

№	Question	Answer
<p>1.</p> <p>Thank you for answering Question 2 of the Q&A session (01.10.2018) on the inclusion of Upfront Concession Fee and the costs of financing by debt and equity as part of airport charges. Would you confirm that the Upfront Concession Fee return methodology will be in line with the return methodology applicable to regulatory assets accumulated as a result of investments (as described in paragraphs 1.6 and 1.7, Part I of Appendix No. 1 to the Ordinance on the charges for the use of airports for public use and for air navigation services in the Republic of Bulgaria), multiplying the average weighted cost of capital by the total asset related to the Upfront Concession Fee amortized over a period of 35 years?</p> <p>The reason we ask for clarification is that some of the previous answers confirm that Upfront Concession Fee is a recognized cost item whereas other answers indicate that it will not be recognized as a regulatory asset. That is why we would like to know if there will be any difference in the way these two elements are reflected in the setting of regulated charges.</p>	<p>We confirm our understanding that the Upfront Concession Fee and the Annual Concession Fee as well as the costs incurred by the Concessionaire in relation to debt or equity financing for the purpose of financing regulated activities are eligible expenditure components that can be used for calculating the airport charges at Sofia Airport. Please also refer to the requirements of Appendix 4 of the Tender Documentation and, in particular, to all the requirements listed under "C. Requirements to the Financial Plan", incl. paragraph 6 thereof.</p> <p>In line with our previous answers, we once again draw attention to the fact that the airport charges are determined by the airport operator while applying the Airport Charges Methodology representing Appendix 1 to Article 1, paragraph 3 of the Ordinance on the charges for the use of airports for public use and for air navigation services in the Republic of Bulgaria and the principles laid down in the ICAO Policy for airport and air navigation charges - Doc 9082 and ICAO Airport Economics Manual - Doc 9562 (including Appendix 3 "Calculation of the average weighted cost of capital", containing a detailed description of the WACC calculation formula).</p> <p>We believe that the provisions of these documents allow the airport operator to include in the calculations all cost elements related to external lending as well as the cost of capital calculated according to the formula in Appendix 3 to ICAO Airport Economics Manual – Doc 9562, the way it deems correct and which it will be able to justify in the process of consultation with airport users. Please also keep in mind that the definition of all financial aspects, incl. components and the amount of capital should be made in accordance with IAS/IFRS.</p>	
<p>2.</p> <p>We hereby declare our interest in submitting a genuine offer. We consider though that the announced deadline for submission of bids is insufficient considering the complexity of relevant data and the manner it has been made available in virtual and physical data rooms. The structure of the tender in an open procedure also requires more resources and time for assessing the Concession Agreement, including eventual amendments made, and for preparing the eventual technical offer in compliance with the CA and on solid financial grounds. The process of translation of the documents and the offer in Bulgarian would also require significant time. Our global experience shows that this type of procedure takes considerably more time than the initially announced one. We require an extension of the bids submission deadline, which will give us enough time to go through our Board approval procedure in order to submit an unconditional offer.</p>	<p>Please note that Notice of Amendment No. 2018/ S 193-437611 was published in the Official Journal of the European Union on 6 October 2018 extending the deadline for submission of applications and offers to 22 November 2018. The deadline for submission of applications and offers is 22 November 2018, 4:30 pm Bulgarian time.</p>	

<p>In view of the above, and on the grounds of art. 79, Para 4 of the Concessions Act and Clauses 5.3 and 5.5 (b) of the Tender Documents, we hereby kindly request you to amend the announcement for the Tender Procedure by extending the term for submission of bids under the Tender Procedure by at 4 months, allowing the bids to be submitted sometime in Q1 2019.</p>	
<p>3. We consider that the announced deadline for submission of bids is insufficient considering the complexity of relevant data and the manner it has been made available in virtual and physical data rooms. The structure of the tender in an open procedure also requires more resources and time in assessing the concession agreement, which is necessarily an interactive process between bidders and concession grantor in order to establish trust and incorporate safeguards for both sides. Also preparing the eventual technical offer in compliance with the bidding rules and on solid financial grounds, takes an amount of time we and several other potential bidders in the market believe is incongruent with the current deadline extension recently announced</p> <p>Given the above, and on the grounds of art. 79, Para 4 of the Concessions Act and Clauses 5.3 and 5.5 (b) of the Tender Documents, we hereby kindly request you to amend the announcement for the Tender Procedure by extending the term for submission of bids under the Tender Procedure by at 4 months, allowing the bids to be submitted sometime in Q1 2019.</p>	