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| 1. | Article 40.5.2 of the Concession Agreement and Section 6 of the Direct Agreement should be closer aligned particularly in relation to the ability to appoint a substitute. Under Article 40.5.2, the substitute requires approval of the Grantor whereas the provisions of Section 6 of the Direct Agreement do not require consent although there is a notification and a decision which is not to be unreasonably withheld or delays. Please confirm that these provisions will be aligned. | We will review and assess your request. Certainly, the aim is to have both agreements closely aligned. |
| 2. | Please confirm that the Direct Agreement and the Concession Agreement permits a transfer of the Airport as a going concern to a transferee which will be substituted for the Concessionaire not just for the Step in Period but as a permanent solution. In effect please confirm that the Permitted Encumbrances include a pledge of the Concessionaire's "commercial enterprise". | Yes, it is intended that a permanent replacement of the Concessionaire can take place. However, from the perspective of the Concession Agreement, this would only concern the transfer of the rights and obligations under the Concession Agreement. The inclusion of a pledge of the Concessionaire's "commercial enterprise" may be considered. |
| 3. | Please confirm that the Grantor Direct Agreement, can include a provision permitting the payment of the termination compensation due to Lenders can be paid by the Grantor direct to the Security Trustee/Security Agent | This can be specified depending on the structure of the lending consortium. |
| 4. | Please confirm that the definition of Permitted Encumbrances in Appendix 12 of the Concession Agreement includes the security over the receivables of the Concessionaire under the Concession Agreement and that this will cover the termination compensation sums. | Confirmed. |
| 5. | Please confirm that the Direct Agreement will contain a provision that the Concessionaire and the Grantor shall not implement amendments to the Concession Agreement (which might adversely affect the interests of the Lenders) without the prior approval of the Lenders. This is a common provision in a Direct Agreement. | This request will be assessed against the framework of Bulgarian laws. |

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| 6. | Please confirm that the Grantor would consent to including in the Direct Agreement a similar provision to that contained in Article 17.9 of the Concession Agreement being a commitment to provide reasonable assistance to the new concessionaire/transferee to obtain the required permits and consents. | We will review and assess your request. |
| 7. | Please confirm that Article 1.7 of the Concession Agreement will be amended to reflect the provisions of Section 9.4 of the Direct Agreement. It is agreed that the provisions of the Direct Agreement prevail over the Concession Agreement but there is an inconsistency with Article 1.7 of the Concession Agreement. | We will review and assess your request. |
| 8. | We welcome the proposition included in the new Concession Agreement of the right to terminate the Concession Agreement where the Grantor assigns the Concession Agreement to a person who is not an Acceptable Person. Please confirm that the Direct Agreement will include a provision that the Original Grantor (namely the Ministry of Transport, Information Technology and Communications for any first assignment) will remain responsible to the Concessionaire and the Lenders for the payment of the compensation on termination for such an event because by the very reason of the termination, the counterparty is not an Acceptable Person and therefore may not have the necessary resources to meet its obligations. | We will review and assess your request. |
| 9. | Please confirm that the Direct Agreement will include a provision that the Grantor is only permitted to assign/transfer the Direct Agreement to an Acceptable Person. | We will review and assess your request. |
| 10. | If an Expansion Trigger occurs, Article 25.3.7 of the Concession Agreement requires the Concessionaire to submit a proposal to the Grantor as to how to remedy a Capacity Criticality within the timeframes required in Appendix 6. Please confirm how this would work in practice if, for example, an Expansion Trigger related to the Runway occurs in year 31 of 35 (assuming that an obligation to | We understand your commercial concerns but deem that the draft provides for a balanced approach that in such circumstances a satisfactory solution for all parties could be found. |

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| | <p>construct a second runway has not already arisen under Article 18.6) given that:</p> <p>(i) there would not be sufficient time remaining on the term of the Concession to construct a second runway and necessary connecting taxiways; and</p> <p>(ii) (absent any extension of the term) the Concessionaire would not have the right to operate the Airport on the date falling five (5) years after the Expansion Trigger date.</p> | |
| 11. | <p>Can you please clarify the trigger for determining whether a passenger terminal, runway or apron is Capacity Critical, as there is an inconsistency between paragraph 1.4 of Appendix 6 and the statement at Article 25.3.1? The trigger in Article 25.3.1 is whether the Airport accommodates the Required Level of Service air traffic demand at all times i.e. the Concessionaire is required to ensure that there is "sufficient capacity at the Airport to accommodate with the Required Level of Service air traffic demand at all times." However, paragraph 1.4 of Appendix 6 does not reference the Required Level of Service – it requires the Concessionaire to ensure there is "sufficient capacity of the Passenger terminals, aprons, taxiways, runway and aircraft parking ... in order to accommodate air traffic demand including during peak hours (as will be determined pursuant to the Capacity Assessment)."</p> | <p>The Required Level of Service is the overarching ambit as concerns the level of services. Within that ambit, the Airport Capacity Assessment is made. It is in this context that Appendix 6 in its introduction also refers to be read in conjunction with the Concession Agreement.</p> |
| 12. | <p>Please can you clarify the subject matter that will be monitored under Article 18.2? Will the expenditure of investment sums set out in the Investment Programme be monitored or the implementation of investment activities (i.e. construction works) be monitored as the wording "<i>deviation from the Investment Programme in a way that ten percent (10%) or more of the yearly investments sum has not been invested as contemplated and that such would affect the Required Level of Service</i>" seems to suggest that sums and</p> | <p>Both will be monitored.</p> |

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| | activities may be monitored in order to determine whether there has been a relevant deviation. | |
| 13. | Under Article 18.6, the Concessionaire is required to build a second runway if the recommendations of a feasibility study require it or the Airport is determined to be Runway Capacity Critical. Can you please clarify why the Concessionaire is required to carry out feasibility studies <u>and</u> Capacity Assessments in respect of the Runway when it is likely that the Concessionaire will be carrying out both feasibility studies and Capacity Assessments in respect of the Runway each in five (5) year intervals? | The feasibility study and the Capacity Assessment cover to a certain extent different topics so we deem the need for both reasonable. |
| 14. | Please can you clarify that the provisions of Article 29 apply only in respect of subcontracts relating to the Works and <u>do not apply</u> to subcontracts relating to the Airport Services, on the basis that subcontracts relating to the Airport Services are governed by Article 3.8? In addition, Article 29.3 (headed "Subcontracting procedure", again provided for convenience of reference only) provides that "if the Concessionaire wishes to delegate a material part of its contractual obligations to a subcontractor it shall provide the Grantor with all necessary particulars of the proposed subcontractor". While we have noted the first paragraph of Article 3.8 which provides that "the parties agree that the [provisions of Article 3.8] concern any subcontracting of Airport Services whereas the subcontracting of Works is regulated by Article 29" there are certain provisions in Article 29 which seem to suggest that such provisions would apply to any key subcontracts entered into by the Concessionaire relating to the Airport Services and the Works. For example, Article 29.2 (headed "Delegation threshold for Works" which is provided for convenience of reference only) provides that "the Concessionaire may not delegate the implementation of a material part of its contractual | Exactly, the provisions of Clause 29 apply only in respect of subcontracts relating to the Works. However, please note that articles 133 and 134 of the Concessions Act have to be observed in any case of subcontracting of any activities related to the subject matter of the Concession. |

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| | <p>obligations ... being critical to the ongoing safe and reliable functioning of the Airport or the Airport Services as a whole to subcontractors, without the prior written consent of the Grantor."</p> <p>In addition, Article 29.3 (headed "Subcontracting procedure", again provided for convenience of reference only) provides that "if the Concessionaire wishes to delegate a material part of its contractual obligations to a subcontractor it shall provide the Grantor with all necessary particulars of the proposed subcontractor".</p> | |
| <p>15.</p> | <p>Please confirm that any Key Permit or Key Consent which is withdrawn, cancelled or abrogated could give rise to a termination in a scenario of a Grantor Event of Default (except where such withdrawal, cancellation or abrogation is due to a material act or omission of the Concessionaire). Practically if an Airport Certificate is cancelled, a Relief Event will not be a long term solution for either Party.</p> | <p>We will review and assess your request.</p> |
| <p>16</p> | <p>Please confirm if it is intended that the Concessionaire bears the risk of any deterioration in the condition of the Concession Site (as defined in the Concession Agreement) during the period from the Final Disclosure Date to the Concession Commencement Date? We note that the international market position is that the Concession Grantor bears the risk of any deterioration in the condition of the Concession Site during this period given that the Concessionaire is not in control of the Concession Site until the commencement of Concession Operations. We also note that there is no further information in the Data Room, the Concession Agreement or the Tender Documents regarding the condition of the Concession Site as at the Final Disclosure Date.</p> <p>As this is not a risk which the Concessionaire should bear, please confirm that the Grantor would include a provision in the Concession Agreement to manage the risk between the parties as per our suggested new Article 2.5A below. This introduces a requirement on the Parties to undertake a</p> | <p>We deem this is already covered under Clause 8 of the Concession Agreement and the provisions relating to the Existing Contamination.</p> |

baseline condition assessment of the Concession Site (including the Facilities and buildings thereon) within a prescribed period of the Effective Date, and a further assessment within a prescribed period shortly after the Concession Commencement Date, with a reimbursement mechanism for the Grantor to indemnify the Concessionaire from and against the costs of remediation if there is a material deviation in the condition of the Concession Site during the Transition Period.

Add a new Article 2.5A as follows:

2.5A Transition Period – Condition Assessment

2.5A.1 Within [***] days of the Effective Date, the Concessionaire and the Grantor shall conduct a detailed baseline Condition Assessment by an independent reputable firm nominated by the Concessionaire and approved by the Grantor (which approval shall not be unreasonably withheld or delayed), to assess and describe in detail the baseline condition of the Concession Site (including the Facilities) as at the Effective Date ("**Baseline Condition Assessment**").

2.5A.2 The Concessionaire and the Grantor shall undertake a further Condition Assessment on the day falling [***] days after the Concession Commencement Date, to assess and describe in detail the condition of the Concession Site (including the Facilities) as at the Concession Commencement Date ("**Updated Condition Assessment**").

2.5A.3 Where the Updated Condition Assessment reveals a material deviation in the condition of the Concession Site (including the Facilities) to that reported in the Baseline Condition Assessment

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| | <p><u>(other than fair wear and tear), the Concessionaire shall be responsible for remediating such material deviation and the Grantor shall be liable for the expenses of any such remedial work carried out by the Concessionaire in accordance with Article 2.5A.4.</u></p> <p><u>2.5A.4 The Grantor shall be responsible for and shall indemnify the Concessionaire against any costs, expenses, Losses and damages incurred by the Concessionaire directly arising from the remediation of any material deviation in the condition of the Concession Site between the Effective Date and the Concession Commencement Date as reported in the Updated Condition Assessment.</u></p> <p>Add the following definitions to Article 1.1:</p> <p>"Condition Assessment" means (i) the assessment of the baseline condition of the Concession Site (including the Facilities) as at the Effective Date undertaken pursuant to Article 2.5A.1 or (ii) the updated assessment of the condition of the Condition Site (including the Facilities) as at the Concession Commencement Date undertaken pursuant to Article 2.5A.2.</p> | |
| <p>17.</p> | <p>In relation to the compensation event at Article 34.1.7, is it intended that any material deviation between the quantum <u>and</u> condition of the Concession Assets <u>and</u> the Condition Site as between the Concession Commencement Date and the Final Disclosure Date gives rise to a Compensation Event, as Appendices 7 (Concession Site) and 8 (Moveable Assets) are referenced in the provision. If that is the</p> | <p>We will review and consider your request.</p> |

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| | <p>intention, we request that the drafting in Article 34.1.7 is clarified as follows:</p> <p>"34.1.7 any material deviation between the quantum or condition of the Concession Assets <u>and/or the Concession Site (including Facilities)</u> as transferred on the Concession Commencement Date and the quantum <u>or condition</u> of the Concession Assets <u>and/or the Concession Site (including Facilities)</u> disclosed as of the Final Disclosure Date within Appendix 7 (Concession Site), and Appendix 8 (Moveable Assets) <u>and Appendix 9 (Industrial and Intellectual Property Rights).</u>"</p> | |
| <p>18.</p> | <p>The time periods for notifying the Grantor of any renewal or extension of the Concession Insurances under Article 20.3.2 (i.e. not less than 30 days prior to the inception date of cover under the Insurances) do not factor in standard time periods for obtaining renewals/extensions in practice. Renewals/extensions are usually processed very close to the expiry of the relevant policies. We request that Article 20.3.2 is amended as follows:</p> <p>20.3.2 The Concessionaire shall confirm in writing to the Grantor the renewal or extension (as the case may be) of the Concessionaire Insurances, at least thirtyseven <u>(30)7</u> days before their expiry date <u>or no later than 7 days after such Insurances have been renewed or extended on the same terms (provided that such renewals or extensions may only be submitted to the Grantor for approval after the inception date of the cover provided thereunder in circumstances where such renewals or extensions may be cancelled and replaced by the Concessionaire, as required by the Grantor) (acting reasonably)</u>, advise the Grantor of any amendments to the expiring cover and submit for approval the</p> | <p>We do not consider the request adequate. The provisions have been reviewed and confirmed as customary standard by an insurance expert.</p> |

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| | <p>renewal insurance policy or the extension endorsement respectively, as early as possible <u>before the inception date of the cover provided thereunder</u>, and in any case not later than thirty<u>seven</u> (307) days before<u>after</u> the inception date of the cover provided thereunder <u>(provided that such renewals or extensions may only be submitted to the Grantor for approval after the inception date of the cover provided thereunder in circumstances where such renewals or extensions may be cancelled and replaced by the Concessionaire, as required by the Grantor) (acting reasonably)</u> The Grantor shall not unreasonably withhold or delay its approval.</p> | |
| <p>19.</p> | <p>The text of Form C “Affidavit for Independent Bid” and Form E.1 “Declaration for lack of circumstances under Clause 4.5. (a) paragraphs (i) and (ii) of the Tender Documents” provide that they have to be signed by the legal representative of each Bidder and in case the Bidder is a Consortium, by each Consortium member. On the other hand, the text of Form E.2 “Declaration for the absence of grounds for exclusion under Art. 60 of Concessions Act” explicitly provides that this Declaration may also be signed by authorized representative of a Member of a Consortium. In a previous answer from 30 October 2018 (question 17) was stated that Form E.1 must be signed by a legal (in the sense of duly authorized) representative of a Member of a Consortium.</p> <p>Please confirm our understanding that the declarations and documents prescribed in the Tender Documentation and which have to be provided by a Member of a Consortium may also be signed by a person authorized by this Member of a Consortium by virtue of a notarized general power of</p> | <p>Please refer to answer n. 17 of 30 October 2018 (file QA_30.10.18_1), according to which: <i>...Each Bidder, Consortium members, Third Party and Subcontractor, as the case may be, must sign Form E.1. The Form must be signed by a legal representative of each of the above entities.</i></p> <p>Same will apply to Form E.2 which will need to be signed by a legal representative of the Bidder/Member of the Consortium/Third Party/Subcontractor as the case may be.</p> <p>A legal representative of a company shall act in such capacity based on either the company's by-laws, a board resolution, or a power of attorney, whether specifically issued for the signing of such Forms or a General Power of Attorney, provided it includes the powers to sign any declarations, statements, documents in a tender procedure, in the name and on behalf of, such company. Such resolutions and/or powers of attorney do not need to be notarized.</p> |

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| | <p>attorney. Please consider that the power of attorney is not drawn up specifically for the purpose of the present concession procedure, but the authorized person is entitled to represent the company (which will be a Member of a Consortium in the present procedure) in principle in any tender procedures opened by public authorities and for that purpose is entitled in the name of and for the account of the company to prepare and sign tender documents, including declarations, applications and other documents that may be required with regard to the respective tender procedure, and to undertake obligations on behalf of the company.</p> <p>Will such general authorization of a representative of a Member of a Consortium be considered as duly given, or it is necessary to be prepared an explicit power of attorney for the purpose of the present concession procedure? In case an explicit power of attorney is needed, does it have to be notarized, respectively requiring apostille/legalization (if necessary)?</p> | |
| <p>20.</p> | <p>Please add the following lines to the definition of EBITDA, to bring the definition in line with recent market precedents, and to reflect the application of IFRIC 12:</p> <p>(r) before taking into account any provision for the satisfaction of future maintenance obligations as a result of the implementation of IFRIC 12;</p> <p>(s) before taking into account any expenses incurred for the implementation of the Investment Program or other construction works approved by the Grantor in accordance with the Concession Agreement, that have not been capitalized as a result of the implementation of IFRIC 12."</p> | <p>We will review and consider your request.</p> |
| <p>21.</p> | <p><u>Referring to Clause 1.1 "Market Value of Investments"</u>: The definition of "Market Value of Investments" refers to "Moveable and Intangible Assets" but this term itself is not defined. The definition of "Market Value of Investments"</p> | <p>Please see Clause 6 for the definition of what is included in the Moveable and Intangible Assets. Nonetheless, we deem that the definition includes the requested items.</p> |

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| | should encompass Concession Assets and investments into the Concession Site. | |
| 22. | <u>Referring to the Clause 1.1 "Termination Date Debt"</u> : The definition of Termination Date Debt does not include Senior Debt used to invest in moveable assets owned by the Concessionaire which will include "Concession Assets". To the extent investments into such moveable assets are funded by Senior Debt they should be included within the definition of Termination Date Debt. | The definition had to be developed following the applicable Bulgarian law framework, so we do not see it in contradiction with your concerns. |
| 23. | <u>Referring to the Clause 1.1 "Termination Date Debt"</u> : The definition of Termination Date Equity does not include equity used to invest in moveable assets owned by the Concessionaire which will include "Concession Assets". To the extent investments into such moveable assets are funded by equity they should be included within the definition of Termination Date Equity. | The definition had to be developed following the applicable Bulgarian law framework, so we do not see it in contradiction with your concerns. |
| 24. | <u>Referring to Clauses 4.2.2, 4.2.3</u> : The carve-outs in clauses 4.2.2 and 4.2.3 in respect of Encumbrances and/or Third Party Rights in the Data Room should be limited to the extent such Encumbrances and/or Third Party Rights were disclosed on or before the Final Disclosure Date. | We do not deem this in contradiction as after the Final Disclosure Date there will be no updates to the data room anymore. |
| 25. | <u>Referring to Clause 21.4</u> : The Grantor should undertake to direct any revenues received in the course of step-in to the Concessionaire less its reasonable operational and relevant repair costs. | We understand your approach, but the present draft agreement is the conclusion reached from the various considerations. |
| 26. | <u>Referring to Clause 26.10.2</u> : The Grantor should only become entitled to draw on any Works Performance Guarantee following a failure by the Concessionaire to pay any Contractual Penalties within a required time period. | We understand your approach, but the present draft agreement is the conclusion reached from the various considerations. |

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| 27. | <p>Referring to Clause 5: There is no right for the Lenders to step-out and be released from their liabilities under the Concession Agreement and let termination take its course. Otherwise lenders are forced to make a permanent transfer to another operator (which may not be feasible) or remain fully liable.</p> | <p>We will consider this request.</p> |
| 28. | <p>493. Could you please provide your view of the Day 1 cash requirement at the concession commencement date</p> | <p>Bidders are responsible to do their own analysis and calculations based on the available information.</p> |
| 29. | <p>497. In relation to question 209 on the over-charging of revenues vs. aero costs please confirm whether the €4.4m of over-charged revenue was included in the Management aero revenue adjustment in the IFC analysis, i.e. does the IFC analysis include the full aero revenue or does it include a reduction for the over-charge of €4.4m. Further please confirm that this amount will be for the account of the Vendor.</p> | <p>The IFC file contains the reported amounts matching the amounts in the pdf file - column 2017 report, i.e. the full aero revenue.</p> <p>The excess of revenue of airport charges over costs (positive result) is included in the base for determining the amount of airport charges according to the principle of adjustment of the cost base with reported data (last paragraph of the Preamble of the Ordinance on airport charges).</p> |
| 30. | <p>498. Please explain the difference of 960k between EBITDA as per financial statements (monthly breakdowns) and as per IFC file. Which line items (incl. amount for each line item) does the difference relate to? Please confirm that the difference related to assets outside the concession terms.</p> | <p>The differences are due to assets outside the Concession site and depreciation.</p> |