

№	Question	Answer
1.	1. Regarding Appendix 1.18 of the PDR - when was the budget prepared?	The Business Plan for 2018 of Sofia Airport EAD was prepared and approved by the Board of Directors in January 2018. It was approved by MTITC by Order № ПД-123 /28.05.2018.
2	<p>2. Please explain the reasons for the differences when comparing the 2018 budget from file 1.18 and 2017 actual performance with regards to all revenue an expense items. In particular, we are also interested in the reasons for the following differences:</p> <ul style="list-style-type: none"> - Retail revenue - Deicing and fuel revenue - Ground handling revenue - Fuel and lubricants expense - Spare parts expense - Uniforms and work attire expense - Main and auxilliary materials expense - Subscription and contract services expense - Current repairs - Insurance cost - Personnel cost - Litigation cost 	<p>Planning of operating income reflects the estimate of natural indicators by airline requests, current contract prices, and other factors.</p> <ol style="list-style-type: none"> 1. Retail revenue is estimated based on the 2017 report and projected increase in passengers for 2018. 2. For year 2017, a one-off sale of 243 tons of fuel for BGN 387 thousand was recorded in the revenue for refueling and sale of fuel. No such extraordinary sale is envisaged in 2018, therefore the revenue for 2018 is reduced, as is the revenue from sale of deicing agent. In January and February 2017, the weather conditions were bad. Precautionary, for 2018 the usual for this season quantity of deicing spray was planned. 3. Less revenue from ground handling services was planned, because the Austrian Airlines terminated the Standard Ground Service Agreement. 4. Under items 4, 5 and 7 - the increase in the material costs is due to estimated more or new expenses in 2018, of which more significant are: <ul style="list-style-type: none"> - expenses for fuel and lubricants, - expenses for spare parts and - expenses for main and auxiliary materials. The increase is mainly due to the growth of natural indicators, provision of normal operation of the aircraft handling equipment and the expiry of the warranty period for part of the equipment, which required planning for more spare parts. 6. In 2017 expired the time laid down for wear and tear of uniforms and work attire purchased in previous years and this necessitated the planning for new attire. 8. Budgetisation of more subscription and contract services expense is as follows: <ul style="list-style-type: none"> • in the estimate for 2018 is foreseen an increase in financial provision of fire protection; • in the estimate for 2018, the projected increase is related to the Law

		<p>amending and supplementing the Law on the Ministry of Interior, prom. SG No. 81 of 14.10. 2016.</p> <p>9. The increase in the current repairs costs is from the following items:</p> <ul style="list-style-type: none"> • removal of rubber remnants from the runway surface, which in 2018, will be performed twice while in 2017 this was performed only once; • current repair of the asphalt concrete surface of the apron – part of the apron taxiway "L", not completed in 2017; • current repair of the asphalt concrete surface of the apron – part of the apron taxiway "H", not completed in 2017; • current repair of part of the concrete surface in Hangars 1-4, not completed in 2017; • repair of roofs at T1, not completed in 2017; • performance of construction, assembly and installation works to increase the area for screening passengers and their cabin baggage, level +5.25 of Terminal 2 at Sofia Airport, not completed in 2017; • replacement of flooring at Terminal 1, Arrivals Hall, not completed in 2017. <p>10. Budgetisation of more insurance costs is based on previous agreements, since the tariff number for 2017 by groups of assets is lower than the planned for 2018.</p> <p>11. Budgetisation of more costs of current remuneration and social security costs and social program are due to an increase in basic salaries and related social security contributions, social program in the food coupons section, and an increase in staff numbers.</p> <p>12. Budgetisation of more litigation costs is explained in the answer under item 10 of this file.</p>
3	3. What is the budgeted amount of rent ceded to the state in file 1.18 ?	The budgeted amount of rent ceded to the state budget is BGN 2 879 thousand.
4	4. What is the budgeted amount of revenue and directly attributable costs relating to assets not part of the concession in file 1.18?	VIP A, Balchik and hotel "Cosmos-Varna" are not included in the concession and therefore we do not provide information on this issue.

		Please take account of the information already provided on the subject.
5	Is there a more recent forecast for the financial performance in 2018, expected number of passengers and total aero charges invoiced? Please present the forecast. Please also present (1) the expected amount of rent ceded to the state budget, (2) revenue of assets not part of the concession and (3) directly attributable expenses to assets outside of the concession	For 2018, we expect 7 028 443 departing and arriving passengers and total invoiced revenue from airport charges amounting to BGN 105 575 thousand. The expected amount of rent ceded to the state budget is BGN 3 022 thousand. VIP A, Balchik and hotel "Cosmos-Varna" are not included in the concession and therefore we do not provide information on this issue.
6	In relation to the notes in the financial statements for 2017 please explain which maintenance and repairs were budgeted for 2017 but were postponed to 2018? Were they completed in 2018?	The current repairs referred to in the Annual Financial Statement 2017, not completed in 2017 and set out in the plan for 2018, are as follows: <ul style="list-style-type: none"> - Execution of construction and assembly works according to approved design for Repair of taxiway "S"; - Current repair of the asphalt concrete surface part of the apron taxiway "L" and - Execution of construction and repair works to remove damage to the surface layer of the parking garage at Terminal 2 level -2 ". None of these projects has been implemented yet.
7	Did Sofia Airport have any intra month working capital funding requirements across the three month period ended 31 July 2018, and what was the amount of such funding requirements? In other words what is the maximum increase in net working capital during the month compared to the last day of the month?	Sofia Airport EAD did not need any funding of the working capital during these months compared to the last day of the respective month - for both commercial and regulated activities. We would like to note that in the existing mode of operation of Sofia Airport EAD as an airport operator, the company's working capital indicators on its financial statements (operating and annual) are determined only for the commercial activities that form its financial performance.
8	Please indicate the currency in appendix 2.2.5.5. - discounts 01-07.2018	The currency in Appendix 2.2.5.5. - discounts 01-07.2018 is BGN.

9	<p>The Concession Agreement envisages transfer of assets (in case of purchase rather than lease option), staff and current contracts. Do you consider that this could amount to a business/going concern being transferred from the current operator to the concessionaire, rather than a sale of assets? Are you of the view that the transaction represents transfer of going concern that is subject to registration with the Commercial Register? In case not, please inform us of the reasons for this. Please also inform us of the intended VAT treatment of this transaction</p>	<p>The legal norms governing the concessions are special to the commercial law provisions and the legal framework of obligations and contracts in general. The subject matter of the concession and the concession agreement is awarding the execution of works and/or the provision of services – in the case of Sofia Airport, both. The main legal relationship is that under the Concession Agreement, the parties to which are the Grantor and the Concessionaire, and, for the purposes of the performance of which, assets being public state property are provided. In the current Tender Procedure and in the draft Concession Agreement, an option is offered for purchasing assets belonging to the Current Operator (Moveable Assets only), as well as for transferring certain contracts, to which the Current Operator is a party. These two options are ancillary to the main transaction (the Concession) and will be applied to the extent that the Concessionaire considers respective assets and contracts as being necessary for the performance of the Concession Agreement. With regard to the “transfer” of the Employees, this shall take effect not upon decision of the Current Operator but by virtue of the law (art. 123a, Labour Code), and it is a mandatory consequence of the main transaction – the Concession Agreement. The passing of the Employees on to the Concessionaire is not related to the transfer of Moveable Assets and contracts by the Current Operator to the Concessionaire.</p> <p>In view of the above, we consider that the sale of Moveable Assets and/or the transfer of the Transferring Contracts, within the meaning of and pursuant to the Concession Agreement, does not constitute a transaction for the transfer of a commercial enterprise within the meaning of art.15 of the Bulgarian Commercial Act. The pool of Moveable Assets and Transferring Contracts may not qualify as a “going concern” or a detached part of an enterprise, or as a separate business, since the assets that are public state property are of decisive importance for the business of the Airport</p>
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10	<p>Have you included any one-off, nonrecurring or extraordinary expenses or revenues in the budget for 2018? Please provide detailed information on their nature and amount.</p>	<p>The Business Plan for 2018 includes one-off running expense in connection with expected payment of amounts claimed for damages by MAK/ADMAK.</p> <p>We do not provide any additional information as the future Concessionaire will not be concerned with this expense.</p>