



LIMAK KOSOVO
INTERNATIONAL AIRPORT JSC
INCENTIVE PROGRAM
AT PRISTINA INTERNATIONAL AIRPORT
"ADEM JASHARI"
2015

ARTICLE 1: OBJECT

This program aims to promote airlines and airport users in Pristina International Airport "Adem Jashari" (PIA) in order to increase its traffic movement and operational efficiency in full compliance with the related regulations of Civil Aviation Authority of the Republic of Kosovo and the Public Private Partnership Agreement signed between Republic of Kosovo and Limak Kosovo International Airport JSC (LKIA).

The terms and conditions of the Incentive which will be implemented in Pristina International Airport "Adem Jashari" is determined by this Program which is subject to the applicable charge system.

ARTICLE 2: SCOPE OF THE INCENTIVE PROGRAM

Within the scope of the Incentive Program which will be implemented starting from IATA Summer Season 2015, The New Route Development Incentive, The Additional Frequency Incentive, The High Traffic Volume Incentive, The Fixed Base Operation Support Incentive, the Marketing Support Incentive, The Non-Residential Premises Incentive and The Off-Peak Time Support Incentive will be granted by Limak Kosovo International Airport JSC to the airlines operating at Pristina International Airport "Adem Jashari".

2.1. THE NEW ROUTE DEVELOPMENT INCENTIVE

This incentive program has the purpose of stimulating routes to destinations not currently served directly from Pristina International Airport "Adem Jashari" (PIA), by sharing as LKIA, via this incentive the financial risk taken by the airlines when setting up the new routes.

Special Condition

Each airline which satisfies the abovementioned conditions can apply for the Incentive for New Route Development.

The conditions are:

- a) Commercial air connection to an airport, which has not been served in 12 months immediately prior to the application, by flights without stopovers to the airport.
- b) If the service to a destination has been terminated by an airline, this airline shall become eligible for the incentive scheme for resuming service to this destination only after 24 months from having terminated such service.
- c) For the purpose of this Program, flights have to be operated by aircrafts with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- d) The route has to be operated non-stop, i.e. no transfers via other airports. Route with a technical stop, where no revenue passengers leave or embark the flight, is considered as a non-stop route.

- e) An airline must fulfil the 90% of frequency requirements for a new destination, at least two (2) turnaround per week as per IATA season without any interruption.

Incentive Scheme

If an airline introduces a route to a new destination served by PIA, following conditions and charges apply:

INCENTIVE FOR NEW ROUTE

Year	1	2
Discount on Landing Fee	100%	50%

2.2. THE ADDITIONAL FREQUENCY INCENTIVE

This incentive program has the purpose of encouraging the airlines to add additional flights to their existing flight schedules by implementing financial support for each additional flight which will be operated from Pristina International Airport "Adem Jashari".

An additional frequency shall be considered as route which is served in addition to the number of frequencies served to a respective destination during previous respective scheduling period. Previous respective scheduling period is winter or summer scheduling period as defined by IATA, whereby for the purposes of Additional Frequencies Incentive’s claim consideration can be compared only the winter scheduling period with previous winter scheduling period and summer scheduling period with previous summer scheduling period. Changes of existing SLOT’s shall not be counted as “Additional Frequency”.

Special Condition

Each airline which satisfies the abovementioned conditions can apply for the Additional Frequency Incentive.

The conditions are:

- a) The airline applying for the Additional Frequency Incentive has to add at least 1 additional frequency to the existing destination compared to the same IATA season of the previous year.
- b) The additional frequency has to be operated without any interruption during an IATA season.
- c) For the purpose of this Program, flights have to be operated by aircrafts with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- d) The route has to be operated non-stop, i.e. no transfers via other airports. Route with a technical stop, where no revenue passengers leave or embark the flight, is considered as a non-stop route.

Incentive Scheme

If an airline introduces an additional frequency to its existing destination, following conditions and charges apply:

INCENTIVE FOR ADDITIONAL FREQUENCY

YEAR	1
DISCOUNT ON LANDING FEE	100%

2.3. THE HIGH TRAFFIC VOLUME INCENTIVE

This incentive program has the purpose of encouraging the airlines to keep and increase their existing traffic volume in PIA and encouraging new airlines to start to operate in PIA with a high volume of traffic by implementing direct financial support for each departing passenger for the volume of traffic which is above the specified range mentioned below.

Special Condition

Each airline which satisfies the abovementioned conditions can apply for the High Traffic Volume Incentive.

The conditions are:

- a) The airline applying for the High Traffic Volume Incentive has to have at least 50.000 Departure Passenger in total at PIA for the calendar year 2015.
- b) For the purpose of this Program, flights have to be operated by aircrafts with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- c) The routes have to be operated non-stop, i.e. no transfers via other airports. Route with a technical stop, where no revenue passengers leave or embark the flight, is considered as a non-stop route.

Incentive Scheme

Each airline having more than 50.000 departing passenger in PIA during the calendar year of 2015, shall have the following discount for each departure passenger:

For The Departing Passenger Interval	Financial Support To Be Provided
0-50.000 Pax	€0,00
50.001-100.000 Pax	€0,50
100.001-200.000 Pax	€2,00
200.001-300.000 Pax	€3,00
300.001-500.000 Pax	€5,00

For the sake of clarity, if an example would be given, an airline having 350.000 departing passenger would benefit a High Traffic Volume Incentive amounting of 775.000 Euro (25.000 Euro for the interval 50.001-100.000 Pax, 200.000 Euro for the interval 100.001-200.000 Pax, 300.000 Euro for the interval 200.001-300.000 Pax and 250.000 Euro for the 50.000 passenger from the 300.001-500.000 Pax Interval)

2.4. THE FIXED BASE OPERATION SUPPORT INCENTIVE

This incentive program has the purpose of supporting the airlines who has based their at least 1 aircraft to operate directly from/to Pristina International Airport "Adem Jashari".

Special Condition

Each airline which satisfies the below mentioned conditions can apply for the “The Fixed Base Operation Support Incentive”.

The conditions are:

- a) This incentive is only valid for carriers which operate scheduled flights from/to Pristina International Airport “Adem Jashari”.
- b) The carrier must use PRN as a base airport for at least one of the Carrier’s aircrafts which has a same registration. The carrier shall apply and take an approval of LKIA as a Fixed Base Operator and submit to Airworthiness document of related aircraft. The aircraft of Carrier must be the same aircraft with same registration which will be operated to/from PRN for an at least 8 Months period unless the aircraft must be changed due to long term technical problem. The technical problem must also be proved with technical report.
- c) Total time of aircraft parking at PRN should exceed at least 240 hours per calendar month.
- d) The Carrier has to start its morning operations from Pristina International Airport.
- e) For the purpose of this Program, flights have to be operated by aircrafts with a Maximum Take-off Weight more than 21.000 kg (twenty one thousand kilograms).
- f) The carrier must have at least 200 turnaround per year from PRN.

Incentive Scheme

THE FIXED BASE OPERATION SUPPORT INCENTIVE

YEAR	1
DISCOUNT ON PARKING FEE	100%

2.5. THE MARKETING SUPPORT INCENTIVE

This incentive program has the purpose of encouraging the airlines to add new destinations or new frequencies served by PIA by giving a lump sum marketing incentive amount for each new route or additional frequency.

Special Condition

Each airline which satisfies the abovementioned conditions can apply for the Marketing Support Incentive.

In order to apply for the Marketing Support for the Development of New Route or Additional Frequency Incentive Support, all the conditions stipulated in Article. 1.1 "The Special Conditions for The New Route Development Incentive" or Article 2. "The Additional Frequency Incentive" has to be satisfied.

Incentive Scheme

If an airline introduces a route to a new destination or an additional frequency to an existing route served by PIA, based on the submission of the related supporting documents evidencing the marketing expenses made for the promotion of that new route or new frequency, an amount of 30 000€ will be granted as marketing support.

2.6. THE NON-RESIDENTIAL PREMISES INCENTIVE

This incentive program has the purpose of encouraging the airlines to start fixed base operations from/to PRN and has to be used together with The Fixed Base Operation Incentive.

Special Condition

Each airline which satisfies the below mentioned conditions can apply for the Non-Residential Premises Incentive.

The condition is:

In order to apply for the Non-Residential Premises Incentive, all the conditions stipulated in Article. 2.4 "The Fixed Base Operation Incentive" has to be satisfied.

Incentive Scheme

20 sqm container or similar place in the airside of Pristina International Airport "Adem Jashari" will be assigned to the carriers who comply with conditions of this incentive in order to use as a Line Maintenance Office and/or storage for the period of Fixed Base Operation Incentive Program, excluded from all other expenses such as electricity, water, internet, phone line and etc.

The employee of the carrier who will use this place must comply with the related regulations regarding to access to the airside in Prishtina International Airport “Adem Jashari”

2.7. THE OFF-PEAK TIME SUPPORT INCENTIVE

This incentive program has the purpose of encouraging the airlines to use to Prishtina International Airport’s free SLOT Times to balance of resources and to keep the high level of service based on IATA.

Special Condition

Each airline which satisfies the below mentioned conditions can apply for the “Off-Peak Time Support Incentive”.

The conditions are:

- a) In order to apply for the Off-Peak Time Support, all the conditions stipulated in Article 2. 1 "The New Route Development Incentive" and/or Article. 2.2 “The Additional Frequency Incentive” has to be satisfied.
- b) The flights of carrier who wants to have benefit of this Incentive must be operated between the time interval shown below;

For IATA Winter Season;

For D1, D2, D4 all day

For D3, D7 after 19:00Z to 23:59Z

For IATA Summer Season;

For D1: Between 08:00Z to 23:59Z

For D2: All day

For D3: Between 08:00Z to 10:30Z & 17:00Z to 23:59Z

For D4: Between 07:30Z to 23:59Z

For D5: Between 08:30Z to 10:30Z

For D7: Between 14:45Z to 23:59Z

- c) All the flights which will be a subject to this incentive must be approved before the related IATA season by the SLOT Facilitator of Limak Kosovo International Airport JSC.
- d) Maximum deviation of SLOT times shall be – 15 to STA and +15 from STD. Any delay caused due operational performance of Limak Kosovo J.S.C., bad weather conditions in Prishtina International Airport’s CTR and/or ANSP of Republic of Kosovo shall be counted as flight is in the approved SLOT Times.

- e) Limak Kosovo JSC has a right to accept or decline to applications of carriers according to capacity of Prishtina International Airport “Adem Jashari” which has been calculated and followed based on IATA Service Level C. The carriers who has applied to this incentive program will be listed according to their application date for this incentive program and first applications which are in the limit of capacity will have a benefit of this incentive in any case of over capacity situation.

THE OFF-PEAK TIME SUPPORT INCENTIVE

YEAR	1
DISCOUNT ON GH Package (per Turnaround)	20%

ARTICLE 3: BENEFICIARIES

1. The incentive program is directed towards all the commercial airlines without any discrimination carrying passengers and which operates or intends to begin operations at Pristina International Airport "Adem Jashari" and which fulfils all the requirements and criteria described in this Program.

ARTICLE 4: GENERAL TERMS AND CONDITIONS

1. In order to benefit from this incentive scheme, an agreement shall be concluded between Limak Kosovo Intl. Airport J.S.C. and the airline concerned. In this agreement the conditions for the refund of a certain incentive are defined.
2. The final settlement shall be made according to an agreement with the airline.
3. An airline shall not have a legal claim to concluding an incentive agreement. However, for reasons of competition regulations all airlines will be treated equally according to the stipulated provisions.
4. With regard to code-sharing flights, only the operating carrier is eligible. The decisive factor therefore will be the flight number (no marketing carrier).
5. LKIA has the right to non-enforcement of the incentive program if an airline does not follow defined conditions.
6. LKIA has the right to make the final decision whether an airline is eligible for an incentive or not.
7. LKIA reserves the right to review and amend the incentive scheme at any time.

8. The total incentive amount to be applied to an airline will be calculated at the end of the each IATA season based on the realization figures. In order to have the timely confirmation, the airlines will perform the quarterly reconciliations which confirm the traffic numbers and the outstanding balance with LKIA.
9. The new connections, the additional frequencies and their schedules included in the operating program must have their slots approved by the Slot Coordinator.
10. The Traffic Form is a document that supports the entire process of this program, in particular for the purpose of monitoring the airline and certifying the number of Air Traffic Movement.
11. This incentive program is new and if any unclear situations regarding the calculations arise, LKIA reserves the right to develop additional regulations to ensure achievement of the overall purpose of this program.
12. 90 % of the scheduled frequencies (as defined in the contract) have to be actually operated. Rebates shall not be paid for missed/delayed flights until the percentage reach %10. More than 10 percent missed/delayed flights shall be the subject of cancellation for whole incentive program.

ARTICLE 5: FINAL DECISION IN REGARD TO GRANTING OF THE INCENTIVE

The final decision concerning the eligibility of an airline for this incentive program is a solely responsibility of the LKIA. LKIA reserves the right, at any moment, to refuse or suspend granting an incentive in the following cases:

- When the airline does not ensure the prompt payment of any outstanding invoices to LKIA;
- When the PIA capacity has been reached or is at saturation point, Airport suspends the valid incentive program for the new airlines which will apply to the incentive program.

Besides, LKIA reserves the right at any moment, to refuse, suspend or change the structure of granting an incentive with a prior notice period of 60 days.

ARTICLE 6: DECISION

1. LKIA will analyze the submitted application and will reach a final decision within a period of 15 working days after having received the application.
2. The final decision will be announced to the applicant via registered mail or fax, with confirmation upon reception, to the applicant's head office or to the address stated on the Application Form.

3. If the application and its flight plan are approved, the announcement mentioned in Article 6.2 will include an initial estimate of the incentive amount to be granted.
4. The reception of LKIA's final decision by the terms of this article and the Application Form submitted do formalize the mutual acceptance of the conditions determined in this program.
5. Final agreement (Decision) for incentive program will be in a contract form in between LKIA and airline that apply.

ARTICLE 7: PAYMENT OF THE INCENTIVE

1. The incentive calculated and approved by the terms of this program will be paid through a deduction from the LKIA receivable amount from the airline company at the end of the each IATA season, based on one debit note to be issued by the airline.
2. The payment of the incentive will always depend on previous validation, that the airline complied with the operations planned on the Application Form and approved by LKIA, and also that at least 90% of the previously approved slots for the period in question were actually used.

ARTICLE 8: SPECIAL CONDITIONS

1. Should the application be approved, the parties will sign a written agreement that regulates the specific conditions of the incentive and that will include at least the following information:
 - Duration of the application;
 - Operating plan;
 - Initial estimate of the incentive amount, calculated in accordance with the proposed operating plan;
 - Method and deadline for granting the incentive.
2. Any changes to the conditions initially established for granting the incentive shall be duly amended and become an integral part of the document mentioned in Article 6.1.

ARTICLE 9: SUPERVISION

1. The Program will be monitored and controlled based on the detailed plan outlining the series of operations covered by the incentive, as well as on the traffic forms mentioned in article 4.10.

ARTICLE 10: SANCTIONS

In order to be qualified for the incentive, if an airline misuses with its flight program for each period either single-handed or as part of a combined effort with other airlines, it will be disqualified.

ARTICLE 11: VALIDITY

The present Program is exclusively regulated by Kosova's law, the regulations of Civil Aviation Authority of the Republic of Kosovo and the Public Private Partnership Agreement signed between Republic of Kosovo and Limak Kosovo International Airport JSC (LKIA). It is effective from March 30th 2015 until March 29th 2016, unless otherwise advised by LKIA.

In order to be part of this program, airlines may apply only within one year time term frame from March 30th 2015 until March 29th 2016.