

Annex 4

Incentive scheme

for the promotion
of new routes

Annex 4 to Tariff Regulations of Graz Airport

Incentive scheme for the promotion of new routes

1. General

The business location „Graz Airport“ with currently about 950 employees faces increasingly tough international and national competition with airports (that are putting strong efforts in expanding their offer) and has partly overlapping catchment areas with those airports.

This incentive scheme is designed to ensure the competitiveness of Graz Airport and the better use of existing airport capacities. Subsequently it serves to increase passenger figures at Graz Airport, to acquire new customers and to arrange their market entry in an attractive and economically reasonable way.

The present incentive scheme of Graz Airport (*Flughafen Graz Betriebs GmbH*) is supposed to encourage airline companies to connect Graz with new unserved destinations in the interests of the strongly export oriented and expanding Styrian economy and industry and of Tourism, hence strengthening the business location Styria and offering international connectivity ex/into Graz.

The objectives of the incentive scheme are among others:

1. More efficient use of existing infrastructure and airport capacities
2. Increase of value creation for Styrian economy, industry and tourism
3. Revenue increase in the fields of aviation and non-aviation
4. Increase of sales for resident businesses/ retailing partners at location Graz Airport
5. Safeguarding of jobs of committed employees

Conditions for the granting of this new route promotion are:

- a mutual interest in establishing sustained traffic ex/into Graz
 - o mutual interest and sustained traffic do not apply in particular if the continuation of the route after the promotion period is assessed as not realistic or establishing the route would immediately put at risk the continued operation of existing connections
- that the destination has not been served nonstop from Graz Airport within at least two IATA seasons prior to the launch
- service as nonstop flight ex/into Graz of minimum 2 weekly rotations for at least 45 weeks in the calendar year or seasonal operation, however, with at least 60 rotations per IATA season.

If a new destination is served only **seasonal**, but the flight is operated at least 60 times per IATA season, only 50% of the discounts according to paragraph 2 are applied. A discount on the Security Charge cannot be granted in this case.

This incentive scheme is not applied when existing services are shifted within an airport system of a destination/city, within a catchment area or from an airline company to its affiliated companies. If the destination was already served from Graz by an airline or its affiliated companies and was then ceased the same airline group can be granted this incentive scheme only if it has not served the destination from Graz nonstop within the last 24 months.

No more discounts from the Tariff Regulations can be granted for flights on routes that are already promoted by this incentive scheme.

The basic claim of an airport user (airline company or aircraft holder) to the granting of an incentive from this scheme shall arise only after a written agreement has been signed and the fulfilment of the requirements linked to the respective incentive has been proven. When concluding an agreement the settlement of the allowances has to be stipulated in detail as well as the route, flight frequencies, service days, flight times, aircraft type, load factor and expected passenger volume in & out for the contract period.

If less than **80%** of the planned and contractually agreed flights are operated the claim to this allowance expires.

Granting of this incentive may be revoked at any time if due invoices of Graz Airport (*Flughafen Graz Betriebs GmbH*) have not been paid.

Graz Airport (*Flughafen Graz Betriebs GmbH*) reserves the right to revoke the incentive scheme or parts of it or to request changes to it at any time.

The support is given according to the State Aid and Competition Law of the European Union under application of European Law and ensures a fair, functioning competition with the precept of non-discrimination.

2. Assessment bases and rates

For establishing a new scheduled destination the following discounts on the charges can be granted for a period of maximum 4 years.

Landing Fee/ Passenger Service Fee

Years since launch of route	Discount
1	-80%
2	-60%
3	-40%
4	-20%

Security Charge (only with year-round scheduled services)

Years since launch of route	Discount
1	-20%
2	-15%
3	-10%
4	-5%

If frequencies are increased to 6 or more weekly flights in one of the years of build-up the discount of the respective year since launch of the route on Landing Fee, Passenger Service Fee and Security Charge is increased by another 10% from that moment.