

Via international courier service

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October 2, 2019

NOTICE

**of an investment dispute under the Agreement between the Government of the Republic of
Cyprus and the Government of the Republic of Moldova for the reciprocal promotion and
protection of investments of 13 September 2007**

Komaksavia Airport Invest Ltd. is a limited liability company incorporated and existing under the laws of the Republic of Cyprus with registered number 359258 ("Komaksavia"). Avia Invest S.R.L. is an entity incorporated and existing under the laws of the Republic of Moldova with registered number 1013600025635 ("Avia Invest"). These entities are referred to as the "Investors". Komaksavia is a majority shareholder (a 95% shareholding) of Avia Invest, a concessionaire and an operator of the Chisinau International Airport ("Chisinau Airport").

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Separately and collectively, the Investors hereby submit to the Republic of Moldova a notice of the existence of a dispute related to unlawful measures adopted by the Republic of Moldova in respect of the Investors' investments in the Republic of Moldova (the "**Dispute**").

Under Article 10(1) of the Agreement between the Government of the Republic of Cyprus and the Government of the Republic of Moldova for the reciprocal promotion and protection of investments of 13 September 2007 (the "**Cyprus-Moldova BIT**"):

Any Dispute which may arise between one Contracting Party and an investor of the other Contracting Party in connection with an investment on the territory of the other Contracting Party shall be settled amicably through consultations and negotiations.

Investors thus serve this Notice to invite the Republic of Moldova to settle the Dispute with the Investors through consultations and negotiations. Should the Dispute not be settled amicably, the Investors reserve a right to resort to international arbitration in various fora as set forth in Article 10(2) of the Cyprus-Moldova BIT¹.

By way of background, on August 30, 2013, Avia Invest and Public Property Agency under the Ministry of Economy of the Republic of Moldova ("**PPA**") entered into the Concession Contract Regarding the Assets Under Management of the S.E. Chisinau International Airport and the Land Adjacent Thereto (the "**Concession Contract**").

The Concession Contract was concluded at a time when Moldova's economy was struggling to attract foreign investment, including in its aviation industry. The Concession Contract was part of the governmental project aimed at continuous development of infrastructure and at raising quality of services rendered by Chisinau Airport. For this purpose, the Government of the Republic of Moldova adopted the following legal framework (the "**Four Resolutions**"):

- Resolution of 19 June 2012 No. № 438;
- Resolution of 30 May 2013 No. № 321;
- Resolution of 12 September 2013 No. 715;
- Resolution of 4 October 2013 No. 780.

¹ The Cyprus-Moldova BIT provides for arbitration under UNCITRAL, ICSID, ICC, and SCC Rules.

Pursuant to Article 2.1 of the Concession Contract, the Concession facility consisted of *“assets of the S.E. “Chisinau International Airport” and adjacent land, except claims and debts; rendering of relevant services in line with international requirements and standards, airport users, passengers and other categories of users, including based on trade relations”*.

Assets of Chisinau Airport and adjacent land were to be transferred in concession for a term of forty-nine years starting from no later than November 1, 2013 until October 31, 2062 (Article 2.4). During this period, PPA *inter alia* undertook *“to ensure use for the peaceful purposes of the Concession Territory by the Concessioner (Concessional Enterprise) based on and in accordance with the provisions hereof, without any obstacle or impediment from the Concedent or from persons who claim it personally or therethrough”* (Article 16).

PPA also guaranteed that it had been fully authorized to grant the concession and it had taken all necessary steps to authorize the execution of the Concession Contract (Article 20.1).

More importantly, PPA undertook to ensure the protection of investments and non-interference of the governmental agencies in entrepreneurial activity of Avia Invest (Article 20.1). The Moldova-Cyprus BIT embodies the same standard (Article 2).

Accordingly, by the time the Concession Contract was signed, Avia Invest and its shareholders had formed significant legitimate expectations that the investment in the Republic of Moldova would enjoy legal security and protection. Avia Invest has always performed the Concession Contract in good faith.

In 2019, the Government of Moldova publicly committed to terminate or invalidate the concession and it took a series of aggressive actions tailored to destroy the investment.

- On August 15, 2019, the Security and Information Service of the National Anticorruption Center of the Ministry of Internal Affairs of Moldova conducted searches in premises of Avia Invest.
- In two weeks, on August 29, 2019, the Prosecutors' Office imposed an arrest on Komaksavia's shareholding in the share capital of Avia Invest.
- On September 4, 2019, the Government of the Republic of Moldova issued Resolution No. HG431/2019 whereby it cancelled the Four Resolutions.

- On the very same day, the Government instructed the Ministry of Justice to commence legal proceedings in order to terminate the Concession Contract.
- On September 10, 2019, PPA filed a claim before a Moldova's court to terminate the Concession Contract.
- On 17 September 2019, the Investigative Committee of the Republic of Moldova prepared a preliminary report for the Parliament regarding the termination of the Concession Contract.

The array of the above actions of various public authorities shows that the Republic of Moldova acts in breach of international treaty provisions in purporting to unilaterally terminate Investor's rights in circumstances where there is no justification for doing so. Investors have made substantial investments ultimately aimed at building up very substantial infrastructure and amenities with a view to the long-term development of the operation of Chisinau Airport, and they were on the point of making yet further large investments.

Given the circumstances, the Investors conclude that the actions of the Republic of Moldova are deliberate, calculated, and politically motivated. Their sole purpose is to destroy and/or expropriate the investments.

It is the Investors' understanding that the wrongful actions of government instrumentalities lead to depriving Investors of the value of substantial investments. Such actions violate and disregard both the Concession Contract's provisions and obligations of the Republic Moldova under the Cyprus-Moldova BIT, namely, obligations to:

- accord the Investors' investments full protection and security and treat them not less favourably than investments of national investors or of investors of any third State (Articles 2(2) and 3);
- refrain from impairing, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by the Investors (Article 2(3));
- refrain from expropriating, nationalizing or subjecting to requisition or to any other measures equaling in terms of their consequences with expropriation or nationalization, except for a public purpose and under due process of law, on a non-discriminatory basis and accompanied by prompt, adequate and effective compensation (Article 4).

By operation of the most-favoured-nation clause of the Cyprus-Moldova BIT (Article 3), the Republic of Moldova has also assumed the obligation to accord to the Investors' investments fair and equitable treatment (Article 2.2 of the Slovakia-Moldova BIT dated April 7, 2008) and to observe any obligation it may have entered into with regard to investments of the Investors (Article 2 of the UK-Moldova BIT dated March 19, 1996).

The Investors remain willing to consider an amicable settlement of the Dispute if the Republic wishes to do so. The Investors thus:

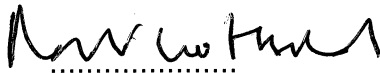
- invite the Republic of Moldova to commence negotiations under Article 10(1) of the Cyprus-Moldova BIT;
- urge the Republic of Moldova to refrain from further hostile actions and to cease earlier aggressive actions purported to expropriation of investments in order to mitigate the diminution of the investments caused by the Republic of Moldova.

Having said that, the Investors reserve their right to seek redress for the significant harm caused so far by the Republic of Moldova.

Yours sincerely,

Komaksavia Airport Invest Ltd.

Avia Invest S.R.L.



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Nat Rothschild

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Boris Salov