

Discounts on airport charges at Zaporizhzhia international airport

Regulations on Application of Discounts on Airport Charges (Extract)

1. General provisions

1.1. Regulation on the application of the reduction coefficients to the marginal rates of airport charges at the UE «Zaporizhzhia International Airport» (hereinafter the Regulations), developed in accordance with the norms of the Constitution of Ukraine, the Air Code of Ukraine, the Law of Ukraine "On Protection of Economic Competition", the Law of Ukraine "On Protection against Unfair Competition », Order of the Ministry of Transport and Communications of Ukraine dated 14.04.2008. No. 433, Order of the State Aviation Service of 24.10.2014. No. 686, other normative legal acts of the current legislation of Ukraine.

1.2. The Regulation defines the mechanism of application of the reduction coefficients to the marginal rates of airport charges established by the Decree of the Ministry of Transport and Communications of Ukraine of 14.04.2008 No. 433 and the Order of the UE «Zaporizhzhia International Airport" of 19.12.2018 No. 236 "On the application of the reduction coefficients up to the limit rates for airport charges established at UE "Zaporizhzhia international airport" (as amended).

1.3. For the purposes of this Regulation, the terms used are as follows:

Regular flight - a flight that is included in a series of flights related to the carriage of passengers, cargo and mail, which are accessible to the public for paid use and operated according to an officially approved timetable between the same two or more points, regardless of commercial load. Regular flights include the approved scheduled flights of this series operated by the same carrier;

The new airline is an airline that did not operate scheduled flights to / from Zaporizhzhia airport.

New flight - a scheduled flight not operated between the airport of Zaporizhzhia and another airport on an annual basis during the last 12 calendar months by any Airline.

Frequency of flights is the number of flights operated by an airline on a specific scheduled flight during the reporting period (week, month).

Limit rates for airport charges are airport charges approved by the Decree of the Ministry of Transport and Communications of Ukraine of 14.04.2008. No. 433 (except for fees for over-parking of a/c).

Spring-summer period (summer season/schedule) - from April 1 to September 30.

Autumn-winter period (winter season/schedule) - from October 1 to March 31.

2. Discounts on airport charges

| Annual departing PAX (‘000)* | Validity period (year since the first flight operation date)** | | | | |
|---------------------------------|--|--------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 0-14,999 | 0,2 | 0,4 | 0,5 | - | - |
| 15,000-24,999 | 0,2 | 0,4 | 0,5 | 0,7 | 0,8 |
| 25,000-34,999 | 0,2 | 0,2 | 0,4 | 0,6 | 0,7 |
| 35,000-49,999 | 0,2 | 0,2 | 0,2 | 0,5 | 0,6 |
| 50,000-64,999 | 0,2 | 0,2 | 0,2 | 0,4 | 0,5 |
| 65,000-84,999 | 0,2 | 0,2 | 0,2 | 0,2 | 0,4 |
| 85,000+ | 0,2 | 0,2 | 0,2 | 0,2 | 0,2 |

2.1. Maximum discount coefficients, offered in case the Airline initiates **a new scheduled route*** - year means the 12-month period since the first new regular flight operation date.

** - discount on airport charges can be applied to flights which are not given any discounts described in the Paragraph 2 of the Regulations.

N.B. The discount rate of the first year of operating new regular flights is 0,2 regardless the departing PAX figure. The discount rate of the consequent years depends on the total number of departing passengers carried on all new regular flights in the previous year.

In order to obtain the discount, the Airline should submit the application form (Annex 1) not later than 7 working days before the planned new regular flight operation date. Each new regular flight requires separate application for discount. The airline should necessarily indicate the following information:

- planned (actual) date of the official announcement about launching of the new regular route;
- planned (actual) date of the start of ticket sale;
- planned schedule, operating period and aircraft type;
- planned load factor during each calendar year;
- approximate average ticket price, excluding the discount on airport charges;
- approximate average reduced ticket price, including the discount on airport charges.

The airline must start to operate a new regular route within 12 months either since the actual date of the official announcement about launching the route or the actual date of the commencement of ticket sale (whichever event is the latter). After the official announcement about launching the route and the start of ticket sale, the route becomes reserved by the Airline, and requests from other Airlines regarding the application of the incentive program to this route will not be granted. If the Airline ceases to sell tickets for a flight within the period either between the actual date of the official announcement about opening of the route or the actual date of commencement of the ticket sale (whichever event was the latter) and the date of the first new regular flight operation, the route ceases to be reserved by the Airline and becomes available for other Airlines on the day the ticket sale is stopped.

On the basis of the written decision on application of discounts on airport charges for a new regular route, that is approved by the General Director of the Airport, the Contractual Division prepares and sends the Airline the Additional Agreement on the application of discounts on airport charges for a new regular route, which are to be applied from the first new regular flight operation date, to be signed. The specified Additional Agreement is prepared based on the decision on the first new regular flight and all subsequent new regular flights join the incentive program in accordance with this Paragraph on the basis of relevant decisions without concluding Additional Agreements.

In case the Airline suits the requirements of this Paragraph, the Airport sends the Additional Agreement on applying discounts on airport charges not later than 2 working days before the planned new regular flight commencement date.

| <i>The increase of defined flight frequency</i> | <i>Discount coefficient for additional flight*</i> | <i>Validity period</i> |
|--|---|-------------------------------|
| +1 and more | 0,2 | Reporting month |

2.2 Maximum discount coefficients on each flight that **exceeds the defined number of frequencies**: the frequency of more than **80 regular flights per month** during summer season and **60 regular flights per month** during winter season:

** - discount can be applied to flights, which are not given discounts described in paragraph 2 of the Regulations.*

To determine the number of operated (planned) regular flights during the reporting month it is necessary to sum up international and domestic regular departed flights.

In order to obtain the discount, the Airline, planning to operate regular flights with the determined frequency in the reported month, should submit the application form (Annex 2) not later than 6 working days of the reported month (inclusive), indicating the following information:

- number of regular flights to operate (during the defined period);
- approximate minimum ticket price, excluding discount on airport charges;
- approximate minimum ticket price, including the discount on airport charges.

In case the Airline suits the requirements of the paragraph 2.4 of the Regulations, the Airport reports on agreement to apply discounts on additional regular flights not later than 5 working days after having received the Airline's Application.

If the actual number of regular operated flights differs from the one that has been indicated in the Application, the discounts are given on the actual number of regular operated flights that exceed the defined number of frequencies.

3. Concluding comments

3.1. Application forms for obtaining discounts as well as report on the number of flights and passengers which contain incomplete information will not be taken into consideration and the decision will be reported in the written form.

3.2. In case an airline has been offered discounts and has not started to operate new or additional scheduled flights within 60 calendar days, the incentive program is abolished.

3.3. In case an airline violates its obligations during the period of discounts on airport charges, ground handling and passenger handling, has the past-due debts to the airport in accordance with the signed contracts, the airport has the right to unilaterally refuse an airline to offer discounts. The airport informs an airline thirty calendar days prior to the abolishment of discount support. If the written notification is properly sent by the Airport (courier service or postal facilities to the Airline's location, by e-mail or fax, as provided in the IATA Standard Ground Handling Agreement (simplified procedure) but the Airline does not receive it, the decision to abolish the discount support is not reversed.

3.4. In case the Airline, having received the discounts, has not started operating new or additional regular flights within 60 calendar days from the planned new regular flight operation date, indicated in the respective Application, the discounts are cancelled.

3.5. If the Airline operates only one segment indicated in the flight route application (due to force majeure, meteorological conditions, technical and other objective reasons), the discounts on airport charges are also applied to the operated segment, and the latter is taken into account when determining the total number of flights operated by the Airline and the number of passengers carried.