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| 1. | <p>We fully agree with your answer posted on 18 January 2019 that the compensation payable to the Concessionaire in case of termination due to a Concessionaire Event of Default could not be the same as the compensation in case of termination due to a Grantor Event of Default. This difference is already considered once since the NPV of the Distributions is deducted from the Termination Date Equity in the first case and added to the Termination Date Equity in the second one. However, we do not understand why the Distributions subject to deduction cover the whole period of the concession, while the Distributions subject to addition are limited for five years only, especially absent any reference to such 5 years period in the Concessions Act. Since the Concessionaire shall lose the NPV of all future Distributions if the termination is due to Concessionaire's fault, we believe that it would be only fair to receive the equivalent, i.e. all projected Distributions, if the Concessionaire has no fault for the termination of the Concession Agreement and especially given that payment of such a compensation is entirely under the Grantor's control. Could you please confirm that it is also your understanding actually expressed through the answer posted on 18 January 2019?</p> | <p>We confirm our answer of 18 January 2019 and inform you there will be no further amendments.</p> |
| 2. | <p>In respect of our question on Clause 2.2 within Appendix 13, do we understand correctly that:</p> <p>a) The consent of the Grantor to enforcement will be deemed granted in respect of the Permitted Encumbrances: and,</p> <p>b) In any case the consent of the Grantor to enforcement will i) not be unreasonably refused, withheld or delayed; and ii) any eventual refusal will be justified by reasoning in writing, explaining which is the particular immediate (and not theoretical) risk for the interruption of the airport operations?</p> | <p>There is a misinterpretation of our response. A consent of enforcement will not be deemed granted in respect of the Permitted Encumbrances per se as described in a). Your reasoning in clause b) is, however, correct. In fact, a refusal by a public authority needs to be based on legitimate reasons, being the interruption of the airport operations. A clarification to this effect will be added in the final version of the Concession Agreement, in line with clause 9.4 of the Tender Documents.</p> |
| 3. | <p>Thank you for your answer in respect of the definition of 'Qualifying Change in Law' posted on 18 January 2019. We are pleased to note that it is a common understanding that the said definition shall encompass the scenario where the limited liability of the Shareholders turns into unlimited liability. We still believe it may be more appropriate if the Concession Agreement expressly states the actual common will of the Parties by adding "or its Shareholders" rather than this will is extracted through interpretation of its provisions. Since it appears a matter of obvious technical error, we believe that it can be removed upon signing of the Concession Agreement as per Clause 9.4.c) of the Tender Documentation. Would the Grantor agree to such approach?</p> | <p>The proposed approach is acceptable. We consider this clarification rather technical as in substance it is within the meaning of the Guideline. Accordingly, this can be fixed in the final version of the Concession Agreement, in line with clause 9.4 of the Tender Documents.</p> |
| 4. | <p>Please confirm our understanding, that in accordance with the instructions given in Clause 7.2. from the Tender Documents, the outer envelope and the three inner envelopes where the Bidder's Application and Offer should be placed shall be inscribed in the following way.</p> | <p>We refer to the instructions included in the Tender Documents as to the preparation of the envelopes.</p> |

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| <p>OUTER ENVELOPE</p> <p>To the Minister of transport, information technology and communication</p> <p>Ministry of transport, information technology and communication of the Republic of Bulgaria, room 1007/ 1011, fl. 10, 9 “Dyakon Ignatiy” str., Sofia 1000, Republic of Bulgaria</p> <p>"APPLICATION AND OFFER FOR AWARDING A WORKS CONCESSION FOR “CIVIL AIRPORT FOR PUBLIC USE SOFIA” - PUBLIC STATE PROPERTY”</p> <p>Name of the Bidder, Address of the Bidder, Electronic address of the Bidder</p> <p>FIRST INNER ENVELOPE- “APPLICATION”</p> <p>To the Minister of transport, information technology and communication</p> <p>Ministry of transport, information technology and communication of the Republic of Bulgaria, room 1007/ 1011, fl. 10, 9 “Dyakon Ignatiy” str., Sofia 1000, Republic of Bulgaria</p> <p>“APPLICATION”</p> <p>“APPLICATION AND OFFER FOR AWARDING A WORKS CONCESSION FOR "CIVIL AIRPORT FOR PUBLIC USE SOFIA" - PUBLIC STATE PROPERTY”</p> <p>Name (Company name) of the Bidder, Mailing Address of the Bidder, and Electronic address of the Bidder</p> <p>SECOND INNER ENVELOPE- "OFFER-BINDING PROPOSAL"</p> <p>“To the Minister of transport, information technology and communication</p> <p>Ministry of transport, information technology and communication of the Republic of Bulgaria, room 1007/ 1011, fl. 10, 9 “Dyakon Ignatiy” str., Sofia 1000, Republic of Bulgaria</p> | <p>As per the Tender Documents, the language is Bulgarian and if in English, an unofficial translation into Bulgarian must be provided. Therefore, Bidders are free to write in Bulgarian or in dual language.</p> |
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| | <p>"Offer-Binding Proposal"</p> <p>“APPLICATION AND OFFER FOR AWARDING A WORKS CONCESSION FOR "CIVIL AIRPORT FOR PUBLIC USE SOFIA" - PUBLIC STATE PROPERTY”</p> <p>Name (Company name) of the Bidder, Mailing Address of the Bidder, and Electronic address of the Bidder”</p> <p>THIRD INNER ENVELOPE- “OFFER- PROPOSAL”</p> <p>“To the Minister of transport, information technology and communication</p> <p>Ministry of transport, information technology and communication of the Republic of Bulgaria, room 1007/ 1011, fl. 10, 9 “Dyakon Ignatiy” str., Sofia 1000, Republic of Bulgaria</p> <p>“OFFER- PROPOSAL”</p> <p>“APPLICATION AND OFFER FOR AWARDING A WORKS CONCESSION FOR "CIVIL AIRPORT FOR PUBLIC USE SOFIA" - PUBLIC STATE PROPERTY”</p> <p>Name (Company name) of the Bidder, Mailing Address of the Bidder, and Electronic address of the Bidder”</p> <p>Please clarify whether the envelopes shall also be inscribed in English. If it is not necessary, is it acceptable?</p> | |
| <p>5.</p> | <p>We note that Clause 31.1.2 of the Draft Concession Agreement gives the Grantor the right to set-off or retain any amount due to the Concessionaire by the Grantor against any amount due to the Grantor by the Concessionaire, however “excluding any amount of the Termination Date Debt in any of the cases of termination contemplated in this Agreement”. It is our understanding that Clause 31.1.2 thus serves to supersede the parts of Clause 40.6 envisaging reductions of the Concessionaire/Grantor Default Compensation Sum. Please confirm.</p> <p>Additionally, should your interpretation differ from the one we suggest herein, please consider amending the Draft Concession Agreement accordingly, so as to ensure that the Termination Date Debt amount is not reduced, as the potential for such reduction would severely inhibit the bankability of this project.</p> | <p>We do not deem that there is a discrepancy between clauses 31 and 40.6 as the amounts covered by Termination Date Debt constitute only one part of the compensation amount due to the Concessionaire.</p> |

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| 6. | <p>We would like to propose an amendment to the Draft Concession Agreement, as follows: As seen from Clause 40.6.1(d) and Clause 40.6.2(e), “any amount due by the Concessionaire to the Grantor but unpaid as of the Termination Date” is deducted from the amount payable by the Grantor upon termination “subject to clause 31.1.2 (Set off)”. We note with concern that there seems to be no cap to such amount, which we would normally expect to see (e.g. specific penalties for specific breaches with a total cap, the reaching of which would lead to termination). We respectfully submit that a total cap of 5 million Euro per year would be an appropriate amount in relation to any payments due to the Grantor by the Concessionaire as of the Termination Date. This should also be reflected in provisions in other termination cases requiring the same deduction.</p> | <p>We object to your proposal. Please note, however, that there are various caps eg for KPIs breaches etc.</p> |
| 7. | <p>We would like to propose an amendment to the Draft Concession Agreement, as follows: In Clause 40.6.1, in fine, it is stated that the “Concessionaire Default Compensation Sum” cannot exceed the “Market Value of Investments”. We believe it critical that this part be deleted in order not to allow for a reduction of the amount of the Termination Date Debt payable by the Grantor as part of the Concessionaire Default Compensation Sum, in view of the bankability of the project.</p> | <p>This limitation is a requirement of Bulgarian law (Article 150(3)1 of the Concessions Act).</p> |
| 8. | <p>We would like to propose an amendment to the Draft Concession Agreement, as follows: The shareholder liability set out in Appendix 11a is agreeable to the extent it refers to obligations that are under the direct control of the shareholders. However, the newly added words “each Initial Shareholder shall bear explicit liability for the obligations of the Concessionaire under the Concession Agreement” seem to negate the project finance principles and limited liability of sponsors. As a result, sponsors would bear the risk for both the 100 million Euro equity they pay into the Project Company and another 100 million Euro under the Shareholder Undertaking. We respectfully submit that a total cap of 5 million Euro per year would be an appropriate amount and would thus solve this problem.</p> | <p>The current wording is the compromise result of various considerations based on the provisions of the Concessions Act. No further changes will be made. Please note that there is no cumulation to EUR 200 mil since BGN 200 mil corresponds to approximately EUR 100 mil.</p> |
| 9. | <p>We would like to propose an amendment to the Draft Concession Agreement, as follows: We respectfully submit that the requirement for proceedings under Clauses 55 and 56 to be conducted in the Bulgarian language unduly restricts parties’ ability to resolve disputes efficiently and is not commensurate with the international nature of the project and its contemplated financing. We consider that all other requirements relating to the applicable substantive laws (Bulgarian) and place of proceedings (Sofia), as well as the language of documents (Bulgarian) show due deference to the Bulgarian nature of the project and serve to adequately protect the government’s interest and sovereign rights of Bulgaria. Thus, we request an amendment of the relevant provisions within Clauses 55 and 56 of the Draft Concession Agreement, so as to ensure that the language of the proceedings described therein should be English.</p> | <p>The current wording is the compromise result of various considerations. No further changes will be made.</p> |
| 10. | <p>According to Art. 7.2 (Sealing and Marking of the Application and the Offer) of the Tender Documents the envelope marked as "Application" and the envelope marked as "Offer - Proposal" shall contain two electronic memory devices. Our understanding is that the "Application" envelope should include two electronic memory devices, each electronic memory device must contain completely identical (duplicate) documents, namely the documents listed in schedule 3, Part 1 (Application). The envelope "Offer - Proposal" should again include two electronic memory devices,</p> | <p>Confirmed.</p> |

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| | and each electronic memory devices must also contain completely identical (duplicate) documents, namely the documents listed in schedule 3, Part 3 (Proposal). Please confirm whether this understanding is correct. | |
| 11. | Art. 7.2 (a) (i), (ii) and (iii) of the Tender Documents contains instructions on how the inner envelopes for the Application and the Offer shall be marked, namely: (i) the first envelope shall be titled "Application" - handwritten or labelled, (ii) the second envelope - "Offer - Binding Proposal" (handwritten or labelled), and (iii) the third envelope - "Offer - Proposal". Meanwhile Art. 7.2 (c) contains an indication of the marking of the outer and the inner envelopes as follows: "APPLICATION AND OFFER - PROCEDURE FOR DETERMINING CONCESSIONNAIRE AND AWARING A CONCESSION TO "SOFIA CIVIL AIRPORT FOR PUBLIC USE – PUBLIC STATE PROPERTY". As the instructions given are in contradiction, please specify whether the following understanding of the envelope marking is correct: 1. The first inner envelope should be titled "Application" and on it should be indicated (handwritten or labelled) the name of the Concession, (in the case of a Consortium - the name of the Consortium), the postal address and e-mail of the Participant (in case of the Consortium - the postal address and e-mail of the Lead Member). 2. The second inner envelope should be titled "Offer - Binding Proposal" and on it should be indicated (handwritten or labelled) the same data as stated in the previous sentence. 3. The third inner envelope should be titled "Offer - Proposal" and reintroduce the same information. 4. The outer envelope (in which the three inner envelopes are placed) shall be handwritten or labelled APPLICATION AND OFFER - PROCEDURE FOR DETERMINING CONCESSIONNAIRE AND AWARING A CONCESSION TO "SOFIA CIVIL AIRPORT FOR PUBLIC USE – PUBLIC STATE PROPERTY". All envelopes - three internal ones and one external, must be addressed to the Grantor (his address should be printed on the envelope), and written on each of the envelopes as well as the name, address, address and e-mail address of the Consortium and of the Lead member. | Please see the answer to Question # 4 above. |
| 12. | Please specify whenever in the forms, as well as in Art. 7.2 of the Tender Documents it is required to indicate the "name of the Bidded", in case the Bidder is a Consortium, what should be indicated - the name of the Consortium or the name of the Lead Member. | It has to be the name of the Consortium. |
| 13. | In Items 4 and 5 of Table 1 in Form A: Application, Part 1, Appendix 3 of the Tender Documents, a contact person, contact and notification details should be provided. Is it possible to indicate more than one contact person? Is it also possible to designate the people who will physically submit the Application and the Offer (in particular, the attorneys servicing the respective Bidder) as contact people and indicate their contact details accordingly? | We confirm for all questions. In the event that persons who will carry out the physical submission of the Application and the Offer are designated as contact persons, they shall also be authorised as contact persons. |
| 14. | Please confirm to whom should the forms be addressed, for example in Form A: Application from Part 1, Appendix 3, Documentation of the Concession - "Dear Sir / Dear Madam ... " | The name of the Minister of Transport, Information Technology and Communications. |
| 15. | Please confirm that the requirement for legalization and posting of an apostille on the power of attorney and the bank guarantee is provided as an option, meaning that it is not obligatory for | Where the documents originate from a state being party to a bilateral legal aid agreement |

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| | countries with which Bulgaria has a bilateral legal aid agreement, respectively with which there is a simplified regime for certification of such documents. | with Bulgaria, which allows recognition of official documents without apostille, this will be respected. |
| 16. | In view of the entry into force of the Regulation for Implementation of the Measures Against Money Laundering Act (adopted by Decree of the Council of Ministers No 357 of 31.12.2018, promulgated in SG No. 3 of 8 January 2019) and considering the note contained in Tender documentation, specifying that the form of the Declaration for Origin of Funds under Art. 66 of the MAMLA may be amended upon the entry into force of the Regulation, please confirm whether the form of the Declaration under Art. 66 of the MAMLA contained in the Documentation is final or it would be subject to amendment? | Please refer to the answer to a similar question published on 25 January 2019: In view of the enactment of the Regulation for Implementation of the new Measures Against Money Laundering Act, Form D of schedule 3 part 3 of the Tender Documents has to be considered entirely replaced by virtue of law by the form included as Annex No. 4 to article 47, paragraph 1 of the said Regulation. |
| 17. | With respect to the list of the persons proposed to be appointed at management positions, which is required in accordance with Schedule 3, part 1, item 3, letter (b) of the Tender Documents, please confirm our understanding that: (i) this list should be attached only to the Application (and not to the Offer as a part of the technical proposal); (ii) the list should be presented by the Bidder and in case the Bidder is a consortium - by the consortium through its Lead Member; and (iii) there is not requirement this list to be duly signed. | As responded in the past Bidders shall provide the info requested under under Schedule 3, part 1, item 3, letter (b) in the Application, and the info requested in Schedule 4, Part 1, Section 2 in the Technical proposal. |
| 18. | <p>We refer to our clarification questions headed "Economic Rebalance" submitted on 25 October 2018, 12th December and 15th January. We note your final response issued on 21st January 2019 that "it was assessed that there was no need of specific amendments to the draft Concession Agreement". At this stage we are not seeking amendments to the Concession Agreement but urgently require clarification of the terms in Clause 34 of the Concession Agreement so that we and our Lenders can assess the extent of the risk being assumed by the Concessionaire and the impact that might have on the Lenders. This is particularly relevant considering the potential cashflow risk being passed to the Concessionaire and the impact that will have on the ability of the Concessionaire to meet its liabilities under the financing agreements and the level of compensation payable on an early termination. We respectfully ask again that you clarify the terms of the provisions and particularly address the following questions:</p> <ul style="list-style-type: none"> • Is the Concessionaire required to assume the impact of each and every Compensation Event which occurs during the term of the Concession up to €2m per event (or €1m for each Variation) • If no, please confirm that the amount thresholds are in the aggregate for all Compensation Events/Variations during the term of the Concession • Where the Concessionaire is entitled to make a claim for a rebalance (because the thresholds have been met), can the Concessionaire make a claim for the entire sum or only the amount over the €2million (or €1 million for Variations) | <p>Based on your request for clarifications, please note:</p> <ul style="list-style-type: none"> (i) Yes, correct, the Concessionaire is required to assume the impact of each and every Compensation Event up to EUR 2 mio / EUR 1 mio per event (EUR 1 mio for each Variation); (ii) If the threshold is exceeded the Concessionaire can claim the entire sum; (iii) The first Compensation Event triggers the 24 months period, all compensation events within this 24 month period are then considered as a series; with a new 24 months period starting after the expiry of the initial one and occurrence of a new compensation event. |

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| | <ul style="list-style-type: none"> • Is the Concessionaire required to wait for 24 months for each and every Compensation Event before making a claim for a rebalance • If no, please confirm that the time threshold is in the aggregate for all Compensation Events during the term of the Concession • What happens to sums expended on a Compensation Event when the Grantor elects to terminate the Concession Agreement are these sums (particular opex amounts) covered by Termination Date Debt or the Refund Sum on an Extended Force Majeure | |
| 19. | <p>The Tender Documents state the Financing Plan requires all projections to be shown in 2017 prices. This poses a major problem as any financing plan is by definition quoted nominal (interest rates quoted, repayment profiles required). Calculating the financing cash flows in real terms would introduce a number of assumptions and distortions (how do bidders show debt repayments in ‘real’ terms? Which hypothetical inflation rate should be chosen?) – and lead to unrepresentative and incomparable outputs. Can we suggest that we show operating outputs (revenues, EBITDA, capex) in real terms – to enable comparability between bid forecast plans – and all financing related cash flows (ie. the levered cash flows, debt interest payments and capital repayments, equity IRRs etc) are shown in nominal terms (ie reflective of the actual debt terms quoted by banks). Again - real ‘levered’ cash flows and IRRs will not be comparable between bidders, and will be unrepresentative, as bidders will have to decide subjectively how to ‘deflate’ debt repayment profiles and interest rates. Your answer provided to another bidder on 6 November states: “Bidders are required to submit “real” revenue forecasts, so that different forecasts with different inflation assumptions can be compared. Can you confirm our interpretation that therefore levered cash flow outputs should be shown in nominal terms and still be in full compliance with the Tender Rules. Please confirm as a matter of urgency so that all bidders can submit on a comparable and compliant basis.</p> | <p>Bidders can prepare a nominal financial model, and the present operating outputs (financial statements, etc.) in nominal terms dividing all the nominal figures by the cumulated inflation for the year. Each bidder will use the hypothetical inflation rate it has assumed in the model, for example to inflate unit costs.</p> <p>For the avoidance of doubt, while the Financing Plan projections are to be shown in real (2017) prices, the calculation of the Threshold Equity IRR in the Initial financial model will be using nominal prices.</p> |
| 20. | <p>Based on the information provided in the Q&As dated 2nd January 2019 (item no. 3) and 14th January 2019 (item no. 5) with regards to Wizz Air ground handling, can you please clarify:</p> <ul style="list-style-type: none"> • Whether the staff headcount reassigned to other departments (c. 78) will be retained until the start of the Concession? • How the remaining c. 350 staff will be treated? Is there any plan to incentivize their dismissal or will they remain in the business? • Assuming all the GH staff will be retained internally can you share the proposed reallocation plan (leaving aside the 78 FTEs already reallocated)? | <p>The process of reassigning workers and employees from groundhandling services to other units of the company is dynamic and their number changes with each working day. This dynamics will continue until the necessary target number for servicing airlines with existing and/or expected contracts and seasonal schedules is reached.</p> <p>At the date of the preparation of this answer, the number of reassigned persons was 92.</p> <p>The Management Board of the Company does not plan for termination of the employment contracts of groundhandling workers and staff due to termination of the groundhandling contract with “Wizz Air”.</p> |

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| <p>21.</p> | <p>Please provide updated information regarding the following questions related to protection of personal data:</p> <p>1. Has the report from the external audit carried out by the law firm Ilieva, Vucheva & Co. concerning the activities and procedures for personal data processing in relation to the entry into force of GDPR been submitted? If yes, please provide a copy of the report. In case the document was submitted, has it been approved by the Management board of Sofia Airport and what measures have been taken for removal of the non-compliances?</p> <p>2. Has the report from the external audit of the information systems of Sofia Airport carried out by the firm Amatas concerning the activities and procedures for personal data processing in relation to the entry into force of GDPR been submitted? If yes, please provide a copy of the report. In case the document was submitted, has it been approved by the Management board of Sofia Airport and what measures have been taken for removal of the non-compliances?</p> <p>3. Please provide the Record under Article 30, paragraph 1 of the GDPR for data processing activities kept by Sofia Airport EAD as a data controller.</p> | <p>1. Sofia Airport EAD is in the process of integrating all the procedures provided in reference to the consultation contract. The information is available for review in the Physical Data Room – Appendix 7.33.</p> <p>2. Sofia Airport EAD is in the process of integrating all the procedures provided in reference to the consultation contract. The information is available for review in the Physical Section of the Information Room – Appendix 7.34.</p> <p>3. The information is available for review at the Electronic Data Room – Appendix 7.35.</p> |
| <p>22.</p> | <p>Worldtracer service agreement between Societe Internationale de Telecommunications Aeronatiques and Sofia Airport EAD dated 4 April 2001 - The documents provided in respect of the Service Module concluded under this agreement do not allow us to determine when the term of this Service Module (respectively, the entire agreement) will expire. Would you please clarify?</p> | <p>The Agreement expires in April 2022.</p> |
| <p>23.</p> | <p>Are there Deeds of public state property issued for RE 68134.709.478 and ПИ 68134.709.480? If yes - please provide them and if not - please clarify what is the stage of the procedure for their announcement as public state property? When is it expected the relevant Deeds of public state property to be issued? Are we right in our understanding that if there are Deeds of public state property or such deeds will be issued before signing of the Concession agreement, these two RE shall be included in the concession object automatically and will be reflected in Appendix 7 to the Concession agreement?</p> | <p>The MTITC has initiated the process of issuance of Public State Property Acts for the land plots mentioned.</p> <p>According to Annex 2, Part 1, item 3.2. of the Tender Documents, following issuance of public state property acts a land plot, situated in the city of Sofia, Slatina District, with an identifier 68134.709.478, with an area of 4 184 sq. m., and a land plot, situated in the city of Sofia, the Slatina District, with an identifier 68134.709.480, with an area of 19 026 sq. m., will be included in the Object of the Concession.</p> |