

The Concession Project at Aichi International Exhibition Center: Summary of the Invitation for Application

1. Overview of this Project

(1) Method of this Project

- Aichi Prefecture shall establish the right to operate the Aichi International Exhibition Center (hereinafter referred to as the “AIEC”) (hereinafter referred to as the “Right to Operate”) by employing the method in accordance with the Right to Operate Public Facility etc., which is defined in (7) of Article 2 of the PFI Act, to grant such right to a private business operator.
- Aichi Prefecture shall also employ the Designated Administrator System and grant the right to use the AIEC.

(2) Overview of the facility to be operated and the location of this Project

- AIEC (the premises of AIEC, including parking lots and the multi-purpose site)
- Address: 5 Chome (a part of the premises is in 4 Chome), Centrair, Tokoname City, Aichi Prefecture.
Site area: about 28.7ha.

(3) Duration of the Right to Operate

- For the multi-purpose site: The Right to Operate shall become effective on the date that will be stipulated in an agreement for implementation (hereinafter referred to as the "Implementation Contract") and shall expire on March 31, 2024.
- For facilities excluding the multi-purpose site: The Right to Operate shall become effective on the date that will be stipulated in the Implementation Contract and shall expire on March 31, 2035.

(4) Receipt of fees

- Any private business operator granted the Right to Operate may set fees within the limit defined in “the Aichi International Exhibition Center (AIEC) Ordinance”—which sets forth the upper limit as 1.3 times higher than the use fees and no lowest limit—and may collect such fees as its own income.

(5) Scope of this Project

(i) General management:

General management; administration and accounting; and self-monitoring.

(ii) Facility maintenance, management and operations:

Marketing and promotional activities; attraction and sales; the operations related to booking management, giving permission to use the facility and collecting fees; providing support for holding events; facility maintenance and management; repair; taking measures against traffic congestion and disaster prevention/control.

(iii) Collateral projects:

Operating and managing parking lots; operating and managing the facilities intended for customer convenience, such as refreshment and concession stands; and providing support for the exhibition utilizing the function as a general bonded zone.

(iv) Promotional activities to create demand in close cooperation between Aichi Prefecture and the private sector:

Wide-area and global marketing and promotional activities, establishing networks in Japan and abroad; planning and holding exhibitions; and providing support for planning and holding exhibitions.

(6) Consideration for the Right to Operate

- The lowest proposal price shall be 882 million yen, excluding any amount equivalent to the consumption tax and local consumption taxes, which shall be settled separately.

The basis for calculating the price: Maximum operating days, 330 days; the estimated operating rate, 25.0%; the number of visitors, about 2.10 million people; and the number of vehicles parked in the parking lot, 270,000 cars.

(7) Projects suggested by a private business operator (Optional projects)

- To increase the economic effect in synergy with the AIEC and to attract a good turnout as an interaction base, the appointed business operator (hereinafter referred to as the "Holder of the Right to Operate") may conduct optional projects on its own responsibility and at its own expense, inside and outside the premises including the multi-purpose site.

(8) Ownership of the profits generated as a result of the operations performed by the Holder of the Right to Operate

- The full amount of profits achieved by the cost reduction caused due to the originality and ingenuity of the Holder of the Right to Operate shall, in principle, remain with such Holder of the Right to Operate.
- If the income exceeds the planned fee income curve for each fiscal year, the income shall remain with the Holder of the Right to Operate in the case where the difference is within 15%, and any amount exceeding the difference of 15% shall belong to Aichi Prefecture (or the Foundation: as defined hereinafter). (The same rule shall apply to the case where the income falls below the planned fee income curve.)

(9) Establishment of the Foundation

- Aichi Prefecture is going to establish “the Foundation” to develop and energize the exhibition industry. This Foundation shall cover Aichi Prefecture’s deficits that are expected to accumulate from the commencement of the operation through March 31, 2024 as well as the expenses of the business that will be conducted by a body organized in cooperation between Aichi Prefecture and the private sector.
- It is estimated that the income source for the Foundation will be covered by the consideration for the Right to Operate and the profits that will belong to Aichi Prefecture after having shared any profits.

<Businesses for which the Foundation will be responsible>	Until the fifth year after the commencement of the operation	After the sixth year
Creation of demand by cooperation between Aichi Prefecture and the private sector	Funds for voluntarily launching events	—
	Expenses for marketing and promotional activities as well as providing support for planning and holding events	
Stabilization of this Project	Covering deficits	(Sharing losses)

Allocation to each business from the Foundation	Until the fifth year after the commencement of the operation	After the sixth year
Creation of demand by cooperation between Aichi Prefecture and the private sector	70% of the consideration for the Right to Operate	
Stabilization of this Project	30% of the consideration for the Right to Operate	—

2. Requirements for applicants

(1) Configuration of applicants

- Applicants shall be companies or groups that intend to apply for the operations. If applicants apply as an applicant group, they shall specify the company representing the group.
- Any applicant company or companies making up any applicant group shall have no direct or indirect capital ties with any body corporate or its subsidiaries and their staff members that are engaged in the advisory business and facility construction related to this Project.

(2) Individual requirements for applicant companies or groups

- Any applicant company or one or more than one company of an applicant group shall have at least a three-year track record of maintaining and managing any exhibition center, convention facility or multipurpose hall with a gross floor area of 10,000 square meters or larger in the past five years. If such a track record has been set as a joint business entity, only the company that had a majority stake in the joint business entity shall be eligible to apply.
- Any applicant company or one or more than one company of a representative company, member companies and business partners of an applicant group shall have a track record of operating in a bonded zone in Japan in the past five years.

(3) The date on which applicants' qualification shall be based

- The date on which applicants' qualification shall be based shall be the date when application forms and materials are accepted.

3. Procedures for the application

(1) Methods of inviting application and of selection

- The proposal method open to the public shall be adopted to ensure competitiveness, transparency and fairness.
- Applicants' proposals shall be screened by the AIEC Business Operator Selection Committee, consisting of the experts with relevant knowledge and experience.

(2) Procedures and schedules of the selection

- i) The closing date by when questions about the method of inviting application are submitted (on July 21)
- ii) The closing date by when application forms and materials are submitted (on September 15)
- iii) Presentation of proposals by applicants (at the beginning of October)
- iv) Final selection and publication of a holder of first refusal right (at the end of October)

4. Procedures after a holder of first refusal right has been selected

- i) Conclusion of a master agreement (in November)
- ii) Establishment of a special purpose company (SPC) (in November to December)
- iii) Presentation of a bill to establish the Right to Operate (in December)
- iv) Conclusion and publication of the Implementation Contract (in December or later)
- v) Outsourcing of preparation operations required before the commencement of actual operations (from January 2018 onward)