

	<b>Question</b>	<b>Answer</b>
<b>1.</b>	<p>1. With respect to clause 6.3.(a). of the Tender documents:</p> <p>1.1. Please clarify if the BBB/Baa2 credit rating applies strictly to the issuing bank (e.g. in the case where a subsidiary may provide the participation guarantee and may have a lower rating than the parent or is unrated);</p>	The rating refers to each entity taking a financing role.
<b>2.</b>	1.2. Please confirm that the BBB/Baa2 refers to long-term issuer default rating (IDR);	We would understand it as the individual rating of credit institution.
<b>3.</b>	1.3. Please confirm that the value of the participation guarantee shall be EURM 2 – in the text of Schedule 3 Form D the actual amount is left blank and EURM 2 is only stated as a maximum;	Participation Guarantee is EUR 2,000,000.
<b>4.</b>	<p>2. With respect to Senior Debt:</p> <p>2.1. For the avoidance of doubt, please clarify if subordinated debt (e.g. mezzanine financing) is to be included under this definition;</p>	If debt is provided by a shareholder, then it is Shareholder Debt and constitutes equity; All other forms of debt by Third-Parties fall within the ambit of the senior debt definition
<b>5.</b>	2.2. Additionally, please clarify how convertible debt would be treated – as a debt or an equity instrument;	Please see question above.
<b>6.</b>	2.3. With respect to clause 14.1.2. of the draft Concession Agreement, what would be the criteria the Grantor would apply to approving and designating (or not) the Financing Agreements;	The financing agreements shall meet customary standards for project financing
<b>7.</b>	2.4. With respect to clause 14.1.5. of the draft Concession Agreement, would the initial Applicable Maximum Senior Debt Ratio be applied to reported historical EBITDA figures (or normalised)	We will consider these criteria.
<b>8.</b>	3. With respect to clause 16.2.1. please clarify the definition of “rolling amount of Works”	We are considering inserting a definition.
<b>9.</b>	4. With respect to clause 40 of the draft Concession Agreement (Termination in connection with an event of default), please clarify the final sentence of clause 40.5.3. in the part “...provided however that the Concessionaire may only request the termination of this Agreement if and to the extent that such termination does not represent a serious threat to the public interest or, if such a threat to the public interest exists, when the conservation of this Agreement in force is excessively onerous for the Concessionaire.” -	This termination event is in line with the statutory requirements.

	what would constitute such events needs to be defined	
10	5. With regards to the other ground handling operators, Sofia Airport EAD aside – shall their contracts remain in force after the Concession and what are the general provisions/ terms?	The Concessionaire must ensure fair competition for ground handling services but there is no impediment that the other ground-handling operators continue to provide their services based on either transferred contracts or newly executed contracts.
11	6. With regards to the bid scoring criteria (Schedule 4 Part 3 II – Technical Proposal Scoring, of the Tender Documents) – will only 0%, 25%, 50%, 75% and 100% of the maximum points be applied as per the descriptions provided below or could a Bidder, for instance, be awarded an in-between percentage, e.g. 34%, of the maximum points with respect to the evaluation of a Deliverable under the Technical Proposal?	An in-between percentage is not possible.
12	Please confirm that the definitions of Airport Operator Shareholder and Airport Operator Third Party are to be used in the alternative in the Concession Agreement.	No, this is not the concept. The terms shall not be used alternatively to each other.
13	Please confirm that the definition of Residual Life is also the same as the reference to “Design Life” as set out in Appendix 18 (Minimum Technical Requirements). This is particularly relevant to Article 18.9 and the obligation to reinstate/repair the Facilities where they do not comply with the “residual life” and also Article 45.	We have not seen the definition of Residual Life, but its natural definition would be its Design Life minus its current age (so if an asset has a 20 year Design Life and is 5 years old, then its residual life is 15 years).
14	In relation to the definition of "Anti-Corruption Guidelines", please confirm what guidelines are applicable to the First Ranking Bidder and the Concessionaire. Please also confirm why there is a reference to the First Ranking Bidder. This clarification is required so that the Concessionaire can understand its obligations in respect of Article 4.4.7.  In relation to the definition of "Anti-Corruption Laws", please explain the rationale for extending the definition to include "other foreign anti corruption laws". Is this intending to capture any anti corruption laws globally and if so, why? If this is intended to capture foreign anti-corruption laws with extraterritorial application to the Concessionaire's business activities, please replace the reference to "other foreign anti corruption laws" with Applicable Law. This clarification is required so that the Concessionaire can understand	Please note that the first ranking bidder may be a consortium which would incorporate the SPV acting then as concessionaire, hence the distinction;  We are considering a revision.

	its obligations in respect of Articles 4.1.14 and 4.4.7.	
15	In the definition of "Change in Law", please explain the rationale for the exclusion of the items in limbs (i) and (iv). We would expect these to be covered by a Change in Law.	Discretionare elements are not covered by a change of law.
16	In the definition of "Concession Operations", please clarify the intention behind the phrase " <i>and all of the Concessionaire's other rights and obligations under this Agreement</i> ". Please also confirm that this does not include the Works/Construction Works.  Please confirm that in relation to Article 16.3.1 (which references the "Concession Operations") that the Operations Guarantee is not intended to cover the Works – presumably it is intended to cover Airport Activities, Airport Administration and Airport Services?	We consider these definitions clear, but we will consider amendments nonetheless.
17	In respect of the definition of the "Works and Mandatory Capital Expenditures Performance Guarantee", please confirm/demonstrate how the Parties will know how much the Works Guarantee will be at any given point in time. It is not clear what the expectation is on a "rolling amount" of the Works. In addition a minor drafting point – the Concession Agreement only refers to the Works Performance Guarantee whereas this definition is the Works and Mandatory Capital Expenditures Performance Guarantee.	We are reviewing and considering amendments.
18	In relation to Article 3.2.19 please confirm : <ul style="list-style-type: none"> <li>• that the BAF is a Government User for the purposes of the Concession Agreement.</li> <li>• What is intended by the phrase "and other armed forces within the Laws". Is this intended to cover all foreign armed forces, as this is very wide?</li> <li>• Whether this obligation is intended to reflect the provisions of Article 3.10?</li> </ul> Please also confirm the rationale for the provisions of Article 3.10, particularly the reference to "other country army forces." This is very wide and the Concessionaire has no control over the level and quantum of these provisions. This may have an impact upon the generation of revenues. We request that Article 3.10 is amended as follows:	We are review further.

### 3.10 Joint use

3.10.1 The Concessionaire shall at all times provide to the BAF or such other country army forces as authorized pursuant to the Laws or of such other country as the State so authorizes such access to the Airport as it may require for the purpose of performing their functions under the Laws or carrying out other lawful activities, and shall at all times co-operate fully with such armed forces.

3.10.2 The Concessionaire shall provide at all times access and appropriate space and Facilities to the BAF or such other country as authorized pursuant to the Laws or of such other country as the State so authorizes for the purpose of performing their functions or activities, including exclusive use of office space and parking spaces, at no cost and expense for such Competent Authorities.

3.10.3 The Concessionaire shall permit the BAF or such other country army forces as authorized pursuant to the Laws or of such other country as the State so authorizes to land, take-off and park their aircrafts at the Airport in areas so designated, free of charge. Such operations shall not interfere with commercial aircraft operations except in the case of Emergency, state of emergency or state of war.

provided always that if complying with its obligations under this Clause 3.10 causes any interference with the Concessionaire's ability to (i) provide the Airport Services, or (ii) otherwise to enjoy any of its rights and perform any of its obligations under this Agreement, any such interference shall be a Compensation Event and/or a Relief Event and Clauses 34 (Compensation Events - Economic Rebalance) and 35 (Relief Events) shall apply."

19 In relation to Article 3.8.4(a), please explain the circumstances under which the Concessionaire shall be jointly and severally liable with the Airport Contract Party and to whom it is jointly and severally liable. It is accepted that the Concessionaire is liable for the performance of the obligations under the Concession Agreement to

We will review and consider amendments, if necessary.

	<p>the Grantor and any subcontracting does not affect that liability. If the intention is for any third party contractor to be jointly and severally liable to the Grantor then it will be difficult to find any entities that will take on this liability.</p>	
20	<p>In relation to Article 3.9.4(b), please confirm that any breach by BULATSA entitles the Concessionaire to a Compensation Event and/or a Relief Event. They are performing a Government Service and a failure of all Government Users should be a Compensation Event. We request that Article 3.9.4(b) is amended as follows:</p> <p>"3.9.4 Liability</p> <p>(b) Any breach by the BULATSA and/or other entity appointed by the State or the Grantor for the purpose of providing Air Navigation Services, of any of its obligations under this Agreement and/or any other agreement entered into pursuant to this Agreement and relating to the provision of Air Navigation Services shall constitute a <a href="#">Compensation Event and/or a Relief Event and Clauses 34 (Compensation Events - Economic Rebalance) and 35 (Relief Events) shall apply.</a>"</p>	<p>This text won't be reviewed.</p>
21	<p>Please confirm what is meant by "within the area of competition of the Airport". What area is this intended to cover?</p>	<p>We will review and consider amendments, if necessary.</p>
22	<p>Please explain why the provisions of Article 5.3 only apply when there is an "unreasonable" refusal by the Grantor to handover the site. The same point about "unreasonable" also applies to Articles 6.2 and Article 6.4. There should not be an additional requirement to establish reasonableness in these circumstances - any refusal of the Grantor should be a Compensation Event.</p>	<p>The wording used is standard and implies a reasonable conduct of a party to the Concession Agreement.</p>
23	<p>In relation to Article 28.2, please confirm that any proposal for the replacement and/or upgrade of equipment or technology at the Airport made by the Grantor shall constitute a Grantor Variation and any equivalent proposal made by the Concessionaire under Article 28.2 shall constitute a Concessionaire Variation.</p>	<p>We will review and consider amendments, if necessary.</p>
24	<p>In relation to Article 37.1, please confirm what is intended by the phrase "<i>or the presence on the Grantor's ownership of the Concessionaire</i></p>	<p>We will review the clause and update it if necessary.</p>

	<i>irrespective of any fault or negligence by the Concessionaire”</i>	
25	<p>In relation to Article 40.1.3, it is common practice to include a long stop date for the Works as being the trigger for termination (and this permits a cascade of a longstop date under the Construction Contract and the Finance Documents). We would request the introduction of a longstop date for the Scheduled Completion Date.</p>	<p>There are various Works phases in this Project so one date cannot meet the purpose.</p>
26	<p>The Concessionaire Events of Default under Articles 40.1.10, 40.1.11, 40.1.12 and 40.1.17 will give rise to bankability concerns for the Lenders. The Lenders are unlikely to accept a risk of the Concession Agreement being terminated due to an act or omission of the Shareholders/Initial Shareholders given that the Shareholders/Initial Shareholders are not the borrowing entity vis a vis the Lenders.</p> <p>In relation to Articles 40.1.10, 40.1.11 and 40.1.17, we request that references to acts or omissions of the Shareholders/Initial Shareholders (as the case may be) are deleted in the next draft, such that these Concessionaire Events of Default only refer to acts or omissions of the Concessionaire, as it is more appropriate for the Grantor to exercise its rights under the Shareholder Undertakings, rather than terminate the Concession Agreement. Please confirm that these amendments will be made in the next draft.</p> <p>In relation to Article 40.1.12, we request that the reference to the Shareholders is deleted, as it is more appropriate for the Grantor to exercise its rights under the Shareholder Undertakings, rather than terminate the Concession Agreement. We also request that Article 40.1.12 is designated as a "Curable Event of Default" and included in the list of "Curable Events of Default" set out in Article 40.4.2. Please confirm that these amendments will be made in the next draft. 40.1.12 and 40.1.17, the references to the Shareholders and Initial Shareholders and the ability to terminate the Concession Agreement will cause concern to the Lenders as actions of a party which is not the borrower could cause a termination of the CA. This is not standard international practice and we</p>	<p>The provisions are standard and we consider that there needs to be a balance of protection.</p>

	would request that the Grantor reconsiders these references.	
27	In respect of Article 42.4, please clarify under what circumstances compensation would be Grantor Default and what circumstances would be a compensation for Concessionaire Default. We cannot see why any of the Other Reasons would justify a different compensation sum.	We will review and consider amendments.
28	<p>We refer to your response to Question No. 10 issued on 15 August 2018. While we accept that changes to the Airport Development Reference Manual is part of the course of business of an international airport operator, our concern relates to the operational consequences of implementing any changes to, or replacement of the Manual. We therefore request that the Grantor incorporates a mechanic into the Concession Agreement which permits the Concessionaire to propose a Concessionaire Variation if the Manual changes (or is replaced). As a Concessionaire Variation, this would be at no cost to the Grantor. The purpose of the variation would be to provide a specified grace period for the Concessionaire to comply with the amended Required Level of Service, and a right to adjust the investment programme proposed in the Concessionaire's Offer. This would enable the Concessionaire to manage the operational consequences of any changes (or replacement) of the Manual, in the context of the KPIs and the Concessionaire's proposed investment programme. Please confirm that the following amendments will be incorporated in the next draft:</p> <p><b>"27.2 Concessionaire Variation</b></p> <p>Notwithstanding the provisions of Clause 25.1 (Initial Master Plan), the Concessionaire shall have the right during the Concession Period to propose to the Grantor any Variation which the Concessionaire considers necessary or desirable to improve the quality, efficiency or safety of the operations at the Airport, the performance of the Works and/or of the Airport Services, or to comply with any changes in the Laws, <a href="#">including a Required Level of Service Variation</a>. The Grantor may approve or reject any Variation proposed by the Concessionaire. In any case, any Variation shall</p>	We have not changed our understanding as justified in the response to Question 10 of August 15 <sup>th</sup> .

be implemented in compliance with the applicable Laws and any Variation procedure shall be performed only if it is indisputably admissible under the applicable Laws.

### **27.3 Variation Procedure**

If either the Grantor requests, or the Concessionaire proposes a Variation, then the Concessionaire shall prepare and provide the Grantor as soon as reasonably practicable and in any event within ninety (90) days from the date of the proposal for such Variation, a report setting out full details of any such Variation, including:

27.3.1 the reasons thereof (if proposed by the Concessionaire) including reference to the specific provisions of the applicable Laws allowing and justifying such Variation;

27.3.2 the detailed description of the Variation;

27.3.3 an estimate of the Capital Expenditure needed to implement the Variation accompanied by a proposal for the financing and payment of such cost and specific acknowledgment that the cost of such Variation are borne by the Concessionaire unless otherwise agreed;

27.3.4 any amendments to this Agreement that would be required in connection with the Variation;

27.3.5 any effect such Variation would have on the Concession Operations and/or on any Concessionaire's rights and obligations under this Agreement, including any need for an extension of the term of the Works or of any duties and obligations of the Concessionaire under this Agreement; ~~and~~

27.3.6 a plan (including a time schedule) for the implementation of the Variation; ~~and~~

27.3.7 without prejudice to the foregoing provisions of this Clause 27.3, in the case of a Required Level of Service Variation:

(a) the period in respect of which the Concessionaire shall not accrue Performance Penalties in accordance with Appendix 6 (Performance Measurement - KPI); and

(b) any adjustments to the proposed timeframe for implementing relevant investments set out in the Investment Proposal, any Five-year Investment Plan, any Business Plan (including the Initial Business Plan), the Conceptual Development Plan or any Master Plan (including the Initial Master Plan and any Approved Master Plan).

**"Required Level of Service Variation"**  
shall mean a Variation proposed by the Concessionaire pursuant to Clause 27.2 (Concessionaire Variation) to the extent there is any change, amendment, repeal, modification, change of interpretation or application of the Airport Development Reference Manual in respect of the Required Level of Service;"