

№	Question	Answer
1	<p>Pursuant to Article 90, paragraph 1 of the Bulgarian Concessions Act the content of applications and offers shall be in the language specified in the notice of initiation. Section IV of Notice №2018/S 127-290417 from July 5, 2018 specifies that tenders or requests to participate may be submitted in both Bulgarian and English languages. In the case when the notice gives the opportunity of using a foreign language, the applications and offers shall be submitted also translated into Bulgarian language (Article 90, paragraph 2 of the Concession Act). Pursuant to Article 90, paragraph 3 of the Concessions Act the documents to be included on the electronic data storage device under Article 89, paragraph 2 of the Concessions Act, i.e. the application and the proposal should be in the language in which they have been issued and translated into Bulgarian language. In case of discrepancy between the texts, the Bulgarian language shall prevail, unless otherwise provided in the documentation. The relevant Clause 6.5 of the Tender Documentation does not provide for a different rule. Therefore, it is our understanding that with respect to the application, as well as the documents, used by the economic operator to substantiate the alleged facts and circumstances thereof, the Bulgarian language shall prevail. Please confirm.</p> <p>With respect to the Binding Proposal, we observe that it is not governed by Article 90, paragraph 3 of the Concession Act and could therefore be submitted in English with a translation in Bulgarian. It is our understanding therefore that the English version prevails in this scenario. Please confirm.</p>	<p>We consider that, within the meaning of Art. 90, paragraph 3 of the Concessions Act, in the absence of any other information specified in the documentation, the Bulgarian language shall be considered as the leading in all documents, including the binding proposal, given that, according to Art. 89, paragraph 5 of the Concessions Act, in the electronic data storage device containing the binding proposal (i.e. the electronic data storage device referred to in Article 89, paragraph 2 of the Concessions Act) shall be included also an electronic image of the binding proposal. We consider this to be logical, and given that the binding proposal contains a summary of the specific proposals under the award criteria (Article 88, paragraph 3 of the Concessions Act) that should be derived from the content of the proposal.</p>
2	<p>Could you please specify the sites and/or assets which are not included in the Concession</p>	<p>Please see item II. 4 of Appendix 2 - Part 1 description of the Concession Site of the Tender Documents.</p>
3	<p>Could you please advise on the impact of IFRS 15 "Revenue from customers" over Sofia Airport's revenue recognition and accounting, and any other impact over the company's revenue and reporting, if any.</p>	<p>Given the currently available data, we do not expect a significant impact of IFRS 15 "Revenue from customers" on revenue recognition and their reporting in Sofia Airport EAD accounting system</p>
4	<p>Could you please advise on the impact of IFRS 16 Lease over the Sofia Airport accounting and recognition of leases.</p>	<p>At present, Sofia Airport EAD has no contracts that fall under the scope of IFRS 16 Lease.</p>
5	<p>Please, provide information on non-operational assets owned by Sofia Airport as at the latest available date, including respective net book values.</p>	<p>Information on all assets owned by the company that the Concessionaire will be able to purchase or rent is provided in Appendix 5.9 of the Electronic section of the Dataroom. An</p>

		assessment of the non-operational assets can be made with site inspections
6	Please, provide monthly Management accounts for FY15 - YTD18, including, where possible, a reconciliation to the Audited financial statements	The information is available for review in the Physical Section of the Dataroom under the conditions and procedure of Clause 5.1. of the Tender Documents - Appendix "Response to Letter No. 100-20052 / 02.10.18, item 5" - 4 folders for 2015, 2016, 2017 and 2018 respectively.
7	Please, provide comparable cash flows statements or Operating cash flows prepared under the indirect method, starting from EBIT/EBITDA and adjusted for non-cash items, changes in working capital and other as applicable for the period FY15-FY17, as is presented for Jul-18.	Прилагаме файл с отчети за паричните потоци, изготвени по косвения метод за периода 2015-2017 години във формата на отчета за м. юли 2018 г. - без рекласификация (нетиране) на отсрочени данъчни активи и пасиви съгласно Международните счетоводни стандарти - за онлайн представяне – налични за преглед в Електронната секция на Информационната зала – Приложение 1.1.12.
8	Please, provide a detailed breakdown of distributable reserve, including general, revaluation, other reserves as appropriate in the period FY15-YTD18.	The information is available for review in the Electronic Section of the Dataroom – Appendix 1.1.13.
9	In an answer to question #1053 from the Q&A session you note that the differences in Operating costs between file Ref. 1.1.7 Consolidated EBITDA 2016,2017 in the electronic data room and the statutory financial statements are due to object and activities outside of the Concession. Can you confirm that those differences are entirely attributable to operations from: VIP A Lounge, Hotel Cosmos and Balchik Airfield. i.e. are there other activities outside of those 3 operations that are out of the scope of the Concession.	We confirm that the differences between the annual financial statements and the data in File 1.1.7 are due to the excluded operating costs for the sites not included in the concession site, namely VIP A, Cosmos Hotel and Balchik Airfield as well as the amount for depreciation.
10	Please, comment on the differences in Total Personnel Costs between file named "Prilojenie_7.4.6" which shows the monthly personnel costs and Audited Financials (BGN 49,988k vs BGN 52,465k in FY15, BGN 51,201k vs BGN 52,465k in FY16 and BGN 58,071k vs BGN 61,394k in FY17, respectively).	The expenses are without the costs for employees in VIP A, Cosmos Hotel - Varna and Balchik Airfield and excluding the reported for 2015, 2016 and 2017 expenses for provisions for unused leave, retirement benefits according to an actuarial assessment, tax on the expended social funds, and the social program. For this reason, the total amount in the report does not coincide with the reported personnel costs in the annual financial statement of Sofia Airport EAD for 2015, 2016 and 2017.

11	Are the monthly performance bonuses provided in "prilozhenie_7.6._online_otg_5\Приложение 36\т.36.1.xlsx", sheet "т.36" in the VDR already accounted for in the average monthly gross remuneration provided in the same file sheet "т.45"?	The monthly performance bonuses presented in "prilozhenie_7.6._online_otg_5\Приложение 36\т.36.1.xlsx", лист "т.36" in the VDR are reported in the average monthly gross remuneration presented in the same file sheet "т. 45".
12	Are the holiday performance bonuses provided in "prilozhenie_7.6._online_otg_5\Приложение 8\т. 8.xlsx" in the VDR already accounted for in the average monthly gross remuneration provided in "prilozhenie_7.6._online_otg_5\Приложение 36\т.36.1.xlsx" sheet "т.45"?	The performance and holiday bonuses provided in "prilozhenie_7.6._online_otg_5 \ Приложение 8 \ т. 8.xlsx" in the VDR are reported and included in the average monthly gross remuneration indicated in " prilozhenie_7.6._online_otg_5 \ Приложение 36 \ т.36.1 .xlsx" лист "т.45".
13	Can you provide a breakdown of Salaries expenses based on gross remuneration and performance/holiday bonuses (as per breakdowns in prilozhenie_7.6._online_otg_5\Приложение 8 and prilozhenie_7.6._online_otg_5\Приложение 36 from the VDR)?	The information is available for review in the Electronic Section of the Dataroom – Appendix 7.6.2.
14	Please explain the increase in revenue from sale of goods on Terminal 1 from BGN 19.6m in FY15 to BGN 26.4m in FY17 as well as on Terminal 2 from BGN 20.4m in FY16 to BGN 31m in FY17	During the period from 2010 to 2015, the average passenger traffic growth at Sofia Airport is about 4.6%. In 2016 and 2017, as a result of Ryanair launching of more than 20 regular flights to and from Sofia Airport, passenger traffic rose from approximately 21.8% (YoY for 2016) and about 30.3 % (YoY for 2017). In the period 2016-2017, there was a correlation between the growth of revenues from sales of goods in shops and the growth of the number of serviced passengers, whereby the relatively higher growth of passenger flows reflected in the relatively higher growth of revenues from sales of goods in shops
15	Please comment on collectability of the deposits in CCB and any plans for a further impairment/write-off.	The collection of the funds of the deposits in CCB AD is done in compliance with determined legal procedure of the insolvency proceedings of the bank. Sofia Airport EAD has made the necessary impairment of the receivables according to the actual data for the distribution of the amounts from the insolvency account between the creditors. Deposits as such belong to the Current operator and therefore have no relation with the subject of the concession and the future concessionaire

16	<p>"According to an answer to Question #1714, there is no FX exposure in the Airport charges that Sofia Airport EAD collects, as they are to be denominated either in EUR or BGN (effectively pegged to the EUR).</p> <p>Please comment on any potential FX exposure on the rest of the revenues (such as commercial revenues from the retail outlets in the Terminals and the revenue from the sale of fuel, for example) of Sofia Airport EAD. Please comment on any FX exposure in the operating expenses of Sofia Airport EAD (e.g. purchase of materials, fuel, third party services)."</p>	<p>The prices of goods and services that are the source of trade income from trade revenues as well as airport charges are denominated in EUR or BGN (effectively fixed to the Euro). The only source of cash in currency deferent from those two currencies is the cash payments in British pounds, US dollars and (exceptionally small in number) in Swiss francs in the shops for foreign currency trade. As disclosed in the annual financial statements of Sofia Airport EAD, foreign currency risk from transactions not in EUR or BGN is immaterial. With regard to operating costs, payment to suppliers in foreign currency other than BGN or EUR is very rare and very small (some SITA services, membership fees and IATA literature value, international participation fees, and other of occasional character</p>
17	<p>Please, provide allocation of costs in the calculation for EBITDA in the Management-proposed adjusted EBITDA (EBITDA Base) in the same way as it is already provided for revenue.</p>	<p>The information is available for review as of 20 September 2018 in the Electronic Section of the Dataroom – Appendix 1.10.2.</p>
18	<p>Please, explain the difference between the sum of revenues from Airport Operator and Commercial Operator in the Management-proposed adjusted EBITDA (BGN 140,604k) and the row, labelled "Total" right underneath them (BGN 141,877k).</p>	<p>The difference is due to a technical error. Please see the answer given on 20 September 2018, answer 1660 of the summary table.</p>
19	<p>Please provide breakdowns of airport operator revenues by airline companies (full amount of invoiced charges)</p>	<p>The information is available for review as of 17 August 2018 in the Physical Section of the Dataroom under the terms and procedure as specified in clause 5.1. of the Concession Documentation – Folder “Answers published on 17 August 2018”.</p>
20	<p>Please, provide information on what is included under prepaid advances (part of Other receivables) for BGN 836k as at Dec-15, BGN 701k as at Dec-16 and BGN 746k as at Dec-17.</p>	<p>The amounts mentioned are advances paid to suppliers for expenses that will be reimbursed according to the deadline for their recognition, for example as public transport cards; maintenance subscriptions, newspapers and magazines, etc.; for work and uniform clothing.</p>
21	<p>Please provide detailed information on the accounting treatment of the CAPEX of BGN 55,361k paid obligations to MAK/ADMAK in FY17 - under which P&L line item the capex was reported in FY17, source of capex payment financing, and identification of capitalized assets, as applicable. What was the accounting</p>	<p>As with all estimates related to the implementation of the Sofia Airport reconstruction and development project, the capital expenses of BGN 55,361 thousand paid to MAK/ ADMAK in tax year 2017</p>

	treatment of payments and/or payables (as applicable) to MAK/ADMAK during the construction process of the airport lot.	(are not reported) in the profit and loss statement of Sofia Airport EAD. The source of funding is with funds from airport charges. The accounting treatment of payments and/or debts to MAK/ADMAK during the construction process of the airport site is disclosed in all annual financial statements of Sofia Airport EAD
22	Please explain the higher revenue from sale, transportation and storage of fuel and anti-ice in FY17 (BGN 9,139k) vs. FY16 (BGN 6,869k).	The increase in revenue from sales, transport and storage of fuel and de-icing agents in 2017 compared to 2016 is due to the higher volume of antifreeze agents sold to 285.9 tonnes in 2017 compared to 147.8 tonnes in 2016 due to weather conditions as well as the increased amount of transported and stored fuel (120,070 tonnes compared to 98,157 tonnes) in connection with the increased number of aircraft movements
23	In "Приложение 18 EM.1" from the VDR the monthly values for total energy used in 2016 (cells B9:B42 = 26,363,646 kWh) do not reconcile to the shown total (cell B44 = 27,428,135 kWh). What is the reason for this discrepancy?	We enclose to the Electronic Section of Dataroom – Appendix 1.2.9.1. File 18 EM.1 – with adjustments of sheet 2016(2).
24	In "Приложение 18 EM.xlsx", sheet '2016' from the VDR, the sum of total electricity invoiced in cells B44:E44 (27,428,135 kWh) does not reconcile to the total sum calculated in cells F44:G44 (26,333,351 kWh). What is the reason for this discrepancy?	We enclose to the Electronic Section of Dataroom – Appendix 1.2.9.1. File 18 EM – with adjustments for 2016.
25	Please explain the decreasing Aero revenue yields from BGN 15.3/PAX in FY15 to BGN 14.5/PAX in FY16 and BGN 10/PAX in FY17. The aero revenue is calculated as the total revenue from airport charges as presented in the AFS and total number of PAX as per the available on the SA website airport statistics.	As seen by the annual financial statements, revenue from aeronautical activities in 2017 increased by 1.09% compared to 2016, but the number of passengers passed increased by 30.3% and respectively the overall revenue was allocated to a larger number of passengers, resulting in a reduction in the revenue per passenger.
26	Please explain the decreasing non-aero revenue yield from BGN 16.5/PAX in FY15 and FY16 to BGN 14.6/PAX in FY17. The non-aero revenue is calculated as the total revenue sale of goods, services and other as per the AFS and total number of PAX as per the available on the SA website airport statistics.	As seen by the annual financial statements, revenue from non-aeronautical activities in 2017 increased by 40.2% compared to 2015, but the number of passengers passed increased by 58.7% for the same period and respectively the overall revenue was allocated to a larger number of passengers, resulting in a reduction in the revenue per passenger.
27	"Please explain the difference in COGS between AFS for FY15, FY16 and FY17 and the provided breakdown in VDR 2.3.3. ""Shops COGS ENG"" as follows:	In the breakdown provided in VDR 2.3.3. "Shops COGS ENG" it is specified only the book value of the goods sold in shops

	- FY15: AFS BGN 32,835k and BGN 31,492k as per VDR 2.3.3 - FY16: AFS BGN 41,069k and BGN 39,749k as per VDR 2.3.3 - FY17: AFS BGN 47,540k and BGN 45,161k as per VDR 2.3.3"	(corresponding to the revenues from the shops), and it is not specified the book value of the goods sold by other activities such as anti-icing, espresso VIP, Cosmos Hotel and others mentioned in the annual financial statements.
28	Please provide a breakdown of Operating costs based on their nature - fixed vs. variable costs.	The information is available for review in the Electronic section of the Dataroom – Appendix 1.27.
29	Please, comment on which parts of your Operating costs are being outsourced and the relevant quantum.	Operating expenses, excluding depreciation costs; wages and related social security contributions are outsourced.
30	Please provide, to the extent possible, information on the contracts with UPS and BUTA Airways, incl. detailed payment terms and conditions, annual fees, expiration date, etc.	Information regarding UPS is available from 23 August 2018 for an on-site review in the Physical section of the Dataroom under the terms and procedure set out in Clause 5.1. of the Concession Document, Appendix 3.23. from Folder 3. Wrt BUTA - we are providing the information for an on-site review in the Physical section of the Dataroom under the terms and procedure set out in Clause 5.1. of the Concession Documentation - Appendix 3.89
31	Please provide a summary of all lease arrangements (operating and financial) that Sofia Airport EAD is a party of.	Currently, Sofia Airport is not a party under any lease agreements (operating and financial).