

INCENTIVE PLAN FOR INCREASE OF TRAFFIC VOLUME AIRPORT NIKOLA TESLA BELGRADE JSC

Purpose

In order to increase traffic at the international Belgrade Nikola Tesla Airport, JSC Belgrade Nikola Tesla Airport (hereinafter ANT) adopts the incentive plan to increase the volume of traffic through granting of discounts on airport charges from the current Price List of Airport Services (hereinafter: Incentive Plan).

Incentive Plan is sent to the users of airport services for their opinion.

This Incentive Plan is subject to changes.

Terms used herein shall have the following meanings:

"**The airport charge**" is a charge that, for the benefit of the airport operator, Airport Users pay for the use of facilities, funds, equipment and services, which are provided only by the airport operator and which refers to landing, take-off, lighting systems, aircraft abode;

"**Airport user**" means a legal person or entrepreneur who is responsible for the transportation of passengers and/or baggage and/or mail and/or goods by air from ANT or to ANT;

"**Regular air transport**" means a series of flights with the following characteristics:

- 1) on each flight seats or capacity for transport of goods and / or mail are available to the public for individual purchase, either directly from the air carrier or its authorized representative;
- 2) the transport is carried out between the two same or more of the same airports:
 - (1) according to a published timetable, or
 - (2) flights which are so regular or frequent that they are recognized as a systematic series of flights.

"**The new regular route**" means the regular route on which in the period of twelve months before the date of the first flight there was no regular public air transport.

"**DHC**" (**Dead Head Crew**) indicates the crew on a flight by Airport User that is not on duty.

"**The accounting period**" is the period for which the incentive is approved and in which are carried out flights that are the basis for the calculation of incentive.

"**Based aircraft**" is an aircraft that stays at the airport most of the year and usually begins its first flight and ends its last flight of the day at the base airport.

"**Night stay**" is a stay of the aircraft which during the night stays more than 4 hours at the airport.

"**Night Hours**" are hours from the time of sunset to sunrise time and which are defined and published in aeronautical publications.

„**Short-haul and medium-haul traffic**“ means flights in diameter of up to 4000 kilometers.

„**Long-haul traffic**“ means flights in diameter of over 4000 kilometers.

Basic provisions

Incentive Plan is intended for users of the airport that increase the volume of their traffic at the Belgrade Nikola Tesla Airport; start public air transport on a new regular route; increase the number of flights or increase the number of passengers annually, that is, the achieved total volume of traffic; or have aircraft based at the airport and/or aircraft with night stay at the airport.

Discounts on airport charges relating to the following services: landing, lighting systems, stay of parked aircraft and use of air bridges, are calculated based on the maximum weight of the aircraft on take-off (MTOW).

Discount on the amount of airport charge for passenger service is calculated based on the number of passengers who have paid the appropriate passenger service charge.

For transit passengers, passengers with ID00 service tickets, Infants and DHC, no discount is calculated on the basis of the Incentive Plan.

General terms:

1. The incentive is only available for regular public air transportation and charter air transportation that fulfils conditions of item 6 of the General terms of this Incentive Plan.
2. The user of the airport wishing to qualify for a discount from the Incentive Plan must submit a written Application for implementation of the Incentive Plan (hereinafter: Application).
3. Only the Airport User whose Application was approved by the Supervisory Board of the ANT or Executive Board of the ANT, concludes the contract on implementation of the Incentive Plan with ANT, and thus is entitled for the period for which incentive are approved to apply discounts from the Incentive Plan.
4. To qualify for the application of discounts from the Incentive Plan, the Airport User must meet the general and special conditions provided in the Incentive Plan.
5. In the case of "code share" flights, only Airport User, who is based on the reported number of flight registered as an operating carrier has the right to submit Application for the implementation of the Incentive Plan.
6. Incentive Plan does not apply in the case of changing the type of air traffic from charter to scheduled flights, unless the share of charter passengers in the total number of passengers (including charter and direct passengers) is less than 15%.

The application and incentive approval process

Airport User is obliged to submit an Application according to model given in the Appendix 1 of this Incentive Plan (model of Application for implementation of the Incentive Plan).

By signing the Application Airport User confirms: A) that he is fully and accurately informed about the content of the general and special conditions of the Incentive Plan and that he fully agrees with it, B) that he agrees that ANT is entitled to unilaterally put out of force or amend and supplement the Incentive Plan at any time after the filing the application and in the course of the contract on implementation of the Incentive Plan, in accordance with changes of the business policy of ANT and market circumstances.

General and Special Conditions of this Incentive Plan are considered an integral part of the contract on implementation of the Incentive Plan.

ANT approves the Application of the Airport User and concludes a contract (s) on the implementation of the Incentive Plan with Airport User according to the model which is an integral part of this Incentive Plan, Appendix 2, with the commencement date of application from the date specified in the Application (field No. 15 - Commencement Date of application), which in any case cannot be earlier than the date of receipt of the Application by the ANT.

Contract on the implementation of the Incentive Plan is concluded for each type of incentive separately.

After the expiry of each accounting period for which the incentive is approved, ANT determines whether the Airport User has qualified for the implementation of the incentive and makes the final decision about it, except for the incentive for the total number of departing passengers, which is regulated by the special conditions of this Incentive Plan.

The airport user is obliged, at the request of the ANT, to provide data showing the fulfilment of the conditions for implementation of the incentive the Airport User has submitted the application for.

Expiry of Incentive Plan and contract on implementation of the Incentive Plan

ANT reserves the right to suspend the contracted incentive, at any time during the term of the contract on implementation of the Incentive Plan, in accordance with changing business policy of ANT and circumstances in the market, especially in the following cases:

- In case that the Airport User who the Incentive Plan is applied to, does not settle financial liabilities arising from all valid contracts with ANT in a timely manner;
- In case that the Airport User in the period for which incentive is approved does not fulfil all the conditions set forth in the Incentive Plan and contract on the implementation of the Incentive Plan.
- In case of the decision of the competent state authorities.

The decision of ANT on the suspension of incentive is final.

ANT has the right to unilaterally amend or supplement the Incentive Plan or adopt the new incentive plan at any time during the term of the contract on implementation of the Incentive Plan, in accordance with change of business policy of ANT and circumstances in the market or in accordance with the decision of the competent state authority.

In case ANT intends to amend and supplement the Incentive Plan or adopt a new incentive plan (hereinafter: amend incentive plan), ANT shall timely notify the Airport Users in advance.

Upon the adoption of the amended incentive plan, to all the contracts on application of the incentive plan with the Airport users will be applied conditions from the amended incentive plan starting with the commencement date of application of the amended incentive plan until the expiry of the period for which the contract on implementation of the Incentive Plan has been concluded, which will be ascertained with an Annex to the contract on implementation of the Incentive Plan. In this case, the airport user does not submit a new Application.

If the amended incentive plan changes conditions for a certain type of incentive, in relation to the conditions from the already concluded contract on implementation of the Incentive Plan, in a manner that is more unfavourable to the airport user, the contract on implementation of the Incentive Plan

remains in force under the contracted conditions, and ANT and the Airport User do not conclude Annex to the contract on implementation of the Incentive Plan.

The airport users who on the commencement date of the implementation of this Incentive Plan do not have concluded contracts on implementation of the incentive plan for a particular type of incentive, and wish to exercise the right to a discount for a particular type of incentive, submit an Application in the manner and under the conditions stipulated by this Incentive Plan, in the part "General Terms", "The application and the incentive approval process".

INCENTIVE PLAN

1. INCENTIVE FOR INTRODUCTION OF NEW REGULAR ROUTES:

A) SHORT-HAUL AND MEDIUM-HAUL TRAFFIC

Approved incentive will be calculated as follows:

Incentive for short-haul and medium-haul traffic			
Type of charge			
	The first year	The second year	The third year
Landing	100%	70%	50%
Lighting	100%	70%	50%
Parking	100%	70%	50%
Passenger service charge	1 € per departing passenger	1 € per departing passenger	1 € per departing passenger

B) LON-HAUL TRAFFIC

Approved incentive will be calculated as follows:

Incentive for long-haul traffic					
Type of charge					
	The first year	The second year	The third year	The fourth year	The fifth year
Landing	100%	100%	100%	75%	50%
Lighting	100%	100%	100%	75%	50%
Parking	100%	100%	100%	75%	50%
Passenger service charge	2 € per departing passenger	1.5 € per departing passenger	1.5 € per departing passenger	0.5 € per departing passenger	0.5 € per departing passenger

Special conditions:

- Airport User can obtain incentive for the introduction of new regular route, if in the 12 months before the start of direct regular service there were no direct scheduled flights on a given route or airport system by the Airport User - applicant, or any other Airport Users.
- The application for approval of incentive for opening new regular route shall be submitted not later than 12 months from the commencement of regular flights on a new regular route.
- In case that, at the time of submission of the application, the Airport User already uses incentive according to the previous Incentive Plan (contained in the Pricelist of Airport Services No. 4702 dated 13.08.2014), he is not entitled to submit application under this Incentive Plan for the same route, but continues under the previous Incentive Plan.

- Regular traffic to the new regular route must be performed for at least four (4) months from the date of the first flight, after conclusion of the contract on implementation of the Incentive Plan, in continuity, in accordance with flight timetable, so that the conditions for the implementation of the Incentive Plan for the new route would be met.
- Incentive for the introduction of new regular route may not be combined with incentive for increase of frequencies and incentive for increase of the number of departing passengers. In case of eligibility of the Airport User for more than one of aforesaid incentive, it will be applied one that is more favourable for the Airport User.
- All airport users starting regular air traffic on the new regular route in the same flight season and on the same regular route are entitled to incentive for the introduction of the new regular route.
- The accounting period is the period of 12 months from the conclusion of the contract on the implementation of the Incentive Plan.
- Calculation of discount on behalf of incentive for the introduction of new regular route will be carried out after the end of the accounting period of 12 months. The incentive is approved and calculated only on the charges for flights on new regular route that are performed after conclusion of the contract on implementation of the Incentive Plan.

Example: User started flights on April 5, 2016 on a route where there was no air traffic from 5 April 2015. Contract on the implementation of the Incentive Plan the User concludes with ANT on 6 January 2017. The first flight from the conclusion of the Contract the User shall perform on 8 January 2017. Including mentioned flight, incentive is applied to all flights in the period defined in the Contract on implementation of the Incentive Plan, i.e. three (3) years for Short-haul and medium-haul and five (5) years for long-haul traffic from the date of the first flight performance following conclusion of the contract.

- On behalf of the calculated incentive a credit note will be issued in the current tax period, and after the end of accounting period for which the incentive is approved.

2. INCENTIVE FOR INCREASE OF FREQUENCIES

Approved incentive will be calculated as follows:

Incentive for increase of frequencies		
Type of charge		
	The first year	The second year
Landing	50%	50%
Lighting	50%	50%
Parking	50%	50%

Special conditions:

- Incentive for increase of frequencies which simultaneously increases the capacity offered on a certain route is available to Airport Users who already perform the regular air transport, thereby introducing additional frequencies on existing regular routes, or who start regular service on routes where there are already Airport Users carrying out regular air transport.
- Incentive for increase of frequencies can be achieved only if the number of newly introduced flights equals to or is greater than 26 additional flights if capacity offered on a specific route is increased for the accounting period of 12 months compared to the previous twelve-month accounting period.
- The accounting period is the period which is 12 months from the first flight, by which additional frequency has been introduced, from the commencement date of application of the Contract on implementation of the Incentive Plan.
- Calculation of discount on behalf of incentive for introduction of additional frequency will be made at the end of accounting period.

- For calculated incentives, a credit note will be issued in the current tax period, and after the expiration of the accounting period the incentive is approved for.
- Incentive for increase of the frequency may not be combined with the incentive for a new regular route and incentive for increase of the number of direct and transfer departing passengers.
- In case of eligibility of the Airport User for more than one of the previously mentioned incentive, it will be applied one that is more favourable for the Airport User.
- Incentive for increase of the number of frequencies is applied only to the additional frequencies.
- The application for approval of incentive for additional frequencies is submitted not later than 12 months from the introduction of additional frequencies on existing regular routes.

3. INCENTIVE FOR INCREASE OF THE NUMBER OF DIRECT DEPARTING PASSENGERS

Approved incentive will be calculated as follows:

2 € discount per departing passenger over the total number of departing passengers (transfer passengers excluded) compared to the larger number of departing passengers from the two previous calendar years.

Special conditions:

- Incentive for increase of the number of direct departing passengers is available to all Airport Users, who after beginning of implementation of Incentive Plan, achieve increase of the number of direct departing passengers, to whom passenger service charge has been calculated, and is applied only to the additional number of direct departing passengers achieved in the calendar year the calculation is made for.
- Application for approval of incentive for increase of the number of direct departing passengers is submitted for the calendar year.
- Incentive for increase of the number of direct departing passengers may not be combined with incentive for introduction of a new regular route and incentive for increase of frequencies.
- In case of eligibility of the Airport User for more than one of the previously mentioned incentive, it will be applied one that is more favourable for the Airport User.
- When calculating incentive for increase of the number of direct departing passengers, the number of direct departing passengers in the twelve-month accounting period is compared to the greatest number of direct departing passengers in the previous two calendar years compared to the calendar year the calculation is made for.
- Accounting period is the calendar year.
- On behalf of the calculated incentive a credit note will be issued in the current tax period, and after the end of the accounting period the incentive is granted for.

4. INCENTIVE FOR INCREASE OF THE NUMBER OF TRANSFER PASSENGERS

Approved incentive will be calculated as follows:

1,5 € discount per transfer departing passenger over the number of transported transfer passengers in departure compared to the larger number of transfer passengers in departure from the two previous calendar years.

Special conditions:

- Incentive for increase of the number of departing transfer passengers is available to the Airport Users, who after beginning of implementation of the Incentive Plan, achieve increase of the number of

departing transfer passengers, who has been calculated passenger service charge, and is applied only to additional number of departing transfer passengers achieved in the calendar year the calculation is made for.

- Application for approval of incentive for increase of the number of departing transfer passengers is submitted for the calendar year.
- Incentive for increase of the number of departing transfer passengers may not be combined with incentive for introduction of a new regular route and incentive for increase of frequencies.
- In case of eligibility of the Airport User for more than one of the previously mentioned incentive, it will be applied one that is more favourable for the Airport User.
- When calculating incentive for increase of the number of departing transfer passengers, number of departing transfer passengers in the twelve-month accounting period is compared to the greatest number of departing transfer passengers in the two previous calendar years compared to the calendar year the calculation is made for.
- The accounting period is calendar year.
- On behalf of the calculated incentive a credit note will be issued in the current tax period, and after the end of the accounting period the incentive is granted for.

5. INCENTIVE FOR THE TOTAL NUMBER OF DEPARTING PASSENGERS

A) Total number of direct departing passengers

Approved incentive will be calculated as follows:

Number of direct passengers	Incentive for total number of direct departing passengers									
	50,000-99,999	100,000-199,999	200,000-299,999	300,000-399,999	400,000-499,999	500,000-599,999	600,000-699,999	700,000-799,999	800,000-899,999	Over 900,000
Landing charge	5%	10%	20%	30%	40%	50%	60%	70%	80%	80%
Lighting charge	2%	5%	10%	15%	20%	30%	40%	50%	60%	60%
Air-bridge	10%	20%	30%	35%	40%	45%	50%	55%	60%	60%
Centralized Infrastructure	0%	10%	15%	15%	20%	20%	30%	30%	40%	40%
CUTE service	0%	10%	15%	15%	20%	20%	30%	30%	50%	50%
Passenger service charge	/	1.0 €/depart. Pass.	1.5 €/depart. Pass.	2.0 €/depart. Pass.	2.5 €/depart. Pass.	3.5 €/depart. Pass.	4.5 €/depart. Pass.	5.5 €/depart. Pass.	6.5 €/depart. Pass.	7.0 €/depart. Pass.

Special conditions:

- For Incentive for the total number of direct departing passengers, the Airport User will qualify based on the data from accounting period of 12 months preceding the commencement date of application of the contract on implementation of the Incentive Plan, considering the announced volume of traffic provided by the Airport User when submitting application.
- Incentive is approved and calculated when invoicing charges for airport services.
- The accounting period is the calendar year.

- In case the Airport User does not realize the planned airport traffic volume during the accounting period of 12 months, he shall return to ANT approved and calculated discount to the level of incentive he has qualify for. In that case, ANT will debit the Airport User by debit note up to the amount of incentive he possibly fulfilled.
- In case that the Airport User realizes airport traffic volume higher than planned and moves to a higher level of incentive, ANT grants an additional discount to the level that Airport User fulfilled, and based on the previously submitted additional application by the Airport User.
- Application for approval of incentive for increase of the total number of direct departing passengers is submitted by Airport User for an approval before conclusion of the contract.

B) Total number of departing transfer passengers

Approved incentive will be calculated as follows:

Number of transfer passengers	Incentive for the total number of transfer passengers in departure									
	0 -49,999	50,000-99,999	100,000-199,999	200,000-299,999	300,000-399,999	400,000-599,999	600,000-699,999	700,000-799,999	800,000-899,999	Over 900,000
Passenger service charge for departing transfer passengers	/	0.25 €/ dep. Trans. pass.	0.50 €/ dep. Trans. pass.	1.0 €/ dep. Trans. pass.	1.5 €/ dep. Trans. pass.	2.0 €/ dep. Transp ass.	2.25 €/ dep. Trans. pass.			

Special conditions:

- For incentive for the total number of transfer passengers on departure, the airport user will qualify based on the data from the accounting period of 12 months preceding the commencement date of application of the contract on implementation of the incentive plan, taking into account the announced volume of traffic, delivered by the airport user at the submission of the Application.
- The stimulation is approved and calculated when invoicing the airport service charges.
- The accounting period is the calendar year.
- In case the Airport User does not realize the planned volume of traffic for a 12-month accounting period, he is obliged to return to the ANT approved and calculated discount to the level of incentive he has qualified for. In this case, ANT will debit the Airport User with debit note up to the amount of incentive he may have fulfilled.
- In case the Airport User achieves a traffic volume higher than planned and enters a higher level of incentive, ANT grants an additional discount to the level that the Airport User has fulfilled, based on the previously submitted additional application by the Airport User.
- Application for approval of incentive for the total number of transfer passengers in departure the airport user submits for approval before the conclusion of the contract.

6. INCENTIVES FOR AIRLINES HAVING BASED AIRCRAFT AND AIRCRAFT WITH A NIGHT STAY AT THE AIRPORT

Approved incentives will be calculated as follows:

- Exemption from payment of the parking for Airport Users which aircraft are based or have a night stay at ANT.

Special conditions:

- Incentive for the airlines that have based aircraft and aircraft with a night stay at ANT is available to all users of the airport, who base their aircraft at ANT and/or have a night stay at ANT.
- The application for approval of incentives for airlines which have based aircraft and aircraft with a night stay at ANT shall be submitted for the calendar year, indicating registration of the aircraft that are based and/or have a night stay at ANT.
- Incentive for the airlines that have based aircraft and aircraft with a night stay at ANT can be combined with other incentives from this Incentive Plan.
- Based on calculated incentives an invoice will be issued in the current tax period, and after the expiry of accounting period the incentive is approved for.

Transitional and final provisions

This Incentive Plan is published on 20.10.2017 on the website of JSC Belgrade Nikola Tesla Airport, and shall enter into force on 01.11.2017. Incentive Plan will begin to be implemented after obtaining statutory approvals / decisions of the competent state authorities, but not before 01.11.2017.

With the effective date of this Incentive Plan, Price List of Airport Services No.4702 dated 13.08.2014, will terminate validity of all outstanding discounts from the Price List of Airport Services 4702 dated 13.08.2014 which have not been put out of force by the Incentive Plan DNO-36/2017 dated 27.02.2017.

With the effective date of this Incentive Plan the Incentive Plan No. DNO-36/2017 dated 27.02.2017 is put out of force and ceases to be valid.