

## Airline Incentive Policy (1 January 2022)

Aiming to achieve a sustainable development of its passenger, Tirana International Airport (TIA) herewith amends its successful TIA Incentive Policy. This Airline Incentive Policy (Policy) is valid from 1 January 2022 (or as otherwise stated in the respective incentive) and replaces the previous one.

By offering discounts on turnover calculated based on its regular charges, TIA invites Airlines to introduce additional services to Tirana International Airport by taking advantage of reduced operating costs. Furthermore, with a competitive “risk sharing” policy for the first two years of operations, TIA encourages airlines to start up their business, introduce new routes and further develop the operations out of TIA. Consequently, TIA’s incentive policy is to benefit of the total of TIA’s aviation market, as it results in amplified passenger traffic.

More specifically, for Airlines currently operating or planning to operate to TIA the following incentives are available:

- A New Route Incentives for Scheduled Traffic
- B Additional Frequency Incentives for Scheduled Traffic
- C New Airline Entrants
- D New Route for Charter Traffic
- E Non-satisfactory Load Factors
- F Larger Aircraft Incentive
- G Support for Transit Traffic
- H Switching from charter to annual traffic operations
- I Volume Based Discount (Post COVID-19)

The above cited incentives must fulfil the Terms and Conditions as described in the following paragraphs.

### Terms and Conditions (TaC)

This Policy is only eligible for airlines fulfilling the following conditions precedent:

- The Airline has signed and returned the TIA Standard Ground Handling Agreement, the Annexes A and B and the Tirana International Airport Conditions of Use and Airport Charges;
- The airline is at all times paying the charges to TIA within due time; and
- The airline will perform quarterly reconciliations with TIA confirming the passenger numbers and the balances outstanding.

Incentives A, B, C, D, H and I are granted first if applicable hereunder. In case they do not apply for a certain route, the rest of the incentives may be granted if the respective conditions are fulfilled.



#### **A. New Route Incentive for Scheduled Traffic**

TIA in order to support any Airline operating a new route for a scheduled passenger flight is offering the following two-year supportive scheme (New Route Incentive):

First 12 months: 100% reduction of the published Landing, Parking and Lighting turnover; and  
10% reduction of Ground Handling turnover.

Second 12 months: 50% reduction of the published Landing, Parking and Lighting turnover.

Thereafter, the Airline will pay the regular TIA charges. The following conditions apply in addition to TaC:

- Routes eligible for this New Route Incentive are routes where no scheduled flights operated to/ from TIA during the preceding 12 months, and to which no flight were operated by the airline starting the New Route, during the preceding 36 months.
- The New Route should be operated on a scheduled basis on an average of at least one weekly frequency throughout a period of 12 months.
- The total number of frequencies of the airline flown from TIA during the first (1st) 12 months of the new service operations, when compared against the preceding corresponding year, results in a net increase in the total frequencies operated at TIA by that Airline.

The incentives shall be calculated and granted annually after the period of each 12 months for which it applies.

#### **B. Additional Frequency Incentive for Scheduled Traffic**

TIA in order to support any Airline introducing additional scheduled frequencies on existing routes flown by the same Airline is offering the following one year/one IATA flight period supportive scheme:

50% reduction of the published Landing, Parking and Lighting turnover.

Thereafter, the Airline will pay the regular TIA charges. The following conditions apply in addition to TaC:

- The Additional Frequency should be operated by the airline on a scheduled basis on an average of at least one additional weekly frequency throughout the year/IATA flight period.
- The total number of frequencies of the Airline flown from TIA during the 12 months/IATA flight period of the additional service, when compared against the

previous corresponding year/IATA flight period, results in a net increase in the total average weekly operated at TIA by that Airline.

Such incentive will be applicable for IATA flight period starting IATA summer. For the sake of calculation, the additional frequencies will be accounted as the difference between the number of flights performed in the current year/IATA flight period with the number of flights performed in the previous year/IATA flight period. The incentive will be calculated taking into account the last flights performed. The incentives shall be granted annually or after the IATA flight period for which it applies. The annual calculation will take into account the previous incentives granted for the IATA flight period included in the same year (if applicable).

### **C. New Airline Entrants**

TIA in order to support any Airline wishing to start annual scheduled operations is offering the following six months' supportive scheme:

First 6 months: 100% reduction of the published Landing, Parking and Lighting turnover  
10% reduction of the published Ground handling turnover.

After the first six months of operation, the Airline will pay the regular TIA charges. The following conditions apply in addition to TaC:

- Airlines eligible for this New Airline Entrant Incentive must be airlines for which no commercial operation has previously been carried out for the preceding 24 months.
- The New Airline Entrant should be operated on a scheduled basis throughout the year on a minimum of one weekly frequency.

The incentives shall be calculated and granted after the period of six months.

### **D. New Route Incentive for Charter Traffic**

TIA in order to support charter airlines introducing a new route is offering the following six months supporting scheme:

First six months: 100% reduction of published Landing, Parking and Lighting turnover.

Thereafter, the Charter Airline will pay the regular TIA charges. The following conditions apply in addition to TaC:

- Routes eligible for this New Route Incentive for Charter Traffic where no scheduled or charter flights were operated to/from TIA during the preceding 12 months.
- The New Charter Route should be operated during a scheduled period of at least three months with a minimum of one weekly frequency on average.

The incentives shall be calculated and granted after the period for which it applies.

#### **E. Non-satisfactory Load Factors**

TIA will support the airlines operating at a non-satisfactory load factor during certain months of the year. The support includes all the airlines reporting low load factors on specific routes and in specific months.

Based on the airline's load factors on existing routes measured in passenger numbers reported onboard for a round trip TIA will provide:

- a) 20% discount on the monthly Ground Handling Turnover, if the airline's load factor during a month will be between 50% and 60%;
- b) 25% discount on the monthly Ground Handling Turnover, if the airline's load factor during a month will be lower than 50%.

The maximum number of months during which a route may be supported, will be two per each IATA flight period.

For the purposes of the calculation, the incentives will be granted at the end of year.

The airline receives such incentive only if no other incentives on this route are granted.

#### **F. Larger Aircraft Incentive**

When the Airline increases the size of the aircraft used on a route by moving to the higher MTOW range as shown in TIA's charging structure, during a flight period compared to the corresponding period of the previous year, the Airline will receive a discount for that IATA flight period on the Ground Handling turnover equal to the difference between the applicable Ground Handling Charges for the current size (MTOW range) and the previously applied charges for the smaller aircraft.

- The new aircraft should be operated on a scheduled basis throughout the IATA flight period on a minimum of one weekly frequency.
- The total number of frequencies of the Airline flown from TIA during the IATA flight period when compared against the previous corresponding IATA flight period, results at least in the same number of total frequencies on such route available from TIA for that Airline.

For the purposes of calculation, the incentives will be granted after the end of year.

The airline receives such incentive only if no other incentives on this route are granted.

### **G. Support for Transit Traffic**

TIA will support the installation of connecting flights by airlines. Such support aims to promote the growth of passenger numbers through the use of TIA as transfer point.

TIA will grant 50% discount on the departing passenger turnover to such transit passengers only.

The discount will be monitored and granted monthly.

### **H. Switching from charter to annual traffic operations**

TIA in order to support any Airline, that is switching its operations from charter or seasonal to full year operations and are selling tickets through online sales platforms, is offering the following two-year supportive scheme:

First 12 months: 100% reduction of the published Landing, Parking and Lighting turnover; and  
10% reduction of Ground handling turnover.

Second 12 months: 50% reduction of the published Landing, Parking and Lighting turnover.

The airline receives such incentive only if no other incentive on this route is granted. Thereafter, the Airline will pay the regular TIA charges.

- Routes eligible for this incentive, should be operated on a scheduled basis on an average of at least one weekly frequency throughout a period of 12 months.
- The total number of frequencies of the airline flown from TIA during the first (1st) 12 months of the new service operations, when compared against the preceding corresponding year, results in a net increase/or the same net number of the total frequencies operated at TIA by that Airline.

The incentives shall be calculated and granted annually after the period of each 12 months for which it applies.

### **I. Volume Based Discount (Post COVID-19)**

TIA , in order to accelerate the passenger recovery process and to support any Airline that brings volume of passengers, is introducing the Volume Based Discount Incentive. The airlines have to report a minimum threshold of 110,001 departing passengers for the first rolling year and should report an increase of the overall passenger numbers on annual basis

The volume based discount is applicable on the airline turnover as per the following:

Tier	Pax / Year	Reduced Pax Charge (EUR)
1	110,001- 150,000	1.3
2	150,001 - 190,000	2.2
3	190,001 - 230,000	2.9
4	230,001 - 270,000	3.4
5*	270,001 - 310,000	3.9
6	310,001 - 350,000	4.3
7	350,001 - 390,000	4.7
8**	390,001 - 430,000	5.0
9	430,001 - 470,000	5.4
10	470,001 - 510,000	5.7

For the avoidance of doubt this scheme is applicable on incremental basis.

\*Airlines that reach the departing passenger number of at least 270,001 during the first rolling year, as indicated in tier number 5 on the table above, will be entitled to a bonus of Eur 0.7 per departing passenger;

\*\*Airlines that reach the departing passenger number of at least 390,001 during the second rolling year, as indicated in tier 8 on the table above, will be entitled to a bonus of Eur0.2 per departing passenger;

For the purpose of calculation, the infant passenger are counted, but no incentive is granted for departing infant passengers.

This volume based discount will be applicable for at least three year period time from July 1<sup>st</sup>, 2020 until June 30<sup>th</sup>, 2023, irrespective of the date when the airlines start the first flight.

For the purposes of calculation, this incentives will be granted after each twelve rolling month period.

If the airline enjoys the Volume Based Discount, it can enjoy no other incentive for the same period.

### **Marketing Support**

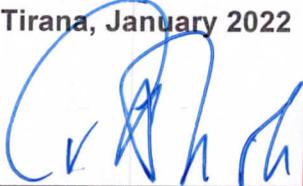
TIA is able to offer a number of co-marketing opportunities to airlines developing traffic at TIA. These are subject to availability and individual negotiation of terms and conditions.

### **Payment of the Incentives**

Any financial obligation arising during each calendar year towards the airline, as a result of these incentives, will be settled by way of a credit note at the end of the financial year, unless specified differently in this Policy.

This Policy and any eventual payment deriving from its application is an entirely voluntary and discretionary contribution on the part of TIA. It is understood and agreed that the payment of the incentives may be withheld, increased, decreased, discontinued or cancelled altogether, individually or collectively with 60 days prior notice. Furthermore, the payment of the incentive is contingent upon the airlines conducting flights on the time such payment is scheduled to be done and all the conditions stated in this policy are met in full.

Tirana, January 2022


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