№	Question	Answer
1.	Please provide the following data for YTD18 (Aug-18): - gross and net revenue by airline (i.e. including discounts); and - PAX by airline. In relation to the discounts by airline for the YTD18 (Aug-18) in the VDR 2.2.5.6 could you please explain why the amount of discounts is only BGN 603k (FY17: BGN 13.7m). Is this because a true-up is performed at the end of the year and if so please explain this process?	The information is available for review in the Virtual Data Room – **Schedule 2.2.5.9.** The amount of discounts for the first eight months of 2018 is BGN 603 thousand, and the estimated amount to be paid in discounts by the end of the financial year is approx. BGN 10,483 thousand.
2.	Could you please explain why there is a difference between Reported EBITDA as per VDR 1.1.12 Cash flow statement (CFS) prepared using the indirect method and the Reported EBITDA as per the Audited financial statements. Reported EBITDA as per VDR 1.1.12 amounted to BGN 6,0219k in FY15, BGN (14,750)k in FY16 and BGN 12,636k in FY17 Reported EBITDA as per Audited Financials (VDR 1.1) - BGN 5,580k in FY15, BGN (14,137)k in FY16 and BGN 14,504k in FY17.	The Cash Flow Statement (CFS) drawn up in accordance with the indirect method and the Reported EBITDA (representing the financial result after tax) includes operating income, financial and incidental income and costs, depreciation costs and profit tax costs. The Reported EBITDA as per the Audited Financial Statements includes operating income without financial and incidental income and costs, depreciation costs and profit tax costs.
3.	In response to the question about how the proforma 2018B of €22.9m was calculated (Q1 in QA_18.10.18_2_en), please see below and comment if the calculation is incorrect. 2018B EBITDA per PDR = €6.7m (down from €7.4m 2017A) Assumed Government adjustments for items outside the Concession Perimeter and / or income and costs per the Concession Agreement - Elimination of Cosmos Hotel etc. = + €0.8m - Aero revenue retention (€52,339k - €38,402k) = €13.9m* - Based on FY17A figure reduced as other non-real estate items included (€1,813k*83.6%) = €1.5m = €16.3m	We confirm the data used, except for the amount of EUR 0.8 million for the Cosmos hotel etc. and EUR 1.5 million calculated based on the 2017 financial year.

	2018B on a proforma basis for perimeter of the Concession = €6.7m+ €16.3m = €22.9m * In order to fund the uplift in COGS and open between FY17 and FY18 (€12.9m) a larger proportion of aero revenues are budgeted to be retained by SA (and reported as aero revenues) in FY18B. Hence aero revenue adjustments made in presenting proforma adjusted revenue decrease from €23.3m in FY17 to €13.9m in FY18B If the adjustments for items outside the Concession Perimeter are incorrect, please advise what the correct adjustments are. A 2018 budget of circa €23m when prior year was €33m is clearly a material issue for bidders and lenders and requires explanation.	
4.	Please can you confirm that third party emissions (including aircraft emissions) are excluded from the climate neutrality target without compensation (2050 target)?	The climate neutrality targets also relate to third-party emissions, but only from land transport. These targets do not relate to air transport operators and aircraft emissions. Please see item 14 of file Q&A_11.10.2018_1.
5.	In case we want to acquire Moveable assets as part of the transaction, should we use book or market value for the RAB consideration?	This is our understanding of your question: the assets in question are assets not included in the concession site, and according to the draft concession agreement they may be purchased or rented by the concessionaire. In such case, the following rules shall apply: movable assets owned by the Current Operator will be rented or purchased following an assessment of such assets by a licensed evaluator. Please see answer # 1844 in the Summary table of the questions and answers.
6.	Can you please confirm if there will be any sort of compensation for the BV of the assets not fully amortized/depreciated at the end of the concession within the handback period?	According to Art. 6.2, “At the end of the Concession Period, the Concessionaire shall have the right but not the obligation to offer to the Grantor the possibility to acquire against arm’s length consideration any Moveable Assets purchased by the Concessionaire”. There is no compensation envisaged for non-depreciated immoveable assets.

		In case the question refers to the assets in public state ownership, according to Article 150(1) of the Concessions Act, upon termination of the Concession Agreement due to the expiry of the concession period, the Concessionaire shall not be entitled to compensation for the investments made.
7.	"Please explain what is required on p.107 of the Tender Docs, SCHEDULE 4, Section 2, B. Financing Plan requirements, para 8 The Financing Plan should provide supporting analyses and explanations of the methodology based on the following components: “cost of capital improvements, separately for regulated and commercial operations, with a separate calculation for ground handling;” What is meant by ‘cost of capital improvements’?	The cost of improving the infrastructure, e.g. capex. The cost of capital improvements is the capital expenditure related to generating an asset or part of an asset of the company’s own which is to be integrated into the primary item (in this case the asset on concession) and acquire the status thereof.
8.	We understand that fixed assets and net working capital are included in the scope for determining in the airport charges in 2019, nonetheless there is no upfront payment in 2019. Assuming that in 2020 the airport is already operated by the concessionaire and there will be an intangible asset equal to the upfront payment, should that intangible asset be included in the scope for determining the regulated asset base for the airport charges calculations? We understand that the amortization of the upfront payment is eligible for the regulated cost base, however we are not clear whether the upfront payment is eligible for the regulated asset base.	We confirm our understanding that the Upfront Concession Fee and the Annual Concession Fee, as well as the Concessionaire’s costs related to debt or equity financing of regulated operations are eligible cost components and may be used in the calculation of the airport charges of the Sofia Airport. We also ask you to make yourself familiar with the requirements of Appendix 4 to the Tender Documents and, in particular, all requirements in stated in Section B, B. Financing Plan Requirements, including Item 6 therein. In line with our previous answers, we once again note that airport charges are determined by the airport operator, subject to the Methodology of Determining Airport Charges, integrated as Appendix 1 to Article 1(3) of the Ordinance on the Charges for Using the Airports for Public Use and for Air Navigation Services in the Republic of Bulgaria, as well as to the principles laid down in ICAO's Policy on Charges for Airports and Air Navigation Services – Doc 9082, and the ICAO Airport Economics Manual – Doc 9562 (including Appendix 3, Calculation of the Weighted Average Cost of Capital, including a detailed description of the WACC

		calculation formula). We consider that according to the provisions of these documents the airport operator may include in its calculations all cost items relating to external borrowing, as well as the cost of equity calculated based on the formula in Appendix 3 of the ICAO Airport Economics Manual – Doc 9562, in such a manner as it may deem appropriate and substantiate in the course of the process of consultations with the airport users. Please also note that all financial aspects, including the capital items and amount, shall be determined in accordance with the IAC/IFRS. The Upfront Concession Fee is eligible to be included in the asset base, subject to being distributed between the regulated and the non-regulated part of the concession. All aspects of the concession (including the capitalisation of loan costs) should be reported in the financial statements in accordance with the IFRS. The financial model presented should be audited in its entirety, subject to the provisions of the Tender Documents.
9.	We understand that fixed assets and net working capital are included in the scope for determining in the airport charges in 2019. In case we create an intangible asset related to the NPV of the future annual concession payments, can we include it in the regulatory asset base? In that case, would that be included at a 100% basis or should we assume that only part of it is related to aero (regulated) revenues?	Further to the reply above, as well as in relation to ICAO document 9562, the concession effects related to upfront payment are to be distributed between the regulated and the non-regulated part of the business. Please clarify what is the purpose of creating such intangible asset based on payments? The way the question is formulated seems contradictory to the ICAO rules laid down in document 9562, therefore please provide additional details, information and clarification
10.	We understand that the amortization of the Upfront Concession Fee and the payment of the Annual Concession Fee are eligible cost components for the purposes of airport charges calculation at Sofia Airport. Should they be considered at a 100% basis or should we assume that only part of it is related to aero (regulated) revenues. In that case, should we use a weighted average allocation methodology based on percentage of total revenue? i.e.: Aero revenue/Total revenue * Annual concession fee	Further to the response above, it is not the Upfront Concession Fee that is a cost base component but its depreciation and the related cost of capital. They are to be allocated between the regulated and the non-regulated activities.