

№	Question	Answer
1.	With reference to Clause 1.1 "Change in Ownership" of the draft CA, please define "Control"	The term "Control" is defined within the term of Affiliate.
2.	With reference to Clause 1.1, please advise whether the reference to the date of the Concession Agreement can be substituted with the date of the concessionaire proposal as that is the date against which the Concessionaire prices its bid.	We do not deem this date as the appropriate date as the transaction is subject to closing.
3.	With reference to Clause 1.1, please confirm that the reference to "all Moveable and Intangible Assets" (which is not defined) will include all assets (whether fixed, moveable or intangible) which the Concessionaire has developed at the Airport Site through the use of capital expenditure. Please clarify drafting in CA accordingly.	We have reviewed the concession agreement and the Moveable and Intangible Assets refer to the heading of Clause 6, we do not define headings in general so we do not see the need for changes as we have further specified and defined the Moveable Assets and the Intellectual and Industrial Property Rights.
4.	With reference to Clause 1.1 - the latest draft Concession Agreement released on 6 October now defines Termination Date Debt as such Senior Debt which is related either to (i) the payment of the Upfront Concession Fee and/or (ii) used for the performance of investments in the Concession Site until the Termination Date. Pursuant to the previous wording Senior Debt was fully accounted for. Can the Grantor please confirm that all investments made in fixed or moveable assets at the Airport Site using Senior Debt will fall within the definition of "Termination Date Debt"?	The purpose is to provide for a clear and specific definition of Termination Date Debt. We deem that the term "used for the performance of investments in the Concession Site" clearly sets forth the recognisable debt amounts.
5.	With reference to Clause 1.1, can the Grantor please confirm that all investments made in fixed or moveable assets at the Airport Site using Shareholder Capital and Shareholder Debt will fall within the definition of "Termination Date Equity"?	Please see answer above.
6.	With reference to Clause 1.3.1(b), please advise if the word "claimable" can be excluded as it is a value judgement, with the provision instead referring to amounts which have been claimed only. The Concessionaire may be required	We deem that we have provided for fair general principles and mechanisms and do not deem that a further change shall be necessary.

	to pursue such claims in good faith and apply all proceeds towards the relevant costs and expenses.	
7.	Please advise if these provisions can be included in Clause 2.12.2. The extension should not be limited to 30 days – if Parties so agree the extension term may be longer. The Grantor should not have a right to unilaterally decide on the extension especially if it is the Party not fulfilling a CP. If a CP is not satisfied due to a Supervening Event or Force Majeure, this should act to extend the CP Long Stop Date by the relevant timeframe.	In principle, we deem that 30 days period adequate but we will review to which extent your request can be accommodated.
8.	With reference to Clause 2.13.1 - Any insurance premium as well as the Award Fee paid by the Concessionaire should be reimbursed to it if the Concession Commencement Date does not occur. The Concessionaire to be allowed to terminate the CA if the CPs are not fulfilled by the CP Longstop Date except where failure is attributable to the Concessionaire. Please advise if the provision can be amended in this way.	We deem this request inadequate. A commercial decision has been reached in this respect. Please refer to our previous questions and answers.
9.	With reference to Clause 3.7.3, in relation to the Concessionaire’s obligation to provide increased areas for Government User Premises please advise if the boundaries of such additional service / space can be set out in the relevant State Service Level Agreement or in the CA.	We would deem that a matter of the State Service Level Agreement.
10.	With reference to Clause 3.7.6, please advise if the word ‘materially’ can be deleted given the other qualifications.	We would deem this as a matter of the State Service Level Agreement.
11.	Clause 3.7.8. of the CA: The obligation to procure that the respective Government User bears any cost of premia increases should include the cost of any increase in deductibles. Please clarify the provision in this respect.	We would deem that this is covered by the more encompassing term of premia increases but we will consider if further revisions are required.
12.	Should provision 3.8.2 refer to the Concessionaire granting a right of access rather than a (sub)-lease?	The contractual basis for the right of access is the (sub)-lease.
13.	With reference to Clause 3.9.2, with respect to the right of access in relation to Air Navigation Services the Concessionaire should be further exempt from any liability for non-performance due to actions of the Grantor /	Please see our previous responses.

	authorities. Please advise if this can be included as a Relief Event.	
14.	With reference to Clause 3.9.4(a), please consider deleting reference to “other events beyond the control of the aforesaid authorities” as the definition of Force Majeure already addresses this.	We will consider if this wording can be simplified as per the proposal.
15.	With reference to Clause 4.1.1, please can the reference to "in all respects" be amended to "in all material respects".	The text will not be amended.
16.	With reference to Clause 4.1.7, please advise if the list of Concessionaire costs incurred up to the date of the Concession Agreement can include tender process costs.	We deem this already covered by the current wording and do not see a need for change.
17.	With reference to Clause 4.2.2, 4.2.3, please advise if disclosure in the Data Room can be limited to on or before the Final Disclosure Date.	We do not understand your concern, kindly please clarify.
18.	Please clarify the wording in Clause 4.2.4 of the CA "pending or, the Grantor".	The typo will be remedied as the Bulgarian version is clear and unambiguous ("there are no pending proceedings, actions, Claims or investigation against the Grantor").
19.	With reference to Clause 4.2.6, please advise if reference to the Grantor’s knowledge can be deleted since it is the Grantor’s responsibility to oversee the Current Operator prior to the Effective Date.	We deem this request inappropriate.
20.	With reference to Clause 4.3, the representations at Clauses 4.1.8 and 4.1.10 should not repeat as these events may arise/ insolvency is covered by the Events of Default. Please confirm that the CA will be amended to reflect this.	We deem that structurally there shall be no changes as in case of non-compliance there is a breach of representation. This is separate from the Event of Default.
21.	For the purposes of clause 4.4.5 of the draft CA, Concession Documents should encompass construction contracts and supply contracts concluded for the purpose of rehabilitation of the Airport. Please indicate if the CA can reflect this.	We deem that no revision is required as the provision sets forth the general principle restricting the grant of financings without Grantor's consent.

22.	With reference to Clause 4.6.1 paras (a) and (c) and Clause 4.6.2(b) should not act to exclude application of Compensation and Relief Events in particular with respect to the information and data which could not have been verified by the Concessionaire prior to the Final Disclosure Date. Please advise if the provision can be amended in this way.	We would not deem that this clause excludes the application of compensation and relief events.
23.	With reference to Clause 4.7, 5.6, the Concessionaire in making the Offer relies on the disclosed information being correct and will suffer losses if it proves to not be accurate in any material respect. Please advise if the disclaimer can be revised.	We deem this request with respect to the proposed structure not market standard.
24.	In Clause 5.1.3 of the CA there is no express right of access granted to the Concessionaire. Please advise whether this can be referred to here.	The wording is due to the provisions of the Concessions Act which provides for a handover of the Concession Site so it will not be changed but, in our view, it encompasses a right of access.
25.	With reference to Clause 5.1.4 - Adoption of a zoning plan is usually an administrative procedure for which the public side is responsible. Relevant costs should also be for the public side. Is the intention here to refer to the need to obtain planning consent? Please indicate if the CA can reflect this.	This clause refers to changes in zoning required pursuant to this Agreement. We do not consider a change appropriate.
26.	Clause 5.1.7 vests rights in relation to wide range of assets with the Grantor including Concession Assets. This contradicts other provisions of the CA which anticipate that title to Moveable Assets will be transferred to / remain with the Concessionaire. The definition of Moveable Assets includes Facilities; is this the reason for the reference to Concession Assets? If so, please remove reference to Concession Assets and refer to Facilities here. Please also consider if it is correct for the definition of Concession Assets to refer to Facilities. It would appear not.	We will assess and consider if further revisions are required.

27.	Please remove “unreasonable” from clause 5.3 – the Grantor must at all times comply with its obligation to handover the Site.	We deem this request not adequate
28.	With reference to Clause 5.8.1, 5.8.2, please advise if the Grantor’s failure to procure availability of Access Roads can constitute a Compensation Event.	The present draft of the Concession Agreement is drawn up in the light of various considerations which take into account the reality of the implementation of the commitments included in the draft Concession Agreement.
29.	Please advise if it is possible to include a calculation of the IP license fee referred to in Clause 6.4.	The royalty amount for Intellectual Property referred to in Clause 6.4 of the CA may be calculated at the Concession Commencement Date.
30.	With reference to Clause 8.1.1 - The reciprocal obligation of the Concessionaire on termination should only apply in respect of contamination caused by the Concessionaire (not Existing Contamination). Please clarify the CA in this respect.	The text will not be amended. According to the definition of Existing Contamination, it includes any state of the Environment at the Concession Site existing before the Expiry Date of the Concession or pertaining to an event which occurred at the Concession Site before Expiry Date.
31.	Clause 8.1.4(a) provides that compensation will only cover Concessionaire losses due to existing contamination incurred within the first 36 months of the Concession Commencement Date. We request that this period is extended to indemnify the Concessionaire for losses arising out of existing contamination for works (e.g. Terminal 3) where scheduled to be carried out after the initial 36 month period and Compensation Event and Relief Event protection under Clause 8.1.6 is extended beyond the Imminent Works to include works scheduled to be performed at a later point in the Concession (e.g. the Terminal 3 works).	The text will not be amended. Please refer to our previous questions and answers in this respect.
32.	We assume the reference to "Imminent Works End Date" (which is an actual date) in Clause 8.1.6 should be to the "Imminent Works Implementation Timeframe" instead?	We will consider again but at first sight we do not consider a need for revisions;

33.	With reference to Clause 11.1.2, please confirm the restriction on the acquisition / disposal of shares will be deleted as it conflicts with Clause 4.4.4.	We will assess and consider if further revisions are required.
34.	With reference to Clause 13.1.2, 29.6, 40.5.3 and 42, please advise if the provisions can include a test for what defines the “national interest” and “public interest” under Bulgarian Law.	Please refer to our previous questions and answers in this respect.
35.	We request that Clause 13.2.2 be amended to permit the initial shareholders to sell down below the 60% threshold subject to obtaining prior Grantor consent. This provides more flexibility for both the Grantor and the shareholders.	There needs to be a certain continuity of shareholding in the initial stage and the 60% approach is already a very significant accommodation of investors interests.
36.	With reference to Clause 14.1.4 - Upon a lender losing its qualification as an Acceptable Bank the Concessionaire has 60 days to replace that lender. Can the time period be extended (eg to 90 days) since it will be practically difficult to achieve a refinancing within the existing time period.	We think this is acceptable.
37.	With reference to Clause 14.3 - The terms of the Direct Agreement to include Grantor budgeting commitments and commitments to pay compensation upon termination of the CA, including in the event that the CA is deemed void. In Clause 14.3.3, termination of the CA on the Grantor’s initiative should be further subject to the lapse of a remedy period and a lenders’ option to step-in. Please advise if the provision can be amended in this way	<p>To the extent, the question is linked to a compensation in the event that the concession agreement is declared null and void, this request will be considered in light of applicable Bulgarian law.</p> <p>As concerns the second part of the question: The clause is just a summary of the terms of the direct agreement; accordingly, no further specification is required herein as the specifications are anyway in Appendix 13 to which clause 14.3 also refers.</p>
38.	With reference to Clause 15.2.3(a)(A)/ 15.2.3(B) Please confirm that the references in these Clauses to Clause (A) should be to Clause 15.2.3(b).	We deem the references correct but will of course review.
39.	With reference to Clause 16.3.2, please confirm that enforcement of a renewed Guarantee will not be allowed in relation to the same breach which led to the enforcement of a previous guarantee.	If the breach persists, this cannot be excluded but the aim in concession agreement is that breaches are remedied in due course and the concession continues in an uninterrupted.
40.	The long-stop date in Clause 16.5.1 of the CA should be longer than 30 days (a typical period is 180 days). Please confirm that the Clause will be amended to reflect this.	We would understand this the opposite way; the enforcement of guarantees should foster a prompt remedy of breaches.

41.	Please advise if this provision of Clause 16.6 of the Concession Agreement can be amended such that the Grantor shall not have a right to claim under the bond if the event giving rise to the claim is attributable to a Relief Event or Compensation Event or a Force Majeure Event.	This might be considered.
42.	According to Clause 16.6.1, the Grantor is entitled to make a claim under the Operation Guarantee to the extent the Concessionaire fails to comply with any of its obligations under this Agreement. Please advise if a clarification can be included in the CA so that the claim shall be in the amount of loss incurred by the Grantor due to such non-performance.	This is inherent to any guarantee as you cannot claim more than your loss, everything else would be abusive.
43.	The failure to pay should be subject to a grace period (as for Clause 16.6.2).	This could be considered.
44.	With reference to Clause 18.8, please advise if a procedure for the approval of the business plan by the Grantor can be included (as for the Five Year Investment Plan). On a general note please advise if the CA can be revised to include a deemed approval concept.	We believe that it is not possible to approve the Concessionaire's investment program at tacit consent.
45.	Clause 20.1.4 provides in particular that the parties shall periodically, as appropriate, increase the Concessionaire Insurances in line with the maximum foreseeable Loss. Please advise whether this requirement can be deleted given the obligation to maintain limits that would be insured against by an experienced airport operator.	As the timeframe of the Concession is important, we would consider this provision essential.
46.	With reference to Clause 20.3.1, in relation to the Grantor approval of an insurance please advise whether this can be amended so the Grantor can refuse an approval only in the event that an insurance deviates from the Minimum Insurance Requirements.	We deem this too restrictive.
47.	With reference to Clause 20.4.1(b), please advise if the insurance premium threshold can be decreased from what is currently envisaged in the definition of Excessive Insurance Premium (3x the premium as per the Financial Model). We would recommend setting it at 1.5x.	We consider the current provision to be reasonable and no changes shall be made.

48.	With reference to Clause 20.4.2(b), please advise if the insurer of last resort remedy can be stipulated as the primary option whereas the other ones apply if the Parties so agree. Otherwise the Concessionaire may end up unprotected against a major risk which, if it materialized, could lead to material costs on its side. Please confirm that the amount of the insurance premium payable by the Concessionaire will be capped at the threshold from which the Excessive Insurance Premium is calculated.	Clause 20.4.2 provides for various options but it gives no priority of one over the other so we deem that no change is necessary.
49.	With reference to Clause 21.2.5, please advise if the reference to permissibility of the step-in under Law can be substituted to refer to step-in required by Law.	We deem no such change necessary.
50.	With reference to Clause 21.3.1, please advise if the step-in can extend only to the affected part of the Airport and the option to apply it to the entire Airport can be deleted.	The fact that the option for only a partial take-over is provided for is already a significant approach towards a Concessionaire's interest.
51.	With reference to Clause 21.4, please advise if the Grantor can undertake to direct any revenues received in the course of step-in to the Concessionaire less its reasonable operational and relevant repair costs.	This will depend on the structure taken after the intervention.
52.	With reference to Clause 25.3.1, please advise if this obligation can be limited to the construction works specified in the CA, e.g. construction of Terminal 3/ new runway. Otherwise the Concessionaire's obligations become open-ended whereas the concession is finite.	We do not see a need for revisions as the obligations are anyway framed by Appendix 18 and Appendix 6. .....
53.	With reference to Clause 26.2.2, please advise whether, instead of a general approval of the Construction Contract as well as any material change thereto a list of terms of a Construction Contract can be specified which will require the Grantor's approval in order to be amended or waived	We deem this request not appropriate. We deem the clause more than flexible. ..... .
54.	Pursuant to Clause 26.10.2 the Grantor is permitted to draw on any Works Performance Guarantee in addition to claiming the Contractual Penalties. Please advise whether this Clause can be amended to read such that the bond claim shall be in the amount of penalties accrued but unpaid.	It is not acceptable to insert the word "accrued". .....

55.	Clause 29.6.1 allows the Grantor to intervene into a subcontract for an unremedied breach of the CA by the relevant subcontractor. Please advise if this provision can be deleted as it is unduly wide and the Grantor already has the right to intervene by way of intervention under Clause 21.2 .	As the Grantor provides quite some flexibility with respect to subcontractors, this request cannot be accepted. .....
56.	With reference to Clause 30.3.1, please clarify the drafting "by 20 February respectively by 20 July".	This is a consequence of the half-year payment mechanisms, explained also within previous Q&As. .....
57.	The provisions 30.4.2 and 30.4.3 enable the Grantor to instruct payment of concession revenues and fees in the amount determined by the Grantor even if the relevant calculation is rejected by the Concessionaire. Please advise if this regime can be changed to allow the Concessionaire to challenge the Grantor's payment instruction and pay only the undisputed amount until the dispute is settled.	We deem this request not appropriate. .....
58.	With reference to Clause 34.1.4, please advise whether breach of Grantor warranties in relation to the Site and other transferable assets can amount to a Compensation Event.	The present draft agreement is the conclusion reached from the various considerations. .....
59.	With reference to Clause 34.1 - The latest draft CA excluded the following Compensation Event: "any significant deviation of the geological or hydrological conditions from that foreseeable at the Final Disclosure Date". Please advise if this event can be reinstated or please explain why this is not a risk in this Project.	The present draft agreement is the conclusion reached from the various considerations.
60.	With reference to Clause 34.4, please confirm what compensation would be payable where the Concession terminates in the case of a Qualifying Change of Law.	This would be a Grantor Default Compensation Sum. .....
61.	Since all events referred to in Clause 34.6.1 depend on the Grantor please advise if this Clause can be deleted and only Clause 34.6.2 apply.	We deem that there is an appropriateness of differentiation. .....

62.	Please advise if Clause 34.8 can be extended to say that if the Parties fail to agree the rebalancing method the Grantor shall provide the rebalancing in the form of a direct payment.	The present draft agreement is the conclusion reached upon considering various considerations. We don't deem any changes necessary. .....
63.	With reference to Clause 34.10, please take into consideration that the reference should be to Clause 34.8.4.	The typo will be remedied, as the cross-reference is correct in the Bulgarian version. .....
64.	With reference to Clause 34.11, please confirm that this provision is without prejudice to remedies under Clause 35 where the relevant event also gives rise to a Relief Event.	In our view the current wording does not exclude such interpretation. .....
65.	Pursuant to Clause 35.2.3 occurrence of a Relief Event does not affect the Concessionaire's obligation to pay the Concession Fee. Please advise if this Clause can be amended since the occurrence of a Relief Event could deprive the Concessionaire of a major portion of revenues.	The provided mechanism is market standard. .....
66.	In connection with clause 38 of the CA please clarify why the Grantor's indemnity only applies in respect of circumstances occurring prior to the Effective Date when the Grantor will continue to operate the airport up to the Concession Commencement Date?	We will review and assess whether this request can be accommodated.
67.	With reference to Clause 37.2, please confirm that the list of instances when the Concessionaire shall not be responsible to indemnify the Grantor can be supplemented with Compensation Events and Relief Events.	We deem that this request can not be accommodated. .....
68.	With reference to Clause 40.1.5, please advise whether the event of default in respect of non-achievement of KPIs can be substituted with the Concessionaire exceeding the penalty points threshold.	In our view the provision is clear by reference to Appendix 6 .....
69.	Please advise if Clauses 40.1.8, 40.1.10 and 40.1.18 can include a materiality threshold as for other references to Concessionaire breach of the CA being an event of default.	We do not deem this appropriate as these termination events relate to the most severe violations. .....

70.	With reference to Clause 40.1.9, please advise if the event of default in respect of Concessionaire violation of Law can be removed as liability for violation of Law should be dealt with by the relevant legislation and not the CA. Breach of legal provisions may have no effect on the Project.	We deem this request not compatible with provisions of Bulgarian law. Violation of any mandatory regulations of the Laws may not be tolerated. Please note that this is a Curable Event of Default as per Clause 40.4.2. .....
71.	With reference to Clause 40.1.13, please advise if the provision relating to Concessionaire failure to procure insurance can be deleted as the Grantor enjoys other remedies (such as step-in/ making a guarantee claim).	Again, this is a severe breach but in this respect a cure period is provided. .....
72.	With reference to Clause 40.2.2, the first reference to "previous" should be deleted for the comparison to work	We will review whether there is a typo. .....
73.	With reference to Clause 40.4.2 - A failure to maintain a Performance Guarantee under Clause 40.1.14 should also be curable. Please include reference here.	The text will not be amended.
74.	With reference to Clause 40.6.1 - The draft CA stipulates that the termination compensation in a Concessionaire default scenario shall not exceed the Market Value of Investments as of the Termination Date (being generally the indexed net book value of all Moveable and Intangible Concession Assets developed by the Concessionaire). This needs to be amended to ensure it includes all assets (whether fixed, moveable or intangible) developed by the Concessionaire at the Airport.	The definition of Market Value of Investments is in our view flexible enough. .....
75.	With reference to clause 40.6.1(c) and 40.6.2(c) please confirm what the intended difference is between "Equity IRR as per the Initial Financial Model" in 40.6.1(c) and "initial Threshold Equity IRR" in 40.6.2(c). In our view this would appear to be the same IRR set out in the Initial Financial Model	We have a different compensation regime for terminations under the Concessions Act but we will review and consider this again.

76.	With reference to Clause 40.6.2, please clarify if the Grantor Default Compensation Sum includes relevant severance pay.	No. The compensation upon early termination due to Grantor's default has to be in line with article 150(2) of the Concessions Act.
77.	With reference to Clause 44, please advise if this Clause regarding provisional seizure of the concession can be deleted since it substantially duplicates Clause 21.	In view of the provisions of Bulgarian law, it is structurally advisable to maintain this provision. .....
78.	Please delete the provision of 45.2.8 of the draft CA. The Concessionaire should not be responsible for contamination which existed before the concession commenced.	The purpose of the clause is to cover the period from the Concession Commencement Date to the Concession Termination Date. .....
79.	With reference to Appendix 12 Permitted encumbrances, please advise if a pledge of movable property can be added to the list of Permitted Encumbrances.	We would consider this request acceptable to the extent it concerns moveable assets in the ownership of the Concessionaire. .....
80.	With reference to Appendix 13 (Grantor Direct Agreement) Parties, please advise why the individual lenders are party to this Direct Agreement in addition to their Security Agent? Typically, only the Security Agent would need to be party to take actions on behalf of the Lenders. In many cases the ability to exercise rights under this agreement is given to both the Agent and the Lenders but it is not clear which party will exercise and how a collection of Lenders can exercise such rights.	This will very much depend on the structure of the lenders. .....
81.	With reference to "Required Period", please advise if this period can be extended from 60 days to 90 days to match the suggested period under the UK's PF2 precedent on which it is based? A 90-120 day decision period for lenders is typical during the operational phase of a PPP project.	This will be reviewed and considered
82.	With reference to Clause 4.1 of Appendix 13 - Lenders are unlikely to be able to find a Representative that meets the qualification criteria set out in the Tender Documents, i.e. with experience of operating airports. Preferably, the Direct Agreement would allow Lenders to provide support	The interim representative is a standard customary for project finance transactions (also under the UK PF2 initiative documents). The fact that it needs to meet the criteria set out in the Tender Documents is due to the fact that the Concession Agreement needs to be also in line with the Concessions Act.

	to the existing sponsors and grant a longer remedy period rather than have to find a new operator.	
<b>83.</b>	With reference to Clause 5 of Appendix 13 - there is no right for the Lenders to step-out and be released from their liabilities under the Concession Agreement. This should be included as per the UK PF2 precedent on which it is based. Otherwise lenders are forced to make a permanent transfer to another operator or remain fully liable.	An option has been made to provide for a transfer to another operator as a compromise of the status quo of Bulgarian law.
<b>84.</b>	With reference to Clause 5.1.3 of Appendix 13, there is a formatting/numbering error here. The words "unless in the case of section 5.1.2 above" should be on a new line. See paragraph 6(a) of UK PF2 precedent on which this is based.	We will review and consider
<b>85.</b>	With reference to Clause 6. of Appendix 13, this provision does not explicitly permit the lenders to enforce their security by sale of the shares under the terms of the share pledge, upon occurrence of an event of default under the finance documents. The Direct Agreement does not allow enforcement following an event of default under the finance documents, nor does it state that Clause 13 of the Concession Agreement (Change of Ownership) does not apply, which risks an argument that enforcement will breach the concession.	The direct agreement aims at preventing enforcement via sales of shares etc. It shall be a mechanism to allow a handling of imminent crisis and/or a transfer to another Concessionaire.
<b>86.</b>	With reference to Clause 9.3.4 of Appendix 13, there is no concept of additional permitted borrowings under the Concession Agreement (leverage is capped by the Senior Debt to EBITDA Ratio) so this provision should be deleted.	We will review and consider .....