

№	Question	Answer
1.	Have you considered in the past the location of a second runway? Are there any preliminary materials for such an analysis?	There are no preliminary studies of the location of a second runway.
2.	<p>Please confirm our understanding that the increase in revenue from passengers fee in 8M18/17 despite the lower increase in passengers number was driven by lower discounts.</p> <p>For example, revenue from Passenger fees increased by 12% in Aug-18 vs Aug-17 (BGN 23,985k as at Aug-18 vs BGN 21,440k as at Aug-17) while the number of passengers between the two periods increased by 8% (4.7m passengers for Jan-Aug-18 vs 4.36m passengers for Jan-Aug-17 and the passenger fee actually reduces by 0.7% (EUR 5.5 in FY17 to EUR 5.46 in FY18).</p>	The increase in the revenue from passenger fees in 8M18/17 results from the discounts for this period which have not been applied as of the present moment.
3.	<p>Please explain the difference of BGN 211k in the NBV of moveable assets between the following breakdowns as at Aug-18:</p> <ul style="list-style-type: none"> - NBV of BGN 12,320k as per VDR 5.9.1.3, representing a list of moveable assets. - NBV of BGN 12,531k as per PDR Appendix "Response to Letter No. 100-20052 / 02.10.18, item 5, representing monthly financial statements. <p>Please comment which fixed assets as reported in the PDR (reference above) are not available for purchase/lease by the Concessionaire.</p>	<p>The difference of BGN 211k concerns the expenses for the acquisition and liquidation of long-term fixed assets specified in line 7 of the Assets of Appendix of Sofia Airport EAD's Balance Sheet as of 31.08.2018 (reply to letter № 100-20052/02.10.2018 r.)</p> <p>These assets may be rented/ bought by the concessionaire in accordance with the provisions of the Regulations on the procedures for exercising the rights of the State in companies with state participation in the capital.</p>
4.	We were trying but were not able to reconcile "Other assets/liabilities from operating activities" line item as per Management operating cash flows (part of "changes in working capital adjustments", VDR 1.1.12) of BGN 272k, BGN 555k and BGN (45)k in FY15, FY16 and FY17, respectively to the statutory balance sheet items (VDR 1.1). Please explain how we could reconcile these to the audited financials.	<p>Considering the requirements of IAS 7 on the classification of accounting information when preparing the cash flow statement, including by using the indirect method, the information on its preparation is not contained only in the audited annual financial statements of Sofia Airport EAD. The company's balance sheets in the format of the monthly operational reports to MTITC, containing the essential information on the preparation of the submitted non-audited cash flow statements, are available for review in the Physical Data Room - Appendix 1.1.8.1.2.</p> <p>The "Other assets/liabilities from operating activities" line item includes the changes to the "Expenditure for future periods" and "Income for future periods and funding" of the above-mentioned</p>

		balance sheets and the values of the results of the comprehensive income of the actuarial valuation (net not taxes) and (if there are any changes) the amounts of deferred tax liabilities on the difference of the balance sheet values of assets in the accounting and the tax depreciation plan as of 31.12.
5.	We tried to reconcile the BGN 3,944k change in TOP in FY16 as per Cash flow statement (VDR 1.1.12) to changes in the TOP balance as per audited financials statements Dec-16 vs Dec-17 (including personnel liabilities, trade payables, tax liabilities and other liabilities line items in the Balance sheet). Net change in the referred balance sheet line items amounted BGN 2,428k. Please explain where the difference of BGN 1,516k comes from.	Both in 2016 and in 2015 there was a classification of cash flows which included, under Liabilities from the Main Activity, the personnel liabilities according to the actuarial valuation as of 31.12 (BGN 1, 535k in 2015 and BGN 1, 516k in 2016); there is a reduction of the same amount applied to the Liabilities from Financial Activities.
6.	Please provide details of the main findings arising from the most recent CIT, VAT, PIT and local taxes and fees audits which the current airport operator has been subject to.	There are no significant findings arising from the most recent CIT, VAT, PIT and local taxes and fees audits which Sofia Airport EAD has been subject to. We also confirm that any issues relating to the taxes of Sofia Airport EAD have not direct bearing on the concession and the future concessionaire.
7.	Please confirm that all social benefits are treated as taxable with one-off taxes on expenses and that social security and health insurance contributions are calculated on the amounts of shopping vouchers made available to employees.	Not all social benefits are taxable with one-off taxes on expenses. Only the expenses for balanced diet coupons and dentist services are taxable. Balanced diet coupons are subject to social security and health insurance contributions.
8.	What is the percentage of zero rated supplies carried out by Sofia Airport EAD on an annual basis and please confirm if this percentage includes the fees collected on behalf of the Civil Aviation Administration?	We do not provide this information because with the operation model applied by Sofia Airport EAD as an airport operator: - airport fees are not subject to the Value Added Tax Act (VATA), therefore they are not considered as supplies and are not subject to any VAT rate and - the percentage of zero-rated supplies only concerns the activity of the commercial company Sofia Airport EAD and is conditional on the tax rules of VATA specifically applied to its activity. The liabilities structure of the future concessionaire under VATA will be different from that of Sofia Airport EAD: the future concessionaire shall be subject to the law, i.e. the VAT % rate

		applied to all the future concessionaire's transactions shall depend on the type of transaction and counterparty the transactions are concluded with.
9.	How are the annual amounts of real estate tax and garbage collection fee calculated? What is the approach for determining and updating the tax values of all properties to be used under the Concession Agreement and when was the last reassessment of the tax values of the properties subject to the Concession by Sofia Municipality?	Currently, the real estate tax on Sofia Airport's assets used by Sofia Airport EAD is determined in terms of the properties' book value while the garbage collection tax – in terms of the number of garbage collection containers + of the book value (for the cleaning services on spaces for public use). The tax assessment of the real estate taxes on the properties subject to the Concession is carried out in accordance with the Ordinance of Sofia Municipal Council on determining the amount of the local taxes, updated version of 01.01.2017 in force, while that of the garbage collection tax – in accordance with the Ordinance on determining and administering local fees and prices of services provided by Sofia Municipality.
10.	Are you aware whether MTITC provides information to Sofia Municipality for the gross book value of the properties used by Sofia Airport EAD for the purposes of the calculation of local taxes and fees? Are both land and buildings included in the MTITC properties for which Sofia Airport EAD pays local taxes and fees?	The Local Fees and Taxes Act provides that the book value of the MTITC properties used by Sofia Airport EAD shall be declared by Sofia Airport EAD as their user.
11.	Has MTITC/Sofia Airport EAD filed returns to Sofia Municipality for changes in the gross book value of the properties due to improvements to existing facilities or revaluations?	The answer to the previous question refers to any changes in the book value.
12.	What is the applied method for determining the amount of the garbage collection fees: i. solely based on the gross book value of the properties; ii. based partly on the number of garbage containers assigned to the property and the frequency of waste disposal carried out at the expense of the municipality or iii. by way of direct agreement with waste disposal operators? If iii is applied, what are the approximate annual fees paid to waste disposal operators?	Please see the answer to question 9 above.

13.	From the answer of question 2019 from the consolidated Q&A table published on the concession site it is evident that the amount of real estate tax paid for 2017 for the properties subject to the Concession is BGN 9k. Our expectations were for a significantly higher amount of tax payable. Could you please clarify what is the reason (e.g. low tax values of the properties)?	The due real estate tax is low because a significant part of the real estate of Sofia Airport is exempt from tax on the basis of Art. 24, Para. 1, Item 13 of the Local Fees and Taxes Act.
14.	Please advise where we can find Appendix 9 to CA. Is this in the VDR?	Please, see. Appendix 9.1. of the Physical Data Room.
15.	The tender is a complex and demanding process that requires a large amount of internal work and some key documents and information essential for our assessment have been submitted rather recently (in particular, the revised draft of the Concession Agreement; the new case law regarding the formation of airport fees; information regarding changes in the scope of ground handling business at Sofia Airport). As these need to be carefully analysed and assessed, respectively some key points in the bid need to be reconsidered, we are not currently in a position to be able to comply with the current bid submission deadline. <u>Therefore, we would like to kindly ask you to consider extending the Applications and Offers Submission Deadline to the 17th of December.</u>	At present we do not foresee extension of the Applications and Offers Submission Deadline.