

№	Question	Answer
1	<p>Dear Sirs, up until the present moment a lot of requests on the change of the draft Concession Agreement and the Tender Documentation have been submitted. The Tender Commission addressed to many of them its readiness to propose to the Grantor corresponding amendments to said documents. After the potential publication of the amended draft Concession Agreement and Tender Documentation an additional time is required for familiarizing with them and for the potential submission of new clarification requests. Therefore, on the grounds of art. 79(4) of the Concessions Act and to secure sufficient time for due preparation of the bids we ask that you please propose to the Grantor extension of the term for their submission. In our view, the reasonable extension is until 17 December 2018 as the deadline for bids submission. Thank you in advance for your understanding.</p>	<p>The Grantor will review and consider your proposal.</p>
2	<p>According to Section I of Appendix No. 1 of the “Ordinance on the airport charges and charges for air navigation services”, can you please confirm if costs of capital related to payment of the Upfront Concession Fee can be included in the airport charges? For example, if Debt is raised to pay part of the Upfront Concession Fee, can the cost of that debt (interest) be included in airport charges or not? Or if Equity is used to pay part of the Upfront Concession Fee, can cost of equity be included in the airport charges?</p>	<p>Please, see our answer to Question 8, published on 09.08.2018, where we have expressed our understanding, as follows:</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> <p>Please, review also the requirements of Appendix 4 of the Concession Documentation and in particular all the requirements, specified in “C. Requirements to the Financial Plan“, including item 6 therein.</p>
3	<p>With respect to the response to Question 8 in the Q&amp;A dated 10.09.18 on the formula to calculate WACC, can you please clarify the exact formula how the WACC is calculated using the inputs you provided (particularly</p>	<p>In conformity with our previous answers, we would like to note once again that the airport charges are determined by the airport operator, subject to the application of the Methods for Determining the Airport</p>

	<p>the book value of fixed assets and net working capital)? According to Appendix 3 of the ICAO Airport Economics Manual- Doc 9562, Third Edition, 2013, it is not clear how these inputs are used in the calculation of the WACC.</p> <p>Normally we would expect the WACC to be driven from <math>A*B + C*D</math> where</p> <p>A = Weight of debt used in funding regulated assets</p> <p>B = Cost of debt</p> <p>C = Weight of equity used in funding regulated assets</p> <p>D = Cost of Equity</p> <p>Risk Free Rate and Equity Premium being the components of D.</p> <p>However it is not clear whether this is the case in your definition or not. Indeed a numerical example could be helpful to clarify the point for all parties.</p>	<p>Charges, forming Appendix No. 1 to art. 1, para. 3 of the Ordinance on the charges for using public-use airports and for aviation services in the Republic of Bulgaria and the principles, set out in ICAO's principles on airport and aviation charges – Doc 9082, and ICAO's Airport Economics Manual – Doc 9562 (including Appendix No. 3 Calculation of the weighted average cost of capital, containing a detailed description of the WACC calculation formula). We believe that the provisions of these documents enable the airport operator to incorporate all the cost elements, related to the external lending, as well as the cost of capital, calculated in accordance with the formula, set out in ICAO's Airport Economics Manual – Doc 9562, Appendix No. 3, at his sole discretion, as long as the method of calculation can be justified in the process of consulting with the airport users.</p> <p>Please, also note that the determining of all the financial aspects, including the components and size of the capital, shall be carried out in accordance with the IAS/IFRS.</p> <p>As far as this depends on the specific input and indicators, the Committee, and respectively the Grantor, cannot provide example calculations.</p>
4	<p>Please provide for review Industry Collective Labour Agreement concluded by the Union of the Transport Syndicates in Bulgaria. According to QA_16.08.2018_4, copy of the said CLA is to be provided for review after 15 September 2018.</p>	<p>Industry Collective Labour Agreement was published on 28.09.2018 in the Virtual Data Room – <b>Appendix 7.2.1.1.</b></p>
5	<p>Pursuant Clause 30.1.2 of the Concession Agreement the Annual Concession Fee shall amount to the higher amount of the following two:</p> <p>(a) the amount offered in the Bidder's Offer, but not less than EUR 7,669,378.22 (BGN 15,000,000); or</p>	<p>We believe that the Annual Concession Fee should not be subject to change, based on any subsequent reductions in the Airport Charges, for whatever reason. We will further review this question and incorporate a clarifying provision in the Concession Agreement.</p>

	<p>(b) the amount determined as a percentage of the total amount of the Aggregate Concession Revenue for the relevant year, proposed in the Bidder's Offer, which shall be not lower than 10 per cent.</p> <p>Please confirm that if the Annual Concession Fee owed for a given year is calculated as per letter b), i.e. as a percentage of the total amount of the Aggregate Concession Revenue for the relevant year, including revenues from Airport Charges, and the Bulgarian court rules that part of the Airport Charges for past period were not owed (i.e. if collected, should be paid back), then the Concessionaire will be entitled to re-calculated, i.e. to reduce retroactively the amount of the Annual Concession Fee for such relevant year in line with the court decision and the amount of the Airport Charges actually owed according to such court decision.</p> <p>Please clarify whether the amount with which the Annual Concession Fee will be reduced can be deducted from the Annual Concession Fee for the next year.</p> <p>Please confirm that the Concession Agreement will be amended to reflect this understanding.</p>	
6	<p>Please confirm that Positions chart of Sofia Airport EAD as of 01 August 2018, provided in Attachment 7.1.3.1, VDR, represents all positions at Sofia Airport EAD, including unoccupied positions.</p>	<p>We confirm that the Positions Chart of Sofia Airport EAD as of 01 August 2018, provided in Attachment 7.1.3.1, VDR, represents all positions at Sofia Airport EAD, including unoccupied positions.</p>
7	<p>Please specify the number of managerial positions according to Positions chart of Sofia Airport EAD as of 01 August 2018, provided in Attachment 7.1.3.1, VDR.</p>	<p>The number of managerial positions according to Positions chart of Sofia Airport EAD as of 01 August 2018, provided in Attachment 7.1.3.1, VDR is 78.</p>