

| No. | Question | Answer |
|-----|---|--|
| 1. | <p>Pursuant to the second paragraph of clause 1 of the form of a Shareholder Undertaking (Appendix 11 (a) to the Concession Agreement), each direct shareholder of the Project Company will, by signing a Shareholder Undertaking, assume towards the Grantor, amongst other things, the obligations which are <u>"exclusively envisaged in clauses 11 (Concessionaire) to 13 (Change of Ownership) of the Concession Agreement"</u> (such obligations are repeated in clause 2 (Shareholder Undertakings) of the form of a Shareholder Undertaking).</p> <p>The liability of the direct shareholders of the Project Company under the Shareholder Undertaking is set out in clause 5 (Limited Indemnities Undertaking) thereof. Pursuant to clause 5 "the shareholders shall bear liability for the representations and warranties as well as the undertakings set out in Sections 3 and 4 hereof, the satisfaction of the obligations set out in Section 2 hereof, whether solely, jointly and severally with the Concessionaire or otherwise towards the Grantor under the Concession Agreement, <u>in relation to any obligation under the Concession Agreement"</u>.</p> <p>Therefore, there is an inconsistency in the English text of the form of a Shareholder Undertaking between the second paragraph of clause 1 thereof and clause 5 thereof in terms of the scope of the obligations of the Concessionaire to which the joint and several liability of the direct shareholders of the Concessionaire applies (it is being understood that the joint and several liability of the direct shareholders of the Project Company is not limited by any amount (as confirmed by you in your response no. 5 in the set of responses dated 27 July 2018)).</p> | <p>Please refer to Guideline No. CA-11 of 8 August 2018 on the application of the Concessions Act, with regard to Art. 21, al. 5 and Art. 63, al. 3 of the Concessions Act. The Guideline is published in the National Concessions Register on the website of the Council of Ministers. To comply with this Guideline, the Tender Documents will accordingly be amended, and the Grantor shall apply the procedure referred to in Clause 5.3. of the Tender Documents.</p> |

| No. | Question | Answer |
|-----|--|--|
| | <p>We note, however, that there is a discrepancy between the Bulgarian text of clause 5 of the form of a Shareholder Undertaking (which refers to the “respective obligation”) and the English text thereof (which refers to “any obligation”).</p> <p>Could you please clarify whether the English text of clause 5 of the form of a Shareholder Undertaking is incorrectly translated from Bulgarian and indeed that clause 5 refers to "respective obligations" and, as a result, that the direct shareholders of the Concessionaire bear liability to the Grantor under a Shareholder Undertaking for their representations and warranties as well as the undertakings in out in clauses 3 and 4 of the Shareholder Undertaking, the satisfaction of the obligations set out in clause 2 of the Shareholder Undertaking, whether solely, jointly and severally with the Concessionaire or otherwise towards the Grantor in relation to any obligations of the Concessionaire envisaged in clauses 11 (Concessionaire) to 13 (Change of Ownership) of the Concession Agreement?</p> | |
| 2. | <p>The forms of each Third Party Undertaking set out in Appendices 11b and 11c to the draft Concession Agreement do not provide for any amounts of the guarantee set out in that Third Party Undertaking (such amount is to be filled in).</p> <p>You have clarified in your response no.1 in the set of responses dated 26 July 2018 that, in respect of a Third Party Undertaking, the amount of the guarantee to be given by a third party-Airport Operator is the amount equal to the equity (Share Capital and/or Shareholders Debt) which the Airport Operator is required to</p> | <p>Please refer to Guideline No. CA-11 of 8 August 2018 on the application of the Concessions Act, with regard to Art. 21, al. 5 and Art. 63, al. 3 of the Concessions Act. The Guideline is published in the National Concessions Register on the website of the Council of Ministers. To comply with this Guideline, the Tender Documents will accordingly be amended, and the Grantor shall apply the procedure referred to in Clause 5.3. of the Tender Documents.</p> |

| No. | Question | Answer |
|-----|--|--|
| | <p>provide under clauses 13.2.3 and 13.2.4 of the Concession Agreement.</p> <p>Could you please also clarify what is the amount of the guarantee to be given in the relevant Third Party Undertaking by a third party providing financial support to the Concessionaire?</p> | |
| 3. | <p>You have clarified in your response no. 7 in the set of responses dated 27 July 2018 and in your response no. 2 in the set of responses dated 31 July 2018, that a third party – Airport Operator is jointly and severally liable with the Concessionaire only for the fulfillment of the respective contractual obligations of the Project Company under the Concession Agreement in respect of "<i>Third Party Supported Functions</i>". In this context, do the "Third Party Supported Functions" mean the obligations of the Project Company relating to the Airport Operator's functions under the Concession Agreement?</p> | <p>Third Party Supported Functions are defined in Clause 2.2 of Appendix 11b as all Airport Operator functions being supported by Third Party Resources. Please refer to Guideline No. CA-11 of 8 August 2018 on the application of the Concessions Act, with regard to Art. 21, al. 5 and Art. 63, al. 3 of the Concessions Act. The Guideline is published in the National Concessions Register on the website of the Council of Ministers. To comply with this Guideline, the Tender Documents will accordingly be amended, and the Grantor shall apply the procedure referred to in Clause 5.3. of the Tender Documents.</p> |
| 4. | <p>You have clarified in your response no. 8 in the set of responses dated 27 July 2018 that joint and several liability of a third party providing financial support to the Concessionaire is without any limitation as provided in clause 5 of the relevant Third Party Undertaking (i.e. Appendix 11 (b) and Appendix 11 (c) to the draft Concession Agreement).</p> <p>Could you please clarify that, in case of a breach by the Project Company of any of its obligations under the Concession Agreement (in respect of which such third party is jointly and severally liable), the Grantor cannot demand from such third</p> | <p>Please refer to Guideline No. CA-11 of 8 August 2018 on the application of the Concessions Act, with regard to Art. 21, al. 5 and Art. 63, al. 3 of the Concessions Act. The Guideline is published in the National Concessions Register on the website of the Council of Ministers. To comply with this Guideline, the Tender Documents will accordingly be amended, and the Grantor shall apply the procedure referred to in Clause 5.3. of the Tender Documents.</p> |

| No. | Question | Answer |
|-----|---|--|
| | party any amount exceeding the amount of the guarantee given by such third party in the Third Party Undertaking? | |
| 5. | <p>"We thank you for your response number 18 in the Q&A dated 31 July 2018 in relation to calculation of the total asset value of the Concessionaire under clause 12.1.2 of draft Concession agreement.</p> <p>In addition to your response, could you please clarify that total assets and liabilities of the Concessionaire are calculated at their book value? Could you please also clarify whether, for the purposes of calculation of the total asset value of the Concessionaire, liabilities include all liabilities of the Concessionaire or only those directly related to the Concessionaire's investment in the Concession?</p> | <p>Total assets and liabilities of the Concessionaire will be calculated on the basis of their book value.</p> <p>For the purposes of calculation of the total asset value of the Concessionaire, only those assets and liabilities related to the Concessionaire's investment in the Concession will be considered.</p> |
| 6. | <p>We refer to the definition of "Aggregate Concession Revenue", as defined on page 6 of the Draft Concession Agreement:</p> <p>We would like to test our understanding of the Aggregate Concession Revenue in case certain activities within the airport, such as retail shops or restaurants, are subcontracted to a third-party and where the third-party subcontractor makes regular rental payments to the Concessionaire. Do we understand correctly that in such case the Aggregate Concession Revenue will include the rental payments received by the Concessionaire from the third-party subcontractor, but not the revenues of the third-party subcontractor?</p> <p>Do we understand correctly that in case Airport Charges are due, but not paid in a certain Concession Year, such unpaid amounts</p> | <p>In the example provided the Aggregate Concession Revenue will include the rental payments received by the Concessionaire from the third-party subcontractor, but not the revenues of the third-party subcontractor.</p> <p>"Aggregate Concession Revenues" are calculated on the basis of aggregate cash receipts of Airport Charges. Thus, in case Airport Charges are due, but not paid in a certain Concession Year, such unpaid amounts will not be included in the calculation of the Annual Concession Revenue.</p> <p>In accordance with clause 30.1.2.(a) of the draft Concession Agreement, the minimum amount of EUR 7,669,378.22 (BGN 15,000,000) would, in any case, still apply.</p> |

| No. | Question | Answer |
|-----|---|--|
| | are not included in the calculation of Annual Concession Revenue? | |
| 7. | <p>According to Clause 34.13 of the Concession Agreement – if for two consecutive Concession Years the actual equity IRR exceeds by 30% the equity IRR value in the Initial Financial Model of the Concessionaire, the Grantor shall be authorized to a rebalance in its favour.</p> <p>Could you please clarify how exactly the calculation of the “actual equity IRR” will be done? Shall we understand that the “actual equity IRR” will be calculated based only on the actual performance for the Concession Years up to the point of time of the comparison without any projections for the remainder of the concession included?</p> | <p>The “actual equity IRR” will be calculated based only on the actual performance for the Concession Years up to the point of time of the comparison, without including any projections for the remainder of the concession.</p> |
| 8. | <p>The Concessionaire shall set and collect the Airport Charges that are set in accordance with the Civil Aviation Act (CAA), other applicable EU laws and their implementing legislation on its own behalf and for its own account (Article 24.1 of the draft Concession Agreement).</p> <p>Item 3 of Appendix 4 to the draft concession agreement refers to airport charges to be calculated (for the purposes of the financing model) in compliance with Directive 2009/12 and ICAO Documents 9562 and 9082.</p> <p>Currently the costs incurred by the operator of Sofia Airport which can be taken into account for the purposes of calculation of the airport charges at Sofia Airport are itemised in Section I of the Methodology for determining airport charges (Annex № 1 to</p> | <p>“The Upfront Concession Fee and the Annual Concession Fee, as well as the costs incurred by the Concessionaire in connection with debt and equity financing raised for the purposes of financing of the regulated activities are eligible cost components for the purpose of calculation of the airport charges at Sofia Airport. “</p> |

| No. | Question | Answer |
|-----|--|--|
| | <p>the Ordinance on fees for the use of public airports and air navigation services in Bulgaria) (the "Methodology").</p> <p>Please confirm our understanding that the list of costs eligible to be included in calculation of the airport charges at Sofia Airport, as such list is set out in the Methodology is not exhaustive, and the Concessionaire can include in such calculation other costs as permitted by Directive 2009/12 and ICAO Documents 9562 and 9082.</p> <p>In particular, please confirm that the Upfront Concession Fee and the Annual Concession Fee are regarded as a cost component eligible to be included by the Concessionaire in calculation of the airport charges at Sofia Airport. With respect to the Upfront Concession Fee, please also confirm that it is to be reflected as a regulated cost in the calculation of the Airport Charges activities as 1/35 part, proportionally to the term of the concession. Further, please confirm that the costs incurred by the Concessionaire in connection with debt and equity financing raised for the purposes of financing of the regulated activities are regarded as a cost component eligible to be included at determining the Airport Charges for Sofia Airport.</p> | |
| 9. | <p>Is it the intention that Qualifying Sponsors who form a consortium (even where they are completely different parties) are (x) jointly and severally liable, (y) in respect of all obligations of the Concessionaire, or just those obligations that are within the Sponsors' immediate control (such as contributing initial equity, not causing a prohibited change of control)?</p> <p>We are seeking clarification because the Tender Documents say that joint and several liability in respect of all obligations of the</p> | <p>To the extent that under "Qualifying Sponsors" or "Sponsors" you mean the Consortium members forming a Project Company – and whereby becoming Shareholders in the Concessionaire – then the answer to Q#1 above is applicable: i.e. the Shareholders of the Concessionaire shall be jointly and severally liable with the Concessionaire for the performance of the Concessionaire's obligations under the Concession Agreement, without limiting such joint liability to obligations that are within the Shareholders'</p> |

| No. | Question | Answer |
|-----|---|--|
| | <p>Concessionaire is expected whereas the actual Undertaking indicates otherwise. In our view, joint and several liability with third parties as contemplated in (x) would cause a conflict with our fiduciary duties and the fact that it is not limited to contributed equity (as contemplated in (y)) would be highly unusual in the European context and will be extremely difficult for investors to agree to. Usually the Grantor deals with poor performance in other ways, typically through penalties for failure to meet key performance indicators, or eventual termination with reduced compensation – both of which are already provided for in the Concession. Therefore there should not also be a need for what is effectively a shareholder guarantee.</p> | <p>immediate control (e.g. contributing initial equity, not causing a prohibited change of control). Please refer to Guideline No. CA-11 of 8 August 2018 on the application of the Concessions Act, with regard to Art. 21, al. 5 and Art. 63, al. 3 of the Concessions Act. The Guideline is published in the National Concessions Register on the website of the Council of Ministers. To comply with this Guideline, the Tender Documents will accordingly be amended, and the Grantor shall apply the procedure referred to in Clause 5.3. of the Tender Documents.</p> |