

SENEGALESE STATE
(as Conceding authority)

- and -

AIBD PROJECT COMPANY,
(as Concessionaire)

RISK ALLOCATION MATRIX FOR THE DAKAR BLAISE DIAGNE INTERNATIONAL AIRPORT PROJECT

Draft

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1. RISKS DURING THE CONCEPTION / CONSTRUCTION PERIOD

N°	Risk heading	Consequences	Project agreement risk allocation				Mitigation/Consortium Risk allocation			
			State	AIBD	Shared	Comments	Design & Build Contractor	AIBD	Daport	Comments
Conception / construction period										
1.	Refusal / Late delivery of administrative authorisations	- Delay / Delay costs ¹ - Revenue loss ²		✓			✓ (within the technical scope of the D&B Contract)	✓ (outside the technical scope of the D&B Contract)		Borne by the D&B Contractor for the works included within its technical perimeter, save for the building permit.
2.	Legal proceedings against the administrative authorisations relating to the Concession	- Delay / Delay costs - Revenue loss		✓				✓		
3.	Inaccurate project data	- Additional costs - Delay / Delay costs - Revenue loss		✓		Integrally borne by the Concessionaire.	✓			Integrally borne by the D&B Contractor, which, as a professional, has to ensure that the project data and preliminary studies are accurate. The D&B Contractor has no entitlement to bring claims to the Concessionaire in this respect.
4.	Geology and hydrology	- Additional costs - Delay / Delay costs - Revenue loss		✓		Normally integrally borne by the Concessionaire, which has no right for compensation from the State in this respect, save for truly exceptional cases where the event may constitute an event of force majeure, if the	✓	✓		As a general rule, the D&B Contractor is not bound to compensate AIBD for its losses incurred as a result of the occurrence of a risk outside of its control: in any of these cases AIBD will have to bear its financing costs

¹ **Delay costs (which normally include financing costs, fixed costs of the SPV and inflation costs) should normally be far lower than customary** for this project for two main reasons : (i) the concession contract between the State and AIBD does not provide any delay penalties in case of major delay in the operation of the airport, and (ii) the loss of revenue is limited by the fact that the RDIA fee may be paid to AIBD's lenders even in case of delay in the operation of the airport.

² As explained above, revenue loss will be limited for this project in comparison to classic greenfield projects: the RDIA payment mechanism has the effect to reduce the loss of revenues essentially to the part of the revenues generated by sources other than the RDIA fee (i.e. those perceived by Daport for the operation of the airport, whose starting point is the date of opening of the new airport). It may however have an impact on the RDIA on the longer term in case of scarcity of slots on the existing airport.

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Conception / construction period										
						State wants the project to carry on.				and fixed costs. However, in those instances the D&B Contractor is not as a principle entitled to obtain compensation, save for the instances where it may constitute force majeure as defined by the D&B Contract and its appendixes. In opposition to classic project financing, the D&B Contract is not back to back with the Concession agreement in some instances, as the definition and consequences of force majeure are defined and dealt with differently in the Concession agreement and the D&B Contract.
5.	Weather conditions	- Additional costs - Delay / Delay costs - Revenue loss		✓		Normally integrally borne by the Concessionaire, which has no right for compensation from the State in this respect, save for truly exceptional cases where the event may constitute an event of force majeure, if the State wants the project to carry on.	✓ (below the max. of contractual rain days)	✓ (above the max. of contractual rain days)		
6.	Ecological and environmental	- Additional costs - Delay - Revenue loss		✓		Same as above.	✓	✓		Same as n°4 above.
7.	Archeology	- Additional costs - Delay / Delay costs - Revenue loss		✓		Same as above.	✓	✓		Same as above.
8.	Occupation of the sites by opponents to the project	- Additional costs - Delay / Delay costs - Revenue loss		✓		Normally integrally borne by the Concessionaire. Claims against the Grantor may theoretically be brought in some instances on the ground of a default of the	✓	✓		Same as above.


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			State	AIBD	Shared	Comments	Design & Build Contractor	AIBD	Daport	Comments
Conception / construction period										
						State in its policing duties, but the outcome of such claims is highly uncertain.				
9.	Delay in the construction of the airport due to AIBD or its subcontractors	- Additional costs - Delay - Revenue loss		✓		Integrally borne by the Concessionaire.	✓ (within the technical scope of the D&B Contract)	✓ (outside the technical scope of the D&B Contract)		Risks of delay in the operation of the airport for works realised by AIBD outside of the perimeter of the D&B Contract are borne integrally by AIBD. Our understanding is that a number of works and airport buildings are currently realised on the site outside of the scope of the D&B Contract, with limited – if any- delay risk coverage for AIBD.
10.	Delay in the operation of the airport due to the late delivery of access roads or other networks, building and equipment outside the scope of the D&B Contract	- Additional costs - Delay / Delay costs - Revenue loss		✓				✓		Same as above. Our understanding is that a number of equipment – including essential networks such as access roads, water distribution, electricity and telecoms – are currently directly realised by other entities and negotiated by AIBD. Our understanding is (i) that a delay in the delivery of some of these networks may have a substantial impact on the capacity to operate the Airport and (ii) that there is limited risk coverage for AIBD in case of delay in the delivery of these equipments. A clarification of the works involved, their contracts and planning should be provided by AIBD.
11.	Delay in the operation of the airport due to third parties	- Additional costs - Delay - Revenue loss		✓				✓		Same as above.

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			State	AIBD	Shared	Comments	Design & Build Contractor	AIBD	Daport	Comments
Conception / construction period										
12.	Responsibility for maintaining on-site security (damages to the works and to third parties)	- Additional costs - Compensation		✓		Normally integrally borne by the Concessionaire. Claims against the Grantor may theoretically be brought in some instances on the ground of a default of the State in its policing duties, but the outcome of such claims is highly uncertain.	✓			Normally borne by the D&B Contractor.
13.	Default by subcontractors of AIBD	- Additional costs - Delay - Revenue loss		✓		Integrally borne by AIBD.	✓ (within the technical scope of the D&B Contract)	✓ (outside the technical scope of the D&B Contract)		See above n°10. Our understanding is that a number of works are undertaken outside the scope of the D&B Contract with direct contractors of AIBD. Additional information on this subject is to be required from AIBD and should give rise to an independent assessment by the lenders' technical advisor in order to assess the exact nature of such risks.
14.	Change in design / requirements by the State	- Additional costs	✓			Normally integrally borne by the State.				
15.	Change in design / requirements by AIBD	- Additional costs		✓				✓		Our understanding is that a number of changes in design have been required by AIBD at its own request and without compensation received from the State. Such changes in design or in the nature of the works are undertaken by AIBD at its own risks, and may give rise to delays and cost overruns. Additional information on this subject is to be required from AIBD and should give rise to an independent assessment by the lenders' technical advisor in order to assess the exact nature of such risks.

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			State	AIBD	Shared	Comments	Design & Build Contractor	AIBD	Daport	Comments
Conception / construction period										
16.	Incorrect construction costs estimate	- Additional costs		✓			✓ (for the works included in the technical scope of the D&B Contract)	✓ (for the works realised outside the technical scope of the D&B Contract)		Normally integrally borne by the D&B Contractor, save for instances such as force majeure or change of law.
17.	Inflation of the construction costs	- Additional costs		✓		Normally integrally borne by the Concessionaire, save for exceptional instances such as hardship ("imprévision").	✓ (within the technical scope of the D&B Contract)	✓ (outside the technical scope of the D&B Contract)		Normally integrally borne by the D&B Contractor.
18.	Failure to translate the contractual requirements into the design and build of the asset	- Additional costs - Delay / Delay costs - Revenue loss		✓			✓ (within the technical scope of the D&B Contract)	✓ (outside the technical scope of the D&B Contract)		
19.	Delay in the acquisition of lands	- Delay / Delay costs - Revenue loss		✓		Already secured.		✓		
20.	Incorrect acquisition costs estimate	- Additional costs		✓		Already secured.		✓		

2. OPERATION PERIOD

N°	Risk heading	Consequences	Project Agreement Risk Allocation				Mitigation/Consortium Risk Allocation			
			State	AIBD	Shared	Comments	D&B	AIBD	Daport	Comments
Operation period										
21.	RDIA revenues inferior to estimates	- Revenue shortfall		✓		Integrally borne by AIBD under the Concession agreement, save for exceptional instances of hardship where the State may be bound to provide compensation if it wishes the operation to carry on. However the State of Senegal (Ministry of Finance) has provided the initial lenders with a letter of comfort dated of 5 July 2007 whereby it guarantees the lenders that the level of the RDIA will be "reasonably increased" to ensure the viability of the long term financing.		✓		The RDIA is AIBD's sole source of revenue, all the other airport fees/taxes are perceived either by Daport or the Senegalese State.
22.	Other airport fees (airport taxes, catering services,...) revenues inferior to estimates	- Revenue shortfall		✓					✓	Integrally borne by Daport. AIBD does not perceive any revenues in this respect and is not directly exposed to this risk.
23.	Ancillary airport revenues (rents paid by airport shops, car rental companies,...) inferior to estimates	- Revenue shortfall		✓					✓	Same as above.
24.	Incorrect maintenance costs estimate	- Additional costs		✓				✓	✓	Heavy maintenance and the fixing of design and building defects remain a responsibility of AIBD. The technical advisor's views on the potential costs at stake would be welcome.
25.	Incorrect renewal costs estimate	- Additional costs		✓				✓		Renewal is the responsibility of AIBD. We understand that given the relatively short period of maturity of the senior debt, no major cost overruns should occur during the reimbursement period.

N°	Risk heading	Consequences	Project Agreement Risk Allocation				Mitigation/Consortium Risk Allocation			
			State	AIBD	Shared	Comments	D&B	AIBD	Daport	Comments
Operation period										
										The views of the technical advisor on this subject would be welcome.
26.	Failure to respect the service's quality standards ("objectifs de performance")	- Penalty - Termination		✓					✓	Integrally borne by Daport, save for instances where it is linked to a risk borne by AIBD, such as defaults in the design and building of the airport.
27.	Default by subcontractors of Daport	- Additional costs - Penalty		✓					✓	
28.	Damages to goods or individuals due to the operation of the airport	- Additional costs: compensation for the victims		✓					✓	Same as n°26 above.

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3. OTHER RISKS

N°	Risk heading	Consequences	Project Agreement Risk Allocation				Mitigation/Consortium Risk Allocation			
			State	Private	Shared	Comments	D&B	AIBD	Daport	Comments
Other risks										
29.	Currency exchange rate risk	- Loss of value of the dividends for the shareholders - Increase in the financing costs if libelled in Euro or Dollar		✓	✓	Termination for force majeure if it leads the Concessionaire to bankruptcy (legally debatable).			✓	Risk mitigated for AIBD by the fact that the RDIA is paid in euros.
30.	Change of law	- Additional costs - Revenue loss		✓	✓	Uncertainty as to AIBD's possibility to obtain compensation from the State in such event. Under the general principles of public law, compensation should normally be due at least where the financial impact of the change in law has the effect of impairing the Concessionaire's viability and sustainability of the operation of the airport.	✓	✓	✓	The D&B Contract is not back to back with the Concession agreement (provides complete compensation for additional costs incurred as a result of a change of tax laws, and provides compensation for other change of law having the effect of increasing costs by more than 1%).
31.	Force majeure and « Imprévision » (hardship)	- Additional costs - Revenue loss		✓	✓	Uncertainty as to AIBD's possibility to obtain compensation from the State in such event. Under the general principles of public law, if the Government asks for the continuation of the project, compensation should normally be due at least if the financial impact has the effect of impairing the Concessionaire's viability and sustainability of the operation of the airport.	✓	✓	✓	The D&B and Daport Contracts are not back to back with the Concession agreement in this respect. Both contracts have a definition of force majeure potentially different than that of AIBD's Concession agreement; and the Daport Contract has a specific hardship provision whose perimeter may differ from the application of public law contracts.

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			State	Private	Shared	Comments	D&B	AIBD	Daport	Comments	
Other risks											
32.	« Fait du Prince » (including a modification of the Concession unilaterally decided by the State)	- Additional costs	✓			Failing a specific provision, application of the general principles of public law contracts.					
33.	Variation of the financing costs (variation of the interest rates, ...)	- Additional costs (if not covered by the revenues generated by the traffic)		✓		Integrally borne by AIBD, but partially mitigated by the State's commitment to increase the RDIA to ensure the viability of the long term financing.		✓			
34.	Delay or abandonment of the project resulting from the absence of financial close	- Delay or abandonment of the project		✓				✓			
35.	Termination for general interest reason		✓			<p>The Concession agreement does not provide a specific, separate termination compensation scheme in accordance with the nature of the event conducting to termination (force majeure, forfeiture or public interest), though it does not prevent it.</p> <p>The Concession agreement provides that:</p> <p>i) a compensation will be paid either by the successor of AIBD or by the Senegalese State in order to “contribute” to the reimbursement of the outstanding debt and equity raised for the project, provided that such investments were realised in</p>					

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			State	Private	Shared	Comments	D&B	AIBD	Daport	Comments	
Other risks											
						<p>accordance with the Concession agreement and had received the approval of the State</p> <p>(ii) AIBD should bear the costs incurred for ensuring that the site is restored to its original aspect.</p> <p>The State has agreed in a letter of comfort to the initial lenders dated of 5 July 2007 to pay directly any amounts due to AIBD in this respect to the lenders.</p> <p>It is worth noting that the general principles of public law contracts normally provide a complete compensation of the outstanding debt and equity, as well as a coverage of the losses of profit incurred as a result of the termination: this context limits in our view the risk that the State's "contribution" to the reimbursement of the senior debt is insufficient.</p>					
36.	Termination due to a breach of contract by AIBD ("Déchéance")			✓		<p>As for other cases of termination, the concession agreement provides that:</p> <p>(i) a compensation will be paid either by the successor of AIBD or by the Senegalese State in order to "contribute" to the reimbursement of the</p>	✓	✓	✓	<p>The D&B Contractor is not liable for termination for default incurred as a result of the occurrence of an "excusable event"(risk outside of its control): it may in such case obtain compensation from AIBD.</p> <p>In case of termination due to a default of the D&B Contractor,</p>	

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Other risks										
						<p>outstanding debt and equity raised for the project, provided that such investments were realised in accordance with the Concession agreement and had received the approval of the State</p> <p>(ii) AIBD should bear the costs incurred for ensuring that the site is restored to its original aspect.</p> <p>The State has agreed in a letter of comfort to the initial lenders dated of 5 July 2007 to pay directly any amounts due to AIBD in this respect to the lenders.</p> <p>There is increased uncertainty in this particular case as to the fact that the compensation paid by the Senegalese State may suffice to repay the outstanding senior debt:</p> <ul style="list-style-type: none"> - It is stated that the State may "contribute" to the reimbursement – so that there is no certainty nor obligation that this "contribution" is set at a level allowing the complete refunding of the senior debt (though it seems likely) - swaps-related costs are not explicitly taken into account. 				<p>there is no cap on liability of the D&B Contractor. However, one should note that in contrast to the classic provisions of such contracts, the termination compensation due by the D&B Contractor is not set by reference to the difference between the termination amount received from the State and the level necessary to ensure a full reimbursement of the senior debt and equity, but by reference to the additional costs that would be borne by AIBD to finish the works.</p>

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			State	Private	Shared	Comments	D&B	AIBD	Daport	Comments
Other risks										
37.	Termination due to: force majeure (lasting over 12 months) / « imprévision »				✓	Same as above for the compensation owed by the State in case of termination. Additional insurance coverage may be obtained – To be checked.	✓	✓	✓	See above: The D&B Contractor is not liable for termination for default incurred as a result of the occurrence of an “excusable event” (risk outside of his control): it may in such case obtain compensation from AIBD.

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