

№	Question	Answer
1	<p>CAPEX</p> <p>With reference to file КАПИТАЛОВИ РАЗХОДИ (section 2.2 of online Data Room):</p> <p>1) Could you please confirm our understanding that on project "CCTV system expansion in Terminal 1 and Terminal 2" and project "Replacement of the technical equipment of the CCTV system at Terminal 1 the remaining amounts to be paid are EUR 773 thousand and EUR 252 thousand, respectively.</p> <p>2) There are projects planned to be initiated or implemented in 2017 but postponed for 2018 at the total amount of EUR 18 010 thousand and new projects planned for implementation in 2018 at the total amount of EUR 7 920 thousand. Could you please update the status of each project with latest data - what are the amounts on these projects that have already been paid in 2018 and respectively what are the remaining estimated amounts on the projects to be made in the future. Please also refer to any contracts that have been signed with respect to these projects. What are the obligations of the future Concessionaire with respect to such contracts?</p>	<p>1. These projects are currently being implemented and therefore, as of now, no payments have been made in that respect.</p> <p>2. Attached electronic file regarding the status of the projects.</p> <p>According to Clause 1.1. "Definitions" of the Draft Concession Agreement "Transferring Contracts" shall mean any third-party contract to which the Current Operator is a party which relates to the Concession Operations, including leases, contracts with Airlines, ground handling services providers, public enterprises, public enterprises Utilities, Competent Authorities, as listed in Appendix 16a (<i>List of Transferring Contracts</i>);</p> <p>According to Clause 2.8.6. of the Draft Concession Agreement, the Transferring Contracts shall be transferred to the Concessionaire with all risks associated therewith, as well as with all rights and obligations associated therewith, and save that any Third Party Claims, liabilities or litigation existing on the day preceding the Concession Commencement Date or arising from events or facts occurring at the latest on the day preceding the Concession Commencement Date, in connection with any Transferring Contract, shall remain with and be the sole liability of the Current Operator.</p>
2	<p>Passenger capacity</p> <p>As per the provided tender documentation Sofia Airport has processed a total of 6,490,096 passengers but Terminal 2 has a capacity 2.6 million passengers and Terminal 1 - 1.8 million passengers. What is the reason for the difference between the total capacity of the terminals and the passengers actually processed?</p>	<p>Since 2016 the Sofia Airport provides services to new airlines, flying to many new destinations, which resulted in a record growth of the passenger flow in 2017. In order to maintain the growth levels, certain improvements were introduced, such as increased number of security check points, which significantly improved the passenger processing and this, at present, the Sofia Airport processes a much higher number of passengers, than initially planned.</p>
3	<p>Costs</p> <p>Please explain the following differences between the amounts of COGS and Operating Costs in file Ref. 1.1.7 Consolidated EBITDA 2016,2017 in the electronic dataroom versus the statutory financial statements:</p> <ul style="list-style-type: none"> - COGS: difference of BGN 177 ths. in 2017 and difference of BGN 70 ths. in 2016; - Operating costs: difference of BGN 1,437 ths. in 2017 and difference of BGN 1,223 ths. in 2016; 	<p>The annual financial statements for 2016 and 2017 include activities and facilities, outside of the concession scope, while those, included in Appendix 1.1.7 "Consolidated EBITDA", aim at presenting what the costs and revenues would be, if the airport was operated by a concessioner in 2016 and 2017.</p>
4	<p>Costs</p> <p>Please, confirm deferred costs as indicated in the 2016 financial statements:</p> <ul style="list-style-type: none"> - materials - luggage conveyors for BGN 300 	<p>The listed costs are not deferred for payment in the next year, i.e. these costs are not deferred, but non-incurred costs (economies) in the planned period.</p>

	<p>thousand; Foaming agent BGN 282 thousand; for maintenance BGN 240 thousand; X-ray spare parts BGN 229 thousand; A/C for BGN 150 thousand.</p> <ul style="list-style-type: none"> - working clothes and uniforms - BGN 245 thousand (646k planned vs actual of 401k) - non-performance of planned costs in ongoing repairs - parking level -1 BGN 240 thousand; floor coverings BGN 120 thousand; kerosene tanks BGN 500 thousand; - Staff trainings - BGN 148 thousand (286k planned vs actual of 138k) - subscriptions - repairing joints and cracks for BGN 400 thousand; noise monitoring - BGN 144 thousand; automation system BGN 102 thousand; Fire service contract BGN 516 thousand; <p>Please, confirm deferred costs as indicated in the 2017 financial statements:</p> <ul style="list-style-type: none"> - materials - brush truck BGN 282 thousand; air breathing apparatus of BGN 352 thousand; airbridge expenses BGN 30,000; general maintenance of BGN 180 thousand. - on-performance of planned costs in ongoing repairs - taxiway BGN 939 thousand; taxiway "L", amounting to 300 thousand BGN; Term-2 parking BGN 150 thousand; spare parts X-ray BGN 250 thousand; - Maintenance/Support of the employees of the Ministry of Interior” in the amount of BGN 2 780 thousand 	
5	<p>Costs</p> <p>With respect to the unpaid planned expenses related to “Maintenance/Support of the employees of the Ministry of Interior”, could you please confirm that the amount of BGN 2 780 thousand is the estimated annual expense. Please elaborate whether if such contract is eventually signed, the expense will be also applicable for the Concessionaire.</p>	<p>We confirm that the amount of BGN 2 780 thousand is the estimated annual expense for this activity.</p> <p>According to art. 92, para. 2 of the Ministry of Interior Act, apart from the cases, set out in para. 1, the MoI provides policy security, including using security and signaling equipment, to the sites and facilities, listed in Appendix No. 1. The Sofia Airport is included in that list. According to art. 92, para. 9 of the Ministry of Interior Act, <u>the revenues and expenses, related to the activities of the Ministry of Interior, governed by para. 1 and 3 of the costs, as per art. 2</u> are reported in the Ministry of Interior’s budget. This means that, at our discretion, these costs should not apply to the Concessionaire. Since this question concerns costs of a significant amount, in order to ensure full accuracy and reliability of our answer, we will immediately submit an inquiry with the Ministry of Interior and let you know of the received answer, in accordance with the applicable provisions.</p>
6	<p>Could you please provide a breakdown of operating maintenance expenses by activity/project for 2016</p>	<p>This information is available in the Virtual Data Room – Appendix 1.2.7.</p>

	and 2017? Please also indicate which are the main contracts related to these expenses.	
7	Please explain the reported increase in fire protection costs from BGN 1,606 ths in 2016 to BGN 1,737 ths in 2017. In addition, please specify the amount and explain the reason for the planned increase in fire protection costs for 2018 as per File 1.5.2 in the physical data room. Will the planned increase be applicable for the future Concessionaire?	The reported increase in fire protection costs is the result of the renegotiation of the amounts, based on the updating of the average monthly rate, applicable to the "Fire Safety and Protection of the Population", provided by the Directorate General "Fire Safety and Protection of the Population" as per art. 128, para. 1 of the Ministry of Interior Act, approved by the Minister of Interior.
8	Please, provide us with data about properties historically covered by property tax expenses: what are these properties and what were the respective property tax amounts paid in 2016 and 2017? Please provide details of any property taxes which are currently not covered by Sofia Airport EAD but will be applicable for the future Concessionaire.	The amounts, paid for property tax and waste disposal fee, regarding the assets, falling within the concession scope, for 2016 amounted to BGN 659 thousand and for 2017 – to BGN 692 thousand. All due taxes have been paid up to this moment. The Concessionaire will be a taxable persons, with respect to the property tax and the household waste fee (HWF) in accordance with the Local Taxes and Fees Act (LTFA).
9	Could you please provide a breakdown of Other liabilities item as at 31 Dec 2016 (BGN 5 081 thousand) and 2017 (BGN 6 678 thousand). Could you please provide a detailed breakdown and explain the nature of guarantees received (part of Other liabilities item) of BGN 2 202 thousand as at 2017?	This information is available for review in the Physical Data Room in accordance with the rules and conditions, set out in clause 5.1. of the Concession Documentation, Appendix 1.17.
10	Could you please explain the reason for the variance in the total incentive discount amounts for 2016 and 2017 from the airport fee breakdowns (provided in response to questions from 17.08.2018 - point 2 Answer 3 and point 1 answer 3) and the amounts in the "2.2.5.1 Airport fees and discounts 2015-2017" breakdown ? - 2016 - EUR 3,570,000 vs EUR 3,317,000 (or BGN 6,982,842 from "p.1 A.3" and "p.2 A.3") - 2017 - EUR 7,117,000 vs EUR 7,007,000 (or BGN 13,705,715 from "p.1 A.3" and "p.2 A.3")	This variance is the result of technical mistakes in the files to question 2.2.5.1. Please, consider the files, dated 17.08.2018, item 2, answer 3, as the correct files.
11	Could you please provide a breakdown by type of discounts as per the Incentive program (e.g. for new routes, capacity, ATM, etc.) awarded to "Air Serbia", "Dubai Aviation Corporation as Flydubai", "Swiss International Airlines" and "DNIPROAVIA" in 2017 and 2016?	This information is available for review in the Physical Data Room in accordance with the rules and conditions, set out in clause 5.1. of the Concession Documentation, Appendix 2.2.5.4.
12	Please provide us with the corresponding costs in 2016 and 2017 to the airport fees net revenues from "Air Berlin PLC & CO" (BGN 1,553 ths. in 2016 and BGN 78 ths. in 2017)?	The operating costs are not reported by airlines.
13	According to the breakdown in response to questions from 17.08.2018 (point 2 Answer 3 "airport fees by airline"), no revenue was generated from TNT Airways in 2017, compared to BGN 436,226 generated in 2016. What is the reason for this?	In 2017 TNT Airways was operated by SA ASL Airlines Belgium.
14	Please explain the timing of recording discounts on airport fees? In particular, please explain why the majority of discounts for 2017 are recorded in the second half of	The majority of the discounts are recorded in the second half of the year, due to the nature of the traffic incentives programme. The discounts for aircraft traffic volume and passengers volume are

	the year (BGN 874 thousand in the first half of 2017 vs. BGN 13.7 mln. in 2017)	calculated for the period from 01.07. of one year, to 30.06. in the next.																								
15	Unused paid leave In view of the transfer of employee contracts as part of the Concession, please elaborate on the way the unused days of paid leave will be settled by the current operator or transferred to the Concessionaire.	The provisions of the Directive on the acquired rights and its provisions, transposed in the Bulgarian legislation (the Labour Code) must be complied with, so that externally, there is a solidary responsibility, while the internal relations are governed by Clause 9.1.4 of the Concession Agreement.																								
16	Guarantees issued With regards to the guarantees issued by Sofia Airport EAD (as per file "2.3.7" in the physical data room), please elaborate whether such guarantees will have to be issued by the future Concessionaire and under what conditions.	The bank guarantees – Appendix No. 2.3.7 in the physical data room, are as follows: 1. Issued by Sofia Airport EAD to the benefit of IATA as a collateral for Sofia Airport’s liabilities, related to the airlines issued, in case of misuse, bankruptcy or liquidation and 2. A bank guarantee for deferred payment of excise duties, to the benefit of the Customs Agency. If the Concessionaire does not reach such an agreement with IATA or obtains a warehouse holder license, he shall be obliged to meet all the conditions, applicable to such activities.																								
17	Please provide the budgeted amounts for the full year 2018 of the revenue and cost items with the same level of detail as in the Annual management report as at 31 Dec 2017 (sections 2.1 and 2.2).	This information is available for review in the Physical Data Room in accordance with the rules and conditions, set out in clause 5.1. of the Concession Documentation, Appendix 1.18.																								
18	Could you please explain the difference between the total number of employees provided in Appendix 7.6 (point 51.1) in VDR (total number of employees of 2 403 for 01-11.2017) and the total average number of employees shown in the Audited Financial Statements (2 215 employees in 2017).	The total number of employees provided in Appendix 7.6 (point 51.1) in VDR, refers to all employees (persons), who received remuneration (salaries) in the period 01-11.2017, including those who have left the company, who have retired etc., while the total number of employees in 2017, as per the audited financial statement, is the number of employees during the year, calculated in accordance with the requirements of the National Statistical Institute (the Bulgarian State Statistical Service).																								
19	Please, provide us with the number of part-time employees on a monthly basis for 2017.	Number of part-time (4-hour working day), by months in 2017 <table border="1"> <tr><td>January</td><td>24</td></tr> <tr><td>February</td><td>24</td></tr> <tr><td>March</td><td>24</td></tr> <tr><td>April</td><td>24</td></tr> <tr><td>May</td><td>23</td></tr> <tr><td>June</td><td>23</td></tr> <tr><td>July</td><td>23</td></tr> <tr><td>August</td><td>22</td></tr> <tr><td>September</td><td>23</td></tr> <tr><td>October</td><td>23</td></tr> <tr><td>November</td><td>23</td></tr> <tr><td>December</td><td>23</td></tr> </table>	January	24	February	24	March	24	April	24	May	23	June	23	July	23	August	22	September	23	October	23	November	23	December	23
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20	Please, provide us with the personnel costs of Sofia Airport EAD for the entire 2017 and for the period Jan-June 2018 by job position, categorizing them by department in the same format as the already provided information for 2015, 2016 and 1-11.2017.	This information is available for review in the Physical Data Room in accordance with the rules and conditions, set out in clause 5.1. of the Concession Documentation, Appendix 1.2.8.
21	As per the Internal Rules for Salaries, the minimum and initial salary for the company are determined on the basis of the minimum monthly salary for the country, increased by a coefficient of 1.4. As per the Collective Labour Agreement, this coefficient is 1.35. Please, confirm that the coefficient of 1.4 is the one applicable to all the cases related to the provision of this clause.	According to art. 33 of the CLA, this coefficient was changed to 1.35, as of 08.12.2017.
22	Please, provide us with information about whether the increase of the minimum gross salary for the country as of 1 Jan 2018 has had an impact on the personnel costs. If yes, how much is the respective impact on a monthly basis in comparison to 2017? How many are the employees whose salaries are directly linked to the minimal gross salary for the country? Please, provide a breakdown of these employees by level of education.	According to the National Classifier of Economic Activities, the National Classifier of Professional Activities and the Collective Labour Agreement, there are no employees, whose salaries are directly linked to the minimal gross salary for the country.
23	Please, provide us with the number of terminated and newly signed employment agreements by department in 2016 and 2017. If possible, please use the same department categories as the ones used in the already provided documents for personnel costs.	This information is available for review in the Physical Data Room in accordance with the rules and conditions, set out in clause 5.1. of the Concession Documentation, Appendix 7.22.
24	Please, provide us with data about the sick days for the entire 2017. If possible, please provide us with the same categories of data as in the already provided document Analysis of the Health Status of the Employees at Sofia Airport EAD for 2017, which covers mostly the period 1-10.2017.	November 2017 Total: 402 employees with 534 sick days December 2017. Total: 354 employees with 442 sick days The sick days include leaves, continuing from the preceding month /prolonged sick leaves/.
25	In relation to Art. 2.2. of the draft Concession Agreement - please provide more details on the grounds / substance of the Award Fee due by the Concessionaire to the International Finance Corporation /IFC/ (considering that the concession will be awarded by the Grantor and not by the IFC). Will IFC issue an invoice to the Concessionaire for the Award Fee and will there be a separate contract between the Concessionaire and the IFC? What is the reason for paying the Award Fee - consideration for services performed by the IFC to the Grantor or the Concessionaire, or different ground?	IFC will issue an invoice to the Concessionaire, for the services, provided to the Grantor. This question has already been answered in Q&A_27.08.2018, question No. 24.
26	Please could you tell me if a 2017 flight schedule for Sofia Airport have been uploaded to the DataRoom?	This information is available in the Virtual Data Room – Appendix 2.1.2.5.