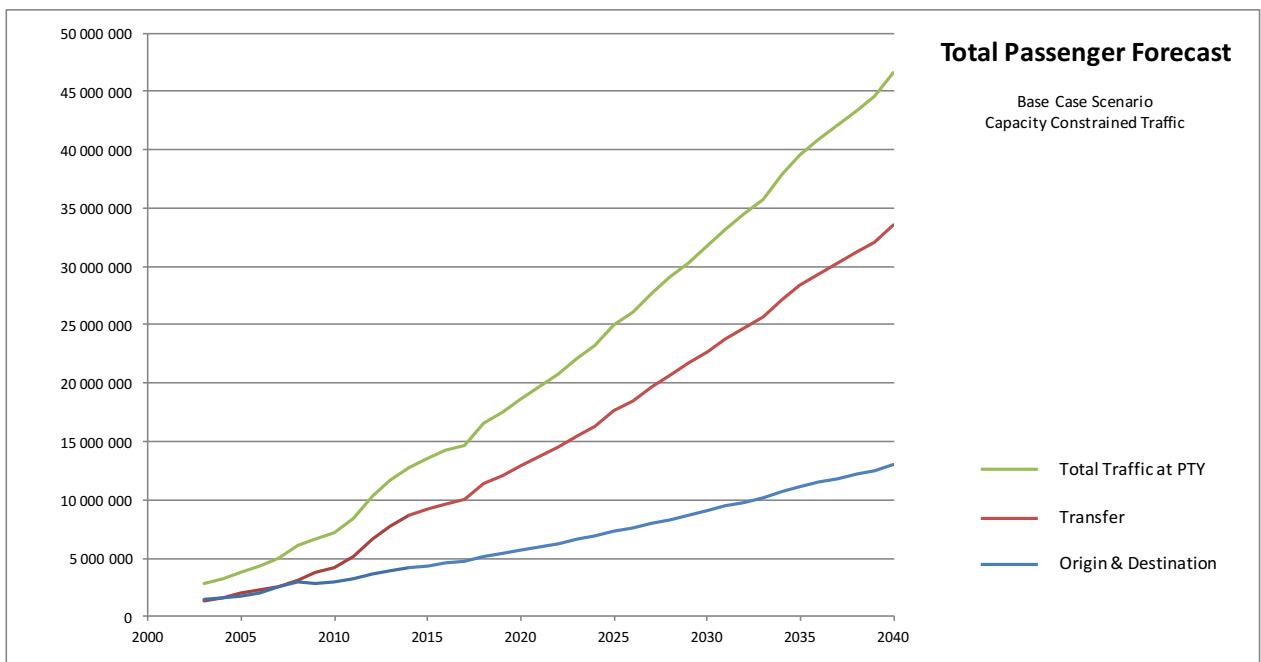
Figure 18: Projected growth of transfer rate for passenger traffic



Source: Data: AITSA; Analysis & Forecast: C&A Airport Consultants

Based on the assumptions in our model, these rates allow for expected sustained traffic growth for the next 20 years, as presented in Figure 19.

Figure 19: Projected growth of Total passenger traffic



Source: Data: AITSA; Analysis & Forecast: C&A Airport Consultants

These projections were used both in the Master Plan study to plan the airport development and in the financial model, and are presented in detail in Exhibit A.

Cargo Traffic Growth

Tocumen is currently the larger cargo airport in Central America. It houses the regional base of DHL that has developed a successful cargo hub that is expanding rapidly. Panama cargo terminal is the main air freight gateway to the region: 40% of the Central America air cargo traffic transits through Tocumen airport.

Cargo volumes are also expected to grow in line with the expansion of the DHL cargo hub facilities, as the airline is expecting to double the size of their facilities and expand the network served from Tocumen.

The expansion of Copa's network should also foster the growth of air cargo traffic at the airport, as the new aircraft that are joining the airline fleet have a significantly larger belly cargo capacity than those that are currently in operation.

Finally, together with the expansion of the Panama Canal, the Panamanian Government is implementing an ambitious strategy for the development of Cargo and Logistics in the country, and a critical part of this plan should be supported by the development of sea-air transshipment flows in Panama, centered in the harbours of Colón and Balboa and in Tocumen airport.

3C - Capacity & Expansion Planning

Capacity of the Passenger Facilities

The determination of the capacity development needs of the airport requires the prior estimation of the existing airport capacity. The effective capacity of the infrastructure and facilities depend not only on the availability of building areas and processing resources, but also on the quality of service that these resources are intended to provide to the airport users. Our analysis was performed with the objective to deploy facilities maintaining a level of service compliant with IATA level C. See “Section 3A – Modeling Methodology and Assumptions”.

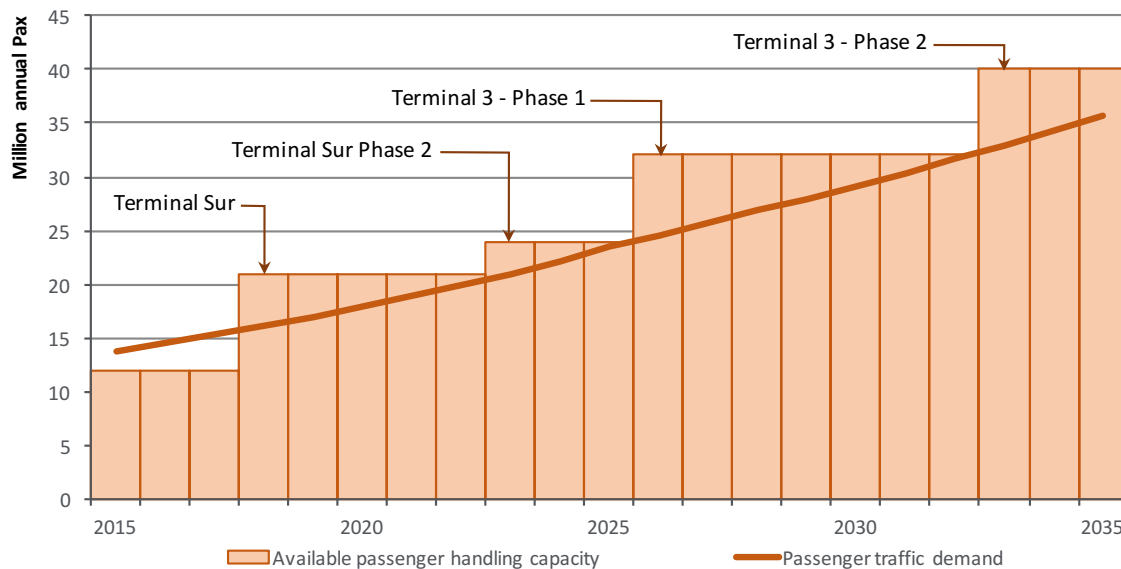
Note: IATA defines level of service C as: “Good level of service. Conditions of stable flow, acceptable delays and good levels of comfort.”, and translates the level of services offered by the different areas and resources of the airport while handling a particular traffic flow.

The capacity of the existing North Terminal is estimated to reach 12 million annual passenger for IATA level of service C (the airport is currently handling higher traffic, but with a lesser quality of service). The foreseen development projects required to meet the capacity needs are as follows:

- The development of the South Terminal, ancillary facilities and additional projects, to be commissioned for 2018, should provide an additional capacity of 9 million annual passenger, leading to a total capacity of about 21 million annual passenger, which should provide a Level of Service IATA C until 2022.
- For 2023 a minor expansion of the South Terminal to the south is being considered, allowing for development of an additional capacity of 3 million annual passengers, leading to a total capacity of about 24 million annual passengers, for a IATA Level of Service C until 2025.
- In 2024 it is expected to develop an additional major terminal expansion. The basic planning criteria have been to develop an expansion that would provide enough capacity for at least seven years (i.e. providing enough capacity to handle the traffic foreseen through 2032), leading to a terminal development of about 8 million annual passengers, and a total capacity of about 32 million annual passengers, which should provide a IATA Level of Service C until 2033.
- If necessary, this new terminal could be expanded through the addition of 8 million annual passenger capacity modules in 2039 and 2044, as deemed necessary.

The resulting capacity vs demand relation is presented in Figure 20.

Figure 20: Passenger Capacity vs Demand



Analysis & Forecast: C&A Airport Consultants

The capacity vs demand relationship described in Figure 20 reflects the projected base rate passenger traffic model described in section 3B.

Capacity of the Runway System

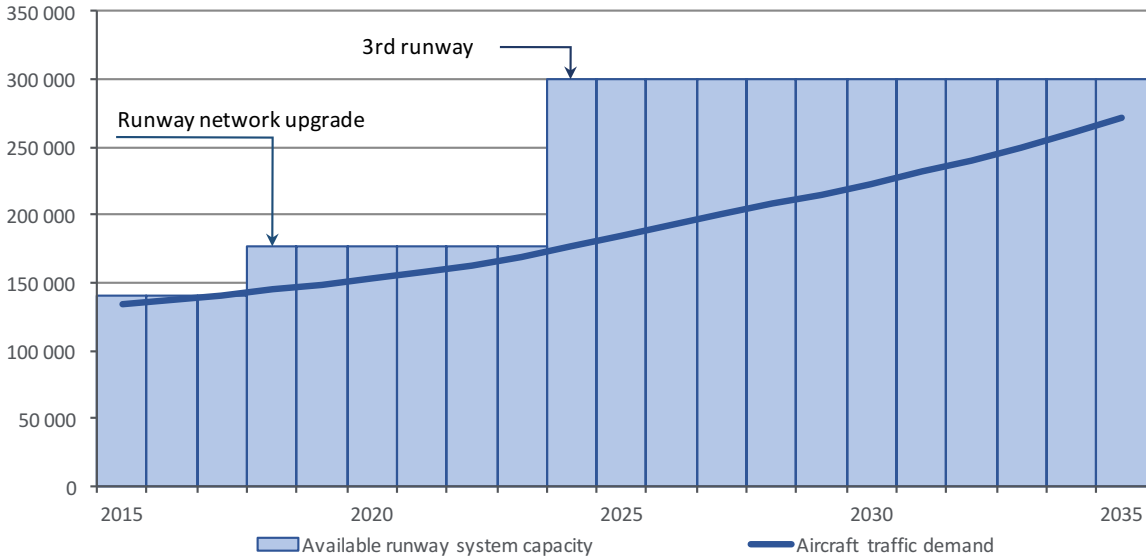
For the runway system, the analysis is a similar one. The capacity of the existing runway system is estimated to reach 140,000 movements per year (mvts/year). The major limitations of the existing system lie in the poor conditions of runway 03L-21R and the limited capacity of the taxiway system. The runway system is expected to be developed as follows:

- With the development of the South Terminal, a specific taxiway network will need to be implemented, including the completion of the existing partial parallel taxiway of runway 03R (taxiway Lima), the development of a second parallel taxiway for runway 03R-21L, and the improvement of the runway and taxiway system of runway 03L-21R. It is expected that these improvements will enhance the capacity of the existing terminal system, to a capacity of 176,000 mvts/year. This capacity should provide the necessary capacity for the airport to operate until 2024.
- The runway system will need to be expanded in 2024, in line with the development of the major terminal expansion. It is expected that for year 2024 a new 3rd runway will be developed. The current Master Plan call for a new independent runway parallel to 03R-21L, that would allow the airport to reach an overall capacity of 300,000 mvts/year, which should provide enough capacity until 2039.

The runway capacity can be extended further by optimizing the operational procedures, reducing demand at busy hours, and eventually developing a fourth runway after 2040.

The resulting capacity vs demand relation is presented in Figure 21

Figure 21: Runway Capacity vs Demand



Analysis & Forecast: C&A Airport Consultants

The capacity vs demand relationship described in Figure 21 reflects the projected base rate passenger traffic model described in section 3B.

Airport Master Plan Update

Phase 2018: 20 Million Annual Passenger

The first development phase is already under development, including the purchase of the South Terminal site and finishing the construction and commissioning of the South Terminal. Along with this phase, Tocumen S.A. plans to develop Phase 0 (including the works that are necessary for the South Terminal to be operational), and Phase 1A (including the other works that are essential for the airport to operate in the short term).



Source: CPMTS: Tocumen Airport Master Plan 2015-2035

Phase 2020: 24 Million Annual Passenger

Tocumen will implement Phase 1B, including the works that are needed for the airport to reach a capacity of 24 million annual passenger, optimizing the airside network and start developing the Cargo City.



Source: CPMTS: Tocumen Airport Master Plan 2015-2035

Phase 2025: 32 Million Annual Passenger

Beyond 24 million annual passenger, the airport will need both a 3rd runway and a new passenger terminal building. The current plan calls for a new runway 1525m eastwards from 03R/21L. Passenger facilities can be developed southwards from the South Terminal, or eastwards from the central runway. The Master Plan currently foresees a new terminal on the eastern side, connected to the existing facilities through a people-mover rail system. This development stage includes Phases 2 and 3 of the Capital Plan.



Source: CPMTS: Tocumen Airport Master Plan 2015-2035

Phase 2035: 46 Million Annual Passenger

In the long term, the facilities will continue their deployment on the eastern side of the airport, leading to an ultimate capacity of 46 million annual passenger, covering the Capital Investment Plan Phases 4 and 5.



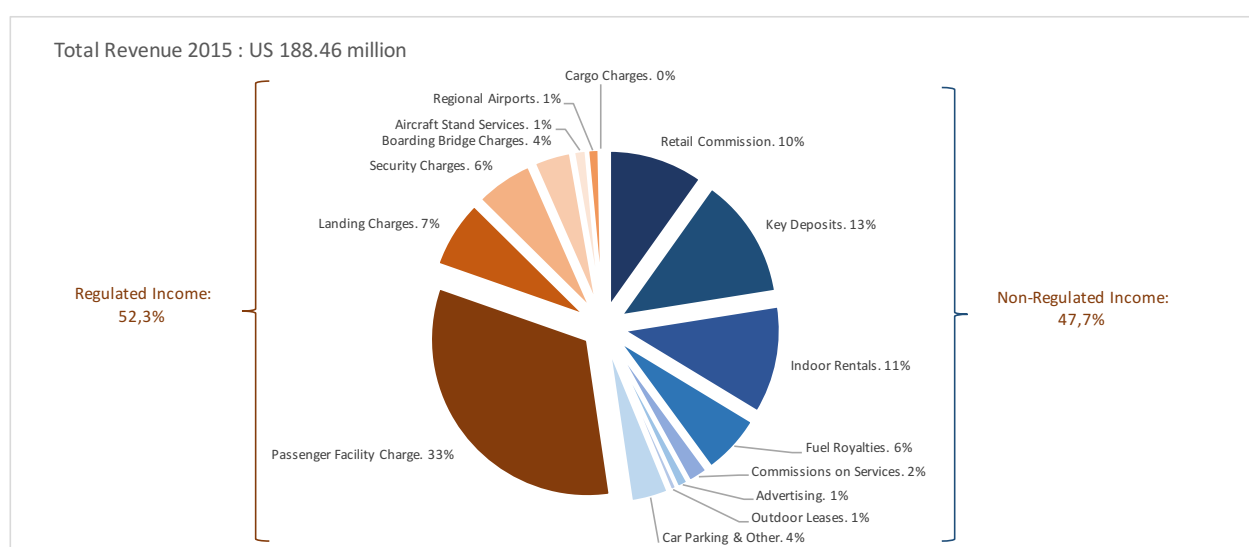
Source: CPMTS: Tocumen Airport Master Plan 2015-2035

3D - Revenues, Pricing & Cost Base

Revenue Performance

Airport revenues for 2015 are shown in Figure 22. These revenues come from two major sources: Aeronautical revenues and Commercial revenues. Aeronautical (or regulated) revenues represent the major share of total revenues with 52,3%. Commercial (or non-regulated) revenues amount to 47,7%.

Figure 22: Tocumen S.A. revenues 2015



Aeronautical Revenue Source	Description	Total Revenue	% of Total Revenue
Passenger Facility Charge	Charged to all passengers Originating from PTY, for use of airport facilities	\$61.60	32.7%
Landing Charges	Charged for each landing of an aircraft	\$13.29	7.1%
Security Charges	Charged to all passengers using the airport (Arriving, Departing or Transiting).	\$11.31	6.0%
Boarding Bridge Charges	Charged for each passenger-carrying aircraft using a contact gate	\$7.22	3.8%
Aircraft Stand services	Charged for passenger-carrying aircraft using 400Hz and PCA services.	\$2.42	1.3%
Regional Airports	Revenues from 4 airports Tocumen management and general aviation	\$2.20	1.2%
Cargo Charges	Charged on a per kg basis	\$0.39	0.2%
Aircraft Parking & Private FLights	Charged for aircraft parking at the airport	\$0.20	0.1%
Aeronautical Revenues Subtotal (US\$ million)		\$98.61	52.3%

Non-Aeronautical Revenue Source	Description	Total Revenue	% of Total Revenue
Retail Commission	Charged to retail vendors operating throughout the airport	\$18.55	9.8%
Key deposits	Advance payments on retail/duty free space	\$23.82	12.6%
Indoor rentals	Charged to retail vendors and space lessors inside the Passenger Terminal	\$21.10	11.2%
Fuel Royalties	Charged for all aircrafts' use of fuel services	\$11.80	6.3%
Commissions on services	Charged to airline service providers operating throughout the airport	\$3.90	2.1%
Outdoor leases	Charge to outdoor spaces and infrastructure lessors	\$1.23	0,7%
Advertising	Charged to advertising services throughout the airport	\$2.17	1.2%
Car Parking & Other	Charged for both arriving and departing passengers	\$7.29	3.9%
Non-Aeronautical Revenues Subtotal (US\$ million)		\$89.85	47.7%

Aeronautical Revenues

In Tocumen, aeronautical revenues are derived from landing fees, aircraft parking fees, passenger boarding bridge fees, passenger fees, security charges, cargo fees and fees for aircraft services. These revenues are paid by the airlines to Tocumen S.A. pursuant to the airport's tariff schedule approved periodically by the Civil Aviation Authority, the airport's economic regulator. There are no use and lease agreements between Tocumen S.A. and the airlines (either individually or collectively) related to airline operations.

In accordance with Article 15 of Panamanian Law 23 of 2003 which established Tocumen S.A. as the owner and operator of the airport, Tocumen S.A. is required to apply to the Civil Aviation Authority (CAA) for any proposed changes to the various categories of aeronautical charges (including adjustments to account for inflation). These changes are not directly cost based (in the sense that there is a specified formula for calculating the individual fees and charges based on the associated allocated costs), but costs are taken into account for the determination of the rates. In order to adjust the fees and charges, Tocumen S.A. prepares a submission to the CAA justifying the need for the fee changes proposed. While there is no prescribed timetable for CAA review and the fee adjustments are usually reviewed and approved by the CAA's Board at the meeting at which Tocumen S.A.'s proposal is first presented.

Historically, Tocumen S.A. management has always been able to obtain CAA approval for fee and charge increases when needed. Unlike other privatized airports, Tocumen S.A. has no legal obligation that limits the increase of aeronautical fees, and no formal consultation with the airlines or other parties is needed, although Tocumen S.A. generally holds a meeting with the airlines to discuss the proposed fee and charge adjustments, and solicits airlines comments and views before implementing new tariffs. While there is no notice period required before the new fees are put into effect, Tocumen S.A. generally provides a notice period of 60-days to the airlines of a fee adjustment.

A detailed analysis of the current fees and charges was conducted in the first semester of 2015, leading to a major review of the aeronautical charges and fees. A substantial fee adjustment was proposed to the CAA on the basis of this study. This adjustment was approved by the Board of the CAA and is pending official publication. This adjustment should lead to an increase of the total aeronautical revenues per passenger of around 36%.

Table 8 shows the tariff structure of the aeronautical revenues in 2015 and the proposed adjustments that will be implemented in 2016.

Table 8: Schedule of Aeronautical Charges

Aeronautical Revenues	Current	New Rate	Aero Revenue Impact FY 2016
Landing Fees +1%			
Minimum Charge up to 12.5T	\$30	\$30	
from 12.5T to 20T	2.4/T	2.4/T	
from 20T to 70T	2.45/T	2.45/T	
from 70T to 110T	2.5/T	2.5/T	
from 110T to 160T	2.55/T	2.55/T	
Greater than 160T	2.6/T	2.6/T	
Night operations surcharge	0%	10%	
Parking fees +7%			
Rate per period	0.25/T	1.15/T	
Charge period	360 min	60 min	
Grace period	360 min	180 min	
Discount for using Tocumen as Hub	70%	0%	
Discount for >25 landings /month	50%	0%	
Discount > 100 landings / month	60%	0%	
Jetbridge Charge +<1%			
Cost for first period	\$62	\$62	
Length of first period	90 min	90 min	
Cost for subsequent periods	\$15.5	\$15.5	
Length of each subsequent periods	30 min	30 min	
Surcharge for Widebody Aircraft	0%	100%	

Aeronautical Revenues	Actual	New Rate	Aero Revenue Impact FY 2016
Aircraft Utilities +0%			
400Hz			
Period	15 min	15 min	
Wide Body	\$20/period	\$20/period	
Narrow Body	10/period	10/period	
Air Conditioning			
Period	15 min	15 min	
Wide Body	\$20/period	\$20/period	
Narrow Body	10/period	10/period	
Boarding Area	15/mvt	15/mvt	
Passenger Facility Charge +0%			
Charge per Departing O&D Passenger	\$40	-40	
Infants	20	-20	
Seniors	20	-20	
Airport Investment Charge +24% ¹			
Departing O&D Passengers	\$-	\$12	
Security Charge +0%			
Departing O&D Passenger	\$1.25	\$1.25	
Cargo Charges² +0%			
Charge per kilo	\$5/kg	\$5/kg	

1) Reflects initial \$10 charge during 2016. Further increase to \$12 happens in 2017

2) Under negotiation

Source: Tocumen S.A.

The detailed definition and base of the tariff are described here after:

Passenger Fees

Passenger fees are levied on originating departure passengers at the airport (excluding both transit and connecting passengers) for their use of airport facilities. While the fee is paid by the passenger, it is included in the airline ticket price and remitted by the airlines to Tocumen S.A. This fee is not applied to connecting passengers, to promote the competitiveness of the hub. Since April 2009, the departing passenger fee has been set at US\$40, but 25% of this amount is remitted to the Panamanian National Tourism Board. Infants and retired passengers are eligible for a 50% reduction.

Passenger fees accounted in 2015 for US\$61.6 million for Tocumen S.A. We project that this income will reach US\$91.4 million in 2020 under the base case traffic growth scenario.

Airport Development Fee (new as of January 2016)

Starting January 2016, originating passengers have been required to pay a US\$10 airport development fee, in addition to the passenger fee. This fee will be increased to US\$12 in 2017. Revenues from the airport development fee will be used as a primary source to finance the airport developments.

It is foreseen that income from the airport development fee will reach US\$37.3 million in 2020 under the base case traffic growth scenario.

This fee is not expected to have an impact on connecting traffic demand and competitiveness, as this fee will not be charged to connecting passengers.

Landing Charges

Landing fees are paid by the airlines for the use of airfield facilities at the airport, including the runway and taxiway system. Landing fees are assessed on the basis of a specific tariff per ton of maximum certificated landing weight (MTOW) on a graduated scale, with a minimum charge for international aircraft operations of US\$30 for aircraft weighting up to 12.500 kg, and a variable charge between US\$2,40 and \$2,60 per ton over 12.500kg. There is a separate, lower, schedule of charges for domestic operations, but the overwhelming majority of flights at the airport are international flights.

Starting January 2016, airlines have been required to pay a 10% surcharge for nighttime operations.

Landing fees accounted for US\$13,3 million in revenue in 2015 for Tocumen S.A. It is foreseen that this income will reach US\$18.6 million in 2020 under the base case traffic growth scenario.

Security Fees

In March 2012, Tocumen S.A. introduced a security charge of US\$1,25 for every arriving, originating, terminating or connecting passenger.

Security fees accounted for US\$11,3 million in revenue in 2015 for Tocumen S.A. It is foreseen that this income will reach US\$17,1 million in 2020 under the base case traffic growth scenario.

Passenger Boarding Bridge Charges

This is a charge for the use of passenger boarding bridges by the passenger airlines. The fee is US\$62 per operation for the first 60 minutes of use, plus US\$15,5 per each additional 15 minutes of use thereafter. Starting January 2016 wide-body aircraft have been required to pay a 100% surcharge on this fee.

Passenger Boarding fees accounted for US\$7,2 million in revenue in 2015 for Tocumen S.A. It is foreseen that this income will reach US\$9,5 million in 2020 under the base case traffic growth scenario.

Aircraft Apron Fee

This is a charge for the aircraft parking on the airport apron. The fee is paid in a per ton basis, after a free 360-minute period, at US\$0,25 per ton for every 360 minutes of parking. Airlines based at the airport are entitled to a 70% reduction, those with more that 100 landings per month are entitled to a 60% reduction, and those with more that 25 landings per month are entitled to a 50% reduction.

Starting January 2016 this fee changed substantially: the free period was lowered to 120 minutes, the variable fee was set at US\$ 1,10 per ton for every 60 minutes of parking, and reductions were cancelled.

Aircraft parking accounted in 2015 for US\$ 0,16 million for Tocumen S.A. It is foreseen that this income will reach US\$ 9,5 million in 2020 under the base case traffic growth scenario.

Cargo Handling Fee

This is a charge for the processing of cargo at the airport. Every ton of cargo is charged US\$ 5,00 for operating at the airport.

This charge is currently under detailed analysis, as this fee has not been updated since 1978.

Other Aeronautical Charges

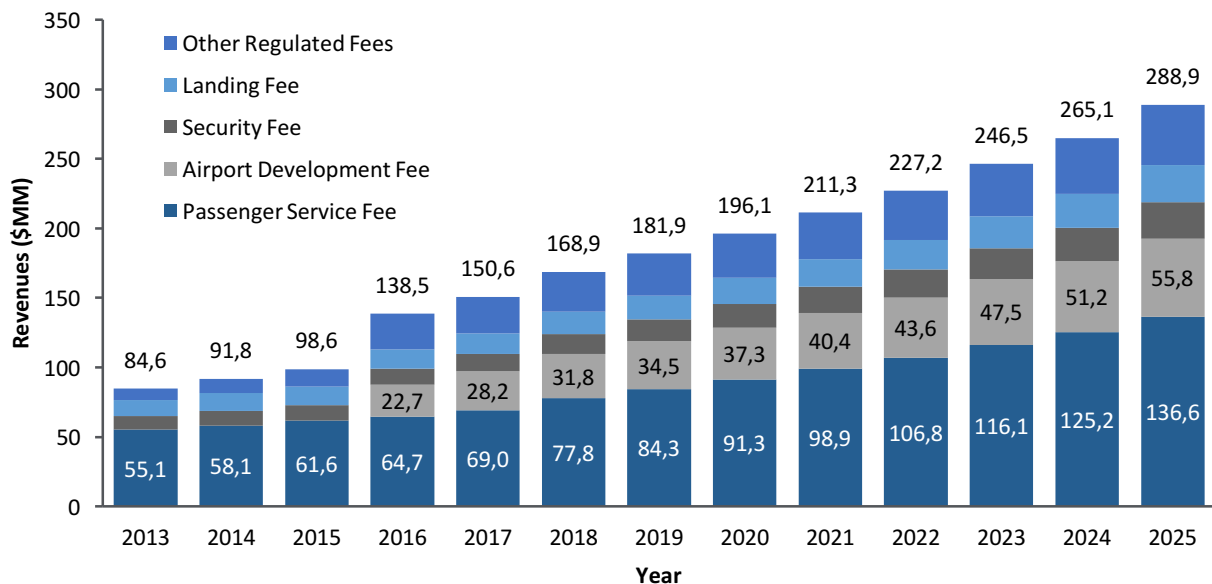
Additionally, several other categories of revenue are included in the aeronautical revenue totals, but these provide relatively little in revenue. These include charges for the use of electricity and air conditioning to aircraft stationed at the gates (that is calculated on the basis of time usage), charges for the use of boarding lounges, and service to private flights (that are calculated as a per flight flat rate).

Total Aeronautical Revenues

Aeronautical revenues are projected to increase from US\$ 98.6million, in 2015 to 196.2 million in 2020 in nominal terms under the base case traffic growth scenario. Additionally, a 3% average yearly growth rate on regulated fees for the first 15 years, and 2% annual growth thereafter was considered in the forecast so as to account for inflation on airport taxes.

Figure 23 shows the forecasted evolution of total regulated revenues.

Figure 23: Forecast of regulated airport revenues



Source: Analysis C&A Airport Consultants

Non-Aeronautical Revenues

Non aeronautical revenues include revenues generated from car parking, vehicle rentals, duty free shops, general merchandise retail, food and beverage, telephone and other services, concessions and leases. These revenues are described below. Non-aeronautical fees and charges are not regulated by the CAA. They may be adjusted at the sole discretion of Tocumen S.A. upon approval of Tocumen S.A.'s Board of Directors.

Note:

The classification between Aeronautical and Non-Aeronautical revenues was conducted according to the industry practices. ICAO's Policies on Charges for Airports and Air Navigation Services (document 9082), defines non aeronautical revenues as:

Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and "free-zone" operations, even though such arrangements may in fact apply to activities that may themselves be considered to be of an aeronautical character (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to aircraft operators). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself.

Sources of revenue

Duty Free:

Outbound retail spaces at Tocumen are split into two separate categories: Duty Free shops (including perfume, cosmetics, liquor and tobacco) and General Merchandise shops. Tocumen has an excellent record of passenger purchase in both categories, with an average sale of US\$ 14,7 per passenger on Duty Free retails and US\$ 20,5 per passenger in other outbound shops, placing Tocumen airport among the top selling airports of the world, in terms of turnover per passenger.

The annual turnover of the Duty Free shops at Tocumen reached US\$ 100,2 million in 2015.

The existing Duty Free shops are being operated under specific "turn key deposit" concession agreements: Duty Free concessionaires must revert to Tocumen S.A. 8% of their gross sales and a minimum monthly fee based on the amount of leased space. Additionally, these Duty Free Operators paid upfront amounts, at the time their respective contracts were negotiated, for the right to operate their duty free concession for 10 years. The negotiation of the current concessions in 2007 (that will expire in December 2017) allowed Tocumen S.A. to charge US\$ 240 million in turn key deposits.

The forecast of Duty Free income (as the other retail based revenues) was set considering conservatively that the existing expenses per passenger on Duty Free shops will only evolve with inflation, and will not be affected by the amount of retail areas offered in the new passenger terminal buildings.

Tocumen S.A. has not yet determined if it will deploy new “turn key deposit” concession agreements for the operation of the Duty Free areas of the new South Terminal and those of the existing North Terminal (at the expiration of the existing contracts), or organize “classic” commission based agreements, with no turnkey deposit, but a higher gross sales commission (around 30%).

If “classic” agreements are developed, it is estimated that the income of Tocumen S.A. for Duty Free commissions could reach US\$ 45,6 million in 2020 under the base case traffic growth scenario. The model results presented hereafter assume that Duty Free Key Deposit contracts will not be renewed after expiration.

General Merchandise:

Tocumen S.A. has entered into various concession agreements related to general merchandise for clothing, electronics, boutiques, jewelry and toys. These agreements are more flexible than the turn key concession agreements set for Duty Free shops, so as to allow Tocumen S.A. to have better flexibility to change retail operators and tailor the retail mix to fast changing customer expectations.

The annual turnover of outbound general merchandise shops at Tocumen reached US\$ 139,8 million in 2015.

The forecast of general merchandise income (as the other retail based revenues) was set assuming conservatively that the existing expenses per passenger on Duty Free shops would only evolve with inflation, and would not be affected by the amount of retail areas offered in the new passenger terminal buildings.

Since 2014 Tocumen S.A. has been standardizing the agreements with the space tenants, to enhance control over the airport retails and strengthen the airport’s legal position. Contracts are being set as commission based agreements, with an average gross sales commission of 15% (from 6% to 40% depending on the type of product sold), with a minimal guaranteed income for Tocumen S.A. and a lease charge based on the area of the shop.

The income of Tocumen S.A. for outbound General Merchandise reached US\$ 18.6 million in 2015. It is forecasted to reach US\$ 30.0 million in 2020 under the base case traffic growth scenario.

Food and Beverage

Tocumen S.A. has a concession agreement for the wide food court area on the third floor of the Terminal, for the right to operate restaurants and cafes, on the basis of a fixed lease plus a 7.5% commission. The agreement is being renegotiated towards a higher commission for Tocumen.

The income of Tocumen S.A. for Food & Beverage reached US\$ 3.7 million in 2015.

The forecast of Food & Beverage income (as the other retail based revenues) was set assuming conservatively that the existing expenses per passenger on Duty Free shops would only evolve with inflation, and would not be affected by the amount of retail areas offered in the new passenger terminal buildings.

It is forecasted to reach US\$ 5.3 million in 2020 under the base case traffic growth scenario.

Other Commercial Leases and Agreements:

Tocumen S.A. has entered into other terminal area concession agreements for advertising, banking, foreign currency exchange, ATMs, car rental and vending machines, among other services. These agreements generally provide for a minimum monthly guaranteed rental payment plus a percentage of gross sales.

Tocumen S.A. also has numerous leases, agreements and permits with airlines and others for various types of rentals, cargo handling, fueling, FBO facilities, and aviation support.

Since 2014 Tocumen S.A. has been standardizing the agreements with the space tenants, to enhance control and legal backup. Contracts are being set as commission based agreements, with an average gross sales commission of 15% (from 6% to 40% depending on the type of product sold), with a minimal guaranteed income for Tocumen S.A. and a lease charge based on the area of the retail space. The lease conditions for areas in the South Terminal are expected to be defined under similar tariffs and conditions than those already in place for the existing terminal.

With regard to the concession offering in the new South Terminal, Tocumen S.A. has contracted Pragma Consulting to plan and organize a leasing plan for the facility, including the retail mix strategy, the development of the store special deployment strategy, and the pricing and contractual strategy for the areas of the South Terminal. Pragma and Tocumen S.A. expect to initiate the request for proposal process for concessionaires in September 2016.

Car Parking

The public automobile parking facilities at the airport are operated directly by Tocumen S.A., it currently represents and income of around 1,5 million US.

Car parking revenues consist of all revenues derived from public parking at the 700 space car parking facility at the airport.

Parking rates are US\$ 0.03 per minute for the first 2 hours, US\$ 0,04 per minute afterwards up to a maximum of US\$ 24.02 a day.

Parking revenues were forecasted as a function of the number of originating passengers, and average revenue per transaction.

Airside Services Commission:

Tocumen S.A. receives commission income both from retail sales (as described previously), and from airside services operators, including commissions from catering and ground handling operations. The income of Tocumen S.A. is based on a 9% commission of catering operators' gross sales and a 6% commission of ground handling operators' gross sales. Currently no commission is collected from airlines that perform ground handling operations for their own, hence it is considering replacing this gross-sales-based commission with a lump sum fixed ground handling charge based on the served aircraft characteristics.

Rentals

Tocumen S.A. levies space rentals on several categories of space in the Terminal area, including on airlines and concessionaires for exclusive space they occupy (including office space), and on retail concessionaires (for both selling area and storage space). These per square meter rental rates range from US\$30 per square meter per month to US\$400 per square meter per month.

Tocumen S.A. also rents spaces outside the passenger terminal building, including offices, store space, exclusive parking space, hangars, exclusive apron areas, landside paved areas, urbanized plots, covered and uncovered areas.

Fuel Royalties

The airport fuel farm is currently operated by ASIG Panama S.A., local affiliate of Aircraft Service International Group Inc. ASIG Panama S.A. manages and operates the airport's sole jet fuel facility as well as provides aircraft refueling services to all of the airlines serving PTY. Since 2010 the operation of the fuel farm was awarded to ASIG under a concession agreement, but this agreement was reviewed in 2015, with Tocumen buying back the investments made by ASIG on airport infrastructure, and recovering a significantly higher royalty on airport fuel services.

Under the existing fuel farm agreement, the airport receives US\$ 0.015 per gallon as commission for refueling services, and US\$ 0.047 per gallon as commission for the operation of the fuel farm.

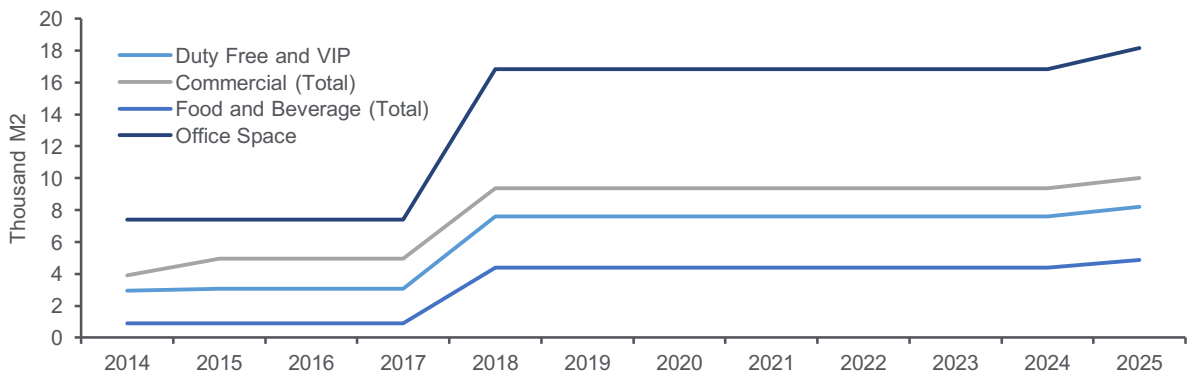
Other Revenues

The airport receives additional revenues for airport operations, from several sources, including among others, rights for airside ID access cards, license plates for airside vehicles, fines for non compliance with airport operation protocols, late payments of the airport fees, etc.

Total Lease Revenues

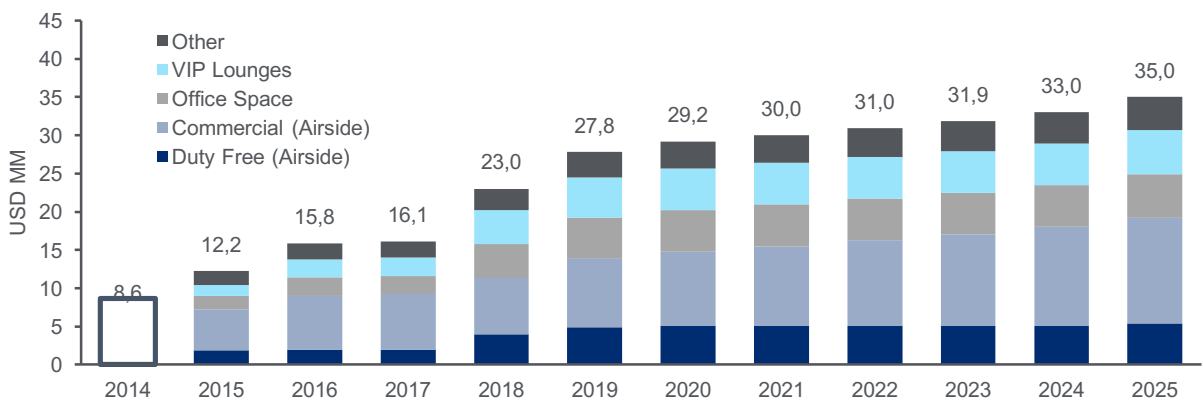
Figure 24 and Figure 25 show the forecast of leasable floor space and lease revenue projections for the next 10 years, reflecting both leasable space expansions and lease rates evolution.

Figure 24: Leasable Floor Space (2014-2025)



Source: Analysis C&A Airport Consultants

Figure 25: Lease Revenue Projections (2014-2025)



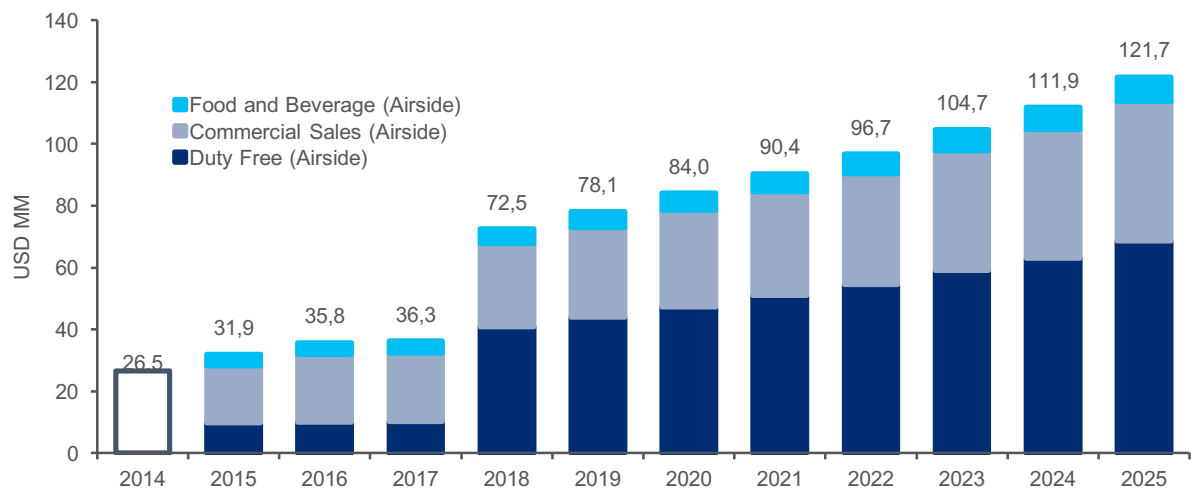
Source: Analysis C&A Airport Consultants

Total lease revenues are expected to grow substantially with the opening of the new Terminal South, as available leasable floor space is expected to double. Additional increase in income is expected from the evolution of lease rates. Tocumen S.A. is currently in the process of reviewing the terms of the existing lease contracts to improve total lease revenues.

Total Commission Revenues

Erreur ! Nous n'avons pas trouvé la source du renvoi. shows the forecast of commission revenues, that illustrates the projected significant increase in retail revenues, based on the non-renewal assumption of key deposit agreements.

Figure 26: Total Commission Revenues (2014-2025)



Source: Analysis C&A Airport Consultants

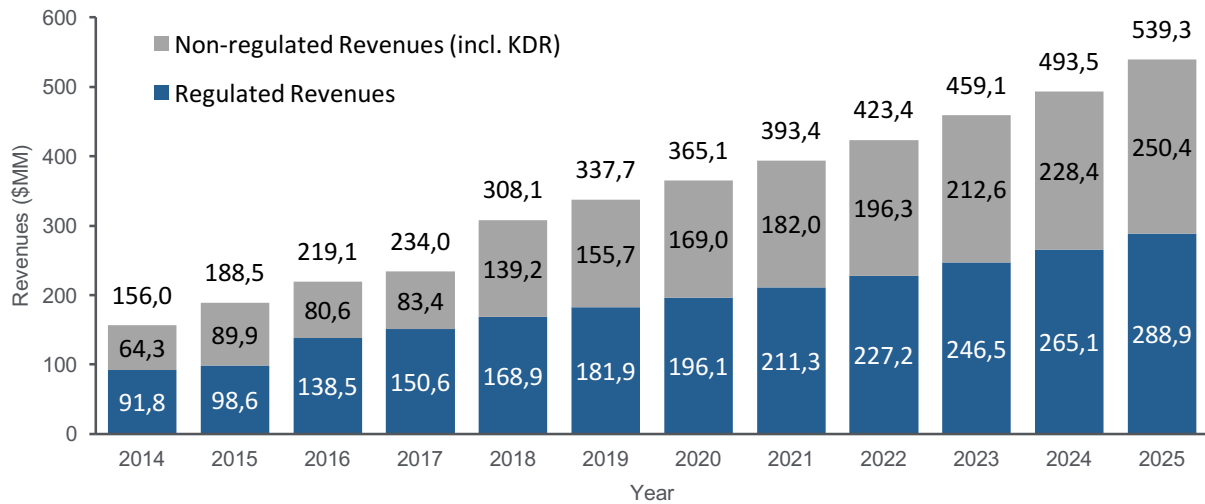
Under the assumptions of the projection, the commercial revenues at the airport are foreseen to grow substantially in 2018: As the 10 year KDR contracts of the North Terminal (signed in 2007) expire on December 2017, the commissions from the North Terminal Duty Free will increase substantially (from 8% to 30% of total sales).

Note: It shall be stressed that, conservatively, our model does not anticipate a significant increase on retail sales per passenger with the opening of South Terminal, as airport retail practice shows that, unless the available retail spaces are clearly undersized or the whole facilities show significant saturation, the correlation between available retail space and total sales per passenger is not necessarily significant.

Total Non Aeronautical Revenues

Figure 27 presents the forecast for total revenues at the airport for the next 15 years, on the basis of the base scenario passenger forecast.

Figure 27: Forecast of total airport revenues



Source: Analysis C&A Airport Consultants

Total airport revenues are expected to grow significantly faster than passenger traffic: passenger traffic base growth scenario estimates a compound average growth rate for 2016-2025 of 6,5%, whereas total revenues are expected to follow a 10,5% average growth rate over the same period.

Operation and Maintenance Costs (O&M)

Operation and Maintenance (O&M) costs represent the day-to-day costs of operating the airport and performing routine maintenance on airport facilities. O&M costs exclude depreciation and amortization expenses.

Projections of O&M costs for 2015 through 2040 are based on Tocumen S.A.'s plan for operating the airport facilities. O&M costs were estimated separately for staff, maintenance costs and other costs.

Forecast of Staff Costs

Staff costs are projected on the basis of a forecast of the number of staff and the evolution of staff costs in Panama. Staff is separated into three categories: operation, security and administrative staff. Operations and security staff were projected on a dual benchmark trend based both on staff per terminal area and on staff per passenger, that correspond to trends of international airports of equivalent size and traffic. Administrative staff was projected as a percentage of both operation and security staff. Personnel of the other regional airports was assumed to be constant over the projection period.

Once the number of staff was projected, the total cost of staff was forecasted considering a specific inflation rate for wages (slightly higher than the inflation rate for goods and fees), and adding a cost percentage to cater for extra hours and associated costs (uniforms, transportation, staff services, etc.).

Forecast of Maintenance Costs

The forecast of maintenance costs was estimated on the basis of the total value of airport property (without considering book depreciated values). As the airport invests and expands, the total property value will increase and the maintenance costs will increase accordingly. We considered the following maintenance rates:

- Infrastructure yearly maintenance cost: 0.5% of the total infrastructure value
- Buildings yearly maintenance cost: 1.0% of the total buildings value
- Equipment yearly maintenance cost: 5.0% of the total equipment value
- Airside & landscape yearly maintenance cost: US\$ 450 per hectare

These annual maintenance rates these values are the average rates observed in the airports operated by Aéroports de Paris (including those managed by TAV), that include 67 airports ranging from the large international mega hubs of Charles-de-Gaulle or Istanbul, to small general aviation aerodromes.

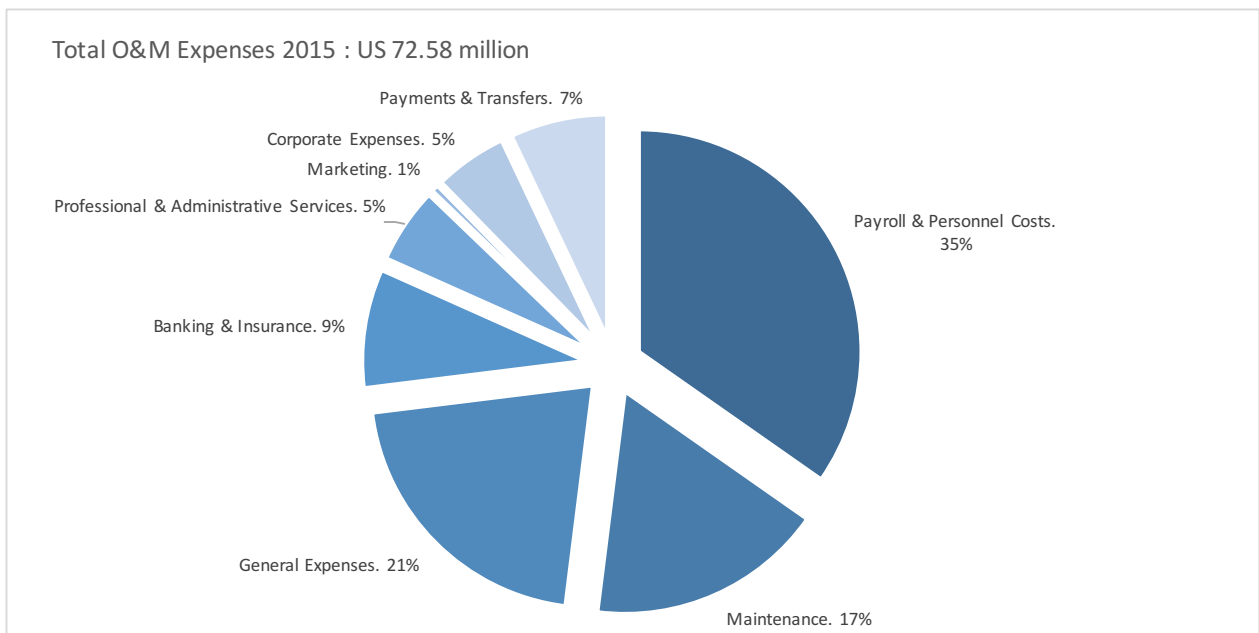
In addition to these annual maintenance rates, we added 5% for consumables, spare parts and materials; and 2.5% for fuels and lubricants.

Forecast of Other costs

The other costs were estimated on the basis of the elasticity factors of existing (adjusted base) costs, using specific drivers (aircraft movements, terminal area, passengers, staff, total staff cost, etc.).

Figure 28 summarizes O&M costs for 2015.

Figure 28: Total Operation & Maintenance expenses for year 2015



Source: Tocumen S.A.

Personnel Costs

Personnel costs include the wages, salaries and fringe benefits of Tocumen S.A. employees. Currently, 1010 individuals are employed by Tocumen S.A. and perform a wide range of services around the airport, including security, building and field maintenance and operations functions.

Electricity, Water and Telephone, and other General expenses

Electricity, Water and Telephone expenses includes payments made to utility companies for the purchase of electricity, water and communication services.

Repairs and Maintenance

Repairs and maintenance costs include the purchase of goods and services associated with the routine day-to-day maintenance of airport facilities.

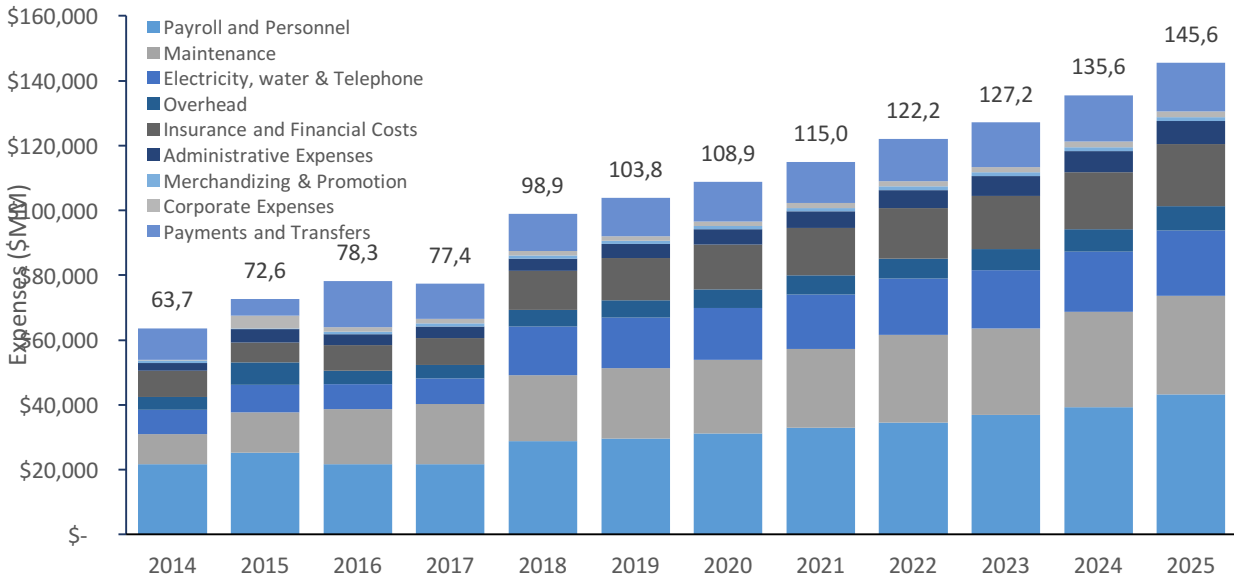
Payments and Transfers:

Tocumen S.A. makes payments of US\$ 4.5 million annually to the CAA to support national aeronautics activities (FEDIAN), including air traffic control. Tocumen S.A. also remits to CONAPREDES (*Comisión Nacional para la Prevención de los Delitos de Explotación Sexual*) a 1% share of the passenger fee.

Total O&M Costs:

As it can be seen in Figure 29, the total O&M costs are expected to continue their reduction in 2016, in continuity with the cost optimization efforts engaged since 2014., as the airport renegotiates the existing maintenance contracts, and optimizes staff and facilities, and shall increase in 2018-2019 with the opening of the South Terminal. The overall O&M cost per passenger should remain fairly constant until the passenger terminal is expanded further.

Figure 29: Forecast of Total Operations & Maintenance costs

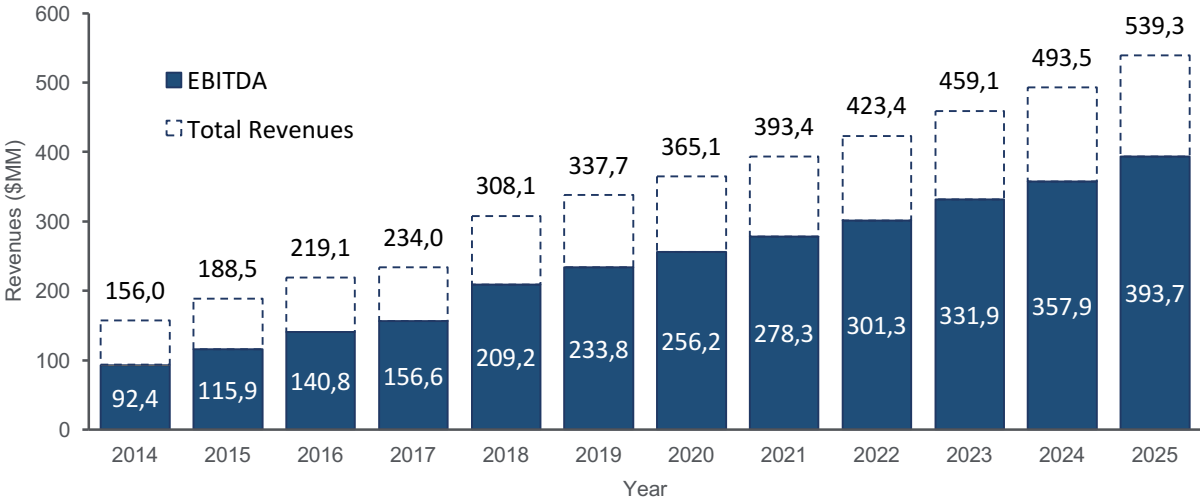


Source: Analysis C&A Airport Consultants

Total Operational Earnings

As shown in Figure 30, earnings before interest, taxes, depreciation and amortization (EBITDA) for Tocumen S.A. is projected to increase from US\$ 115,9 million in 2015 to US\$ 250,6 million in 2020 under the base case traffic growth scenario. The EBITDA margin is forecasted to increase substantially over the first years of operation, reaching 73% in 2025 (from 43% in 2013), and then remain relatively constant, ranging between approximately 70% and 75%.

Figure 30: EBITDA & Operational income on revenues



Source: Analysis C&A Airport Consultants

3E - Capital Investment Program

On the basis of the estimated traffic growth of the passenger traffic and the capacity development needs at PTY (presented in the previous section), Tocumen S.A. has developed a long term Capital Investment Plan spanning the period from 2015 to 2040. Tocumen S.A.'s stated strategic goals for the investment plan are as follows:

- Position the airport to remain the strongest passenger hub in the region
- Consolidate freight activities to develop Tocumen as a premier cargo hub
- Establish a long-term vision for the passenger terminal complex
- Optimize the development of developable lands
- Ensure financial feasibility

A summary of the Capital Investment Plan is presented in Table 9.

Tocumen S.A. currently expects to invest a total of almost US\$ 1.78 billion in facilities at Tocumen between 2015 and 2030, in addition to the investments already committed to the development of the South Terminal (which sum up to US\$ 934 million including design and build, project management and land acquisition, of which 50% is still to be financed). In addition to the investments in Tocumen Airport, US\$45 million is expected to be invested in the regional airports of Rio Hato, David, Colon and Panama Pacifico.

Tocumen S.A. has based its current Capital Program primarily on the airport Master Plan update, dated June 2015, prepared by CPMTS (a consortium that includes Ayesa, Cemosá, CCA and ADPI). Additional details of the Capital Investment Plan can be found in these documents.

The following sections describe the individual projects that make up the CIP. Though the projects are described individually, they are not necessarily independent of one another. The CIP is expected to be financed with the proceeds of the Series 2016 Notes, turnkey right deposits (KDR) from retail developers (described in later sections of the Report), airport operating cash flow and other sources of capital as necessary.

It should be recognized that, as explained in the previous section, the CIP presented hereafter is demand driven; the annual investments have been set on the basis of the capacity requirements estimated on the basis of the future forecasted demand. These needs and demand of the airport may change over time, as traffic may not evolve as foreseen, the split between Origin & Destination passengers and Connecting passengers may behave differently than projected, and the airlines operational requirements may change. As a result, the CIP and its estimated costs are subject to change. The costs presented in this section do not include maintenance capital expenses, that are being discussed in "Section 3D- Forecast of Maintenance Costs" ..

Table 9 : Total Capital Investment Plan 2015-2040

	Projects Underway	Phase 9 Required for T. Sur	Phase 1A Urgent Improvements	Phase 1B Short Term (20 Mjars)	Phase 2 Middle Term (24 Mjars)	Phase 3 Middle Term (32 Mjars)	Phase 4 Long Term (40 Mjars)	Regional Airports	TOTAL
2013	292 436 000								292 436 000
2014	168 432 000								168 432 000
2015	23 876 000	435 000	29 354 000						52 667 000
2016	456 682 000	74 331 000	47 915 000	1 279 000				24 964 000	555 381 000
2017	44 560 000	65 302 000	62 614 000	4 336 000				10 960 000	187 173 000
2018	34 330 000	3 433 000	79 564 000	18 851 000				11 375 000	127 654 000
2019			50 308 000	8 117 000				4 854 000	62 967 000
2020				37 656 000	29 673 000				47 829 000
2021				23 324 000	31 364 000				54 488 000
2022				21 898 000	184 453 000				206 351 000
2023					169 871 000				169 871 000
2024					36 550 000				36 550 000
2025					30 382 000				30 382 000
2026									
2027						36 808 000			36 808 000
2028						78 865 000			78 865 000
2029						150 239 000			150 239 000
2030						258 288 000			258 288 000
2031						818 034 000			818 034 000
2032						215 784 000			215 784 000
2033						26 380 000			26 380 000
2034							28 152 000		28 152 000
2035							171 713 000		171 713 000
2036							232 122 000		232 122 000
2037							339 277 000		339 277 000
2038							255 167 000		255 167 000
2039									
2040									
TOTAL	950 326 000	143 500 000	267 953 000	89 450 000	488 673 000	3 104 749 000	1 029 945 000	52 249 000	5 154 676 000

TOULOUSE INTERNATIONAL AIRPORT

Airport Development Costs

(in \$ million)

Capital Projects Currently Underway: South Terminal

Tocumen S.A. is currently undertaking a large capital investment project for the completion of the new South Terminal project. This project includes:

- A new 83,000 m² passenger terminal building
- A new aircraft parking apron and associated taxilane system, offering 20 contact stands and 8 remote stands.
- New access road, car park, landside development and ancillary facilities for the new terminal

The project is being developed by *Constructora Norberto Odebrecht* as design-build contractor since February 2013. The budget for this contract is estimated to be approximately US\$779 million. Exclusive of these costs are a US\$19 million contract for the project management (contract with CPMTS since April 2015), and the cost of land acquisition (from Universidad de Panama), for US\$ 109 million plus interests. The breakdown of capital expenditure for these components is shown in Table 10.

Table 10: Projects underway

TOCUMEN INTERNATIONAL AIRPORT							
Airport Development Costs (U.S. Dollars)	2013	2014	2015	2016	2017	2018	TOTAL
Terminal South Construction (Odebrecht Contract)	243 288 000	152 998 000		355 575 000	27 567 000		779 429 000
Terminal South Supervision (CPMTS Contract)		5 434 000	3 876 000	3 876 000	3 876 000	1 938 000	19 000 000
Provision for Addenda to Odebrecht Contract				11 667 000	11 667 000	11 667 000	35 000 000
Provision for Addenda to CPMTS Contract				2 240 000	1 450 000	725 000	4 415 000
Land Aquisition from Universidad de Panamá	49 148 000	10 000 000	20 000 000	33 334 000			112 482 000
Total: Projects Underway	292 436 000	168 432 000	23 876 000	406 692 000	44 560 000	14 330 000	950 326 000

Source: Tocumen S.A.

As of December 2015, US\$ 396,286,119 has been paid to Odebrecht by Tocumen S.A. and the remainder has been financed through a US\$ 150 million short term factoring facility with local banks in Panama. As of December 2015 construction is on time and 53.28% is completed.

An extension of the construction and supervision contracts are being negotiated, to improve the current project and add essential facilities and functions that were not included in the initial design. The estimated costs for the extensions are US\$ 35 million for Odebrecht Design & Build contract and US\$ 4,415,000 for CPMTS contract.

NOTE: Hypothetical CNO default mitigation

Although extremely unlikely, the risk of a default by the Constructora Norberto Odebrecht (CNO) under its design & build contract has been considered thoroughly by Tocumen S.A. and the Project Manager CPMTS.

- **From a Financial perspective**, Tocumen S.A. owns two financial guarantees on CNO covering the risk of early contract termination:
 - Under the terms of the contract CNO has issued a performance bond (fianza de cumplimiento) for USD 169,857,150.00 (25% of the EPC contract amount), underwritten by ASSA Compañía de Seguros SA, which may be exercised without notice by AITSA in case of early termination. The call of the performance bond entitles AITSA to unrestricted access to the full amount of the fianza. It shall be stressed that the call of the performance bond does not limit any subsequent call on the bond on quality of the works performed by CNO.
 - Additionally, as part of the construction contract, Tocumen S.A. retains 5% on all amounts invoiced by CNO up to 50% of the total budget. This retention, that is to be cancelled upon successful completion of the work, may be retained by AITSA in case of early termination.

- From the **Cash flow perspective**, the risk of having a significant difference between the amounts invoiced and the actual work performed by CNO is contained: the contract has been adjusted so that CNO's billing schedule is as close to the actual cost of the works performed by CNO. The project economic monitoring surveyors of CPMTS, that have extensive experience in project supervision, ensure monitoring to the day of the project execution. Additionally, as in any construction project, Tocumen S.A. paid a cash advance to CNO equivalent to 15% of the total project cost, which is amortized as per the project billing. This advance is backed by an advance payment bond issued by the CNO in favor of Tocumen S.A. that guarantees the amounts that have not been used at termination, and which can be called upon early termination of the contract.

- From the **Project technical continuity** perspective, although it is a Design & Build project, in which CNO is responsible both for the conduction of the studies and the execution of the works, the risk related to the availability of architectural and engineering studies is limited: Tocumen S.A. retains a direct control over the project design studies, through a CNO obligation to submit all studies for prior approval. This control is exercised by the CPMTS. In accordance with the terms of the contract, Tocumen S.A. is entitled to the plans and designs submitted and approved, and is allowed to use the plans, studies, calculation sheets and designs available even in case of early termination of the contract, ensuring the technical continuity of the project.

- From the **Project Schedule perspective**, the risk of contract termination is real but it is limited: Tocumen S.A. has a specific contract closing procedure, recovery and rebid of the construction contract to a third party. With the support of the CPMTS, it is estimated that the impact on the construction schedule of a default by CNO and a subsequent re-bid of the construction contract could be limited to a delay of six to seven months.

- *From the **Project Cost perspective**, the Project is already 53% complete as of December 2015, with the key complicated works having already been completed (including the shifting of the Tocumen river bed, the major infrastructure works, and is close to reach wind-and-weather tight) . The remaining works could be executed by a number of the large, well-capitalized, construction firms. CPMTS estimates that the cost to replace the contractor, if needed, would be limited to 10% to 12% over the remaining amount budgeted.*

Phase 0: Additional Capital Investment Required for the South Terminal

The development of the South Terminal has unveiled unforeseen costs for the development of ancillary facilities and infrastructure that are essential to the operation of the South Terminal but were not foreseen in the original plan. Without these works, the terminal cannot be put in operation.

These projects include:

- Electrical feeder for the South Terminal site: the initial contract of Odebrecht did not include an electrical feeder for the South Terminal site. This feeder has to be developed for the new Terminal.
- South Terminal High voltage electrical distribution network. This basic critical supply network was not included in the initial contract.
- New very-high voltage electrical line and substation: the existing HT Electrical line and substation is not sufficient to cater to the needs of the North and South Terminals. A new HT electrical line and substation needs to be developed.
- Additional remote positions for the North Terminal, to replace the existing remote positions that are cancelled by the South Terminal project.
- Refurbishment of Taxiway Hotel and threshold 03L: Taxiway Hotel and Threshold 03L are in poor condition. They need urgent repairs.
- Connection building between Terminals: the initial project by Odebrecht did not include any physical connection between terminal buildings. This connection is critical for the operation of the Hub.
- Fuel Hydrant System for the South Terminal: when the Odebrecht contract was signed, the fuel farm operator was supposed to finance these investments, and those were set aside from the Odebrecht contract. Under the terms of the concession contract renegotiation with the Fuel Farm operator, Tocumen S.A. is due to make these investments.
- Fittings, Furniture and Equipment of the South Terminal. These costs were not included in Odebrecht contract.

- South Terminal integrated systems and special equipment. The supply of these equipment was not included in Odebrecht contract.
- Upgrade of the Baggage Handling System: the initial project by Odebrecht included a simple baggage handling system, sized for an Origin & Destination terminal, but not properly designed and sized for the important connecting baggage sorting demand of a major hub. The baggage system had to be adapted accordingly.
- Parking Lot Phase 1 (1,200 U): At the time of the negotiation of the Odebrecht contract, it was intended to extend the existing parking lot concession of the North Terminal to the new project, the construction of the parking lot being at the expense of the parking lot concessionaire. The renegotiation of this concession proved that that contract did not favor Tocumen S.A., and that it was better for the airport to control the parking lot directly. As Tocumen S.A. will handle the parking lot directly, an addition of 1,200 parking lot stands will be provided by Odebrecht.

The breakdown of these components is shown in Table 11.

Table 11: Phase 0 - Capital investments required to operate the South Terminal

TOCUMEN INTERNATIONAL AIRPORT Airport Development Costs (U.S. Dollars)	PHASE 0 : CAPITAL INVESTMENTS REQUIRED TO OPERATE TERMINAL SUR						TOTAL
	2013	2014	2015	2016	2017	2018	
Electrical feeder for Terminal South site			435 000				435 000
Terminal Sur Electrical MT Distribution				2 200 000	1 800 000		4 000 000
New HT Electrical line & Substation				9 536 000	13 731 000	3 433 000	26 700 000
Additional remote positions for Terminal Norte				7 265 000			7 265 000
Refurbishment of taxiway HOTEL and threshold 03L				3 333 000	968 000		4 300 000
Connection building between Terminals				11 712 000	6 588 000		18 300 000
Fuel Hydrant System for Terminal Sur				7 500 000			7 500 000
Fittings, Furniture and Equipment of Terminal Sur				6 000 000	14 000 000		20 000 000
Terminal Sur integrated systems & special equipment				15 000 000	15 000 000		30 000 000
Upgrade of the Baggage Handling System				8 585 000	8 415 000		17 000 000
Car Park Phase 1 (1.200 U)				3 200 000	4 800 000		8 000 000
Total: Phase 0			435 000	74 331 000	65 302 000	3 433 000	143 500 000

Source: Tocumen S.A. & CPMTS

With these investments and currently scheduled construction, the South Terminal will be fully operational by 2018.

Phase 1A: Short Term Airfield and Landside Expansions

If the development of the South Terminal offers new passenger handling capacity, additional investments are needed on the airside and landside facilities, to align the landside and airside capacity with the capacity of the Terminal building. Phase 1 was split into two separate sub-phases: The objective of phase 1A is to resolve existing critical operational issues, while the phase 1B objective is to increase the global capacity of the airport to 20 million passengers.

The projects included in Phase 1A are as follows:

- Expansion of taxiway Lima in front of the North Terminal: with the opening of the South Terminal, the circulation of aircraft in front of the North Terminal will become significantly saturated. A direct bypass circulation is required.
- New rapid exit taxiway for runway 03R: This new rapid exit taxiway, located 1500m downstream from threshold 03R will give direct access to the South Terminal area to Narrow-Body aircraft, alleviating the taxiway congestion in front of the North Terminal's Satellite B.
- Overlay runway 03L-21R: this runway is in poor conditions and require deep structural repairs. As these repairs are not possible while keeping the runway operational, they shall be developed after the commissioning of the 3rd runway, as the airport cannot operate with a single runway. An urgent overlay would contain the existing weakness of 03L-21R until the 3rd runway is operational. The upgrade works include the implementation of Runway End Safety Areas (RESA) at both thresholds of the runway.
- Fuel farm expansion for the North Terminal: The fuel farm of the North Terminal will need additional capacity (the available capacity is already less than three days). Expanded fuel farm capacity is expected.
- Reconstruction of Taxiway Echo: With the opening of the new cargo terminal, taxiway Echo will be relocated (the existing Echo taxiway does not comply with ICAO regulation neither in lateral clearance from the runway, nor in maximal longitudinal slope).
- ICAO-compliance security arrangements of the North Terminal: The existing functional design of the North Terminal does not comply with ICAO security regulations related to separation of screened and non-screened passengers. It shall be adapted to comply with ICAO regulations.
- Expansion of second parallel taxiway in front of the South Terminal: Access to the South Terminal cannot rely on the single taxiway LIMA. The taxiway will be doubled in front of the South Terminal.

- Cellphone car park: a significant number of cars tend to park along the main access road leading to the airport, waiting for passengers to arrive. It is intended to build a 50 cars capacity Cellphone car park to provide an alternate solution for these drivers, and lower the risk of accidents on the main access road.
- Land acquisition for 3rd runway: The development costs of the South Terminal have shown the importance of an early acquisition of the land required for the future expansion of the airport. As the development plan shows that additional land will be required to develop the 3rd runway, it is considered crucial to acquire this land as soon as possible.
- Airfield electrical loop: The electrical network that feeds the Northern side of the airport, including the North runway, the Cargo Terminal and the Maintenance hangar is in poor condition. A new redundant distribution loop shall be deployed.
- Loop on main access road: in the initial design by Odebrecht the main access roads looped into a dead-end road network, whose capacity was insufficient to handle the traffic of both terminals. A new loop should be developed on the other side of Tocumen River.
- Fuel farm expansion for the South Terminal: With opening of the South Terminal, the fuel farm will need additional capacity.
- Purchase of ASIG investments: The contract with the fuel farm operator was renegotiated, as the income that Tocumen S.A. received from the concession agreement was insufficient. Tocumen S.A. decided to invoke the repurchase clause of the agreement and recover the operation of the fuel farm, buying back ASIG's investments. ASIG is not the concessionaire of the fuel farm, but the operator of the facility.
- Fuel hydrant feeder network for the South Terminal: The connection of the new fuel hydrant loop of the South Terminal with the pumping system of the existing North Terminal's fuel farm requires the deployment of a dedicated fuel pipe.
- New Cargo Terminal Phase 1: The existing cargo terminal is insufficient to cater with the capacity requirements of the expanding operations of DHL. A new 30,000 m² facility with its associated apron and landside development is being considered to expand DHL hub operations.

The breakdown of these components is shown in Table 12:

Table 12: Phase 1A – Short term Airfield and Landside expansions

TOCUMEN INTERNATIONAL AIRPORT Airport Development Costs (U.S. Dollars)	PHASE 1A : SHORT TERM EXPANSION OF AIRFIELD AND LANDSIDE FACILITIES						TOTAL
	2015	2016	2017	2018	2019	2020	
Expansion of parallel taxiway LIMA in front of Terminal Norte		7 975 000	6 525 000				14 500 000
New rapid exit taxiway - Runway 03R - 1500m		3 850 000	3 150 000				7 000 000
Overlay runway 03L-21R		9 270 000	2 691 000				11 961 000
Fuel farm expansion	9 991 000						9 991 000
Reconstruction of Taxiway ECHO		3 000 000	13 500 000	13 500 000			30 000 000
ICAO-compliance security arrangements of T. Norte		200 000	1 800 000				2 000 000
Expansion of second parallel taxiway in front of Terminal Sur		7 440 000	2 160 000				9 600 000
Cellphone Car Park		400 000					400 000
Land acquisition for 3rd runway				50 000 000	50 000 000		100 000 000
Airfield electrical loop		4 675 000	3 825 000				8 500 000
Loop on main access road		4 563 000	2 738 000				7 300 000
Fuel farm expansion for Terminal Sur			700 000	6 300 000			7 000 000
Re-purchase of ASIG investments	7 200 000						7 200 000
Expansion of fuel hydrant feeder network to T. Sur			13 000 000				13 000 000
New Cargo Terminal Phase 1	11 165 000	6 543 000	11 927 000	9 866 000			39 500 000
Total: Phase 1A	28 356 000	47 915 000	62 016 000	79 666 000	50 000 000		267 953 000

Source: Tocumen S.A. & CPMTS

Phase 1B: Short Term Airport Expansions (20 Million Annual Passenger)

Phase 1B includes the investments that are required to meet the demand to handle 20 million annual passenger:

- Overlay runway 03R-21L: The runway is in fairly good condition, but requires a pavement overlay.
- Expansion of the North Terminal Baggage Handling System: As the hub operations will imply important luggage exchange between the sorting systems of the North and South Terminals, the Baggage system of the North Terminal will need to be adapted and expanded.
- Refurbishment of the North Terminal: the North Terminal central building was partially refurbished in 2004, and the satellites have not been upgraded for the last 15 years; the opening of the South Terminal offers a surge of available spare capacity, and a window of opportunity to partially close these facilities for an extensive refurbishment.

- South Terminal remote gates expansion: seven additional gates will be added to the existing facilities.
- Car Park - Phases 2,3 and 4: The expansion of terminal capacities calls for the development of new car park facilities, including long term parking facilities.
- Connection building facilities for Tocumen S.A.: The Odebrecht project does not include sufficient office and support facilities for the Tocumen S.A. staff. Specific facilities will be implemented in the connector building.

The breakdown of these components is shown in Table 13:

Table 13: Phase 1B – Short term Expansions (20 million annual passenger)

TOCUMEN INTERNATIONAL AIRPORT		PHASE 1B : SHORT TERM EXPANSIONS (20 Mpax)							
Airport Development Costs (U.S. Dollars)		2016	2017	2018	2019	2020	2021	2022	TOTAL
Overlay runway 03R-21L					632 000	79 000	3 595 000	3 595 000	7 900 000
Expansion of Terminal North Baggage Handling System	1 279 000	2 937 000	11 284 000						15 500 000
Refurbishment North Terminal		1 398 000	7 567 000	7 485 000					16 450 000
Expansion of Terminal Sur Apron (7 remote gates)					1 641 000	8 878 000	8 782 000		19 300 000
Car Park - Phase 2 (600 U)					327 000	5 464 000	1 809 000		7 600 000
Car Park Phase 4					310 000	5 177 000	1 714 000		7 200 000
Connection building facilities for Tocumen S.A.					10 500 000				10 500 000
Car Park Phase 3 (Long Term Park)					5 000 000				5 000 000
Total: Phase 1B	1 279 000	4 336 000	18 851 000	8 117 000	17 856 000	23 114 000	15 898 000		89 450 000

Source: Tocumen S.A. & CPMTS

Phase 2: Middle Term Expansions (24 Million Annual Passenger - 2024)

As the South Terminal reaches capacity, and based on our traffic growth assumptions, some major airfield investments will be needed. The projects included in Phase 2 are as follows:

- New 3rd runway (incl. Taxiways): This 3rd runway is to be developed on the Eastern side of the existing 03R-21L runway. In the current plans (refer to the Master Plan study), it is foreseen to develop this runway 1525m south-east from runway 03R-21L, but alternate solutions exist: the most suitable solution will depend on the real behavior of traffic over the next 10 years. The Capital Investment Plan is structured considering that this runway will be located 1525m from 03R-21L.

- **New Control Tower:** The development of the new runway will require to develop a new control tower, to ensure a proper visibility of the new infrastructure.
- **South Terminal expansion:** Ten additional gates will be added to the existing facilities, together with their apron and ancillary facilities, to bring the overall capacity to 24 million annual passenger.
- **New Fire Station for 3rd runway:** The development of the new runway will require to develop a new fire fighting station, to meet ICAO minimal intervention time standards on this runway.
- **Navais 3rd runway and taxiways:** The development of the new runway and taxiway will require redeveloping the airfield navais.
- **Cargo Terminal - Phase 2:** New 12,000 m² cargo terminal module, including its associated apron, and landside infrastructure.
- **Cargo Terminal – Phase 3:** Refurbishment of existing Terminal: Refurbishment of the existing cargo terminal, developing into a 15,000 m² brand new cargo terminal.

The detailed breakdown of these components is shown in Table 14

Table 14: Phase 2 – Middle term Airfield and Landside expansions

TOCUMEN INTERNATIONAL AIRPORT		PHASE 2 : MIDDLE TERM EXPANSION (24 Mpax)						
Airport Development Costs (U.S. Dollars)		2020	2021	2022	2023	2024	2025	TOTAL
New 3rd runway		16 880 000	2 110 000	96 005 000	96 005 000			211 000 000
New Control Tower		1 326 000	5 272 000	6 962 000	1 740 000			15 300 000
Expansion of Terminal Sur - Phase 2 (10 gates)		8 208 000	1 026 000	46 683 000	46 683 000			102 600 000
New Fire Station for 3rd runway		303 000	2 400 000	796 000				3 500 000
Navais 3rd runway and taxiways		1 454 000	15 647 000					17 100 000
Taxiways 3rd runway		1 802 000	4 929 000	9 646 000	4 823 000			21 200 000
Cargo Terminal - Phase 2				15 435 000	9 162 000	16 135 000	13 428 000	54 161 000
Cargo Terminal - Refurbishment existing Terminal				19 386 000	11 458 000	20 415 000	16 954 000	68 213 000
Total: Phase 2		29 973 000	31 384 000	194 913 000	169 871 000	36 550 000	30 382 000	493 073 000

Source: CPMTS and C&A Airport Consultants

Phase 3: Long Term Expansions (32 Million Annual Passenger - 2032)

Once the South Terminal reaches its maximal capacity a new terminal building will be needed. This terminal can either be developed on the south side of the South Terminal, or in front of the existing terminal area, on the other side of the existing runway 03R-21L (as illustrated in the Master Plan). The following CapEx was prepared assuming that the new Terminal 3 would be built on the Southern side of the South Terminal.

The investment plan for this period would be as follows:

- Reconstruction runway 03L-21R: once the 3rd runway is available, the airfield will benefit for a relative spare capacity for a limited period of time. This period can be used to rebuild runway 03L-21R, which will be, by then, beyond its practical use life and will require a total reconstruction.
- New taxiway network runway 03L-21R: As 03L-21R is rebuilt, a new taxiway system can be implemented to serve this runway, including the construction of a rapid exit taxiway.
- Expansion of runway 03C-21C: Runway 03C/21C can be expanded 800m to provide the capacity to reach the maximal range of aircraft operating at Tocumen.
- Apron T3: Phase 1: as traffic grows, the operations can make use of the apron of the future Terminal 3, that can be used as remote stands.
- Apron T3: Phase 2: Includes the contact gates of Terminal 3.
- New Passenger Terminal Building 3: new 85,000m² passenger terminal building, connected to the North and South Terminals.
- Cargo Terminal - Phase 4: New 12,000m² cargo terminal module, including its associated apron, and landside infrastructure.
- Aircraft Maintenance Hangar: Site preparation for the new hangar of the aircraft maintenance base. The hangar itself will be financed and operated by the MRO operator.
- Terminal 3: Operational Offices: 6,000m² of landside offices will be deployed for airline and operational staff, to serve as ancillary facility for Terminal 3.
- Terminal 3: Authorities Offices: 2,400m² of external offices for authorities (Tocumen, Immigration, Customs) staff, to serve as ancillary facility for Terminal 3.
- Fuel Farm Terminal 4: 5,000m³ expansion of the fuel farm, including tanks, shelters, infrastructures, offices and equipment.

- GSE maintenance area Terminal 3: 1,440m² of apron offices, 2,160m² of sheltered spaces for GSE and 3,600m² of outdoor park space for GSE equipment.
- Catering base Terminal 3 (site preparation): Includes the site preparation for the expansion of the catering facilities, over an estimated 24,000m² plot (the building and equipment are to be financed by the catering operator).
- Rescue & Fire-Fighting training center: with the increase in passenger traffic and the increase in size of the RFFS, it will become less expensive to train the Fire Fighting staff on site. A specific facility will be deployed with this intent.
- Landside access Terminal 3: Access roads (including a bridge over the Tocumen River) and access viaduct for Terminal 3.
- Parking lot Terminal 3: Parking lot for 3,000 vehicles.
- Tocumen river realignment: Realignment works and infrastructure, and relocation of utilities to realign the riverbed and permit the development of Terminal 3 (globally equivalent to the works performed for the South Terminal, that could have been expanded forward).
- Utilities Terminal 3: Necessary utilities to serve Terminal 3 (including 11 kVA electrical supply, 16 MW cooling plant and 5,500kW emergency plant).

The detailed breakdown of these components is shown in Table 15.

Table 15: Phase 3 – Long term expansion (32 million annual passenger)

TOCUMEN INTERNATIONAL AIRPORT		PHASE 3 : LONG TERM EXPANSION : 32 MPAX							
Airport Development Costs (U.S. Dollars)		2027	2028	2029	2030	2031	2032	2033	TOTAL
Reconstruction runway 03L-21R	20 213 000								43 298 000
New taxiway network runway 03L-21R	15 660 000								33 033 000
Lenght increase on runway 03C-21C		8 857 000	21 752 000	20 755 000					51 363 000
Apron T3 : Phase 1	11 759 000								24 302 000
Apron T3 : Phase 2			3 216 000	7 253 000	9 772 000				20 240 000
New Passenger Terminal Building 3		100 626 000	127 749 000	194 643 000	168 991 000				592 010 000
Freight Terminal - Phase 4				30 737 000	18 245 000	32 131 000	26 740 000		107 855 000
New Maintenance Hangar - Site preparation	4 042 000	2 979 000	4 675 000	3 384 000					15 080 000
Terminal 3 : Operational Offices			4 636 000	8 709 000	10 311 000				23 656 000
Terminal 3 : Authorities Offices			1 854 000	3 484 000	4 124 000				9 462 000
Fuel farm expansion Terminal 3			2 127 000	3 879 000	3 153 000				9 160 000
GSE maintenance area Terminal 3				3 380 000	2 857 000				6 238 000
Catering base Terminal 3 (site preparation)			464 000	808 000	143 000				1 415 000
Rescue & Fire-fighting training centre		1 628 000	2 647 000	3 604 000					7 878 000
Landside access Terminal 3		7 858 000	8 262 000	12 924 000					29 043 000
Car Park Terminal 3		3 038 000	5 053 000	6 324 000					14 415 000
Tocumen river displacement Terminal 3	10 380 000	8 880 000	7 317 000						26 577 000
Utilities Terminal 3	13 484 000	12 484 000	32 082 000	27 841 000					85 891 000
Total: Phase 3	75 538 000	146 348 000	221 835 000	327 724 000	217 598 000	32 131 000	26 740 000		1 100 916 000

Source: Analysis C&A Airport Consultants

Phase 4: Long Term Expansions (40 Million Annual Passenger - 2040)

Once the first phase of Terminal 3 reaches its maximal capacity (around 32 million annual passenger) an expansion will be required.

The current investment plan for this period is as follows:

- New wrap-up taxiway network around threshold 21C: As the 3rd runway enters in operation, the crossing of runway 03C/21C will become difficult, impacting the global capacity of the runway system, and the security of operations. A wrap-up taxiway can be developed around threshold 21C to allow the circulation of aircraft across the central runway to and from the 3rd runway without affecting the operations of the runway.
- Apron T4: Phase 1: as traffic grows, the operations can expand over the apron of the Terminal 3, that can be used as remote stands.
- Apron T4: Phase 2: Includes the contact gates of Terminal 4.

- New Passenger Terminal Building 4: new 85,000m² passenger terminal building, as an expansion of Terminal 3, connected to the North and South Terminals.
- Aircraft Maintenance Hangar: Site preparation for the new hangar of the aircraft maintenance base. The hangar itself will be financed and operated by the MRO operator.
- Terminal 4: Operational Offices: 6,000m² external offices for airlines and operational staff, to serve as ancillary facility for Terminal 3.
- Terminal 4: Authorities Offices: 2,400m² external offices for authorities (Tocumen, Immigration, Customs) staff, to serve as ancillary facility for Terminal 3.
- Fuel Farm Terminal 4: 5,000m³ expansion of the fuel farm, including tanks, shelters, infrastructures, offices and equipment.
- GSE maintenance area Terminal 4: 1,440m² of apron offices, 2.160m² of sheltered spaces for GSE and 3,600m² of outdoor park space for GSE equipment.
- Catering base Terminal 4 (site preparation): Site preparation for the expansion of the catering facilities, over an estimated 24,000m² plot.
- Landside access Terminal 4: Access roads (including bridge over the Tocumen river) and access viaduct for Terminal 4.
- Car Park Terminal 4: Car park for 3,000 vehicles.
- Utilities Terminal 4: Necessary utilities to serve terminal 3 (including 11 kVA electrical supply, 16 MW cooling plant and 5,500kW emergency plant).

The detailed breakdown of these components is shown in Table 16.

Table 16: Phase 4 – Long term expansion (40 million annual passenger)

TOCUMEN INTERNATIONAL AIRPORT		PHASE 4 : LONG TERM EXPANSION : 40 MPAX							
Airport Development Costs (U.S. Dollars)		2032	2033	2034	2035	2036	2037	2038	TOTAL
Wrap-up taxiway threshold 21C					5 832 000	12 454 000	15 576 000		33 862 000
Apron T4 : Phase 1	4 511 000	10 145 000	13 741 000						28 398 000
Apron T4 : Phase 2				3 675 000	8 289 000	11 167 000			23 131 000
New Passenger Terminal Building 4			121 550 000	148 472 000	225 128 000	196 026 000			691 176 000
Aircraft Maintenance Hangar - Site preparation				4 829 000	3 560 000	5 586 000	4 043 000		18 018 000
Terminal 4 : Operational Offices				5 298 000	9 953 000	11 784 000			27 035 000
Terminal 4 : Authorities Offices				2 119 000	3 981 000	4 714 000			10 814 000
Fuel farm expansion Terminal 4				2 180 000	3 978 000	3 268 000			9 426 000
GSE maintenance area Terminal 4					3 863 000	3 266 000			7 129 000
Catering base Terminal 4				530 000	923 000	164 000			1 617 000
Terminal 4 access road			14 885 000	16 457 000	19 286 000				50 628 000
Terminal 4 car park			3 471 000	5 775 000	7 227 000				16 474 000
Utilities Terminal 4		15 432 000	14 287 000	36 715 000	31 861 000				98 295 000
Total: Phase 4	4 511 000	25 577 000	167 935 000	231 883 000	330 504 000	251 551 000	4 043 000		1 016 003 000

Source: Analysis C&A Airport Consultants

3F - Key Risks and Mitigating Factors

The key risks factors associated with the financial projections discussed in this section include, but are not limited to, the following:

- **South Terminal development.** As in any other infrastructure development project, there are cost, schedule and environmental risks associated with the construction of the terminal structure and associated facilities.
- **Aviation activity levels.** Though the aviation growth figures selected for the forecast are in line with the industry expectations and are significantly more conservative than those observed at the airport over the last decade and those anticipated by Copa Airlines for the next decade, two factors could negatively impact the prospects of aviation demand at Tocumen:
 - The slower growth of air traffic demand in Latin-America, and particularly in Colombia and Brazil that are important bases of Tocumen’s passengers, may negatively impact the evolution of traffic at PTY, especially with the downturn that these countries have been experiencing in 2015, and the significant devaluation of their currencies.
 - The rise of another major competitor in Tocumen’s transfer traffic markets that could cannibalize part of Tocumen’s market share.

In the event that aviation activity levels are lower than anticipated in the base case, airport revenues would be lower than shown on this report. This would impact debt service coverage levels and the airport’s operating cash flow.

- **Local regulations.** The amount of regulated revenues collected by Tocumen S.A. depends on the level of taxes that is set and authorized by the Civil Aviation Authority (CAA). Although historically the AAC has consistently endorsed the fee adjustments requested by AITSA, a risk exist if the CAA does not approve future increases or lowers the level of the existing fees. In this case a significant share of AITSA revenue could be limited. However, this risk should be limited as both the president of the Civil Aviation Authority (also chairman of the board of JAC) and the minister of economy and finance are members of Tocumen S.A.’s board of directors.
- **Construction costs and delays:** A portion of the financial balance of AITSA is dependent on the accuracy of the airport long term investment plan: if the cost and construction schedules of airport development are significantly higher than the amounts specified in the investment plan, AITSA may be unable to execute the investment plan in accordance with the assumptions of the Master Plan. Nevertheless, this risk remains manageable: firstly, the investment plan already includes provisions for cost increases and contingencies, and secondly, AITSA may reconsider the investment plan at any time in both its extent and its schedule, to suit the available financial resources.

3G - Long Term Financial Projections Through 2040

For the 25-year period from 2015 to 2040, a set of high level projections were developed. Specific financial analysis of the different growth scenarios was conducted to estimate the evolution of Tocumen financial results, on the basis of the following assumptions:

Financing assumptions:

- US\$ 625 million of new series, fully amortizing Fixed-rated Mortgage debt with 10-year principal grace are issued in 2016.
- The existing US\$ 650 million series 2013 notes amortize according to their actual schedule. The US\$ 484 million balloon due in 2023 is hypothetically refinanced into a fully amortizing structure at a stressed interest rate and co-terminus with Series 2016 debt.

Growth scenarios::

Three different growth scenarios were considered in the analysis:

- **Base Case Scenario:**
The baseline scenario sets on the traffic growth and the evolution of the income/cost structure presented previously. It represents a conservative scenario consistent with current industry expectations.
- **Sample Downside Stress Case Scenario:**
The Sample Downside case represents an extreme stress case defined to test the robustness of the global business plan.
It simulates a critical traffic downturn for both O&D and connecting traffic, followed by a slow recovery of O&D traffic, but a stagnation of connecting traffic.
We consider in this scenario that O&D traffic will decrease by 5% both in 2019 and 2020, and will only start to recover in 2022, recovering the base case annual growth rate in 2023. For the connecting traffic, we consider that the airport will loose 20% of its connecting traffic in 2019 followed by a zero growth over the planning horizon.
This scenario simulates a critical downturn for the whole airport traffic, and specially the hub. It would imply to reschedule the major expansions considered in phases 3, 4 and 5 until after 2040.
Under this scenario all the other business assumptions considered in the base case scenario are preserved.
- **3% Growth Stress Case Scenario:**
The 3% Growth case represents an even more extreme stress case defined to test the robustness of the global business plan.

It simulates a critical traffic downturn for both O&D and connecting traffic, followed by a 15-year long stagnation period.

We consider in this scenario that O&D traffic will only grow at a yearly rate of 2% from 2019 to 2035, and that connecting traffic rate will freeze in 2019 and will remain unchanged afterwards, resulting in a 3% cash flow growth per annum, representing effectively a “zero real growth scenario”.

This scenario simulates a critical downturn for the whole airport traffic. It would imply to reschedule the major expansions considered in phase 3 until after 2038, and phases 4 and 5 until after 2050.

Under this scenario all the other business assumptions considered in the base case scenario are preserved.

The analysis of the different scenarios demonstrates significant cash flow flexibility, while also showing significant ability to absorb downside stresses, including with an assumed refinancing of the existing debt.

These projections are summarized in:

- Exhibit A: Base case scenario – Constrained forecast.
- Exhibit B: Airport Annual Revenues – Base Case Scenario
- Exhibit C: Airport Operation & Maintenance Expenses – Base Case Scenario
- Exhibit D: Model Output – Base Case Scenario

The results of the stress case scenarios are presented afterwards:

- Exhibit E: Model Output – Sample Downside Stress Case Scenario
- Exhibit F: Model Output – 3% Growth Stress Case Scenario
- Exhibit G: Debt Coverage Metrics

Consortio PM Terminal Sur S.A. consents to the inclusion of this report in the Offering Memorandum and to the references to Consortio PM Terminal Sur S.A.'s name in the Offering Memorandum on the caption "Independent Consultant".

Consortio PM Terminal Sur S.A.

By:



Name: Alberto BONET PERPIÑA

Title: Project Manager

Exhibit A

CONSTRAINED PASSENGER FORECAST (BASE CASE)
Tocumen International Airport

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PASSENGERS - TOCUMEN INT'L																	
Copa Airlines																	
Origin & Destination	2 474 000	2 448 000	2 689 000	2 788 000	2 878 000	2 913 000	2 946 000	2 978 000	3 009 000	3 038 000	3 065 000	3 091 000	3 115 000	3 139 000	3 163 000	3 188 000	3 213 000
Connecting	8 316 000	8 707 000	9 293 000	9 603 000	9 845 000	9 900 000	9 944 000	9 977 000	9 998 000	10 006 000	10 000 000	9 979 000	9 944 000	9 906 000	9 866 000	9 826 000	9 785 000
	10 790 000	11 155 000	11 981 000	12 391 000	12 723 000	12 813 000	12 891 000	12 956 000	13 007 000	13 044 000	13 065 000	13 070 000	13 059 000	13 044 000	13 029 000	13 014 000	12 998 000
Other Airlines																	
Origin & Destination	1 715 000	1 898 000	1 853 000	1 916 000	1 973 000	1 996 000	2 019 000	2 041 000	2 062 000	2 082 000	2 101 000	2 118 000	2 135 000	2 151 000	2 168 000	2 185 000	2 202 000
Connecting	302 000	382 000	354 000	379 000	402 000	404 000	406 000	408 000	408 000	409 000	408 000	408 000	406 000	405 000	403 000	401 000	400 000
	2 016 000	2 279 000	2 207 000	2 295 000	2 375 000	2 401 000	2 425 000	2 449 000	2 470 000	2 491 000	2 509 000	2 526 000	2 541 000	2 556 000	2 571 000	2 586 000	2 602 000
Total traffic																	
Origin & Destination	4 189 000	4 346 000	4 542 000	4 704 000	4 851 000	4 909 000	4 965 000	5 019 000	5 071 000	5 120 000	5 166 000	5 209 000	5 249 000	5 290 000	5 331 000	5 372 000	5 415 000
Connecting	8 618 000	9 089 000	9 647 000	9 983 000	10 247 000	10 304 000	10 351 000	10 385 000	10 406 000	10 415 000	10 408 000	10 387 000	10 351 000	10 310 000	10 269 000	10 228 000	10 185 000
	12 807 000	13 435 000	14 188 000	14 686 000	15 098 000	15 213 000	15 316 000	15 404 000	15 477 000	15 535 000	15 574 000	15 596 000	15 600 000	15 600 000	15 600 000	15 600 000	15 600 000
Percent change																	
Origin & Destination		3,7%	4,5%	3,6%	3,1%	1,2%	1,1%	1,1%	1,0%	1,0%	0,9%	0,8%	0,8%	0,8%	0,8%	0,8%	0,8%
Connecting		5,5%	6,1%	3,5%	2,6%	0,6%	0,4%	0,3%	0,2%	0,1%	-0,1%	-0,2%	-0,4%	-0,4%	-0,4%	-0,4%	-0,4%
CARGO - TOCUMEN INT'L																	
Arriving Cargo (Destination)	57 000	60 000	63 000	67 000	70 000	72 000	73 000	74 000	76 000	77 000	79 000	81 000	82 000	84 000	86 000	87 000	89 000
Departing Cargo (Originating)	53 000	56 000	58 000	61 000	64 000	66 000	67 000	68 000	70 000	71 000	72 000	74 000	75 000	77 000	78 000	80 000	81 000
Connecting Cargo	44 000	47 000	51 000	55 000	59 000	62 000	65 000	67 000	70 000	74 000	76 000	79 000	82 000	85 000	88 000	91 000	95 000
	154 000	163 000	173 000	183 000	194 000	199 000	204 000	210 000	216 000	222 000	228 000	234 000	240 000	246 000	252 000	258 000	265 000
Percent change																	
		5,8%	5,8%	5,9%	5,9%	2,8%	2,8%	2,8%	2,8%	2,8%	2,6%	2,6%	2,6%	2,6%	2,5%	2,6%	2,6%
AIRCRAFT MOVEMENTS - TOCUMEN INT'L																	
Passenger Aircraft - Copa Airlines	105 000	104 000	110 000	110 000	110 000	108 000	106 000	104 000	102 000	100 000	99 000	98 000	97 000	96 000	96 000	95 000	94 000
Passenger Aircraft - Other Airlines	15 000	17 000	16 000	16 000	17 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000	16 000
Freighters	8 000	9 000	9 000	9 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	11 000	11 000	11 000	11 000	11 000	12 000
	129 000	129 000	135 000	136 000	136 000	134 000	132 000	129 000	128 000	127 000	126 000	125 000	124 000	123 000	123 000	122 000	122 000
Percent change																	
		0,3%	4,4%	0,8%	0,3%	-1,7%	-1,7%	-1,7%	-1,3%	-0,8%	-0,8%	-0,7%	-0,6%	-0,4%	-0,5%	-0,4%	-0,4%

(a) : Forecasts of passenger activity reflect Base Case as described in the Aviation Activity Forecast Report.
Constrained passenger forecast is the result of the Unconstrained traffic forecast, assuming that new airport capacities are developed when existing facilities reach IATA Level of Service D.

Exhibit B

REVENUES

Tocumen International Airport
(in US\$ thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PASSENGERS - TOCUMEN INT'L ^(a)																	
Origin & Destination	4 189 000	4 428 000	4 542 000	4 704 000	5 144 000	5 413 000	5 695 000	5 989 000	6 275 000	6 627 000	6 936 000	7 347 000	7 629 000	7 987 000	8 324 000	8 676 000	9 043 000
Connecting	8 618 000	9 007 000	9 647 000	9 983 000	11 366 000	12 095 000	12 873 000	13 687 000	14 466 000	15 498 000	16 352 000	17 617 000	18 471 000	19 648 000	20 685 000	21 661 000	22 685 000
	12 807 000	13 435 000	14 188 000	14 686 000	16 510 000	17 508 000	18 568 000	19 676 000	20 741 000	22 125 000	23 287 000	24 964 000	26 100 000	27 635 000	29 009 000	30 337 000	31 729 000
REVENUES																	
Aeronautical Revenues																	
Landing fees	\$ 12,595	\$ 13,291	\$ 13,882	\$ 14,498	\$ 16,299	\$ 17,405	\$ 18,606	\$ 19,872	\$ 21,220	\$ 23,011	\$ 24,696	\$ 26,976	\$ 28,841	\$ 31,236	\$ 33,554	\$ 35,941	\$ 38,520
Aircraft parking fees	\$ 0,137	\$ 0,158	\$ 7,082	\$ 7,441	\$ 8,302	\$ 8,882	\$ 9,515	\$ 10,200	\$ 10,941	\$ 11,873	\$ 12,774	\$ 13,940	\$ 14,929	\$ 16,153	\$ 17,351	\$ 18,607	\$ 19,977
Jetbridge Charge	\$ 6,785	\$ 7,215	\$ 7,314	\$ 7,586	\$ 8,545	\$ 9,087	\$ 9,675	\$ 10,309	\$ 10,973	\$ 11,886	\$ 12,726	\$ 13,907	\$ 14,846	\$ 16,081	\$ 17,272	\$ 18,485	\$ 19,789
Aircraft Utilities	\$ 2,028	\$ 2,416	\$ 2,106	\$ 2,186	\$ 2,465	\$ 2,623	\$ 2,796	\$ 2,980	\$ 3,172	\$ 3,437	\$ 3,681	\$ 4,023	\$ 4,295	\$ 4,652	\$ 4,997	\$ 5,349	\$ 5,727
Passenger Facility Charge	\$ 58,134	\$ 61,598	\$ 64,718	\$ 69,042	\$ 77,770	\$ 84,281	\$ 91,345	\$ 98,935	\$ 106,776	\$ 116,142	\$ 125,201	\$ 136,607	\$ 146,097	\$ 157,547	\$ 169,125	\$ 181,561	\$ 194,921
Airport Investment Charge	\$ -	\$ -	\$ 22,708	\$ 28,224	\$ 31,791	\$ 34,453	\$ 37,341	\$ 40,444	\$ 43,649	\$ 47,478	\$ 51,181	\$ 55,844	\$ 59,723	\$ 64,404	\$ 69,136	\$ 74,220	\$ 79,682
Security Charge	\$ 10,695	\$ 11,305	\$ 11,706	\$ 12,483	\$ 14,358	\$ 15,653	\$ 17,068	\$ 18,596	\$ 20,162	\$ 22,101	\$ 23,929	\$ 26,349	\$ 28,330	\$ 30,819	\$ 33,268	\$ 35,808	\$ 38,544
Cargo Charges	\$ 0,390	\$ 0,388	\$ 2,154	\$ 2,330	\$ 2,522	\$ 2,730	\$ 2,955	\$ 3,199	\$ 3,464	\$ 3,751	\$ 4,062	\$ 4,399	\$ 4,718	\$ 5,061	\$ 5,429	\$ 5,824	\$ 6,248
Private flight charges	\$ 0,042	\$ 0,040	\$ 0,053	\$ 0,053	\$ 0,058	\$ 0,060	\$ 0,062	\$ 0,064	\$ 0,066	\$ 0,070	\$ 0,073	\$ 0,077	\$ 0,080	\$ 0,084	\$ 0,087	\$ 0,091	\$ 0,094
Regional Airport fees	\$ 0,956	\$ 2,199	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750
	\$ 91,763	\$ 98,610	\$ 138,472	\$ 150,593	\$ 168,861	\$ 181,925	\$ 196,111	\$ 211,347	\$ 227,173	\$ 246,498	\$ 265,072	\$ 288,872	\$ 308,608	\$ 332,786	\$ 356,970	\$ 382,636	\$ 410,252
Non aeronautical Revenues																	
Commissions on retail sales	\$ 26,540	\$ 18,552	\$ 36,555	\$ 37,938	\$ 77,544	\$ 85,339	\$ 93,935	\$ 103,305	\$ 113,018	\$ 125,118	\$ 136,675	\$ 152,059	\$ 164,993	\$ 181,310	\$ 197,527	\$ 214,385	\$ 232,699
Advertising	\$ 2,174	\$ 2,174	\$ 2,223	\$ 2,273	\$ 5,289	\$ 5,408	\$ 5,530	\$ 5,654	\$ 5,782	\$ 5,912	\$ 6,045	\$ 6,665	\$ 6,815	\$ 10,230	\$ 10,460	\$ 10,696	\$ 10,936
Indoor rentals	\$ 8,615	\$ 21,096	\$ 16,194	\$ 16,813	\$ 24,599	\$ 30,387	\$ 32,590	\$ 34,317	\$ 36,169	\$ 38,083	\$ 40,362	\$ 43,759	\$ 47,098	\$ 57,673	\$ 64,364	\$ 68,299	\$ 71,683
Car park	\$ 0,498	\$ 1,467	\$ 3,253	\$ 3,445	\$ 3,860	\$ 4,156	\$ 4,474	\$ 4,813	\$ 5,159	\$ 5,575	\$ 5,969	\$ 6,471	\$ 6,874	\$ 7,365	\$ 7,853	\$ 8,372	\$ 8,925
Jet fuel royalties	\$ 4,815	\$ 11,795	\$ 13,989	\$ 14,177	\$ 15,590	\$ 16,180	\$ 16,796	\$ 17,419	\$ 17,971	\$ 18,759	\$ 19,323	\$ 20,267	\$ 20,737	\$ 21,484	\$ 22,082	\$ 22,641	\$ 23,217
Commissions on ground services	\$ 3,558	\$ 3,893	\$ 4,010	\$ 4,241	\$ 4,861	\$ 5,263	\$ 5,699	\$ 6,165	\$ 6,636	\$ 7,225	\$ 7,764	\$ 8,493	\$ 9,064	\$ 9,794	\$ 10,503	\$ 11,243	\$ 12,036
Outdoor leases	\$ 2,916	\$ 1,228	\$ 2,982	\$ 3,049	\$ 5,849	\$ 7,302	\$ 8,131	\$ 8,430	\$ 9,517	\$ 9,731	\$ 9,950	\$ 10,174	\$ 11,305	\$ 12,124	\$ 12,793	\$ 13,084	\$ 13,382
Other Income	\$ -	\$ 5,827	\$ 1,407	\$ 1,451	\$ 1,618	\$ 1,708	\$ 1,805	\$ 1,908	\$ 2,017	\$ 2,168	\$ 2,305	\$ 2,498	\$ 2,647	\$ 2,844	\$ 3,031	\$ 3,219	\$ 3,421
	\$ 49,116	\$ 66,032	\$ 80,614	\$ 83,388	\$ 139,211	\$ 155,744	\$ 168,959	\$ 182,012	\$ 196,269	\$ 212,570	\$ 228,392	\$ 250,385	\$ 269,532	\$ 302,823	\$ 328,613	\$ 351,939	\$ 376,298
Key Deposit Revenues	\$ 15,168	\$ 23,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 156,046	\$ 188,462	\$ 219,086	\$ 233,981	\$ 308,071	\$ 337,668	\$ 365,070	\$ 393,359	\$ 423,442	\$ 459,068	\$ 493,464	\$ 539,257	\$ 578,140	\$ 635,609	\$ 685,583	\$ 734,575	\$ 786,550
Revenues per passenger																	
Aeronautical Revenues per passenger	\$ 7,17	\$ 7,34	\$ 9,76	\$ 10,25	\$ 10,23	\$ 10,39	\$ 10,56	\$ 10,74	\$ 10,95	\$ 11,14	\$ 11,38	\$ 11,57	\$ 11,82	\$ 12,04	\$ 12,31	\$ 12,61	\$ 12,93
Non Aeronautical Revenues per passenger	\$ 3,84	\$ 4,92	\$ 5,68	\$ 5,68	\$ 8,43	\$ 8,90	\$ 9,10	\$ 9,25	\$ 9,46	\$ 9,61	\$ 9,81	\$ 10,03	\$ 10,33	\$ 10,96	\$ 11,33	\$ 11,60	\$ 11,86
	\$ 11,00	\$ 12,26	\$ 15,44	\$ 15,93	\$ 18,66	\$ 19,29	\$ 19,66	\$ 19,99	\$ 20,42	\$ 20,75	\$ 21,19	\$ 21,60	\$ 22,15	\$ 23,00	\$ 23,63	\$ 24,21	\$ 24,79
Percent change																	
Aeronautical Revenues per passenger ^(b)		2,4%	33,0%	5,1%	-0,3%	1,6%	1,6%	1,7%	2,0%	1,7%	2,2%	1,7%	2,2%	1,8%	2,2%	2,5%	2,5%
Non Aeronautical Revenues per passenger ^{(c)(d)}		28,2%	15,6%	-0,1%	48,5%	5,5%	2,3%	1,7%	2,3%	1,5%	2,1%	2,3%	3,0%	6,1%	3,4%	2,4%	2,2%

(a) : Forecasts of passenger activity reflect Base Case as described in the Aviation Activity Forecast Report

(b) : Increase on Aeronautical revenues per passenger in years 2016 and 2017 reflect implementation of new tariffs and airport investment charge

(c) : Increase on Non Aeronautical revenues per passenger in year 2016 reflects increase on lease tariffs and redemption of Fuel Farm and Car Park concessions

(d) : Increase on Non Aeronautical revenues per passenger in year 2018 reflects end of Key-deposit agreements of North Terminal Duty Free shops and opening of new retail areas in Terminal South.

Source: Analysis C&A Airport Consultants

Exhibit C

OPERATION & MAINTENANCE EXPENSES

Tocumen International Airport

(in US\$ thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PASSENGERS - TOCUMEN INT'L ^(a)																	
Origin & Destination	4 189 000	4 428 000	4 542 000	4 704 000	5 144 000	5 413 000	5 695 000	5 989 000	6 275 000	6 627 000	6 936 000	7 347 000	7 629 000	7 987 000	8 324 000	8 676 000	9 043 000
Connecting	8 618 000	9 007 000	9 647 000	9 983 000	11 366 000	12 095 000	12 873 000	13 687 000	14 466 000	15 498 000	16 352 000	17 617 000	18 471 000	19 648 000	20 685 000	21 661 000	22 685 000
	12 807 000	13 435 000	14 188 000	14 686 000	16 510 000	17 508 000	18 568 000	19 676 000	20 741 000	22 125 000	23 287 000	24 964 000	26 100 000	27 635 000	29 009 000	30 337 000	31 729 000
OPEX																	
Payroll and Personnel																	
Tocumen personnel	\$ 15,940	\$ 18,549	\$ 15,840	\$ 15,808	\$ 21,863	\$ 22,498	\$ 23,727	\$ 25,024	\$ 26,318	\$ 28,256	\$ 30,172	\$ 33,463	\$ 35,591	\$ 43,851	\$ 46,617	\$ 49,470	\$ 52,525
Regional Airports personnel	\$ 2,844	\$ 3,379	\$ 2,936	\$ 3,032	\$ 3,130	\$ 3,232	\$ 3,337	\$ 3,446	\$ 3,558	\$ 3,673	\$ 3,793	\$ 3,916	\$ 4,043	\$ 4,175	\$ 4,310	\$ 4,450	\$ 4,595
Ancillary personnel expenses	\$ 2,792	\$ 3,279	\$ 2,825	\$ 2,853	\$ 3,797	\$ 3,934	\$ 4,164	\$ 4,408	\$ 4,657	\$ 4,981	\$ 5,296	\$ 5,825	\$ 6,174	\$ 7,477	\$ 7,926	\$ 8,390	\$ 8,885
	\$ 21,576	\$ 25,207	\$ 21,600	\$ 21,693	\$ 28,791	\$ 29,665	\$ 31,228	\$ 32,878	\$ 34,533	\$ 36,910	\$ 39,261	\$ 43,204	\$ 45,808	\$ 55,502	\$ 58,853	\$ 62,310	\$ 66,005
Non-personnel expenses																	
Maintenance	\$ 9,392	\$ 12,521	\$ 17,096	\$ 18,488	\$ 20,332	\$ 21,633	\$ 22,594	\$ 24,430	\$ 27,123	\$ 26,742	\$ 29,505	\$ 30,420	\$ 40,263	\$ 37,199	\$ 39,619	\$ 49,758	\$ 51,606
Electricity, water & Telephone	\$ 7,428	\$ 8,459	\$ 7,734	\$ 8,001	\$ 15,048	\$ 15,600	\$ 16,139	\$ 16,698	\$ 17,277	\$ 17,875	\$ 18,508	\$ 20,139	\$ 20,859	\$ 28,201	\$ 29,181	\$ 30,188	\$ 31,226
Overhead	\$ 4,038	\$ 6,825	\$ 4,082	\$ 4,132	\$ 5,196	\$ 5,364	\$ 5,636	\$ 5,924	\$ 6,215	\$ 6,608	\$ 6,998	\$ 7,633	\$ 8,065	\$ 9,600	\$ 10,158	\$ 10,734	\$ 11,350
Insurance and Financial Costs	\$ 7,994	\$ 6,274	\$ 7,948	\$ 8,375	\$ 12,063	\$ 13,057	\$ 13,823	\$ 14,644	\$ 15,514	\$ 16,416	\$ 17,469	\$ 19,058	\$ 20,329	\$ 25,334	\$ 26,785	\$ 28,231	\$ 29,719
Administrative Expenses	\$ 2,538	\$ 3,989	\$ 3,257	\$ 3,485	\$ 3,746	\$ 4,296	\$ 4,680	\$ 5,101	\$ 5,556	\$ 6,027	\$ 6,610	\$ 7,169	\$ 7,900	\$ 8,542	\$ 9,308	\$ 10,062	\$ 10,840
Merchandizing & Promotion	\$ 0,800	\$ 0,369	\$ 0,929	\$ 0,960	\$ 0,991	\$ 1,023	\$ 1,056	\$ 1,091	\$ 1,126	\$ 1,163	\$ 1,201	\$ 1,240	\$ 1,280	\$ 1,321	\$ 1,364	\$ 1,409	\$ 1,454
Corporate Expenses	\$ 0,124	\$ 3,824	\$ 1,311	\$ 1,354	\$ 1,398	\$ 1,443	\$ 1,490	\$ 1,539	\$ 1,589	\$ 1,640	\$ 1,694	\$ 1,749	\$ 1,805	\$ 1,864	\$ 1,925	\$ 1,987	\$ 2,052
	\$ 32,314	\$ 42,260	\$ 42,358	\$ 44,794	\$ 58,775	\$ 62,417	\$ 65,419	\$ 69,425	\$ 74,399	\$ 76,471	\$ 81,983	\$ 87,407	\$ 100,503	\$ 112,063	\$ 118,340	\$ 132,368	\$ 138,247
Payments and Transfers	\$ 9,763	\$ 5,114	\$ 14,318	\$ 10,864	\$ 11,313	\$ 11,754	\$ 12,219	\$ 12,708	\$ 13,219	\$ 13,770	\$ 14,338	\$ 14,961	\$ 15,583	\$ 16,257	\$ 16,961	\$ 17,707	\$ 18,498
Total O&M Expenses	\$ 63,653	\$ 72,581	\$ 78,277	\$ 77,351	\$ 98,878	\$ 103,836	\$ 108,866	\$ 115,012	\$ 122,152	\$ 127,151	\$ 135,583	\$ 145,572	\$ 161,893	\$ 183,822	\$ 194,155	\$ 212,385	\$ 222,750
O&M Expenses per passenger																	
Personnel Expenses	\$ 1,68	\$ 1,88	\$ 1,52	\$ 1,48	\$ 1,74	\$ 1,69	\$ 1,68	\$ 1,67	\$ 1,66	\$ 1,67	\$ 1,69	\$ 1,73	\$ 1,76	\$ 2,01	\$ 2,03	\$ 2,05	\$ 2,08
Non-personnel Expenses	\$ 2,52	\$ 3,15	\$ 2,99	\$ 3,05	\$ 3,56	\$ 3,57	\$ 3,52	\$ 3,53	\$ 3,59	\$ 3,46	\$ 3,52	\$ 3,50	\$ 3,85	\$ 4,06	\$ 4,08	\$ 4,36	\$ 4,36
	\$ 4,21	\$ 5,02	\$ 4,51	\$ 4,53	\$ 5,30	\$ 5,26	\$ 5,20	\$ 5,20	\$ 5,25	\$ 5,12	\$ 5,21	\$ 5,23	\$ 5,61	\$ 6,06	\$ 6,11	\$ 6,42	\$ 6,44
Percent change																	
Personnel Expenses per passenger ^(b)		11,4%	-18,9%	-3,0%	18,1%	-2,8%	-0,7%	-0,6%	-0,4%	0,2%	1,1%	2,7%	1,4%	14,4%	1,0%	1,2%	1,3%
Non-Personnel Expenses per passenger ^{(c) (d)}		24,7%	-5,1%	2,2%	16,7%	0,1%	-1,2%	0,1%	1,7%	-3,6%	1,9%	-0,5%	10,0%	5,3%	0,6%	7,0%	-0,1%

(a) : Forecasts of passenger activity reflect Base Case as described in the Aviation Activity Forecast Report

(b) : Increase on Personnel Expenses per passenger in years 2018 and 2026 reflect opening of new passenger terminal facilities

(c) : Decrease on Non-Personnel Expenses per passenger in year 2015 reflects renegotiation of existing facilities maintenance contracts

(d) : Increase on Non-Personnel Expenses per passenger in years 2018 and 2026 reflect opening of new passenger terminal facilities

Source: Analysis C&A Airport Consultants

Exhibit D

MODEL OUTPUTS - BASE CASE SCENARIO

Tocumen International Airport

(in US\$ thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Passenger Traffic	13 435 000	14 188 000	14 686 000	16 510 000	17 508 000	18 568 000	19 676 000	20 741 000	22 125 000	23 287 000	24 964 000	26 100 000	27 635 000	29 009 000	30 337 000	31 729 000
TdS + Investment Charge Revenues	\$ 61,598	\$ 87,426	\$ 97,265	\$ 109,561	\$ 118,735	\$ 128,685	\$ 139,379	\$ 150,425	\$ 163,620	\$ 176,382	\$ 192,451	\$ 205,819	\$ 221,951	\$ 238,262	\$ 255,782	\$ 274,603
All Other Pledged Revenues	\$ 109,229	\$ 105,445	\$ 110,069	\$ 167,021	\$ 186,439	\$ 202,835	\$ 219,344	\$ 237,355	\$ 258,453	\$ 278,996	\$ 306,653	\$ 331,145	\$ 367,829	\$ 400,176	\$ 430,318	\$ 462,084
Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 31,490	\$ 32,494	\$ 33,549	\$ 34,636	\$ 35,662	\$ 36,995	\$ 38,086	\$ 40,153	\$ 41,176	\$ 45,829	\$ 47,145	\$ 48,459	\$ 49,828
Total Revenues	\$ 188,462	\$ 219,086	\$ 233,981	\$ 308,071	\$ 337,668	\$ 365,070	\$ 393,359	\$ 423,442	\$ 459,068	\$ 493,464	\$ 539,257	\$ 578,140	\$ 635,609	\$ 685,583	\$ 734,559	\$ 786,514
(-) Operating Expenses	\$ (60,060)	\$ (61,181)	\$ (58,863)	\$ (78,547)	\$ (82,203)	\$ (86,273)	\$ (90,582)	\$ (95,029)	\$ (100,409)	\$ (106,078)	\$ (115,152)	\$ (121,630)	\$ (146,623)	\$ (154,536)	\$ (162,627)	\$ (171,144)
(-) Sustaining Capex	\$ (12,521)	\$ (17,096)	\$ (18,488)	\$ (20,332)	\$ (21,633)	\$ (22,594)	\$ (24,430)	\$ (27,123)	\$ (26,742)	\$ (29,505)	\$ (30,420)	\$ (40,263)	\$ (37,199)	\$ (39,619)	\$ (49,758)	\$ (51,606)
(-) Non-Pledged Revenues	\$ (17,635)	\$ (26,216)	\$ (26,646)	\$ (31,490)	\$ (32,494)	\$ (33,549)	\$ (34,636)	\$ (35,662)	\$ (36,995)	\$ (38,086)	\$ (40,153)	\$ (41,176)	\$ (45,829)	\$ (47,145)	\$ (48,459)	\$ (49,828)
EBITDA (Pledged Revenues Only)	\$ 98,246	\$ 114,594	\$ 129,984	\$ 177,703	\$ 201,338	\$ 222,654	\$ 243,711	\$ 265,629	\$ 294,922	\$ 319,795	\$ 353,532	\$ 375,072	\$ 405,958	\$ 444,283	\$ 473,715	\$ 513,937
(-) Taxes (a)	\$ (17,765)	\$ (19,901)	\$ (9,845)	\$ (16,844)	\$ (24,242)	\$ (31,266)	\$ (39,194)	\$ (46,416)	\$ (52,199)	\$ (60,224)	\$ (70,398)	\$ (78,225)	\$ (99,290)	\$ (113,796)	\$ (124,527)	\$ (135,328)
Debt Sizing CFADS (Pledged Revenues Only)	\$ 80,480	\$ 94,693	\$ 120,139	\$ 160,859	\$ 177,096	\$ 191,388	\$ 204,517	\$ 219,213	\$ 242,723	\$ 259,571	\$ 283,134	\$ 296,846	\$ 306,669	\$ 330,487	\$ 349,188	\$ 378,609
(-) Reserve Account (Funding) / Release	\$ (20,075)	\$ (55,218)	\$ (10,882)	\$ (7,189)	\$ (7,291)	\$ (6,568)	\$ (6,592)	\$ 8,620	\$ (7,951)	\$ (9,373)	\$ (25,265)	\$ (17,164)	\$ (15,092)	\$ (16,107)	\$ (14,197)	\$ (2,273)
(-) Total Interest Expense	\$ (37,151)	\$ (76,994)	\$ (76,822)	\$ (75,902)	\$ (74,752)	\$ (73,314)	\$ (71,532)	\$ (69,577)	\$ (70,355)	\$ (69,570)	\$ (68,558)	\$ (66,405)	\$ (62,988)	\$ (58,912)	\$ (54,018)	\$ (48,182)
(-) Principal Repayment	\$ -	\$ (3,000)	\$ (16,000)	\$ (20,000)	\$ (25,000)	\$ (31,000)	\$ (34,000)	\$ (37,000)	\$ (40,802)	\$ (43,826)	\$ (47,891)	\$ (50,005)	\$ (52,275)	\$ (54,691)	\$ (57,291)	\$ (60,029)
(-) Dividends	\$ -	\$ (12,286)	\$ (0,554)	\$ (19,651)	\$ (28,282)	\$ (36,477)	\$ (45,727)	\$ (54,152)	\$ (60,899)	\$ (70,261)	\$ (82,131)	\$ (91,263)	\$ (115,838)	\$ (132,762)	\$ (145,281)	\$ (157,882)
(-) Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 31,490	\$ 32,494	\$ 33,549	\$ 34,636	\$ 35,662	\$ 36,995	\$ 38,086	\$ 40,153	\$ 41,176	\$ 45,829	\$ 47,145	\$ 48,459	\$ 49,828
Cash Reservable for CapEx	\$ 40,889	\$ (26,589)	\$ 42,527	\$ 69,607	\$ 74,266	\$ 77,578	\$ 81,303	\$ 102,765	\$ 129,712	\$ 134,628	\$ 129,442	\$ 113,185	\$ 101,306	\$ 99,161	\$ 101,231	\$ 119,807
(+) Capital Raise	\$ -	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Total Capex	\$ -	\$ (363,000)	\$ (297,000)	\$ (141,000)	\$ (108,000)	\$ -	\$ (54,498)	\$ (210,811)	\$ (169,871)	\$ (169,871)	\$ (36,550)	\$ (47,386)	\$ (35,998)	\$ (75,538)	\$ (146,348)	\$ (221,835)
Cumulative Surplus / (Deficit)	\$ 84,525	\$ 319,936	\$ 65,463	\$ (5,930)	\$ (39,664)	\$ 37,913	\$ 64,718	\$ (43,328)	\$ (83,488)	\$ 14,590	\$ 96,646	\$ 173,833	\$ 199,600	\$ 152,414	\$ 31,810	\$ (176,107)
Total Reserve Account Balances	\$ 20,075	\$ 75,293	\$ 86,175	\$ 93,364	\$ 100,655	\$ 107,223	\$ 113,815	\$ 105,195	\$ 113,146	\$ 122,520	\$ 147,784	\$ 164,948	\$ 180,040	\$ 196,147	\$ 210,344	\$ 212,617
Reserve Account Flows credited to Covenant CFADS	\$ -	\$ 31,968	\$ 28,333	\$ 37,175	\$ 45,875	\$ 53,860	\$ 63,624	\$ 73,349	\$ 78,941	\$ 89,729	\$ 100,818	\$ 116,956	\$ 136,489	\$ 153,414	\$ 174,285	\$ 184,621
(+) Additional Amounts Reserved for Expansion CapEx	\$ -	\$ 363,000	\$ 297,000	\$ 135,070	\$ 74,266	\$ -	\$ 54,498	\$ 167,483	\$ 129,712	\$ 36,550	\$ 47,386	\$ 35,998	\$ 75,538	\$ 146,348	\$ 221,835	\$ 151,617
Covenant CFADS	\$ -	\$ 126,661	\$ 148,472	\$ 192,105	\$ 189,237	\$ 245,248	\$ 268,141	\$ 249,233	\$ 281,504	\$ 349,300	\$ 383,952	\$ 413,803	\$ 443,158	\$ 483,902	\$ 523,473	\$ 387,123
Interest Payments (End of Period)																
Existing Notes (b)	\$ 37,151	\$ 37,151	\$ 36,978	\$ 36,058	\$ 34,908	\$ 33,471	\$ 31,688	\$ 29,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 0,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,511	\$ 29,726	\$ 28,715	\$ 27,489	\$ 26,074	\$ 24,387	\$ 22,361	\$ 19,945
New Issuance (2016)	\$ -	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 38,916	\$ 36,913	\$ 34,525	\$ 31,657	\$ 28,237
Principal Payments (End of Period)																
Existing Notes	\$ -	\$ 3,000	\$ 16,000	\$ 20,000	\$ 25,000	\$ 31,000	\$ 34,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,802	\$ 13,826	\$ 17,891	\$ 20,700	\$ 23,709	\$ 29,263	\$ 34,325	\$ 41,517
New Issuance (2016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,305	\$ 33,565	\$ 41,428	\$ 48,593	\$ 58,775	
Debt Balances (End of Period)																
Existing Notes	\$ 650,000	\$ 647,000	\$ 631,000	\$ 611,000	\$ 586,000	\$ 555,000	\$ 521,000	\$ 484,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,198	\$ 459,372	\$ 441,481	\$ 420,780	\$ 397,071	\$ 367,808	\$ 333,483	\$ 291,966
New Issuance (2016)	\$ -	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 595,695	\$ 562,130	\$ 520,702	\$ 472,109	\$ 413,334	
Credit Metrics																
Debt Service Coverage (Debt Sizing CFADS)		1.2x	1.3x	1.7x	1.8x	1.8x	1.9x	2.1x	3.0x	3.1x	3.3x	2.6x	2.6x	2.6x	2.6x	2.6x
DSCR (Debt Sizing CFADS excluding CapEx)		1.6x	1.6x	2.1x	2.2x	2.4x	2.5x	2.7x	4.0x	4.2x	4.4x	3.6x	3.7x	3.7x	3.8x	3.8x
DSCR ("Covenant" CFADS)		1.6x	1.6x	2.0x	1.9x	2.4x	2.5x	2.3x	3.5x	4.2x	4.4x	3.6x	3.7x	3.7x	3.8x	2.6x

(a) : Assumes flat 30% income tax rate + Current tax agreement of Tocumen S.A. for the deferred payment of the income taxes related to the 2007 series Key Deposit revenue.

(b) : Terms and conditions of existing 2013 Debt Series

(c) : Refers to refinancing of bullet of existing 2013 Debt Series: US\$ 480mm / 20 year amortizing

(d) : Assumes Debt Series 2016: US\$ 625mm / 10 year grace / 20 year amortizing

Source: Analysis C&A Airport Consultants

Exhibit E

MODEL OUTPUTS - DOWNSIDE STRESS CASE SCENARIO

Tucuman International Airport
(in US\$ thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Passenger Traffic	13 435 000	14 188 000	14 686 000	16 399 000	13 980 000	13 736 000	13 736 000	13 897 000	14 148 000	14 412 000	14 691 000	14 926 000	15 171 000	15 426 000	15 692 000	15 970 000
TdS + Investment Charge Revenues	\$ 61,598	\$ 87,426	\$ 97,265	\$ 109,068	\$ 107,205	\$ 104,900	\$ 108,047	\$ 115,161	\$ 124,810	\$ 135,276	\$ 146,629	\$ 157,362	\$ 168,888	\$ 181,267	\$ 194,561	\$ 208,839
All Other Pledged Revenues	\$ 109,229	\$ 105,445	\$ 110,069	\$ 166,153	\$ 158,372	\$ 160,422	\$ 165,243	\$ 172,044	\$ 180,327	\$ 189,257	\$ 198,838	\$ 208,374	\$ 218,488	\$ 229,158	\$ 240,467	\$ 252,504
Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 31,368	\$ 28,864	\$ 28,391	\$ 28,347	\$ 28,585	\$ 28,983	\$ 29,413	\$ 29,877	\$ 30,279	\$ 30,708	\$ 31,168	\$ 31,659	\$ 32,183
Total Revenues	\$ 188,462	\$ 219,086	\$ 233,981	\$ 306,589	\$ 294,441	\$ 293,714	\$ 301,637	\$ 315,790	\$ 334,120	\$ 353,946	\$ 375,344	\$ 396,015	\$ 418,084	\$ 441,593	\$ 466,687	\$ 493,526
(-) Operating Expenses	\$ (60,060)	\$ (61,181)	\$ (58,863)	\$ (78,428)	\$ (78,403)	\$ (78,830)	\$ (80,894)	\$ (83,382)	\$ (86,504)	\$ (89,897)	\$ (93,455)	\$ (97,099)	\$ (100,868)	\$ (104,812)	\$ (108,938)	\$ (113,259)
(-) Sustaining Capex	\$ (12,521)	\$ (17,096)	\$ (18,488)	\$ (20,332)	\$ (21,633)	\$ (22,594)	\$ (23,328)	\$ (24,086)	\$ (24,869)	\$ (25,677)	\$ (26,511)	\$ (27,373)	\$ (28,263)	\$ (29,181)	\$ (30,130)	\$ (31,109)
(-) Non-Pledged Revenues	\$ (17,635)	\$ (26,216)	\$ (26,646)	\$ (31,368)	\$ (28,864)	\$ (28,391)	\$ (28,347)	\$ (28,585)	\$ (28,983)	\$ (29,413)	\$ (29,877)	\$ (30,279)	\$ (30,708)	\$ (31,168)	\$ (31,659)	\$ (32,183)
EBITDA (Pledged Revenues Only)	\$ 98,246	\$ 114,594	\$ 129,984	\$ 176,462	\$ 165,541	\$ 163,899	\$ 169,069	\$ 179,737	\$ 193,764	\$ 208,958	\$ 225,501	\$ 241,264	\$ 258,245	\$ 276,431	\$ 295,960	\$ 316,975
(-) Taxes (a)	\$ (17,765)	\$ (19,901)	\$ (9,845)	\$ (16,435)	\$ (12,413)	\$ (12,092)	\$ (15,428)	\$ (19,073)	\$ (23,204)	\$ (28,127)	\$ (33,762)	\$ (39,669)	\$ (56,169)	\$ (64,376)	\$ (72,089)	\$ (80,348)
Debt Sizing CFADS (Pledged Revenues Only)	\$ 80,480	\$ 94,693	\$ 120,139	\$ 160,027	\$ 153,127	\$ 151,807	\$ 153,641	\$ 160,664	\$ 170,560	\$ 180,831	\$ 191,740	\$ 201,595	\$ 202,076	\$ 212,055	\$ 223,871	\$ 236,627
(-) Reserve Account (Funding) / Release	\$ (20,075)	\$ (55,218)	\$ (10,648)	\$ (0,559)	\$ (2,707)	\$ (3,160)	\$ (3,346)	\$ 9,428	\$ (4,853)	\$ (5,684)	\$ (19,106)	\$ (11,552)	\$ (10,200)	\$ (9,011)	\$ (11,443)	\$ (5,627)
(-) Total Interest Expense	\$ (37,151)	\$ (76,994)	\$ (76,822)	\$ (75,902)	\$ (74,752)	\$ (73,314)	\$ (71,532)	\$ (69,577)	\$ (70,355)	\$ (69,570)	\$ (68,558)	\$ (66,405)	\$ (62,988)	\$ (58,912)	\$ (54,018)	\$ (48,182)
(-) Principal Repayment	\$ -	\$ (3,000)	\$ (16,000)	\$ (20,000)	\$ (25,000)	\$ (31,000)	\$ (34,000)	\$ (37,000)	\$ (40,802)	\$ (43,826)	\$ (47,891)	\$ (50,005)	\$ (52,275)	\$ (54,691)	\$ (57,458)	\$ (60,382)
(-) Dividends	\$ -	\$ (12,286)	\$ (0,554)	\$ (19,174)	\$ (14,482)	\$ (14,107)	\$ (17,999)	\$ (22,252)	\$ (27,071)	\$ (32,815)	\$ (39,389)	\$ (46,281)	\$ (53,530)	\$ (61,000)	\$ (68,700)	\$ (76,700)
(+) Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 31,368	\$ 28,864	\$ 28,391	\$ 28,347	\$ 28,585	\$ 28,983	\$ 29,413	\$ 29,877	\$ 30,279	\$ 30,708	\$ 31,168	\$ 31,659	\$ 32,183
Cash Reservable for CapEx	\$ 40,889	\$ (26,589)	\$ 42,761	\$ 75,760	\$ 65,050	\$ 58,616	\$ 55,111	\$ 69,848	\$ 86,461	\$ 88,350	\$ 76,673	\$ 57,630	\$ 36,792	\$ 29,503	\$ 23,046	\$ 20,970
(+) Capital Raise	\$ -	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Total Capex	\$ -	\$ (363,000)	\$ (297,000)	\$ (141,000)	\$ (108,000)	\$ -	\$ (23,114)	\$ (15,898)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Surplus / (Deficit)	\$ 84,525	\$ 319,936	\$ 65,697	\$ 0,457	\$ (42,494)	\$ 16,123	\$ 48,120	\$ 102,070	\$ 188,531	\$ 276,880	\$ 353,553	\$ 411,183	\$ 447,975	\$ 477,479	\$ 500,525	\$ 521,495
Total Reserve Account Balances	\$ 20,075	\$ 75,293	\$ 85,941	\$ 86,500	\$ 89,208	\$ 92,367	\$ 95,713	\$ 86,285	\$ 91,139	\$ 96,823	\$ 115,929	\$ 127,481	\$ 137,680	\$ 146,692	\$ 158,135	\$ 163,761
<i>Reserve Account Flows credited to Covenant CFADS</i>	\$ -	\$ 31,968	\$ 28,333	\$ 34,756	\$ 33,886	\$ 34,686	\$ 38,756	\$ 43,159	\$ 48,073	\$ 53,804	\$ 60,273	\$ 67,043	\$ 84,431	\$ 93,558	\$ 102,219	\$ 111,457
(+) Additional Amounts Reserved for Expansion CapEx	\$ -	\$ 363,000	\$ 297,000	\$ 141,000	\$ 65,506	\$ -	\$ 23,114	\$ 15,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covenant CFADS	\$ -	\$ 126,661	\$ 148,472	\$ 194,783	\$ 144,520	\$ 186,492	\$ 192,396	\$ 203,823	\$ 218,633	\$ 234,635	\$ 252,013	\$ 268,637	\$ 286,508	\$ 305,613	\$ 326,090	\$ 348,084
Interest Payments (End of Period)																
Existing Notes (b)	\$ 37,151	\$ 37,151	\$ 36,978	\$ 36,058	\$ 34,908	\$ 33,471	\$ 31,688	\$ 29,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 0,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,511	\$ 29,726	\$ 28,715	\$ 27,489	\$ 26,074	\$ 24,387	\$ 22,361	\$ 19,945
New Issuance (2016)	\$ -	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 38,916	\$ 36,913	\$ 34,525	\$ 31,657	\$ 28,237
Principal Payments (End of Period)																
Existing Notes	\$ -	\$ 3,000	\$ 16,000	\$ 20,000	\$ 25,000	\$ 31,000	\$ 34,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,802	\$ 13,826	\$ 17,891	\$ 20,700	\$ 23,709	\$ 29,263	\$ 34,325	\$ 41,517
New Issuance (2016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,305	\$ 33,565	\$ 41,428	\$ 48,593	\$ 58,775	
Debt Balances (End of Period)																
Existing Notes	\$ 650,000	\$ 647,000	\$ 631,000	\$ 611,000	\$ 586,000	\$ 555,000	\$ 521,000	\$ 484,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,198	\$ 459,372	\$ 441,481	\$ 420,780	\$ 397,071	\$ 367,808	\$ 333,483	\$ 291,966
New Issuance (2016)	\$ -	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 595,695	\$ 562,130	\$ 520,702	\$ 472,109	\$ 413,334
Credit Metrics																
Debt Service Coverage (Debt Sizing CFADS)		1,2x	1,3x	1,7x	1,5x	1,5x	1,5x	1,5x	2,1x	2,2x	2,2x	1,7x	1,7x	1,6x	1,6x	1,6x
DSCR (Debt Sizing CFADS excluding CapEx)		1,6x	1,6x	2,0x	1,9x	1,8x	1,8x	1,9x	2,7x	2,8x	2,9x	2,3x	2,4x	2,4x	2,4x	2,3x
DSCR ("Covenant" CFADS)		1,6x	1,6x	2,0x	1,4x	1,8x	1,8x	1,9x	2,7x	2,8x	2,9x	2,3x	2,4x	2,4x	2,4x	2,3x

(a): Assumes flat 30% income tax rate + Current tax agreement of Tucuman S.A. for the deferred payment of the income taxes related to the 2007 series Key Deposit revenue.

(b): Terms and conditions of existing 2013 Debt Series

(c): Refers to refinancing of bullet of existing 2013 Debt Series: US\$ 480mm / 20 year amortizing

(d): Assumes Debt Series 2016: US\$ 625mm / 10 year grace / 20 year amortizing

Source: Analysis C&A Airport Consultants

Exhibit F

MODEL OUTPUTS - 3% GROWTH STRESS CASE SCENARIO

Tocumen International Airport

(in US\$ thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Passenger Traffic	13 435 000	14 188 000	14 686 000	15 098 000	15 213 000	15 316 000	15 404 000	15 477 000	15 535 000	15 574 000	15 596 000	15 600 000	15 600 000	15 600 000	15 600 000	15 600 000
TdS + Investment Charge Revenues	\$ 61,598	\$ 87,426	\$ 97,265	\$ 103,311	\$ 107,690	\$ 112,192	\$ 116,815	\$ 121,556	\$ 126,412	\$ 131,379	\$ 136,450	\$ 141,628	\$ 146,993	\$ 152,576	\$ 158,386	\$ 164,432
All Other Pledged Revenues	\$ 109,229	\$ 105,445	\$ 110,069	\$ 149,924	\$ 159,058	\$ 165,210	\$ 170,375	\$ 175,714	\$ 181,356	\$ 187,188	\$ 193,229	\$ 199,490	\$ 206,021	\$ 212,740	\$ 219,692	\$ 226,916
Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 29,941	\$ 30,009	\$ 30,072	\$ 30,128	\$ 30,178	\$ 30,222	\$ 30,259	\$ 30,290	\$ 30,315	\$ 30,348	\$ 30,394	\$ 30,454	\$ 30,526
Total Revenues	\$ 188,462	\$ 219,086	\$ 233,981	\$ 283,176	\$ 296,757	\$ 307,474	\$ 317,318	\$ 327,449	\$ 337,991	\$ 348,826	\$ 359,969	\$ 371,433	\$ 383,362	\$ 395,711	\$ 408,531	\$ 421,874
(-) Operating Expenses	\$ (60,060)	\$ (61,181)	\$ (58,863)	\$ (77,037)	\$ (78,900)	\$ (81,302)	\$ (83,752)	\$ (86,249)	\$ (89,136)	\$ (92,163)	\$ (95,260)	\$ (98,427)	\$ (101,683)	\$ (105,046)	\$ (108,523)	\$ (112,118)
(-) Sustaining Capex	\$ (12,521)	\$ (17,096)	\$ (18,488)	\$ (27,368)	\$ (29,410)	\$ (30,879)	\$ (32,110)	\$ (33,349)	\$ (34,590)	\$ (35,827)	\$ (37,055)	\$ (38,271)	\$ (39,515)	\$ (40,799)	\$ (42,125)	\$ (43,494)
(-) Non-Pledged Revenues	\$ (17,635)	\$ (26,216)	\$ (26,646)	\$ (29,941)	\$ (30,009)	\$ (30,072)	\$ (30,128)	\$ (30,178)	\$ (30,222)	\$ (30,259)	\$ (30,290)	\$ (30,315)	\$ (30,348)	\$ (30,394)	\$ (30,454)	\$ (30,526)
EBITDA (Pledged Revenues Only)	\$ 98,246	\$ 114,594	\$ 129,984	\$ 148,830	\$ 158,438	\$ 165,221	\$ 171,327	\$ 177,673	\$ 184,044	\$ 190,577	\$ 197,364	\$ 204,420	\$ 211,817	\$ 219,471	\$ 227,429	\$ 235,736
(-) Taxes (a)	\$ (17,765)	\$ (20,333)	\$ (13,031)	\$ (12,223)	\$ (15,385)	\$ (17,903)	\$ (17,903)	\$ (21,550)	\$ (24,179)	\$ (25,907)	\$ (28,114)	\$ (30,462)	\$ (33,623)	\$ (45,210)	\$ (49,561)	\$ (53,500)
Debt Sizing CFADS (Pledged Revenues Only)	\$ 80,480	\$ 94,261	\$ 116,953	\$ 136,606	\$ 143,053	\$ 147,318	\$ 149,777	\$ 153,494	\$ 158,137	\$ 162,463	\$ 166,902	\$ 170,798	\$ 166,607	\$ 169,911	\$ 173,929	\$ 177,971
(-) Reserve Account (Funding) / Release	\$ (20,075)	\$ (56,811)	\$ (10,120)	\$ (4,993)	\$ (4,875)	\$ (3,660)	\$ (3,080)	\$ 10,459	\$ (3,618)	\$ (4,123)	\$ (17,790)	\$ (9,145)	\$ (8,309)	\$ (7,151)	\$ (9,459)	\$ (5,496)
(-) Total Interest Expense	\$ (37,151)	\$ (76,994)	\$ (76,822)	\$ (75,902)	\$ (74,752)	\$ (73,314)	\$ (71,532)	\$ (69,577)	\$ (70,355)	\$ (69,570)	\$ (68,558)	\$ (66,405)	\$ (62,988)	\$ (58,912)	\$ (54,018)	\$ (48,182)
(-) Principal Repayment	\$ -	\$ (3,000)	\$ (16,000)	\$ (20,000)	\$ (25,000)	\$ (31,000)	\$ (34,000)	\$ (37,000)	\$ (40,802)	\$ (43,826)	\$ (47,891)	\$ (50,005)	\$ (52,275)	\$ (54,691)	\$ (57,258)	\$ (60,000)
(-) Dividends	\$ -	\$ (12,789)	\$ (4,271)	\$ -	\$ (17,949)	\$ (20,887)	\$ (25,142)	\$ (28,209)	\$ (30,225)	\$ (32,799)	\$ (35,539)	\$ (39,226)	\$ (52,745)	\$ (57,821)	\$ (62,417)	\$ (67,392)
(+) Non-Pledged Revenues	\$ 17,635	\$ 26,216	\$ 26,646	\$ 29,941	\$ 30,009	\$ 30,072	\$ 30,128	\$ 30,178	\$ 30,222	\$ 30,259	\$ 30,290	\$ 30,315	\$ 30,348	\$ 30,394	\$ 30,454	\$ 30,526
Cash Reservable for CapEx	\$ 40,889	\$ (29,117)	\$ 36,386	\$ 65,653	\$ 50,486	\$ 48,528	\$ 46,152	\$ 59,346	\$ 73,359	\$ 72,405	\$ 57,413	\$ 36,331	\$ 15,639	\$ 5,730	\$ (4,430)	\$ (12,865)
(+) Capital Raise	\$ -	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Total Capex	\$ -	\$ (363,000)	\$ (297,000)	\$ (141,000)	\$ (108,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Surplus / (Deficit)	\$ 84,525	\$ 317,407	\$ 56,793	\$ (18,553)	\$ (76,068)	\$ (27,540)	\$ 18,612	\$ 77,958	\$ 151,316	\$ 223,721	\$ 281,134	\$ 317,465	\$ 333,104	\$ 338,834	\$ 334,404	\$ 321,539
Total Reserve Account Balances	\$ 20,075	\$ 76,886	\$ 87,006	\$ 91,999	\$ 96,874	\$ 100,534	\$ 103,614	\$ 93,155	\$ 96,773	\$ 100,896	\$ 118,686	\$ 127,831	\$ 136,140	\$ 143,291	\$ 152,750	\$ 158,246
Reserve Account Flows credited to Covenant CFADS	\$ -	\$ 33,777	\$ 31,115	\$ 39,592	\$ 44,795	\$ 48,782	\$ 53,660	\$ 57,528	\$ 60,497	\$ 63,941	\$ 67,518	\$ 71,894	\$ 84,725	\$ 90,360	\$ 95,625	\$ 101,259
(+) Additional Amounts Reserved for Expansion CapEx	\$ -	\$ 363,000	\$ 297,000	\$ 122,447	\$ 50,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covenant CFADS	\$ -	\$ 128,038	\$ 148,068	\$ 157,644	\$ 130,333	\$ 196,100	\$ 203,438	\$ 211,022	\$ 218,633	\$ 226,404	\$ 234,420	\$ 242,691	\$ 251,332	\$ 260,270	\$ 269,554	\$ 279,230
Interest Payments (End of Period)																
Existing Notes (b)	\$ 37,151	\$ 37,151	\$ 36,978	\$ 36,058	\$ 34,908	\$ 33,471	\$ 31,688	\$ 29,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 0,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,511	\$ 29,726	\$ 28,715	\$ 27,489	\$ 26,074	\$ 24,387	\$ 22,361	\$ 19,945
New Issuance (2016)	\$ -	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 39,844	\$ 38,916	\$ 36,913	\$ 34,525	\$ 31,657	\$ 28,237
Principal Payments (End of Period)																
Existing Notes	\$ -	\$ 3,000	\$ 16,000	\$ 20,000	\$ 25,000	\$ 31,000	\$ 34,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,802	\$ 13,826	\$ 17,891	\$ 20,700	\$ 23,709	\$ 29,263	\$ 34,325	\$ 41,517
New Issuance (2016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,305	\$ 33,565	\$ 41,428	\$ 48,593	\$ 58,775
Debt Balances (End of Period)																
Existing Notes	\$ 650,000	\$ 647,000	\$ 631,000	\$ 611,000	\$ 586,000	\$ 555,000	\$ 521,000	\$ 484,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini Term Loan	\$ -	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Notes Refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,198	\$ 459,372	\$ 441,481	\$ 420,780	\$ 397,071	\$ 367,808	\$ 333,483	\$ 291,966
New Issuance (2016)	\$ -	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 595,695	\$ 562,130	\$ 520,702	\$ 472,109	\$ 413,334
Credit Metrics																
Debt Service Coverage (Debt Sizing CFADS)		1.2x	1.3x	1.4x	1.4x	1.4x	1.4x	1.4x	1.9x	1.9x	1.9x	1.5x	1.4x	1.3x	1.3x	1.2x
DSCR (Debt Sizing CFADS excluding CapEx)		1.6x	1.6x	1.8x	1.9x	1.9x	1.9x	2.0x	2.7x	2.7x	2.7x	2.1x	2.1x	2.0x	2.0x	1.9x
DSCR ("Covenant" CFADS)		1.6x	1.6x	1.6x	1.3x	1.9x	1.9x	2.0x	2.7x	2.7x	2.7x	2.1x	2.1x	2.0x	2.0x	1.9x

(a) : Assumes flat 30% income tax rate + Current tax agreement of Tocumen S.A. for the deferred payment of the income taxes related to the 2007 series Key Deposit revenue.

(b) : Terms and conditions of existing 2013 Debt Series

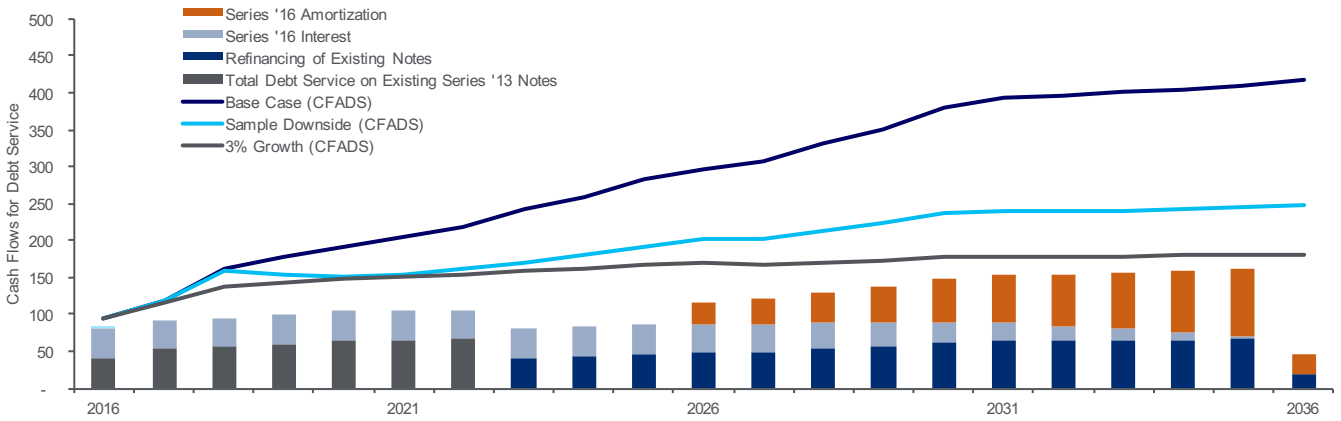
(c) : Refers to refinancing of bullet of existing 2013 Debt Series: US\$ 480mm / 20 year amortizing

(d) : Assumes Debt Series 2016: US\$ 625mm / 10 year grace / 20 year amortizing

Source: Analysis C&A Airport Consultants

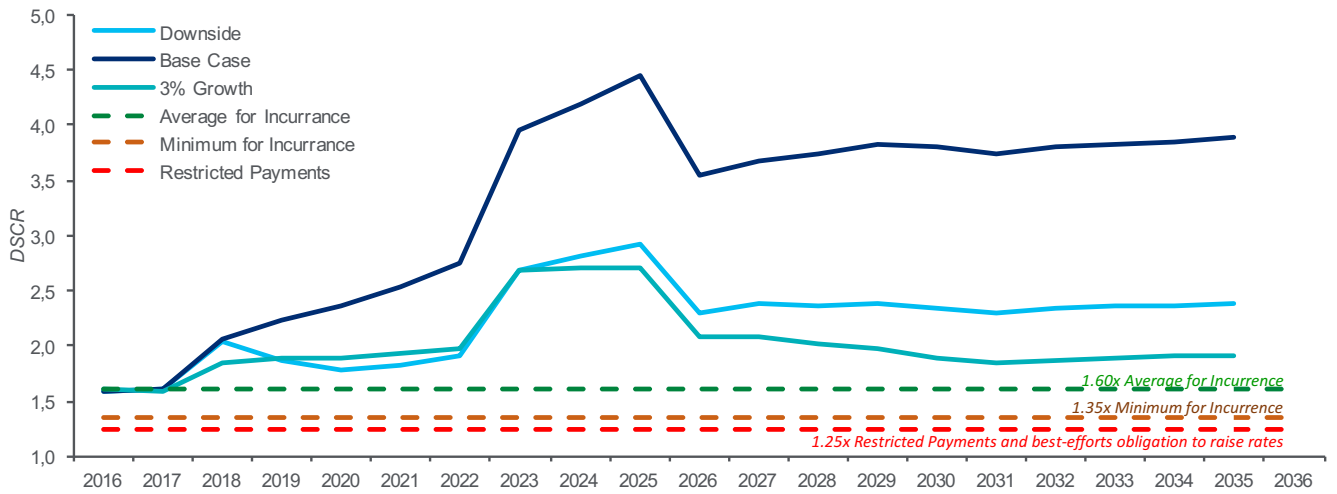
Exhibit G: Debt Coverage Metrics

Debt Service Profile and Cash Flow for Debt Service (CFADS)



Note: DSCR includes reserve account offset of taxes and sustaining capex expense, excludes Expansion CapEx and associated Expansion Capex reserves

Debt Service Coverage Ratio



THE ISSUER

Aeropuerto Internacional de Tocumen, S.A.
Via Tocumen, Terminal de Pasajeros, Tercer Nivel
Panama, Republic of Panama

INITIAL PURCHASER

Citigroup Global Markets Inc.
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New York, NY 10013
United States of America

LEGAL ADVISORS TO THE ISSUER

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Panama, Republic of Panama

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Citibank, N.A.
480 Washington Boulevard, 18th Floor
Jersey City, NJ 07310
United States of America

LUXEMBOURG LISTING AGENT, TRANSFER AGENT AND PAYING AGENT

Banque Internationale à Luxembourg, S.A.
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L-2953, Luxembourg
Luxembourg City, Luxembourg

COLLATERAL TRUSTEE

The Bank of Nova Scotia (Panama), S.A.
Torre de las Américas,
Torre A, Piso seis (6)
Panama City, Panama

LOCAL BROKERAGE HOUSES

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Calle Aquilino de la Guardia y Ave. 5B Sur
Panama, Republic of Panama

BG Valores, S.A.
Calle Aquilino de la Guardia y Calle 58
Panama, Republic of Panama



US\$575,000,000

Aeropuerto Internacional de Tocumen, S.A.

5.625 % Senior Secured Notes due 2036

OFFERING MEMORANDUM

May 13, 2016

Sole Lead Manager and Structuring Agent

Citigroup