

PALANGA AIRPORT INCENTIVE SCHEME

APPROVED

By Order No. 1R-111
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Of Chief Executive Officer,
SE Lithuanian Airports

Valid from 12 November 2019 through 31 March 2022

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1. PREAMBLE

With this Palanga Airport Incentive Scheme (hereinafter referred to as **the Incentive Scheme / the Scheme**), the State Enterprise Lithuanian Airports aims to encourage airlines to operate new routes to and from Palanga Airport, as well as to support the continuous and sustainable route network development and to increase and maintain the number of passengers.

2. DEFINITIONS

Airline group means affiliated airlines including parent companies and subsidiaries, as well as companies in which 50% or more of the shares (shareholdings, stakes or other voting rights in the meeting) are owned, directly or indirectly, by the same company.

Airport charges shall mean the charges that an airport collects for the use of PLQ services and as listed in the Incentive Scheme which are payable by the airline to the airport and on which the airport offers discounts.

Approved route means a route approved by a route support approval letter issued by Lithuanian Airports.

Commencement date means the actual date of the airline's first flight on a particular route.

IATA season shall mean the period of the year set by the International Air Transport Association (IATA); such periods are classified into IATA summer season (from the last Sunday in March of the current year to the last Saturday in October of the same year) and IATA winter season (from the last Sunday in October to the last Saturday in March of the next year).

Lithuanian Airports means the State Enterprise Lithuanian Airports.

New route is a route that connects PLQ to another airport that is not served by another airline for the periods and on terms specified below.

PLQ means Palanga Airport

Scheduled flight means one flight of a series of flights (to/from airport from/to the same destination), operated according to a published timetable at the start of the IATA season to which all tickets are sold to the public via standard GDS or other publicly available booking systems.

3. INCENTIVE SCHEME

The Incentive Scheme includes two incentives: new route incentive and passenger traffic development incentive. The Incentive Scheme applies only to commercial scheduled flight routes. The Incentive Scheme applies to airlines and airline groups. The airlines may perform the obligations of airlines provided for in this Scheme on behalf of other airlines within the same airline group.

3.1. New route incentive

An airline establishing a new scheduled route from PLQ shall be entitled to discounts on airport charges for the services provided to that route according to the following criteria.

The discount shall apply to the following airport charges:

- Departing passenger charge;
- Aircraft landing charge.

For the avoidance of doubt, the discount shall not be applicable to the following charges:

- Aircraft parking charge;
- Follow me charge;
- Centralized infrastructure fee;
- Fee applicable to ensure proper services for disabled persons and persons with reduced mobility (PRM);
- Any other fees and/or charges that may be introduced during the validity of the Incentive Scheme.

3.1.1. Level of route support

In accordance with this incentive, the discount on airport charges shall be applicable for routes operating on a year-round basis (not the routes operated only for a certain IATA season) and seasonal routes (routes operated only for a certain IATA season).

Approved year-round routes and seasonal routes are afforded the following discounts for the first three years of operation:

Period of validity	New route discount on the departing passenger charge and the aircraft landing charge		
	Year-round routes		Seasonal routes
	IATA Summer Season	IATA Winter Season	
First year	50%	100 %	50%
Second year	40%	90 %	40%
Third year	30%	80 %	30%

The beginning and end of the respective summer and winter seasons are determined in accordance with the IATA scheduling seasons.

The incentive shall apply for a period of three years from the commencement date. Following the expiration date of the three-year period, the airport charges valid on the expiration date will apply.

3.1.2. Eligibility

3.1.2.1. The proposed route should aim to expand the route network and increase passenger traffic at Lithuanian Airports. This means that the route must provide access to an airport that is currently not directly served, should increase the total number of passengers served at the airport and be commercially useful to Lithuanian Airports.

3.1.2.2. A route proposed by an airline will qualify as a new route if scheduled flights on the proposed route have not been operated from PLQ directly over the past 12 months before the planned commencement date.

3.1.2.3. The minimum frequency required is two weekly return flights.

3.1.2.4. The proposed route shall be a non-stop service from PLQ.

3.1.2.5. Seasonal routes must operate for the full IATA season. However, shall Lithuanian Airports consider that the relevant route provides a significant economic benefit and subject to any other objective circumstances, Lithuanian Airports reserves the right to approve a route that operates for a shorter duration than a full IATA season.

3.1.2.6. The airline shall have the required traffic rights to operate the proposed route.

3.1.2.7. Where a new route offered by an airline meets the requirements of more than one of the incentives provided for in this Scheme, only one incentive shall apply.

3.1.2.8. Should the airline offer a new year-round route when a seasonal route connecting PLQ with the same airport as offered by the new year-round route is already receiving support on the basis of the Incentive Scheme, such offered new year-round route will not receive support.

3.1.2.9. Should the airline offer a new seasonal route when a year-round route connecting PLQ with the same airport as offered by the seasonal route is already receiving support on the basis of the Incentive Scheme, such new seasonal route will not receive support.

3.1.2.10. Should the airline offer a new year-round route or seasonal route connecting PLQ and any other airport by transferring its own route or the route of an airline within the same airline group or capacity from another airport managed by Lithuanian Airports, such newly offered route will not receive support.

3.1.2.11. In case the airline operating the approved new seasonal route extends it to operate on a year-round basis, such route shall be subject to the discounts on airport charges offered for new year-round routes for the extended period.

3.1.2.12. In case the airline operating the approved new year-round route reduces it to operate on a seasonal basis, such route shall be further subject to discounts on airport charges offered for new seasonal routes.

3.2. Passenger traffic development incentive

The Passenger traffic development incentive is intended to encourage maintenance of passenger traffic by airlines operating scheduled flights at PLQ in accordance with the following criteria.

The discount shall apply to the following airport charges:

- Departing passenger charge;
- Aircraft landing charge.

For the avoidance of doubt, the discount shall not be applicable to the following charges:

- Aircraft parking charge;
- Aircraft follow-me charge;
- Centralized infrastructure fee;
- Fee applicable to ensure proper services for disabled persons and persons with reduced mobility (PRM);
- Any other fees and/or charges that may be introduced during the validity of the Incentive Scheme.

3.2.1. Level of route support

At the end of the current calendar year, Lithuanian Airports shall assess the number of passengers (outbound and inbound) carried by airlines operating scheduled flights at PLQ based on PLQ statistics and apply a discount on the airport charges paid by the airline based on the number of passengers actually carried during one calendar year by each airline or airline group as provided for in the Scheme.

The incentive shall apply from 1 January 2020, i.e., the number of passengers shall be first assessed after the end of the calendar year 2020.

Number of passengers carried per calendar year	Discount on all airport charges as provided for in the Scheme
9 999 – 34 999	-5% from charges
35 000 – 59 999	-10% from charges
60 000 – 85 999	-15% from charges
86 000 and more	-20% from charges

3.2.2. Eligibility

The incentive applies to airlines that have carried the same or a higher number of passengers than the maximum number of passengers carried by the airline in the last two calendar years.

The incentive applies to airlines operating scheduled flights at Palanga Airport. In the case of code-shared flights, the incentive is applicable to the operating carrier only.

The discount applied to the airline under this incentive shall not be added up with the new route incentive discounts under this Scheme, i.e. the discount does not apply to airport charges paid by the airline for the route which benefits from the new route incentive.

Lithuanian Airports shall not grant the incentive, if the charges paid by the airline or group of airlines are determined by other special commercial agreements with Lithuanian Airports.

4. DECISIONS ON ROUTE SUPPORT AND OTHER CONDITIONS FOR PROVISION OF SUPPORT

4.1. Application

4.1.1. Airlines wishing to use the new route incentive shall submit a completed application form (Annex 1 to the Scheme).

4.1.2. Applications for the new route incentive shall be submitted at least one calendar month before the commencement date.

4.1.3. Applications for the new route incentive shall be accepted no earlier than 6 calendar months before the commencement date. Applications sent earlier than 6 calendar months before the commencement date shall be considered as expressions of interest only.

4.1.4. If two or more airlines apply for the new route incentive regarding the same time period and the same route, the incentive is granted to the airline which first announced and started selling tickets on the new route via the standard Global Distribution System (GDS) or other publicly available ticket booking systems.

4.1.5. Airlines wishing to use the passenger traffic development incentive in the current year shall submit a completed application by 31 January of the current calendar year (Annex 2 to the Scheme). Applications shall include an estimate of the number of passengers to be carried in the current calendar year. An airline which does not timely apply for the passenger traffic development incentive, shall not be eligible for the passenger traffic development incentive for the number of passengers carried by it or by other airlines of the same airline group in the current year.

4.2. Approval

4.2.1. The airline, whose application for a respective incentive has been submitted in compliance with the terms and conditions of the Incentive Scheme, shall receive an approval letter, informing the respective airline of the compliance with the terms and conditions for the support according to a respective incentive. The airline is not eligible to any of the incentives under the Incentive Scheme until the date the approval letter is sent.

4.2.2. If the airline receiving the letter of approval for the new route incentive does not start operating the route on the commencement date stated in the application, such approval shall automatically lapse after the initial date, unless Lithuanian Airports agree with the airline on a different commencement date.

4.3. Application of discount

4.3.1. The airport charge discount for the new approved route shall be deducted from the amount payable by the airline. The invoice issued to the airline shall indicate the already reduced rate of charge.

4.3.2. The discounted charges will be applicable to the approved new route for the duration specified in the Incentive Scheme.

4.3.3. The passenger traffic development incentive will be awarded as rebate after year end in the form of a credit (it will have no cash value).

4.3.4. The airline must inform Lithuanian Airports of any changes in the schedule and dates of flights operated by the airline. Lithuanian Airports may unilaterally withdraw the approval if the airline does not comply with the minimum frequency of flights or other terms set out in this Incentive Scheme.

4.3.5. By a separate arrangement between an airline and Lithuanian Airports, a different procedure for the issue and submission of invoices may be established to the airlines within the airline group.

5. MODIFICATION OR TERMINATION OF THE SCHEME

5.1. Seasonal routes are not eligible for support under the Scheme during non-operational periods.

5.2. Only one airline may receive support for each new route under the Scheme.

5.3. Should the airline operating the route fail to comply with the requirements set down in the approval letter, Lithuanian Airports will have the right to refuse to approve new applications for use of the Incentive Scheme submitted by such airline or other airlines of the same airline group.

5.4. The incentives under this Incentive Scheme are (or continue to be) applied to the airline as long as the airline and other airlines within the same airline group fully comply with the Scheme and the published General Terms and Conditions for Use of Lithuanian Airports (www.ltou.lt).

5.5. Should the airline or other airlines of the same airline group fail to timely pay all the airport charges, as well as other fees and / or charges for the services provided by PLQ, fail to comply with the published General Terms and Conditions for Use of Lithuanian Airports (www.ltou.lt), or if as a member of a group of airlines abuses this Scheme, the incentive approved for the airline may be terminated by the decision of Lithuanian Airports before the expiry of the application term.

5.6. In case of objective circumstances, Lithuanian Airports have the right to change this Scheme or its individual parts. Lithuanian Airports shall inform the airlines of any change to this Scheme and shall indicate the circumstances that led to the change of the Scheme or part thereof.

5.7. Applications submitted by the airlines under the Incentive Scheme shall be evaluated and recommendations on approval or rejection of the applications as well as other actions related to implementation of the Incentive Scheme shall be made to the Chief Executive Officer of Lithuanian Airports by the commission set up by the order of the Chief Executive Officer of Lithuanian Airports.

ANNEX 1

NEW ROUTE INCENTIVE APPLICATION FORM

PALANGA AIRPORT INCENTIVE SCHEME	
Please email the application to: avia@ltou.lt	
Airline	
Address	
Contact person (Name, surname, position)	
Email:	
Invoices to be sent to the address	
Route (IATA codes)	
Route operated	Year-round
	Seasonal
Weekly number of flights	
Aircraft data	Aircraft type
	Aircraft seat number
Ticket sales launch date via standard GDS or other publicly available booking systems	
Commencement date	
Schedule	Attached
Date	

By submitting this application, I confirm that the information contained therein is true and I agree to the terms of this Incentive Scheme.

Signature

ANNEX 2

PASSENGER TRAFFIC DEVELOPMENT INCENTIVE APPLICATION FORM

Passenger Traffic Development Incentive	
Airline:	
IATA/ICAO code:	
Contact person:	
Billing address:	
Email:	
Monthly number of passengers to be carried at Palanga Airport:	

Planned number of passengers												
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	IN TOATAL

By submitting this application, I confirm that I agree to the terms of this Incentive Scheme.

Application date:

Signature