

NEW ROUTE INCENTIVE

Isavia Ltd. Keflavik International Airport / Valid from April 1st 2020



KEFLAVIK
AIRPORT



Introduction

Isavia believes that there is potential to add more points onto the route network at Keflavik International Airport and is willing to share the financial risk of establishing new routes with airlines who contribute to passenger growth. Discounts are offered on Landing and Departure charges (as defined in sections 3.1 and 3.2 of the Airport Charges document) for new routes which meet the following criteria.

The proposed route is one that will increase the network coverage and passenger traffic volumes and is one that has a commercial benefit to Keflavik International Airport.

The New Route Incentive applies to scheduled traffic only.

Current Airport Charges for Keflavik International Airport are available on the airport's website: <http://b2b.kefairport.is/English/Airlines/Airport-Facts/Charges/>

Level of Route Support on new routes to new destinations

The following discounts will apply on all qualifying new destinations:

Table 1: Discount on Landing & Departure Charges – Short Haul Destinations

Year	IATA Winter Season (Nov-Mar)	IATA Summer Season (Apr-Oct)
1	100%	75%
2	75%	50%
3	50%	25%

Table 2: Discount on Landing & Departure Charges – Long Haul Destinations

Year	IATA Winter Season (Nov-Mar)	IATA Summer Season (Apr-Oct)
1	100%	80%
2	80%	60%
3	60%	40%
4	40%	20%
5	20%	10%



Short Haul Destinations are all destinations inside geographic Europe with the addition of Greenland.

Long Haul Destinations are all destinations outside geographic Europe with the exception of Greenland.

After the 3 or 5-year discount period expires, the full Landing and Departure Charges current at the time will apply, as published by Isavia.

Route Criteria

An airline commencing an eligible new scheduled route will qualify for this incentive if it meets the following criteria:

- It must operate:
 - A minimum 2x weekly departures from May to September or an equivalent number of departures in the IATA Summer Season
 - 40 departures
 - A minimum 1x weekly departure from November to March or an equivalent number of departures in the IATA Winter Season
 - 20 departures
- The route must be a non-stop service. Services operating with a commercial transit stop, on the same through aircraft, at an airport already served from Keflavik International Airport, may in certain circumstances be eligible for the New Route Incentive.
- Routes operating with a commercial transit stop on a through aircraft and accepted as new routes by Isavia, are entitled to discounts in proportion to the percentage of point to point passengers to/from the origin airport (not to/from any intermediate points which the aircraft may stop) of the flight and Keflavik International Airport.
- Isavia reserves the right to evaluate each market based on selected commercial criteria in order to determine whether a new destination is eligible to receive discounts.
- In cases where an operator re-enters a route previously abandoned by the same operator within the previous 12 months in order to gain commercial advantage, the route will not be considered a new route for the purpose of this New Route Incentive.
- If two operators make an application within the same time frame in relation to the same route, approval will be given to the operator with the earliest starting date, where the route proposals are similar in terms of capacity and frequency proposed and Isavia considers the financial strength of the operators to be similar. If the proposals differ in terms of capacity, approval will be given to the operator which provides the most benefit to Keflavik International Airport. Isavia can decide to give both operators the New Route Incentive discount if Isavia sees it as commercially beneficial.
- If other airlines initiate service on a route to which an airline already receives the New Route Incentive, such other airlines are also entitled to a discount during the term of – and on the same terms and conditions as – the initial discount agreement.
- In cases where a route qualifies for the New Route Incentive or the Sustainable Traffic Incentive it can also receive the Off-Peak Incentive.



Covid-19 measures

- Due to the Covid-19 pandemic, routes that were operated during Summer 2019 (IATA Summer Season) will not qualify for the new route incentive in Summer 2022.
- Due to the Covid-19 pandemic, routes that were operated during Winter 19/20 (IATA Winter Season) will not qualify for the new route incentive in Winter 2022/2023

Required information

- The airline must contact Keflavik International Airport and forward the following information:
 - Name and address of the airline
 - Contact information for the relevant contact person with the airline
 - IATA code for the destination airport
 - The start date of the new route
 - The aircraft type to be used on the route, MTOW and seat capacity
 - Estimated load factor
 - Weekly number of departures, total number of departures and length of the season

Crediting terms

- The discount for a new route is credited monthly.
- The New Route Incentive will continue to apply provided an operator is fully compliant with the criteria determined by Isavia.

Disclaimer

If the airline fails to meet its obligations to Isavia regarding the payment of invoices or other matters the airline will be disqualified from receiving the discounts. Isavia reserves the right to cancel any incentives or to modify eligibility criteria, cost levels or time periods applicable for the New Route Incentive. Any dispute arising from this agreement to be settled in an Icelandic Court by Icelandic law.

Isavia reserves the right not to pay the incentive to companies towards which Isavia has overdue claims.

If Isavia makes any amendment to the incentive, it shall publish the amended incentive on the airport's website located at www.kefairport.com