

## **TRAFFIC DEVELOPMENT POLICY**

### **ALGHERO AIRPORT**

Edition of 22 March 2024

#### **1. LEGAL DISCLAIMER**

SO.GE.A.AL. S.p.A. Management company of Alghero Airport (hereinafter, SOGEAAL), with registered office at Reg. Nuraghe Biancu, 07041 Alghero, registered in the Sassari Company Register under no. SS106311, tax code and VAT number. 01635090903, pursuant to Interministerial Decree No. 125/T of the Minister of Transport, in agreement with the Minister of Economy and Finance, registered with the Court of Auditors on 23 November 2007, has obtained the assignment of the Total Management of the Alghero Airport for a period of forty years starting from 03 August 2007.

SOGEAAL is responsible for the management of Alghero Airport (hereinafter the "Airport"). Its capital is owned by F2I Ligantia S.p.A, as the majority private shareholder, with a share of 71,25%, by the Autonomous Region of Sardinia for 23,06% and the remaining 5,69% from SFIRS S.p.A.. SOGEAAL's activities are self-financed with no access to public funding.

This Traffic Development Policy (hereinafter, also the "Policy") is based on the following regulations:

- EU regulations, on route start-up aid (Communication from the Commission 2014/C 99/03 of 4 April 2014, on State aid to airports and airlines) in the case of use of public resources;
- national regulations, most recently approved by paragraphs 14 and 15 of Art. 13 of Decree Law no. 145 of 23 December 2013, converted, with amendments, by Law no. 9 of 21 February 2014, as amended by Art. 1(7) of Decree Law no. 104 of 10 August 2023, converted, with amendments, by Law no. 136 of 9 October 2023, containing urgent provisions to protect users, on economic and financial activities and strategic investments.

The Policy is:

- a means of regulatory compliance that does not, by virtue of its simple publication, result in an obligation for SOGEAAL to enter into contract and, equally, in a subjective right or a legitimate interest in the payment of incentives to air carriers operating at the Airport;
- a means of business communication serving to guarantee that the airlines have transparent access to the incentive plans of interest to SOGEAAL from time to time, although SOGEAAL itself remains free to alter or update its policy at any time and at its own discretion, in relation, for example, to evolution of market trends and/or for infrastructural or operational reasons and/or due to changes in current regulations;

- an example of cases of incentive payment schemes implemented by SOGEAAL, although any assessment of interest in the incentive in flight activities remains the full prerogative of SOGEAAL, based on its own traffic development policies and on the terms, methods, timing and parameters it considers most appropriate; SOGEAAL always has the full option of negotiating directly with an air carrier when there are no manifestations of interest, or when the manifestations received do not correspond with the company's objectives or do not appear to be sustainable by it.

## 2. TARGETS AND GENERAL PRINCIPLES

2.1 During the 2023 financial year, Alghero Airport transported 1.494.256 passengers, of which 1.121.918 (approx. 75,1%) on the domestic market, 370.648 (approx. 24,8%) on the international market and 1.690 (approx. 0,1%) relating to general aviation and transit.

2.2 SOGEAAL, since the Airport infrastructure is currently not being used in full, with capacity for up to 2.5 million passengers, needs to reach higher traffic and connectivity levels and to develop its own network of destinations, in order to make the best use of its infrastructural capacity, reducing overheads and improving profits. Deseasonalisation therefore remains one of the primary objectives of the Policy, also in order to compete more effectively in the domestic and international aviation market. During 2023, in the summer period from June to September, the Airport transported 782.934 passengers, approx. 52% of the annual traffic.

2.3 SOGEAAL, for the purpose of the sustainable development of its network of connections, has drawn up this Policy which will be applied in accordance with the strategic priorities of SOGEAAL, taking into account the needs of the territorial compendium and, more generally, the dynamics of the Sardinian airport system as a whole.

2.4 The Policy pursues objectives of development and increase in traffic volumes and in more detail pursues the following objectives:

- Increase and/or diversification of destinations of strategic value;
- Increase in traffic volumes and national and European point-to-point connections on existing routes;
- Development of frequencies, seats offered and increase in the level of connectivity through direct connections;
- Deseasonalisation of traffic flows;
- Support for passenger and freight traffic volumes;
- Efficiency of access to airport infrastructures and optimization of the use of available airport capacity;
- Promotion of sustainable growth with environmental protection actions and, more generally, commitment to pursuing the objectives of decarbonisation, innovation and quality of passenger service.

2.5 Transparent and non-discriminatory access to the traffic development incentives is guaranteed by SOGEAAL, in compliance with the principles of fair competition, as established by current EU and national regulations, and in line with the objectives and policies of SOGEAAL.

### 3. CRITERIA, TARGET, AMOUNTS AND PAYMENT OF TRAFFIC DEVELOPMENT INCENTIVES

#### 3.1. Definition of Traffic Development Incentives (hereinafter "TDI")

They consist of economic compensation to be awarded to airlines who undertake to improve, develop or increase their activities at the Airport and who:

- meet the requirements of chapter 4 of the Policy, as indicated hereunder
- satisfy the conditions of the traffic development cases listed in chapter 5 of the Policy;

#### 3.2. TDI typologies

They are granted to the carriers (of art. 4.1) in proportion or in relation to pre-established drivers or when they meet specific obligations accepted with SOGEAAL. For example, although the precise parameters to obtain the TDI are established case by case, they could consist of:

- an amount per passenger or incremental passenger to be multiplied by the number of eligible passengers;
- an amount per passenger or incremental passenger to be multiplied when it reaches specific target;
- an amount per flight (turnaround) or per incremental flight to be multiplied by the number of eligible flights;
- an amount per flight (turnaround) or per incremental flight to be multiplied when it reaches specific target;
- a one-off lump-sum to be paid to compensate the start up costs borne by the carrier;
- lump-sum amounts to be paid to the carrier when it reaches specific traffic volumes;
- an amount (lump-sum or per departing passenger) linked to the possible base of aircrafts at the airport;
- lump-sum amounts to be paid as an additional bonus, when specific obligations are met (such as on environmental aspects);
  - marketing support linked to flight operations when it reaches specific target;
  - an amount proportionate to the quantity of cargo carried;
  - an amount proportionate to the quantity of cargo carried to be multiplied when it reaches specific target;
- a combination of the above methods.

#### 3.3. Incentive targets and determination of TDI amounts

The amount of the payable contribution will be linked to the achievement of contractual objectives based on the following parameters:

- traffic volumes that can be generated;
- type and strategic relevance of the destination (domestic/European/extra-European);
- strategic relevance of the destination;
- number of frequencies operated;
- type of aircraft used;
- period of operation (seasonal or on an annual basis);
- operating time band (peak vs off peak);
- commercial capacity of the carrier on the market

The TDI are predetermined in their amount and predefined on the basis of "ex ante profitability" analyses. The amount of TDI is, in all cases, determined from time to time following the negotiation between SOGEAAL and the beneficiary. In the case of multi-year agreements, the TDI may be subject to periodic redetermination mechanisms based on the trend of airport charges.

The amount of the TDI must normally be determined to ensure that the average amount per passenger recognised by SOGEAAL does not exceed 100% of the expected average aviation revenue per departing adult passenger. Waiving of this limit may be justified in the presence of programs destined for operations and business opportunities with an exceptional strategic value.

### 3.4. Payment

The TDI will be paid on the basis of a written contract signed between the parties. TDI payment is normally made ex post, once it has been verified that the carrier has fulfilled all the conditions. In specific cases, the contract may provide for advance payment of the TDI, although subject to adjustment and/or refund after checking that all the conditions for final payment have effectively been met.

## 4. BENEFICIARIES AND REQUIREMENTS

4.1 Access to the incentive plan according to the Policy is open to all air carriers (hereinafter, also 'Beneficiaries') who intend to assume, towards the airport manager, the indicated sustainable development and growth commitments and who satisfy the following minimum requirements:

- not appear in the EU Safety list,
- possession of a regular Air Operator's Certificate (AOC) and, where necessary, air traffic rights for the proposed destinations.

Access to an incentive plan according to this Policy is also open to tour operator who guarantee own "full charter" flights or the purchase of allotments, sharing with the air carriers the business risk of starting and/or operating charter or scheduled connections.

The provisions of this Policy that are applicable to air carriers shall be intended, where compatible, as also applicable to tour operators.

4.2 SOGEAAL will also have the right to assess, for purposes of admission of a carrier to an incentive plan, whether the following cases exist against that interested party, which are considered to be indicators of a lack of reliability and integrity, and will also be fully entitled to deny admission if the other party does not provide appropriate guarantees:

- serious violations of the law or of regulations, or the existence of ongoing investigations or inquiries into committing of these violations by the air carrier itself or by its legal representatives;
- serious breaches of contractual obligations with SOGEAAL, including those relating to payment of airport charges;
- serious breaches of airport operating and safety procedures at the Airport, including the Airport Manual and the Airport Regulations;
- existence of disputes with SOGEAAL or with its subsidiary or associated companies;
- an application for or admission to insolvency proceedings, even when company operations continue;
- poor financial and capital solidity

4.3 SOGEAAL will conduct the assessment into the carrier's reliability and integrity, for purposes of admission to an incentive plan, on a discretionary basis.

## 5. CASES AND DURATION OF INCENTIVES

The incentive applies to Beneficiaries fully involved in the development strategies of the domestic and international connections at Alghero airport. Routes supported by public contributions and/or public entities are expressly excluded, by way of example but not limited to, for example, routes subject to public service obligations (PSO).

The incentive is, in all cases, determined from time to time, following the negotiation between SOGEAAL and the individual Beneficiary, based on the expected schemes and the agreement signed between the Parties.

The duration of the incentive agreements may vary from a minimum of 1 (one) year to a maximum of 5 (five) years based on the overall evaluation of the proposed operation.

SOGEAAL intends to contract and provide incentives for traffic development, in compliance with the objectives described in this Policy and consequent commitments undertaken by the Beneficiaries, based on the cases and incentive targets listed below:

### PASSENGER VOLUMES

- a) Beneficiaries: an air carrier, either new or already operating at the airport, commits to developing at the Airport, in a specific period of time, a network of destinations (either with

or without based aircraft) able to determine significant volumes, i.e. to plan the transport of over 500.000 scheduled passengers (arriving and departing on an annual basis) who maximise the use of Alghero Airport infrastructure.

- b) TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries and the proposed volumes. In the case of based aircraft, the agreement could envisage specific TDI in relation to the number and type of based aircraft and also other forms of operational and business support.
- c) Duration of the TDI: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.

#### NEW CONNECTIONS

- a) Beneficiaries: an air carrier, either new or already operating at the airport, commits to regularly operate on a route not being served, by the same carrier or by another carriers, with direct scheduled or charter flights or on a cancelled route or on a route for which the carrier has announced cancellation of its operations. A route served only with seasonal connections could be considered as not served, for application of this case, if SOGEAAL believes there is an interest in deseasonalisation of the route.
- b) TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries depending on the estimated potential and strategic relevance of the connection, the number of weekly frequencies, the type of aircraft, the expected traffic volumes and expected non-aviation revenues.
- c) Duration of the TDI: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.
- d) Priority destinations: the table below lists some destinations considered to be a priority for development of Alghero Airport. The Beneficiary may, in any case, propose other destinations; SOGEAAL, at its sole discretion, will evaluate the value of the same to develop and complete the network.

ROTTTE	MERCATI		ROTTTE	MERCATI
SALISBURGO	AUSTRIA		MALTA	MALTA
VIENNA	AUSTRIA		CASABLANCA	MAROCCO
BRUXELLES	BELGIO		MARRAKESH	MAROCCO
SOFIA	BULGARIA		OSLO	NORVEGIA
COPENHAGEN	DANIMARCA		AMSTERDAM	OLANDA
DUBAI	EMIRATI ARABI		EINDHOVEN	OLANDA
HELSINKI	FINLANDIA		BRESLAVIA	POLONIA
DEAUVILLE	FRANCIA		CRACOVIA	POLONIA
LILLE	FRANCIA		DANZIKA	POLONIA
LIONE	FRANCIA		CRACOVIA	POLONIA
MARSIGLIA	FRANCIA		POZNAN	POLONIA
NANTES	FRANCIA		VARSAVIA	POLONIA
NIZZA	FRANCIA		LISBONA	PORTOGALLO
PARIGI	FRANCIA		PORTO	PORTOGALLO
TOLOSA	FRANCIA		ATENE	GRECIA
BERLINO	GERMANIA		RIGA	LETTONIA
COLONIA	GERMANIA		PRAGA	REP. CECA
DUSSELDORF	GERMANIA		CLUJ	ROMANIA
AMBURGO	GERMANIA		TIMISOARA	ROMANIA
KARLSRUHE BADEN	GERMANIA		MOSCA	RUSSIA
LUBECK	GERMANIA		SAN PIETROBURGO	RUSSIA
NORIMBERGA	GERMANIA		BELGRADO	SERBIA
STOCCARDA	GERMANIA		ALICANTE	SPAGNA
BIRMINGHAM	REGNO UNITO		MALAGA	SPAGNA
BRISTOL	REGNO UNITO		PALMA DI MAIORCA	SPAGNA
EAST MIDLAND	REGNO UNITO		BILBAO	SPAGNA
EDIMBURGO	REGNO UNITO		MALAGA	SPAGNA
GLASGOW	REGNO UNITO		SIVIGLIA	SPAGNA
LIVERPOOL	REGNO UNITO		VALENCIA	SPAGNA
LEEDS	REGNO UNITO		GOTEBORG	SVEZIA
LONDRA GATWICK	REGNO UNITO		STOCCOLMA	SVEZIA
LONDRA HEATHROW	REGNO UNITO		BASILEA	SVIZZERA
LONDRA LUTON	REGNO UNITO		BERNA	SVIZZERA
MANCHESTER	REGNO UNITO		GINEVRA	SVIZZERA
VILNIUS	LITUANIA		ZURIGO	SVIZZERA
LUSSEMBURGO	LUSSEMBURGO		KAUNAS	LETTONIA
ANCONA	ITALIA		LAMEZIA	ITALIA
BARI	ITALIA		PALERMO	ITALIA
BOLZANO	ITALIA		PARMA	ITALIA
BRINDISI	ITALIA		PERUGIA	ITALIA
CATANIA	ITALIA		RIMINI	ITALIA
CUNEO	ITALIA		ROMA CIA	ITALIA
FORLI'	ITALIA		TORINO	ITALIA
GENOVA	ITALIA		TRIESTE	ITALIA
			VERONA	ITALIA



#### INCREASE FREQUENCIES, INCREASE CAPACITY

- a) Beneficiaries: an air carrier, either new or already operating at the airport, commits to (i) to appreciably increase the additional weekly frequencies on the same route compared to the same IATA season of the previous year OR (ii) to appreciably increase the number of seats offered on the same route compared to the same IATA season of the previous year.
- b) TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries depending on the strategic relevance of the connection, the operational seasonality (annual, Summer Iata, Summer peak), the number of additional weekly frequencies proposed, the type of aircraft proposed, the expected additional traffic volumes, the level of saturation of the specific market, the expected non-aviation revenues.
- c) Duration of the TDI: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.

#### DEVELOPMENT OF LINE CONNECTIONS ALREADY OPERATED BY ANOTHER CARRIER

- a) Beneficiaries: a new carrier commits to operating regularly on a route already served by another carrier.
- b) TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries depending on the strategic relevance of the connection, the operational seasonality (annual, Summer Iata, Summer peak), the number of weekly frequencies, the type of aircraft, the expected traffic volumes, the expected non-aviation revenues.
- c) Duration of the TDI: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.

#### PRODUCT IMPROVEMENT

- a) Beneficiaries: an air carrier, either new or already operating at the airport, commits to operating on a served route with an improvement of the service provided to passengers, for instance by increasing the months of operation, contributing to deseasonalisation (annual, summer Iata, summer peak), scheduling the flights at a more convenient time or conditions for users, operating in off-peak time slots and days and facilitating the optimization of the airport structure and operational staff.
- b) TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries depending on the strategic relevance of the connection, the operational seasonality (annual, Summer Iata, Summer peak), the operating time slots both for the improvement of passenger service and for the optimization of the airport infrastructure.



c) Duration of the TDI: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.

#### MAINTAINING OF A CRITICAL CONNECTION

a) Beneficiaries: a carrier who already operates one or more connections at the Airport and who declares the justified intention of cancelling/reducing the connection, due to unsatisfactory business results or capacity/technical problems (critical connection), commits to maintaining the critical connection(s).

b) Duration of the TDI: an economic compensation as described in chapter 3 – the amount of the TDI may vary according to the operational plans presented by the beneficiaries depending on the strategic relevance of the connection, the number of weekly frequencies, the type of aircraft, the expected traffic volumes, the operational seasonality (annual, Summer lata, Summer peak), the operating time slots both for the improvement of passenger service and for the optimization of the airport infrastructure, the expected non-aviation revenues to be achieved by maintaining the flight or the lower revenues resulting from cancellation/reduction.

c) Duration of the TDI contract: normally up to 5 (five) years, with SOGEAAL reserving the right to enter into agreements of different duration.

SOGEAAL reserves in any case the further possibility of providing forms of incentives or additional co-marketing contributions in favour of carriers which, due to their overall potential or (base) positioning logic, are considered to be of particular strategic relevance for the airport and for the Sardinian airport system.

## 6. EFFICACY

The Policy enters into effect from the date of its publication on the SOGEAAL website ([www.aeroportoalghero.it](http://www.aeroportoalghero.it)).

The Policy has been drafted in Italian and in English, with it being understood that the Italian version will prevail in the event of discrepancies.

In the case of an update or publication of a new Policy by SOGEAAL, the incentive agreements signed on the basis of previous Policy will remain in force, under the agreed terms and conditions, until their natural expiry date (without prejudice to the termination clause expressed in the contract).

## 7. INCENTIVE PLAN ADMISSION METHOD

7.1 Beneficiaries who are interested in improving, developing or increasing their activities at the Alghero Airport and who want access to the TDI amounts can send an application via e-mail to the SOGEAAL aviation business office ([businessavio@sogeaal.it](mailto:businessavio@sogeaal.it)).

7.2 The following information must be specified in the expression of interest:

- a) carrier, fleet, network and operating bases;
- b) development plan at the Airport and routes on which the carrier intends to operate;
- c) planned operations (period of operation, number of weekly frequencies, seats offered and type of aircraft);

7.3 SOGEAAL reserves the right to ask the Beneficiary to provide further information or to conduct its own analysis, in order to check whether the requirements of chapter 4 of the Policy are met.

7.4 SOGEAAL, according to its unquestionable right, will evaluate the strategic value of the development plan presented and its economic, financial and environmental sustainability.

7.5 If the result of the check is successful, SOGEAAL will start business negotiations with the potential Beneficiary to establish the contents of a TDI contract, although SOGEAAL retains the right not to sign any agreement if it decides the requirements of this Policy are not satisfied.

7.6 In the case of several carriers who have applied for amounts for the same route, and after their reliability and financial solidity has been confirmed, SOGEAAL reserves the right to conduct parallel negotiations, and retains the right, in all cases, at its own discretion and based on the criteria of this Policy, to choose one or more carriers to sign TDI contracts.

## 8. DISBURSEMENT METHODS

8.1 If negotiations are successfully concluded, the Parties will sign an incentive agreement, entered into in writing and drafted on the basis of the SOGEAAL contractual standards, which will detail, among other things:

- the duration of the agreement, with the possibility for the Parties of agreeing on an extended expiry date;
- the type/types of incentive envisaged, from among those of paragraph 3.2 above;
- the respective obligations of the parties;
- the targets and parameters for effectively determining the applicable incentive of paragraph 3.3 above;
- the times, conditions and methods for disbursement of the TDI of paragraph 3.4 above.

8.2 The Beneficiary will be entitled to receive the incentives from the date of signing the contract or from the date specified in the contract and the exchange of business correspondence during the negotiations will not constitute proof of entry into the agreement.

8.3 The contents of the agreement are confidential and cannot be communicated or disclosed, other than to satisfy a legal obligation.



For further information or clarifications, please contact the SOGEAAL Business Aviation Service  
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