

#	Question	Answer
1	Please clarify what would be the amount of the guarantee that the 3rd party Airport Operator would have to provide should the same not participate at equity investment level?	As set out in our answers posted on 26 July 2018 (Q&A no 1), the amount of the corporate guarantee shall be equal to the equity commitment required from the Third Party Airport Operator pursuant to Clauses 13.2.4 and 13.2.3 of the draft Concession Agreement, where for the purposes of this guarantee the percentage is to be calculated on the total equity commitment (i.e. including Share Capital and Shareholders Debt).
2	2.1. Please clarify specific triggers for capex (if any). 2.2. Please confirm possibility for the concessionaire to appeal to the position of the Capacity Assessment providers as drafting currently consider that its position cannot be disputed.	2.1. As part of their offers, bidders will have to propose, and – if awarded the Concession – implement an investment program, containing types and directions of the proposed investments by aeronautical and commercial activities, in accordance with Schedule 4, Part 1, Section 2, (C).4. 2.2. The Concession Agreement does not include the possibility to appeal the Capacity Assessment. Note however, that, in accordance with Appendix 6, Capacity Assessment Provider shall be appointed by the Concessionaire (and approved by the Grantor).
3	The Investment Program and its deployment shall be based upon traffic evolution and agreed-upon triggers. Please confirm the same is possible	The implementation of the investment program shall be based on the Offer of the winning bidder. As noted in the answer to question #13 published on July 31st, whereas the investment volume proposed in the Offer will be binding, the Concession Agreement provides for some flexibility as concerns the investment items and the timing of investments (clauses 18.3 and 18.4). Moreover, under the circumstances set forth in the Concession Agreement there might be deviations / variations as concerns the timing and items.
4	Grantor's approval is required on all investments plans, Business plans, Financial model, methodology for KPI performance monitoring ...Please clarify the protocol to get Grantor's approval.	Please refer to clauses 18.4 (Approval of the Annual Investment Plans), 33.2 (Updates to the Financial Model), and 23.2.4 and Appendix 6 of the Concession Agreement.

5	The Concession Agreement mentions that the Concessionaire will set airport charges at convenience. We require confirmation of the same and whether this is in line with the existing regulatory framework for airport charges. Would changes in airport charges require agreement with Airlines, please confirm if this is required and what would be the protocol for reaching such an agreement?	Please refer to the Civil Aviation Act, and other applicable EU law acts and their implementing legislation.
6	Would the Grantor consider an extension of the submission date in consideration also of the requirement to have all documents translated in Bulgarian? Please confirm if this is possible. We would suggest an extension of 3 months for better preparedness of bid and getting a proper translation into Bulgarian.	We acknowledge the request for an extension to the bid submission date. The request will be duly considered, in combination with other requests stemming from the Q&A process. Please note that better preparation of offers and receipt of an appropriate translation in Bulgarian are not legally justified reasons for extending the bid submission deadline. Please also note that the extension to bid submission deadline for these reasons is not an objective circumstance. The Grantor in this procedure has the ambition to comply with the established initial deadlines for bid submission, except in the expressly specified by law and legally justified cases which impose the contrary.
7	Please confirm that the Up Front Concession Fee Amount (clearly stated in the Tender documents but not the Concession Agreement) is NOT an awarding bidding criteria.	We confirm that the amount of the Upfront Concession Fee is not a award criterion. As specified in clause 8.9(c) of the Tender Documents, the Upfront Concession Fee shall be equal to Euro 281,210,535 excluding VAT and it is not subject to a separate offer by the Bidders. Accordingly, it is not included in the evaluation of the Financial Proposal as set out in Schedule 4, Part 3, Section I of the Tender Documents.
8	Please clarify the concession extension rules and/or main trigger (if any).	The draft Concession Agreement does not specify any triggers for the extension of the Concession Period. Clause 2.11.2 of the draft Concession Agreement provides for the possibility of extending the Concession Period. The extension (if any) will be granted in accordance with the Concessions Act. Construction works are prerequisite for the implementation of the concession, including, but not limited to, the construction of a new terminal, extension of Terminal 2, and construction of a new runway, pending further assessment. An example of a condition for extending the Concession Period could be the construction of a new runway at advanced stage of the Concession.

9	What is the current level of minimum equity requirement in the Concession Law as it may contradict the 20% minimum requirement stated in the Concession Agreement?	The 20% minimum equity requirement applies to the Airport Operator Shareholder. The Concession Act does not include any such minimum equity requirements
10	Would the Grantor consider an extension of the period allowing grantor to intervene as per (21.2.4 and 21.2.6) as 2 days is far too short (especially in consideration for instance of Brussels Airport was closed 12 days after 2016 bombing attack) given that consequences are quite strict.	The permissible interventions as worded in the draft Concession Agreement are considered acceptable and fair given the importance of ensuring that all efforts are being exerted to keep the capital airport of Bulgaria operational. Moreover, Clause 21.2 states that "The Grantor may intervene..." and it will be a matter of discretion depending on the specific situation. Various carve outs from this intervention have already been defined.
11	Please clarify flow of payment of the Annual Concession Year for a given year as the English version of clause 30.3 is rather confusing	<ul style="list-style-type: none"> <li>• By the 20th February and 20th July of each year, the Concessionaire shall provide the Grantor with the Concession Fee Certificate for the preceding period (the immediately preceding Concession Year or part thereof, i.e. July-December; January-June).</li> <li>• By the 31th of July, the Concessionaire shall pay the Grantor the Concession fee as specified in the Concession Fee Certificate provided to the Grantor on the 20th July.</li> <li>• By the 31th of March, the Concessionaire shall pay the Grantor the Concession fee as specified in the Concession Fee Certificate provided to the Grantor on the 20th February.</li> </ul>
12	Please clarify if the 30% increase of the Concession Fee stemming from a IRR > 30 % of year N must be paid in one shot in year N+1. Please confirm possibility to claw back this amount if IRR reduces below the 30 % threshold.	The 30% increase of the Concession Fee stemming from a IRR > 30% in two consecutive years (N-1 and N), will apply to the Concession Fee paid in year N+1. If, in year N + X the IRR reduces again below the 30% threshold, in year N + X + 1, the Concession Fee will return to the initial value (i.e. the 30% increase will no longer apply).
13	Please confirm that clauses 35.1.6 (Withdrawal, cancellation, or abrogation of Permit and Consent by a Competent Authorities in violations of the Laws) is not an event of default but just a relief event. Please confirm that this procedure can only be triggered after the dispute resolution mechanism?	To the extent your question relates to clause 35.1.6, the Grantor would first like to go through the dispute resolution procedure provided for under the Agreement to acknowledge whether an assessed relief event constitutes a recognized relief event.

14	Please clarify clause 35.2 Relief Event consequences given that 1) Loss of revenue is not covered 2) it is unclear how to differentiate clause 35.2.1+35.2.2 leading to temporarily relief vs 35.2.6 giving right to extension of the concession / compensation	Events listed under Clauses 35.2.1 and 35.2.2 only entitle the Concessionaire for temporary relief from its obligations. Events listed under Clause 35.2.6 entitle the Concessionaire to an extension of the Concession Period, or, compensation.
15	Please clarify clause 40.6.1b) ("Concessionaire Default Compensation Sum") as there is no indication on the amount to which the deduction of an IRR (i.e. a %) must be applied. Some words are apparently missing.	As set out in our answers posted on 27 July 2018 (Q&A 1), in view of the provisions of Art. 150 para.3 item 1 and para.4 of the Concessions Act, Clause 40.6.1 of the draft Concession Agreement will have to be amended to include the equity invested as of the Termination Date reduced by the Threshold Equity IRR. "Threshold Equity IRR" shall mean the IRR produced with respect to equity within the Initial Financial Model (as defined in the draft Concession Agreement). Each Bidder is required to provide in its Offer (within the Technical Proposal) a Financing Plan and Financial Model that includes inter alia "Key standard financial indicators (IRR (the internal rate of return, including Equity IRR and Threshold Equity IRR, as defined in the draft Concession Agreement), WACC, DSCR, LLCR, etc.)" (see schedule 4, part 1, section 2, paragraph B (Financing Plan requirements) of the Tender Documents). With the exception of the IRR, there are no specific requirements in the Tender Documents and draft Concession Agreement as to the mechanism for calculating these indicators.
16	41.3.2 : Extensive Force majeure Refund Sum: Please clarify what indemnities are covered here.	As mentioned in our answers posted on 31 July 2018 (Q&A 7), The Concessions Act does not provide for any compensation in case of an Extensive Force Majeure. In view of this and applicable Bulgarian law, this clause provides a compromise to avoid any unjust enrichment. These provisions of the draft Concession Agreement have practically the same effect as if the Concessions Act was providing for compensation in case of termination for force majeure.

17	Can the Grantor consider that under ICC Rules, the chairman may NOT be Bulgarian as it could effectively reduce the scope of an arbitration to find a suitable solution.	Clause 56 of the draft Concessions Agreement together with the ICC Rules clearly sets out the rules: Any arbitrator, including the President (which is the chairman) may be a person of Bulgarian nationality but does not have to be. Clause 56.1.4 of the draft Concession Agreement also expressly excludes article 13 (5) of the ICC Rules pursuant to which "The sole arbitrator or the president of the arbitral tribunal shall be of a nationality other than those of the parties. However, in suitable circumstances and provided that none of the parties objects within the time limit fixed by the Court, the sole arbitrator or the president of the arbitral tribunal may be chosen from a country of which any of the parties is a national."
18	Clause 15.1.8 : "The Concessionaire shall include a provision in the Financing Agreements whereby it is entitled to be informed of any proposal which the lenders may have to refinance the Financing Agreements" . Please clarify what is expected exactly as quite unusual?	We confirm that a typographical error has occurred in the draft Concession Agreement and that the information right shall be for the benefit of the Grantor.
19	Please check translation of clause 18.2 paragraph 3 as a word is apparently missing in the English version as it states: "" the Concessionaire shall implement (?), after having received, a notification from the Grantor to remedy this situation (...)"	We confirm that a typographical error has occurred in the Concession Agreement. The clause was expected to read as follows: "... the Concessionaire shall, after having received a notification from the Grantor, implement an action plan with a timeframe of one year to remedy this situation ..."
20	Please clarify if clause 40.2.2 would mean that ACR of year N is reduced by more than 20% vs ACR of N-1?	Clause 40.2.2 should read: "any curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition, confiscation or nationalization by any Competent Authority, which affects the Concession Operations in such a way that the Aggregate Concession Revenue for the year is reduced by more than twenty (20) percent, <u>relative to the previous Concession Year</u> ;"
21	Would the Grantor consider (or clarify the Extensive Force Majeure Clause) to ensure that the senior debt will be recovered in any circumstances as it will be a critical point for potential lenders	We believe the clause as currently drafted affords significant protection to the investor and lenders.

22	<p>“Concession documentation”: Art 6.3. Participation Guarantee According to Art. 6.3(b) the participation guarantee must be valid for thirty (30) days after the original Bid Validity Period of Validity (set at 360 calendar days according to 6.6(a). However, in Schedule 3: Content of the applications and tenders, Form D: Participation guarantee is a fixed period of validity of 360 calendar days, which is unclear as required. Please clarify and confirm the exact period of validity of the participation guarantee and update Form D of Schedule 3 if necessary.</p>	<p>We confirm that the validity period of the participation guarantee is set out in Clause 6.3(b) of the Tender Documents and it has to be valid for thirty (30) days after the original Bid Validity Period (set at 360 calendar days according to Clause 6.6(a).</p>
23	<p>Schedule 4, Section B.4, Financing Plan Requirements:</p> <p>a) According to B.4 The financial model must be duly audited: We assume that you expect to receive a Financial Model containing the assumptions related to the final financial offer of the proposal. Please note that a complete audit of the financial model would take several weeks and it is not possible to provide a model that was audited and which contained the mandatory and final financial offer of the bidder. So please confirm that the following will satisfy your requirements: 1) a technical check of the preliminary version of the model by an accredited and reputable auditor and 2) separate submission of the final financial model.</p> <p>b) please confirm that a translation into Bulgarian of the financial model audit is not required.</p>	<p>The purpose of the audit of the financial model is mechanical: it is to ensure that the model contains no calculation errors. As long as the only difference between the final financial model (submitted) and the version of the financial model that was audited is in its inputs and assumptions, and that the calculation sheets are unchanged, this is acceptable. In accordance with clause 6.5.(b) of the tender documents, in case the financial model is in English, it shall also include a Bulgarian translation.</p>

24	<p>“Works Performance Guarantee” in the document “Draft Concession Agreement” under item 16.2.1.: We understand that according to the document “Concession Documentation” in Schedule 4, Part 1, Section 3 C “Requirement for Capital Expenses Forecast” the capital expenditure must be “not less than EUR 600 million without VAT. The capital expenditure must be calculated at prices valid for 2017 in euro.” Please confirm the following understanding or clarify it:</p> <ul style="list-style-type: none"> <li>• “performance guarantee” is based on actual prices rather than nominal ones (i.e. inflation adjusted).</li> <li>• The term “works” means all future capital expenditure in the “Concession Period” (and we therefore understand that this covers the amount of all planned capital projects together and not just each individual project) and forms the basis for calculating the amount of the “Works Performance Guarantee”. This means that the initial minimum amount of “ Works Performance Guarantee” is at least EUR 60 million excluding VAT (reference to the requirement of the capital expenditure amount in Schedule 4, Part 1, Section 3 C “Capital expenditure forecast requirement”) and will be reduced in the concession period after each of the capital expenditure projects is completed.</li> <li>• “Works Performance Guarantee” does not include VAT on Capital expenditure and other costs defined as “works”</li> </ul>	<ul style="list-style-type: none"> <li>• The performance guarantee will be based on expected nominal prices (including inflation).</li> <li>• For the purpose of calculating the Works Performance Guarantee, the term “Works”, at any given time, refers to the works and capital expenditures but please note that it is a percentage of 10% of the rolling amount of Works (so each Works phase requires a guarantee but if there are no Works on-going, there is no need for a guarantee).</li> <li>• For the purpose of calculating the Works Performance Guarantee, Works does not include VAT.</li> </ul>
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