

Terms and conditions of the Brussels Airport Company Incentive System running from 1 January 2023 until 31 December 2027

Introduction

Brussels Airport Company NV/SA ("Brussels Airport" or "BRU") offers a series of incentives to encourage airlines to develop their services at Brussels Airport. The objective of the incentives is to reward the development of new destinations departing from Brussels Airport and to encourage growth together with the airlines, especially after the Covid-19 crisis.

The incentives scheme consists of four parts:

- a credit entry to the passenger airline that serves a **new destination**.
- a credit entry to the passenger airline that realizes **passenger growth**.
- a credit entry to the passenger airline that has **based aircraft** at Brussels Airport and that realizes **passenger growth (VGI – Value Growth Incentive)**
- a credit entry on the landing & take off charges and aircraft parking charges to cargo airlines that serve extra frequencies of **cargo flights**.

The size and extent of the incentives is subject to the terms and conditions as mentioned in this document.

Terms and conditions

1 General principles

- 1.1 The incentives are only granted to the users of Brussels Airport (hereafter the "airline(s)") that serve as carrier operating scheduled flights. Codeshare partners or wet lease operators are not entitled to receive an incentive.
- 1.2 New destinations or passenger growth or additional cargo frequency resulting from developments such as mergers, acquisitions, joint ventures, take-over of part of assets of an airlines following a judicial reorganization or any other insolvency proceedings, corporate restructurings, codeshares or route transfers are not entitled to receive an incentive.
- 1.3 The incentive amounts for passenger flights are not subject to the formula for tariff control.
- 1.4 The incentive system starts on 1 January 2023 and ends on 31 December 2027.
- 1.5 Carriers operating charter flights are not eligible to any incentive scheme. Scheduled charter operations are eligible for the incentive scheme if they have a published schedule at the start of the IATA season and for which 'flight only' tickets

can be directly purchased by the passenger via distribution channels other than the tour operator alone.

- 1.6 Brussels Airport reserves the right to grant any incentives for excluded operations (like for example charter operations) in case of structural added value for the airport.
- 1.7 An incentive will only be granted when the eligible airline respects Brussels Airports' payment terms provided in the invoices and when no overdue exists. If the airline has arrears of payment, Brussels Airport may, at its own discretion, either defer the issuance of the credit note until the outstanding debt is liquidated, either set off against each other mutual claims and debts that exist between Brussels Airport and the airline, even in the event of insolvency of the airline, seizure proceedings, or judicial reorganization of the airline. This set-off may be undertaken irrespective of the form and subject of the claims and debts and irrespective of whether or not the mutual claims are due and payable.
- 1.8 The airline must fully comply with the terms and conditions published in the Brussels Airport Charges & Fees terms and conditions as published on Brussels Airport's website or in the Brussels Airport Handbook.
- 1.9 Brussels Airport shall not be liable for any costs, expenses or damages in relation to or resulting from the above program.
- 1.10 In this document, a "calendar year" means a year running from 1 January to 31 December.
- 1.11 The Terms and Conditions of the Incentive System 2023-2027 substitute and prevail over the Incentive System 2016-2020 that was in place until 31 December 2021 and the Incentive System 2022 that was in place until 31 December 2022. Existing incentive programs under the previous Incentive System will remain in place, provided that it is not allowed to accumulate incentives under both Incentive Systems.

2 Incentive schemes related to passenger flights

2.1. General:

The incentive schemes related to passenger flights are calculated as a fixed amount per departing passenger.

For passenger flights there are three incentive schemes:

- incentives on initiatives for **new destinations**
- incentives on the realized **passenger growth**
- incentives on the realized **passenger growth** for airlines with **based aircraft** at Brussels Airport (VGI – Value Growth Incentive)

The new destination scheme for passenger operations and the passenger growth incentive scheme and VGI are not cumulative – for new destinations the passenger growth incentive system will take effect after the new destination incentive program has been terminated. The passenger growth on existing destinations remains eligible for the passenger growth incentive scheme.

Airlines that are entitled for the VGI – Value Growth Incentive cannot cumulate incentives for new destinations or passenger growth.

2.2. New destination scheme:

2.2.1. A new destination is a destination served by a passenger airline that, at the time of the start-up of the route, has not been served from Brussels Airport for the last twelve months prior to the start-up of the new destination as a regular operation. The route must expand the network coverage from Brussels Airport.

2.2.2. The new destination scheme for passenger operations will apply to initiatives for which the operations commence on, or after 1 January 2023 and will last for three years, under the conditions as set out below.

2.2.3. A new destination incentive shall only be granted if the new initiative results in an increase in total passengers at Brussels Airport (BRU) by the carrier (versus the previous corresponding calendar year).

2.2.4. If a new destination is opened and operated (also the "initiative"), the incentive scheme remains eligible to other passenger airlines commencing services to the same destination within the calendar year during which the services to the new destination from the first airline have started.

2.2.5. In multi-airport systems, each airport of the system will be considered as the same destination.

2.2.7. IATA regions Europe (Western Europe, Eastern/Central Europe) and North Africa, are considered short haul destinations. All other IATA regions are considered long haul destinations.

2.2.8. The new destination incentive scheme shall begin on the first day of the month following the commencement of the initiative.

2.2.9. The new destination incentives shall be credited (or set off according to article 1.7) after the end of each calendar year. Brussels Airport will inform the airline in January of each year whether the airline has met the conditions of the new destination incentive scheme and inform it of the amount that will be credited to the airline at that time (or set off the incentive according to article 1.7).

2.2.10. If, during the course of the incentive period, the operating airline changes the characteristics of, or stops, the initiative, Brussels Airport has the right to stop or revise the incentives to reflect the new situation.

2.2.11. The following incentive system is applicable to new destinations per departing local boarding passenger on flights to the new destination:

New destination	Incentive per departing passenger					
	Originating passengers			Transfer passengers		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Long haul	€20	€15	€15	€10	€7.5	€7.5
Short haul	€10	€10	€10	€5	€5	€5

2.3. Passenger growth incentives

2.3.1. For the calculation of the total passenger growth, a departing transfer passenger will be calculated for as 50% of a departing originating passenger (1 transfer pax = 0.5 originating pax).

2.3.2. Passenger growth will be based on the year with the highest departing passenger numbers during the period starting 1 January 2019 until 31 December 2027 (click-mechanism). For the year 2019, the baseline is 75% of departing passenger numbers during the period starting 1 January 2019 until 31 December 2019, to support the recovery of airlines after the COVID-19 pandemic. For the subsequent years the full departing passenger number will be used.

Example:

Calendar year	Originating pax	Transfer pax	Calculated departing pax	Passenger growth	Incentives?	New baseline
2019	8,000	2,000	9,000			
Baseline 75%	6,000	1,500	6,750			
2023	7,000	2,000	8,000	1,250	Yes	8,000
2024	7,000	1,500	7,750	0	No	
2025	10,000	1,000	9,500	1,500	Yes	9,500
2026	9,000	1,000	9,500	0	No	
2027	11,000	1,000	11,500	2,000	Yes	11,500

2.3.3. The passenger growth incentive scheme shall begin on 1 January 2023. Brussels Airport will inform the airlines in January of the following year whether the airline has met the conditions of the passenger growth incentive scheme and inform them of the amount that will be credited to the airline (or that will be set off according to article 1.7).

2.3.4. The calculation of the passenger growth scheme will be performed by Brussels Airport.

2.3.5. IATA regions Europe (Western Europe, Eastern/Central Europe) and North Africa, are considered short haul destinations. All other IATA regions are considered long haul destinations

2.3.6 The following incentive system is applicable to realized passenger growth:

Passenger growth	Incentive per departing passenger	
	Originating passengers	Transfer passengers
Long haul	€15	€7.5
Short haul	€10	€5

2.4 VGI – Value Growth Incentive

2.4.1. For the calculation of the total passenger growth related to the VGI, a departing transfer passenger will be calculated for as 50% of a departing originating passenger (1 transfer pax = 0.5 originating pax).

2.4.2. Passenger growth will be based on the year with the highest departing passenger numbers during the period starting 1 January 2019 until 31 December 2027 (click-mechanism). For the year 2019, the baseline is 75% of departing passenger numbers during the period starting 1 January 2019 until 31 December 2019, to support the recovery if airlines after the pandemic. For the subsequent years the full departing passenger number will be used.

Example:

Calendar year	Originating pax	Transfer pax	Calculated departing pax	Passenger growth	Incentives?	New baseline
2019	8,000	2,000	9,000			
Baseline 75%	6,000	1,500	6,750			
2023	7,000	2,000	8,000	1,250	Yes	8,000
2024	7,000	1,500	7,750	0	No	
2025	10,000	1,000	9,500	1,500	Yes	9,500
2026	9,000	1,000	9,500	0	No	
2027	11,000	1,000	11,500	2,000	Yes	11,500

2.4.3. The VGI – Value Growth Incentive shall begin on 1 January 2023. Brussels Airport will inform the airlines in January of the following year whether the airline has met the conditions of the VGI, i.e. **the number of based aircraft at Brussels Airport**, and inform them of the amount that will be credited to the airline (or that will be set off according to article 1.7).

2.4.4 The calculation of the VGI – Value Growth Incentive **will include the calendar year 2022** as a starting point for the years until 31 December 2027.

2.4.5. The calculation of the VGI will be performed by Brussels Airport.

2.4.6. All passengers of the airline that is included in the VGI scheme are entitled to the growth incentive; this includes passengers on flights operated by non-based aircraft.

2.4.7 The number of based aircraft determines the number of years that realized passenger growth remains valid for the VGI. One based aircraft has to be based at Brussels Airport for at least 12 months, including the IATA winter season. It will generate an incentive for one year. For two based aircraft, the second aircraft has to be based at Brussels Airport for at least 6 months, the IATA summer season. Four or more based aircraft generate an incentive for four years. The validity of the VGI is related to the number of based aircraft.

Based aircraft	12 months	Minimum 6 months	Validity of VGI
1	1 aircraft	--	1 year
2	1 aircraft	2 aircraft	2 years
3	1 aircraft	3 aircraft	3 years
4	1 aircraft	4 aircraft	4 years
4 or more	4 aircraft	4 aircraft	4 years

2.4.8. The definition of a based aircraft is related to the start date of the based operation. The aircraft should commence operations on 30 June of the relevant year at the latest to qualify as based aircraft. An airline can apply retro-actively for another year of based aircraft operation when a subsequent aircraft commences based aircraft operations before 30 June of the following year.

2.4.9. The following incentive system is applicable to the VGI in relation to the number of based aircraft

Passenger growth	Incentive per departing passenger	
	Originating passengers	Transfer passengers
VGI	€15	€7.5

2.4.10 The following table is an example of the VGI calculation for originating passengers with subsequently based aircraft until 2027.

Example

Year	Based aircraft	Passenger growth	2022	2023	2024	2025	2026	2027
2022	1	1,000	€15,000					
2023	2	2,000		€30,000	€30,000			
2024	2	1,000			€15,000	€15,000		
2025	3	2,000				€30,000	€30,000	€30,000
2026	3	1,000					€15,000	€15,000
2027	4	2,000						€30,000

2.4.11 The following table is an example of the VGI calculation for originating passengers with a subsequently based aircraft confirmed **before 30 June of the following year**.

Example

Year	Based aircraft	Passenger growth	2022	2023	2024	2025	2026	2027
2022	1	1,000	€15,000	€15,000				
2023	2	3,000		€45,000	€45,000			
2024	2	1,000			€15,000	€15,000	€15,000	
2025	3	3,000				€45,000	€45,000	€45,000
2026	3	1,000					€15,000	€15,000
2027	4	3,000						€45,000

2.4.12 The following table is an example of the VGI calculation for originating passengers with a **reduction in the number of based aircraft in 2026**.

Example

Year	Based aircraft	Passenger growth	2022	2023	2024	2025	2026	2027
2022	1	1,000	€15,000					
2023	2	2,000		€30,000	€30,000			
2024	3	1,000			€15,000	€15,000	€15,000	
2025	3	2,000				€30,000	€30,000	€30,000
2026	2	0						
2027	2	0						

4. Cargo frequency scheme applicable to cargo flights

3.1. The cargo frequency scheme has begun on the first day of the beginning of the incentives scheme 1 April 2016 – 31 March 2021 and has been extended till 31 December 2022. This existing incentive system and scheme related to cargo flights is extended until 31 December 2027.

3.2. The cargo frequency scheme will apply to cargo operators that have extra frequencies from Brussels Airport compared to the calendar year before. As from the moment the cargo airline has more frequencies compared to the previous year, the cargo frequency incentive(s) shall be credited (or set off according to article 1.7) after the end of the calendar year.

3.3. Ad hoc flights are not granted incentives due to the lack of structural added value.

3.4. The incentive is calculated on the landing and take-off charges and to parking charges

3.5. The following incentive system is applicable to extra frequencies of cargo flights:

	Incentive on landing, take-off & aircraft parking		
	Year 1	Year 2	Year 3
Additional cargo frequency	75%	50%	25%

5. Divisibility and conversion

If any provision of these General Terms and Conditions or of the Contract or any part thereof is held to be invalid, illegal or unenforceable:

- i. the validity, legality and enforceability of the remainder of these Terms and Conditions or remainder of the provision, shall not in any way be affected or impaired thereby; and
- ii. Brussels Airport undertakes to negotiate in good faith to find a clause which comes as close as possible to the purpose and the intention of the invalid, illegal or unenforceable provision or part thereof.

6. Transferability of the incentives

The airline is prohibited from transferring the rights under these Terms and Conditions (in whole or in part) to a third party, unless this is done in the general course of business. Brussels Airport can under no circumstances be forced to accept the transfer of the rights under these Terms and Conditions.

7 Applicable law and competent jurisdiction

These Terms and Conditions are governed by Belgian law, excluding the Vienna Sales Convention (CISG).

Any dispute which may arise from these Terms and Conditions belongs to the exclusive competence of the Dutch-speaking courts and tribunals of the legal district of Brussels.

Brussels Airport Company NV/SA, December 2022