

№	Question	Answer
1	<p>Please comment on the increase in paid out bonuses in FY17 y/y for:</p> <ul style="list-style-type: none"> <li>- Easter - BGN 320k in FY16 for Easter to BGN 1,176k in FY17</li> <li>- Christmas - BGN 330k in FY16 to BGN 1,171k for FY17.</li> </ul>	<p>Due to an arrangement between Sofia Airport EAD and Trade Union organisations, parties to the Collective Labour Contract, the amount of the bonuses for Christmas and Easter, set under the Business Plan for 2017, was increased.</p>
2	<p>Please provide the "Methodology for the accounting of airport charges, payments and loan installments in connection with the development and reconstruction project", as stated in the FY17 audited financials, disclosure note 26.</p>	<p>The information is available for review in the Virtual Data Room- <b>Appendix 2.22</b></p>
3	<p>Please advise on the following items:</p> <p>1) Please explain the difference in the nature of receivables from airlines for invoiced airport charges, as accounted under "Reconstruction Project receivables" as per note 26.2 from the FY17 AFS, and receivables for invoiced airport charges as accounted under "Receivables under a contract with the Government of the Republic of Bulgaria" as per note 28.2 from the FY17 AFS.</p> <p>2) Please advise whether the receivables from government grants from MTITC are accounted under the "Reconstruction project receivables" and "Receivables under a contract with the Government", or those represent receivables from airlines.</p> <p>3) Please explain what is the difference in the nature between trade receivables (BGN 4,644 as at Dec-17), "Reconstruction Project receivables" (BGN 39,145k as at Dec-17) and "Government grants receivables" (BGN 18,176k as at Dec-17). Also, please confirm our understanding that all three receivables will remain with the current operator and not affect the Concessionaire.</p>	<p>1. There is no difference in the nature of the receivables from the airlines for invoiced airport charges recorded under "Reconstruction project receivables" and the receivables for invoiced airport charges recorded under "Receivables under a contract with the Government of the Republic of Bulgaria" and both are for invoiced airport charges.</p> <p>2. "Reconstruction Project receivables" and "Receivables under a contract with the Government of the Republic of Bulgaria" do not include receivables from State subsidies (state aid) by MTITC, since state subsidies for ongoing maintenance are covered by the airport charges and are recorded as revenue from the contributions in the Profit and loss account of Sofia Airport EAD. Information on the origin of "Reconstruction Project receivables" is available in item 26.1 of RAG 2017, and for "Receivables under a contract with the Government of the Republic of Bulgaria" - in item 28.2 of the same report.</p> <p>3. Commercial receivables are receivables from customers who have received goods or services from the commercial activities of Sofia Airport EAD (non-regulated activities), and "Reconstruction project receivables" and "State subsidies receivables" refer to the regulated activities carried out by the company.</p> <p>We confirm that all three receivables will remain with Sofia Airport EAD and will not affect the Concessionaire.</p>

4	Please confirm that the operating costs for the Airport Operator are not taken into consideration in the EBITDA calculation in the file 1.1.7. because all handling fees will be due to the new owner under the new concession as opposed to historically whereby only airport operator costs were able to be recovered through handling fees.	Handling fees are not taken into account.
5	Please provide information on historical airport charges (landing, parking, security and passenger charges) for 2015, 2016 and 2017, as presented in file 2.2.2.2 for 2018.	The information is available for review in the Virtual Data Room- <b>Appendix 2.2.2.2.1</b>
6	Please confirm if airport charges were the same for both Terminal 1 and Terminal 2 over the period FY15 - YTD18. If there were differences, please provide more information.	The airport charges for 2015 and 2016 for Terminal 1 and Terminal 2 were not the same. More information is available in the previous question. Airport charges for 2017 and 2018 for Terminal 1 and Terminal 2 were the same.
7	Please provide information on the services provided against security fees.	<ol style="list-style-type: none"> <li>1. Ensuring the control of the access regime in public and restricted areas;</li> <li>2. Patrols and surveillance in public and restricted areas;</li> <li>3. Security check of passenger luggage carried in the cargo area of an aircraft, as well as of the passengers and their hand luggage, carried in the passenger compartment of the aircraft;</li> <li>4. Provision of security screening equipment for goods intended for aerodromes;</li> <li>5. Protection, surveillance and patrol of aircraft, parked on apron, protection and monitoring of registered luggage, cargo and mail within the framework of the common basic standards for airport security;</li> <li>6. Protection of perimeter roads and perimeter fences.</li> </ol>
8	Please provide Consolidated EBITDA for YTD18 of the business, as if operated under concession terms (analogous to file 1.1.7 "Consolidated EBITDA 2016, 2017" of the VDR).	Bidders are responsible to prepare their own estimates based on the information provided in the Physical and Electronic sections of the Dataroom.

9	Please provide the assumptions behind the adjustments included by IFC in the file Sofia Airport EBITDA BASE 2017	<p>The assumptions were based among others that the private operator will be</p> <ul style="list-style-type: none"> <li>• Collecting all airport charges for its own accounts</li> <li>• Not allocating 50% of the rent revenues to the state budget</li> <li>• Not operating Balchik airport, Kosmos and VIP A</li> </ul>
10	<p>In an answer to question #589, you provide Profits and Operating expenses for 2016 and 2017, net of objects outside of the Concession. Can you confirm if these figures are comparable to "Revenue from sales" and "Operating expenses" as per AFS?</p> <p>Can you comment on how to link these figures to the ones used in file "Sofia Airport EBITDA BASE 2017", as we identify significant differences between Profit there (e.g.: as per EBITDA Base file: Total Profit for FY16 is BGN 141m, Total Profit excl. objects outside of Concession as per breakdown in the physical data room: BGN 81.9m for FY16)</p>	<p>We confirm the information that the amounts referred to in question No 589 are comparable with the audited financial statements and are income from the activity and operating expenses from which the revenues and costs of non-concession objects are excluded, as well as depreciation.</p> <p>With regard to the amount of BGN 141 million –, it is formed by revenues which include regulated and unregulated revenues. The amount of BGN 81,9 million, according to the breakdown in the Physical Information Room, relates only to the unregulated revenues of Sofia Airport EAD, which are included in the audited financial statements.</p>
11	According to the answer to Q&A question (point 2, Question 3) "Revenue from airport fees by airlines", gross revenue from airport fees from Ryanair amounted to BGN 22.2m in FY17 and the relevant discount was BGN 6.3m. Gross revenue from Ryanair in FY16 amounted to BGN 7.7m and no discounts were reported for FY16 - can you please confirm no discounts were due in FY16 (the PAX numbers appear to above the discount threshold as proposed in the FY18 charges - we have not seen a comparison for the FY16 charges)?	Ryanair started operating at Sofia Airport in 2016. According to the rules described in the Incentives Program of Sofia Airport, the incentives for which Ryanair qualifies, are granted at the end of the relevant period, i.e. one year after starting a new route or one year after a certain number of aircraft movements and transportation of a certain volume of passengers have been carried out. This means that the incentives on the contribution of the airline in 2016 were paid in 2017.
12	Please comment on the relevant accounting policy and treatment of discounts, including the period in which the discounts are accounted for and reported in the Airport's accounting books.	<p>Discounts under the Incentives Program for Traffic Development of Sofia Airport refer to the regulated activities (airport charges) and are not part of the accounting policy of Sofia Airport EAD.</p> <p>The accounting treatment of the discounts is an adjustment (reduction) of the amount of receivables from airlines for airport</p>

		<p>charges recorded as “Reconstruction Project Receivables” or as “Receivables under a contract with the Government of the Republic of Bulgaria” and a reduction in the short-term liabilities of the company, reported as “ Reconstruction Project payables” or as “Government Contract payables”.</p> <p>The period of recording of discounts in the company's books shall is made in accordance with the rules of the respective incentive programme.</p>
13	With respect to your answer related to question #1620 in the QA, please confirm whether our understanding is correct that the Concessionaire will have the opt to purchase or rent the moveable assets, accounted under Property, plant and equipment with NBV of BGN 12,631k as at Jul-18 on the Balance sheet of Sofia Airport.	We confirm that your understanding is correct: the Concessionaire can purchase/hire these movable assets owned by Sofia Airport EAD.
14	With respect to question #589 as uploaded in the Q&A and related to information about the balance sheet items for all assets not subject to the concession (Balchik Airport, Hotel Cosmos and VIP A Lounge) as at Dec-15, Dec-16 and Dec-17. Please provide such information as at Jul-18.	An updated information as of August 31, 2018 was made available for review in the Virtual Data Room on September 20, 2018 – <b>Appendix 5.9.1.3.</b>
15	We would like to understand what will be the opening balance sheet and what assets and liabilities will be transferred with the concession. Could you please advise on the specific treatment of each separate balance sheet item (Balance sheet as at Jul-18 is the latest available BS in the data room) split by transferrable/non transferrable/partially transferable upon concession, including relevant comment on the treatment.	<p>The carrying amount of the assets located in the territory of Sofia Airport is changed periodically for the following reasons:</p> <ul style="list-style-type: none"> <li>• According to contract No. D-48/02.09.2016, with funds from the levied airport charges, Sofia Airport EAD purchases new assets which are recorded monthly in the balance sheet of the MTITC;</li> <li>• The carrying amount of the assets is formed by deducting the accumulated depreciation from the reporting value. The depreciation is charged in MTITC on a monthly basis;</li> <li>• A revaluation of all assets on the territory of Sofia Airport is to be carried out by a licensed valuer by the end of this year.</li> </ul> <p>In this respect, the carrying amount of public state property assets as well as information on the specific treatment of each separate balance</p>

		sheet item will be provided at the date of conclusion of the Concession Agreement.
16	Please advise on the difference in the nature of payables as accounted under "Reconstruction project payables" of BGN 7,602k as at Dec-17 and "Payables to the Government" of BGN 66,522k as at Dec-17.	Information on payables as accounted under "Reconstruction project payables" and "Payables to the Government" as of December 31, 2017, is available in item 26.2 and item 28.2 of the Audited Financial Statements for 2017.
17	In an answer to Question #1378 you note that: "The reasons for the increase in the expenses for social and health security for 2017 are as follows: - amendments to the social security contributions according to regulatory documents; - changes in basic salaries in November 2017"  Please can you confirm the movement in these two areas (i.e. what did the amendments to the social security contributions consist of, and what did basic salaries change from and to in Nov-17 and why).	The Board of Directors' Decision – Task No 1 of 17.10.2017, with effect from 01.11.2018 - increased all employees' of Sofia Airport EAD remuneration by BGN 105, which entailed increased costs of social and health insurance contributions.  This change was justified by the following factors: Growth in the achieved economic indicators; Basic salaries were lastly changed in 2008; Inflation rate reported by the National Statistics for the period August 2008-September 2017 was 14,1%.
18	Please confirm that the declarations and warranties under Clause 4.2.2, Clause 4.2.3 and Clause 4.8 of the Concession Agreement concern not only the real estate specified in points 1 and 2 of Schedule 2 - Part 1, Section II of the Documentation for the concession, but also the real estate which will be included in the Concession Site on the conditions set out in point 3 of Schedule 2 - Part 1, Section II of the Documentation for the concession. Please confirm that respective amendments/supplements will be introduced in the Concession Agreement to reflect the above understanding.	Декларациите и гаранциите на Концедента по Клаузи 4.2.2, 4.2.3 и 4.8 от Концесионния договор, се дават към Датата на влизане в сила и касаят имотите и другите активи, които са включени в Обекта на Концесията към тази дата. Включването на допълнителни поземлени имоти, сгради и съоръжения в Обекта на Концесията ще бъде предмет на допълнителни споразумения към Концесионния договор, където би следвало да се включат и необходимите декларации и гаранции, в т.ч. чрез препратка към съответните клаузи на Договора.
		The Grantor's representations and warranties under Clauses 4.2.2, 4.2.3 and 4.8 of the Concession Agreement are made as of the Effective Date and refer to land plots and other assets, which are included in the Concession Site as of this date. The inclusion of additional land plots, buildings and facilities in the Concession Site

		will be subject matter of additional agreements to the Concession Agreement, where the necessary representations and warranties are to be included, including by reference to the respective clauses of the Concession Agreement.
19	Please specify the term in which the state ownership acts for the land plots with cadastral identifiers 68134.709.478 and 68134.708.480, described in points 3.2.1 and 3.2.2 of Schedule 2 - Part 1, Section II of the Documentation for the concession, will be issued.	<p>We cannot commit to specific deadlines.</p> <p>We expect that these procedures will be completed within the Transition Period under the Concession Agreement.</p>
20	Please confirm that the obligation of the Grantor to procure the hand-over the Concession Site to the Concessionaire under Clause 5.2 of the Concession Agreement concerns not only the real estate specified in points 1 and 2 of Schedule 2 - Part 1, Section II of the Documentation for the concession, but also the real estate which will be included in the Concession Site on the conditions set out in point 3 of Schedule 2 - Part 1, Section II of the Documentation for the concession (including the land plots described in points 3.2.1 and 3.2.2 of Schedule 2 - Part 1, Section II of the Documentation for the concession). Please confirm that respective amendments/supplements will be introduced in the Concession Agreement to reflect the above understanding.	The obligation of the Grantor to procure the hand-over of the Concession Site to the Concessionaire under Clause 5.2 of the Concession Agreement refers to the land plots and other assets, which are included in the Concession Site as of the Concession Commencement Date, including land plots, which may be included in the Concession Site by an additional agreement within the Transition Period.