

(TRANSLATION)(for Reference Only)

Qualified Project Etc. for Takamatsu Airport Operation

**Agreement to Implement Right to Operate Public Facility Etc. (the “Agreement”)
(Draft)¹**

The original of this document shall be prepared in Japanese language, and this is only English translation of that. This document shall serve only as a reference and shall be interpreted in accordance with the Japanese document.

¹ The State may add or change the terms provided in the Agreement (Draft) based on matters agreed concerning the Project through competitive dialogue held with the Preferred Negotiation Right Holder in the course of the bidding procedures.

Qualified Project Etc. for Takamatsu Airport Operation

Agreement to Implement Right to Operate Public Facility Etc. (the “Agreement”)

1. Name of Project: Qualified Project Etc. for Takamatsu Airport Operation
2. Place of Project: Konan-cho, Takamatsu-shi,
Kagawa
3. Project Period: As provided in Article 62

The State and the Operating Right Holder of the Project shall execute the Agreement based on the below terms on a fair basis with an understanding that they stand on equal ground and they shall perform the Agreement in good faith and with sincerity.

In executing and performing the Agreement, each party shall respectively understand and observe the purposes of the Agreement; that the State expects the Project to be implemented with the creativeness of the Operating Right Holder, which is a private sector. The Operating Right Holder is expected to create an attractive airport, as well as integrated and active management of the entire airport through the Public Facilities etc. Operation Project.

In witness whereof, the Agreement shall be prepared in two originals, signed and sealed by each party and each party shall retain one original. With respect to the State, the Director General of the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism shall sign and seal the Agreement as the contracting official representing the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and the Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

October [DD], 2017

The State:

Address: 1-3 Kasumigaseki 2-chome, Chiyoda-ku, Tokyo

Name: Contracting Officer

Director General of Civil Aviation Bureau

The Operating Right Holder:

Address:

Name: President and Representative Director

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Chapter 1 General Provisions

Article 1 (Purpose and Interpretation)

1. The purpose of the Agreement is to facilitate mutual cooperation between the State and the Operating Right Holder and stipulate all matters that are necessary to smoothly implement the Project.
2. The Operating Right Holder shall carry out the Project by fully understanding that the Project is expected to revitalize the Airport which is one of the hub airports in Shikoku region and the gateways in western Japan by increasing the number of passengers and volume of cargo handled in the Airport and revitalize the Airport and the surrounding areas and thereby to expand the amount of the population who are engaging in domestic and international interactions. The Operating Right Holder shall carry out the Project by fully understanding that, through the Public Facilities Operation Project, it will realize the integrated and flexible management of the overall airport and contribute to the creation of an attractive airport, and that its operation in collaboration with the relevant local governments and communities is vital to compete with other neighboring airports.
3. The terms and phrases used in the Agreement shall have the meaning stipulated in **Exhibit 1** unless otherwise expressly indicated in the Agreement.
4. The headings of each provision of the Agreement are provided for convenience only and do not affect the interpretation of the Agreement.

Article 2 (Description of the Project)

1. The Project shall be comprised of the Airport Operating Business and the Building Facilities Business.
2. The Operating Right Holder shall carry out or cause the Building Facilities Operator to carry out the Project, in compliance with the Acts and in accordance with the Agreement, Application Guidelines etc., Required Standards Document and Proposal Documents.

Article 3 (Composition and Application of the Agreement)

1. The Agreement shall constitute one agreement together with the Application Guidelines etc., Required Standards Document and Proposal Documents. Any agreements to be separately executed between the State and the Operating Right Holder pursuant to the provisions of the Agreement shall also constitute a part of the Agreement.
2. If there is any variance or inconsistency among the documents in the preceding paragraph, the Agreement, Application Guidelines etc., Required Standards Document and the Proposal Documents shall take effect in this order of priority. However, if the contents of the Proposal Documents exceed the standards stipulated in the Required Standards Document, the Proposal Documents shall prevail the Required Standards Document only in such respect.

3. If any queries arise regarding the contents of any documents in paragraph 1, the matter over the contents indicated shall be decided through consultation between the State and the Operating Right Holder.

Article 4 (Financing)

Unless otherwise provided, the financing required for the Project shall be obtained entirely by and is the sole responsibility of the Operating Right Holder.

Article 5 (Income from the Project)

Unless otherwise provided, the income earned from the Project pursuant to the Agreement shall entirely belong to the Operating Right Holder or the Building Facilities Operator.

Article 6 (Permissions etc. and Notifications etc.)

1. All Permissions etc. necessary to implement the Project shall be acquired by the Operating Right Holder or by causing the Building Facilities Operator at the expense and responsibility of the Operating Right Holder. Furthermore, all notifications and reports necessary for the Operating Right Holder and the Building Facilities Operator to carry out the Project shall be prepared and filed by the Operating Right Holder, either by itself or by causing the Building Facilities Operator to prepare and file the notifications, at their responsibility. However, the State shall assume necessary measures to acquire the Permissions etc. or to file notifications that are required to be done by the State. When requested by the State, the Operating Right Holder or the Building Facilities Operator shall cooperate with respect to the said measures. In this regard, the State shall maintain the Permissions etc. stipulated in **Exhibit 2** during the Airport Operating Business Period and if such Permissions etc. are no longer required or when a change becomes necessary, the State shall deal with such Permissions etc. through consultation with the Operating Right Holder.

2. The Operating Right Holder shall assume the responsibility, expenses and damages to acquire and maintain the Permissions etc. that are necessary to perform its obligations under the Agreement unless otherwise provided in the proviso and the note after “In this regard,” of the preceding paragraph.

3. If requested in writing by the Operating Right Holder or the Building Facilities Operator, the State shall cooperate with the Operating Right Holder or Building Facilities Operator as necessary within the scope of the Acts for their acquisition and maintenance of the Permissions etc.

4. The Operating Right Holder shall, either by itself or by causing the Building Facilities Operator, prepare documents concerning the acquisition and maintenance of the Permissions etc. that are necessary to implement the Project, preserve the copies of those documents submitted, and submit these copies to the State after expiration of the Project Period.

5. The Operating Right Holder shall, either by itself or by causing the Building

Facilities Operator, preserve the originals of the Permissions etc. that are necessary to perform the obligations under the Agreement, and present the originals or certified copies to the State when requested by the State.

Article 7 (Allocation of Responsibility)

1. Unless otherwise provided in the Agreement, the Operating Right Holder shall assume all responsibility whatsoever in carrying out the Project.
2. Unless otherwise provided in the Agreement, the Operating Right Holder shall not be released from any responsibility of an Operating Right Holder under the Agreement for reasons that the State gave its approval, confirmation or witnessed the Project being carried out by the Operating Right Holder and the Building Facilities Operator, or that the Operating Right Holder gave reports, notices or explanations to the State, and the State shall not assume any responsibility whatsoever for reasons that it so approved, confirmed or witnessed, or received reports, notices or explanations.
3. The Operating Right Holder shall jointly and severally assume responsibility for matters stipulated as the responsibility of the Building Facilities Operator in the Agreement.
4. The Operating Right Holder shall assume joint and several liabilities with the Operating Right Holder's Subsidiary etc. to compensate for all damages caused to the State or a third party by the Operating Right Holder's Subsidiary etc.

Article 8 (Representations and Warranties of the Operating Right Holder)

1. The Operating Right Holder shall represent and warrant the facts in each of the below items to the State as of the date of execution of the Agreement.²
 - (1) The Operating Right Holder is a *kabushiki kaisha* duly, effectively, and legitimately incorporated and existing under the Companies Act;
 - (2) The articles of the Operating Right Holder contain a provision that the types of shares that may be issued by the Operating Right Holder are the Non-Voting Shares and Voting Shares;
 - (3) The articles of the Operating Right Holder contain a provision that the Operating Right Holder shall have a board of directors, a board of company auditors, and accounting auditors, as provided in Article 326, paragraph (2) of the Companies Act, a provision that the same shall have an audit and supervisory committee, as provided in Article 2, item (xi)-2 of the Companies Act, or a provision that it shall have nominating committee etc. as provided in Article 2, item (xii) of the Companies Act;
 - (4) The Operating Right Holder is not an Air Carrier or an Affiliate (including its Subsidiary) of an Air Carrier;

² These items are the matters assumed to be represented and warranted by the Operating Right Holder. If the Preferred Negotiation Right Holder separately proposes other shareholding structure (including whether or not to issue non-voting shares), new institutional organization, or other matters and the State approves those proposals, then the representations and warranties under this paragraph shall be revised accordingly to reflect such proposal. Provided, however, the Operating Right Holder must take the form of a *kabushiki kaisha* under the Companies Act.

- (5) The total number of Voting Shares held by local public entities (meaning the local public entities stipulated in Article 1-3 of the Local Autonomy Act (Act No. 67 of 1947), the same shall apply hereinafter) does not exceed 10% of the number of Voting Shares issued and outstanding;
- (6) The personnel of local public entities dispatched by the local public entities to the Operating Right Holder are only a part-time director (one or less) and a full-time employee (one or less) of the Operating Right Holder;
- (7) The Operating Right Holder has full capacity to execute and perform the Agreement, and the obligations of the Operating Right Holder under the Agreement are legally effective, binding and enforceable against the Operating Right Holder;
- (8) The Operating Right Holder is duly granted authority required pursuant to the laws of Japan and the Operating Right Holder's articles, regulations of the board of directors, and its other internal regulations, and it assumed all procedures necessary to execute and perform the Agreement;
- (9) To the best knowledge of the Operating Right Holder, there are no litigations, claims, arbitrations or investigations pending or threatened against the Operating Right Holder that would materially and adversely affect its capacity to implement the Project or to perform its obligations under the Agreement;
- (10) The objectives indicated in the Operating Right Holder's articles are only limited to performing the Project;
- (11) The execution of the Agreement and performance of obligations under the Agreement do not violate any laws applicable to the Operating Right Holder, do not violate any contracts or other agreements to which the Operating Right Holder is a party or is bound, or violate any judgements, decisions or orders applicable to the Operating Right Holder;
- (12) Sub-paragraphs (a), (b), (d) and (g) of Article 29, paragraph (1), item (i) of the PFI Act do not apply to the Operating Right Holder; and
- (13) In addition to each of the above items, the Operating Right Holder satisfies all matters that it proposed to represent and warrant as of the execution date of the Agreement set out in the Proposal Documents.

2. The Operating Right Holder represents and warrants that as of the [[Building Facilities Business Scheduled Commencement Date/Airport Operating Business Commencement Date], the total of its amount of capital and capital reserve is [[] or more]³.

Chapter 2 Succession and Preparation of the Building Facilities Business

Article 9 (Acquisition of the Building Facilities Operator Shares and Succession of its Business)

1. The Operating Right Holder shall complete the below procedures by the Building Facilities Business Scheduled Commencement Date:

- (1) In accordance with the Application Guidelines etc., to succeed from the State

³ To be indicated based on the proposal from the Preferred Negotiation Right Holder.

the status of the State in the Building Facilities Operator Share Acquisition Option Agreement including the State's right to close the transaction for the Building Facilities Operator Shares under the same agreement.

- (2) Exercise the right to close the transaction succeeded from the State pursuant to the preceding item and acquire all the Building Facilities Operator Shares from the Building Facilities Operator Shareholders;
- (3) Acquire approval of the share transfer from the Building Facilities Operator, complete the change of registration in the shareholders register of the Building Facilities Operator with respect to all Building Facilities Operator Shares acquired in the above item, and immediately submit to the State a certified copy of the Building Facilities Operator's shareholders register reflecting the change of registration;
- (4) In addition to the preceding three items, succeed, or cause the Building Facilities Operator to succeed to the Building Facilities Business, including the necessary contracts, and the acquisition and maintenance of the Permissions etc. in accordance with the Application Guidelines etc.

The State shall cooperate with the succession of the Building Facilities Business by the Operating Right Holder and Building Facilities Operator but it shall not assume any responsibility concerning the performance by the parties concerned of the Building Facilities Operator Share Acquisition Option Agreement.

2. In order to smoothly and absolutely effect the succession in the preceding paragraph pursuant to the Proposal Documents, the Operating Right Holder shall prepare a business succession plan concerning succession of the Building Facilities Business within ten days after execution of the Agreement and submit it to the State for confirmation.

3. The State shall not provide any assurance for information or the like provided to the Operating Right Holder that will be necessary for the succession of the Building Facilities Business or otherwise for the succession of the same business. The Operating Right Holder shall not claim against the State, including for indemnification, arising out of any facts that could not be reasonably foreseen from the materials disclosed in the Application Guidelines and in the procedures based on the Application Guidelines (including but not limited to defects in the Building Facilities and contingent liabilities concerning the Building Facilities Business).

Article 10 (Commencement of the Building Facilities Business)

1. The Operating Right Holder shall ensure that the Building Facilities Operator submits to the State, jointly in the name of the Operating Right Holder, a written covenant in the form in **Exhibit 3** stating that the Building Facilities Operator shall jointly and severally assume responsibility for the performance of obligations under the Agreement (excluding the obligations that could only be performed by the Operating Right Holder), by the Building Facilities Business Commencement Date.

2. The Operating Right Holder shall ensure that the Building Facilities Operator carries out the Building Facilities Business from the Building Facilities Business

Commencement Date. The Building Facilities Business Commencement Date shall be when the Operating Right Holder has acquired all of the Building Facilities Operator Shares, acquired approval to the share transfer from the Building Facilities Operator, changed the registration in the shareholders register, and submitted the written covenant as provided in the preceding paragraph.

3. Regardless of any reason, the expiration date of the Project Period shall not be changed, even if the Building Facilities Business Commencement Date is delayed from the Building Facilities Business Scheduled Commencement Date.

Article 11 (Purchase Option Agreement for the Building Facilities)

1. Promptly after the Building Facilities Business Commencement Date, the Operating Right Holder shall ensure that the Building Facilities Operator executes a purchase option agreement with the State where the State shall have the option to close the transaction. The sale price for the Building Facilities under this purchase option agreement shall be the market value.

2. The State as one party and the Building Facilities Operator as the other party shall, at the expense of the Building Facilities Operator, establish a provisional registration for the transfer of ownership in the rights section (Ko-Section) of the Building Facilities pursuant to the purchase option agreement executed under the preceding paragraph. This provisional registration shall have the effect of preserving the priority order of any other rights that may be established (including but not limited to the establishment of security rights). However, if the State instructs other methods, then that instruction shall be followed.

Chapter 3 Permission to use the Building Facilities Sites

Article 12 (Permission to use the Building Facilities Sites)

The State and the Operating Right Holder shall confirm that as long as the Building Facilities Operator is in compliance with the conditions attached to the permission granted from the State to the Building Facilities Operator to use the Building Facilities sites, such permission shall continue from the Building Facilities Business Commencement Date until the day immediately preceding the Airport Operating Business Scheduled Commencement Date. However, if the Airport Operating Business Commencement Date is later than the Airport Operating Business Scheduled Commencement Date, the State may change the period for the permission for such use for a period stipulated by the State.

Chapter 4 Carrying Out the Building Facilities Business

Article 13 (The Contents of the Building Facilities Business)

1. During the Project Period, the Operating Right Holder shall ensure that the Building Facilities Operator carries out the businesses in each of the below items as the Building Facilities Business at the Airport Site in such manner that satisfies the Required

Standards in accordance with the Agreement.

- (1) The Passenger Building Facilities Businesses
- (2) The Cargo Building Facilities Businesses

2. The Operating Right Holder may cause the Building Facilities Operator to implement a Voluntary Business on the Airport Site. If such Voluntary Business is to be implemented at other places besides the Building Facilities by the day before the Airport Operating Business Commencement Date, the Operating Right Holder shall obtain permission to use the Airport Site to whatever extent necessary to carry out such Voluntary Business before execution of the National Property Free Lease Agreement stipulated in Article 20, paragraph 1.

3. During the Project Period, the Operating Right Holder shall ensure that the Building Facilities Operator acquires a Designation as Airport Function Facility Operator and maintains this designation as it is necessary to implement the Building Facilities Business. During the Building Facilities Business Period, the Building Facilities Operator shall comply with the regulations in the Airport Act, Airport Administration Rules and any other Acts that apply with respect to the designation (As a note, the Ordinance on Airport Administration do not apply to the Project from on and after the Airport Operating Business Commencement Date.).

Article 14 (Terms for Lending the Building Facilities)

1. During the Project Period, the Operating Right Holder shall not allow the Building Facilities Operator to lend the entirety of the Building Facilities to a third party.

2. During the Project Period, if the Operating Right Holder allows the Building Facilities Operator to lend any Building Facilities to a new third party, or renew or re-execute an agreement between the Building Facilities Operator and a third party to lend the Building Facilities, such a building lease agreement shall: (i) if the Act on Land and Building Leases (Act No. 90 of 1991) applies to the lease, be a fixed term building lease agreement under Article 38 of the same act or a loan for use agreement under Article 593 of the Civil Code, or (ii) not have a period that extends beyond the Project Period (such a lease shall be cancelled at the time the Agreement is terminated or is cancelled.).

3. The provisions of the preceding paragraph shall not apply to renewal of an agreement under the same terms for the lease of the Building Facilities that was already executed by the Building Facilities Operator as of the Building Facilities Business Commencement Date, or to make minor changes to the rent, common expenses, management expenses of lease floor area or the change of trade name of the parties etc. that are equally viewed as the same term for the lease. Provided, however, if such agreement is renewed or re-executed during the Building Facilities Business Period, the Operating Right Holder shall make effort to cause the Building Facilities Operator to change such agreement to an agreement which content satisfies the conditions stipulated in the preceding paragraph.

4. If the Operating Right Holder allows the Building Facilities Operator to lend any

Building Facilities to a new third party, or renew or re-execute an agreement between the Building Facilities Operator and a third party to lend the Building Facilities, the Operating Right Holder cause the Building Facilities Operator to set the terms stipulated below in such a lease agreement and the Building Facilities shall not be leased under any terms contrary to these terms. The Operating Right Holder shall promptly report to the State if it or the Building Facilities Operator learns of any breach of item (1) or item (2) by such third party, where in such case it shall cause the Building Facilities Operator to terminate such lease agreement for the Building Facilities with such third party.

- (1) The third party shall not engage in any Amusement Business at the Building Facilities or any other business that is offensive to public order or morale;
- (2) The affiliates or business counterparties (including a party to which the Business Facilities are subleased) of the third party is not an Organized Crime Group Member etc. and their Affiliates, and that they shall not fall in such category in the future; and
- (3) If such third party breaches above item (1) or item (2), the Building Facilities Operator may immediately terminate the agreement concerning the lease of the Building Facilities without notice.

5. The provisions of Chapter 9 through Chapter 12 shall be complied with for other matters that are necessary to carry out the Building Facilities Business and any Voluntary Business, such as the method of entrustment to a third party, insurance, submission of various plans and reports, the handling of the Developments (Non-Operating Right Facility), setting and receiving various charges indicated in Article 43, and other matters necessary for the operation of the business.

Chapter 5 Succession etc. of the Airport Operating Business and Other Preparations

Article 15 (Succession etc. of the Airport Operating Business)

1. As indicated in **Exhibit 4-1**, by the Airport Operating Business Commencement Date, the Operating Right Holder shall have received from the State (i) the delivery of the Facilities Subject to Operating Rights, (ii) the succession of the Agreements for Succession to the Operating Right Holder (including acquisition of consent from the counterparty to the agreements), (iii) the transfer of the Assets for Transfer to the Operating Right Holder, and (iv) succession of necessary Permissions etc. that are necessary for implementing the Airport Operating Business. Each method of succession etc. is set forth in **Exhibit 4-1**, and a Goods Transfer Agreement for the transfer of the Assets for Transfer to the Operating Right Holder shall be executed in accordance with the form in **Exhibit 4-2**. The Operating Right Holder shall continue the permissions and the agreements that it succeeded throughout the Airport Operating Business Period in accordance with the terms and for the period set forth in **Exhibit 4-1**.
2. In order to smoothly and absolutely implement the succession etc. under the preceding paragraph, the Operating Right Holder shall, in accordance with the Proposal Documents, prepare a business succession plan for the succession etc. of the Airport

Operating Business, submit it to the State and receive confirmation from the State within ten days from the date of execution of the Agreement.

3. In addition to succeeding etc. the Airport Operating Business provided in paragraph 1, the Operating Right Holder shall carry out necessary preparations by the Airport Operating Business Commencement Date at its responsibility to ensure that the Airport will reach its full potential from the Airport Operating Business Scheduled Commencement Date. In this regard, the State shall cooperate with the Operating Right Holder to the extent necessary and possible (including but not limited to the State providing to the Operating Right Holder for inspection, lending or copies of the administrative documents that are necessary for succession and implementing the business stipulated in paragraph 1 or in cooperating in completing the succession of Assets for Transfer to the Operating Right Holder).

4. The wages and other expenses incurred for the succession etc. of the Airport Operating Business under this article shall be borne by both parties and neither party shall claim for such payment from the other party.

5. Unless otherwise stipulated in the Agreement, the State shall not assume any responsibility for any reason for any additional expenses or damages incurred by the Operating Right Holder even if the succession of the Airport Operating Business is not completed by the Airport Operating Business Scheduled Commencement Date.

Article 16 (Warranty against Defects in the Facilities Subject to Operating Rights)

1. With respect to the Facilities Subject to Operating Rights delivered pursuant to the provisions of paragraph 1 of the preceding article, if any defects are found during one year after the Airport Operating Business Commencement Date (hereinafter referred to in this article as the “Defect Warranty Period”), the Operating Right Holder shall promptly notify the State. In this case, and only if the State receives such notice from the Operating Right Holder during the Defect Warranty Period, any damages caused to the Operating Right Holder by such a defect shall be compensated based on mutual agreement either by an agreed extension under Article 62, paragraph 2, item (2), or for the State to compensate with the amount of consideration of the Operating Right to be the maximum amount of compensation. In this regard, the consideration of the Operating Right shall be the maximum amount for all compensation accrued under this article. The same shall apply when a defect is found from on and after the Operating Right Establishment Date until the Airport Operating Business Commencement Date. (Note: ‘defect’ or ‘defects’ under this article are limited to physical defects which do not satisfy the standards required by Acts or the Required Standards with respect to such facility as of the Airport Operating Business Commencement Date, which could not be reasonably foreseen from the materials (e.g. the Application Guidelines etc.) disclosed from the State to the Preferred Negotiation Right Holder and information that could have been learned by the Preferred Negotiation Right Holder or the Operating Right Holder before execution of the Agreement. In this regard, deterioration due to aging shall not apply to a defect. The same shall apply on paragraph 2 and paragraph 3.)

2. Notwithstanding the preceding paragraph, the Defect Warranty Period for the defect

(the defect at the time of delivery from the State to the Operating Right Holder) with respect to the portion to which the State directly made a Replacement Investment (in Operating Right Facility) without succeeding to the Operating Right Holder the agreement that was already executed as of the Airport Operating Business Commencement Date and which is delivered to the State from the counterparty to such agreement subject to such agreement on and after the Airport Operating Business Commencement Date shall be the period stipulated in the agreement executed by the State concerning the Replacement Investment (in Operating Right Facility).

3. The State shall not assume any responsibility for defects even if those defects were found or notified with respect to the Facilities Subject to Operating Rights after the lapse of the Defects Warranty Period in the preceding two paragraphs.

4. Regardless of whether before or after the Warranty Period, the State will not assume responsibility for any defects (including but not limited to discrepancies, inconsistencies and insufficiency of information, defect in rights and physical defects) that are found in the Assets for Transfer to the Operating Rights Holder succeeded pursuant to Article 15, paragraph 1, information provided to the Operating Right Holder in connection with the rights and agreements, and otherwise in connection with the succession of the Airport Operating Business, and information in the Application Guidelines etc. or any other materials disclosed to the Preferred Negotiation Right Holder.

5. In addition to the provisions of the preceding paragraph, the State shall not assume any responsibility if the list of assets subject to Operating Rights or supplementary materials in the Compilation of Related Materials attached to the Application Guidelines etc. are incomplete.

Article 17 (Airport Service Regulations and Airport Security Control Regulations)

1. The Operating Right Holder shall prepare airport service regulations and airport security control regulations in accordance with the provisions of the Private Utilizing Airport Operation Act, Airport Act, and the Civil Aeronautics Act, and the Required Standards Document and submit these to the State by the Airport Operating Business Scheduled Commencement Date.

2. During the Airport Operating Business Period, the Operating Right Holder shall implement the Project in compliance with the airport service regulations and airport security control regulations that were submitted pursuant to the preceding paragraph.

Article 18 (Execution of Agreements)

1. The State shall maintain the agreements listed in **Exhibit 5-1** from the Airport Operating Business Commencement Date throughout the Airport Operating Business Period and if these agreements are no longer required or when a change becomes necessary, the State shall deal with such agreements through consultation with the Operating Right Holder.

2. The Operating Right Holder shall execute the agreements listed in **Exhibit 5-2** by

the Airport Operating Business Scheduled Commencement Date.

3. After the execution of the Capital Contribution and Personnel Dispatch Agreement between the Preferred Negotiation Right Holder's Member and the Local Governments Relevant to the Airport pursuant to the Basic Agreement, the Operating Right Holder shall accept the capital contribution and the personnel dispatch to the Operating Right Holder by and from the Local Governments Relevant to the Airport, in accordance with the Capital Contribution and Personnel Dispatch Agreement, unless such contribution and dispatch violate the Agreement. Provided, however, when the Preferred Negotiation Right Holder's Member ceases to assume the obligation to execute the Capital Contribution and Personnel Dispatch Agreement pursuant to the Basic Agreement, or the Preferred Negotiation Right Holder's Member ceases to assume the obligation to cause the Operating Right Holder to accept such capital contribution and personnel dispatch pursuant to the same agreement, the Operating Right Holder shall not assume an obligation to accept such capital contribution and personnel dispatch.

4. Notwithstanding the proviso of the preceding paragraph, if, in either of the below cases of item (1) or item (2), the Local Governments Relevant to the Airport notifies the Operating Right Holder by the Airport Operating Business Scheduled Commencement Date of its wish to make the capital contribution and the personnel dispatch, the Operating Right Holder shall accept this capital contribution and personnel dispatch from the Local Governments Relevant to the Airport, only once during the Airport Operating Business Period, under the conditions equivalent to those in the Capital Contribution and Personnel Dispatch Agreement (Draft) provided in Exhibit 1 of the Basic Agreement, unless such contribution and dispatch violate the Agreement.

- (1) If the Preferred Negotiation Right Holder's Member ceases to assume the obligation to execute the Capital Contribution and Personnel Dispatch Agreement due to the Local Governments Relevant to the Airport's delay in making the decision or its delay in completing its procedures (only if such delay is due to unavoidable reasons) as provided in Article 4, paragraph 4, item (1) of the Basic Agreement; or
- (2) If the Preferred Negotiation Right Holder's Member ceases to assume the obligation to cause the Operating Right Holder to accept the capital contribution and the personnel dispatch due to the Local Governments Relevant to the Airport's delay in making the decision or its delay in completing its procedures (only if such delay is due to unavoidable reasons) as provided in Article 2, paragraph 3, item (1) of the Capital Contribution and Personnel Dispatch Agreement.

5. Even if the Capital Contribution and Personnel Dispatch Agreement is not executed or the capital contribution and the personnel dispatch to the Operating Right Holder by and from the Local Governments Relevant to the Airport are not completed and thereby causing any additional expenses or damage to the Operating Right Holder, the State shall, for any reason, have no liability for such additional expenses or damage.

6. Notwithstanding the provisions of paragraph 3 and paragraph 4, if the Local Governments Relevant to the Airport notifies the Operating Right Holder during the

Airport Operating Business Period of its wish to make the personnel dispatch, the Operating Right Holder shall accept this personnel dispatch from the Local Governments Relevant to the Airport unless such contribution and dispatch violate the contents of the Agreement (including the contents stipulated in Article 57). However, in this case, the terms and conditions of the dispatch of their personnel, such as the details of the personnel to be dispatched, the terms of employment after the dispatch, cost sharing, the period of dispatch, and replacement of the personnel after a given period of time shall be decided through separate agreement between the Operating Right Holder and the Local Governments Relevant to the Airport.

7. If the Operating Right Holder plans to issue new Voting Shares in accordance with the provisions of the Agreement during the Airport Operating Business Period and the Local Governments Relevant to the Airport wishes to receive allotment of those new issued shares, the Operating Right Holder shall provide the Local Governments Relevant to the Airport with the opportunity to receive such allotment of shares unless such contribution and dispatch violate the Agreement (including the contents stipulated in Article 57).

Article 19 (Dispatch of State Personnel)

1. The Operating Right Holder shall enter into arrangements with the State's designee responsible for appointing the State Personnel to be dispatched to the Operating Right Holder by one month before the Airport Operating Business Scheduled Commencement Date concerning the dispatch of such State Personnel. When the Operating Right Holder requests for a new State Personnel within the scope of paragraph 3 during the Airport Operating Business Period, it shall enter into similar arrangements by one month before accepting the dispatch of such new State Personnel.

2. If the arrangements in the preceding paragraph are made, such arrangements shall constitute a part of the Agreement. The State shall directly or through its designee responsible for appointing the State Personnel to be dispatched, dispatch to the Operating Right Holder the State Personnel as necessary for implementing the Airport Operating Business in accordance with such arrangement and the Operating Holder shall accept such State Personnel.

3. In addition to the stipulations in the preceding two paragraphs, the details concerning the job categories, maximum number of personnel to be dispatched, maximum dispatch period and other matters stipulated in Article 22, paragraph (1) item (iv) of the PFI Act are as set forth in **Exhibit 6**.⁴

4. The provisions of the preceding three paragraphs shall not prevent the State Personnel from voluntarily transferring to employment with the Operating Right Holder or the Operating Right Holder from accepting him/her. In this case, the State and the Operating Right Holder shall consult each other to change the contents of **Exhibit 6**.

⁴ These matters shall be decided through competitive dialogue with the Preferred Negotiation Right Holder to be held in the bidding procedures. The anticipated job categories and wages, etc. shall be stipulated in the Application Guidelines etc.

Chapter 6 Establishment of the Right to Use the Airport Site etc.

Article 20 (Lease of Airport Site etc. from the State)

1. The Airport Site etc. shall be leased as a loan for use under Article 593 of the Civil Code. The State shall, by the Airport Operating Business Scheduled Commencement date, execute with the Operating Right Holder National Property Free Lease Agreements in the form in **Exhibit 7** and deliver the Airport Site etc. to the Operating Right Holder. The period of the lease in the National Property Free Lease Agreement shall be same as the Airport Operating Business Period, and if the Agreement is terminated or cancelled for any reason, the National Property Free Lease Agreement shall also be terminated.

2. After receiving the delivery of the Airport Site etc. from the State, the Operating Right Holder shall manage the Airport Site etc. as a prudent manager, throughout the Airport Operating Business Period.

3. The State and the Operating Right Holder shall, simultaneously with the execution of the National Property Free Lease Agreements stipulated in paragraph 1, execute a sub-loan for use agreement in the form in **Exhibit 8-2** with respect to the site indicated in **Exhibit 8-1** as the section to be continuously used by the State among the Airport Site etc. The State shall continue to use the relevant section of the relevant agreement free of charge. To maintain the functions of the airport, if the State wishes to execute a sub-loan for use agreement over other land within the Airport Site, the Operating Right Holder shall hold a consultation to respond positively to such request.

Chapter 7 Right to Operate Public Facility etc.

Article 21 (The Effect of the Right to Operate Public Facility etc.)

1. The State and the Operating Right Holder shall confirm that the Operating Right established for the Operating Right Holder pursuant to the Basic Agreement shall become effective when all the conditions for commencement of the Airport Operating Business provided in Article 24, paragraph 1 and paragraph 2 are satisfied (excluding the conditions for which satisfaction is waived by the State pursuant to the proviso in paragraph 3 of the same article). Unless otherwise provided in the Agreement, upon such effectuation the rights and responsibilities for operating etc. the Facilities Subject to Operating Rights shall transfer from the State to the Operating Right Holder.

2. The stipulations in Article 62, paragraph 4 concerning the duration of the Operating Right will apply.

Article 22 (Payment and Return of Consideration)

1. After commencement of the Building Facilities Business Period, the Operating Right Holder shall pay consideration for the Operating Right to the State in lump sum by a method designated by the State on the date which is by the Airport Operating

Business Scheduled Commencement Date and which is designated by the State.

2. The State shall not assume any obligation to return the Consideration in the preceding paragraph unless otherwise provided in the Agreement. However, the provisions of this paragraph shall not prevent the State from indemnifying the Operating Right Holder against losses pursuant to the Agreement or the Acts.

3. Although the Extension Option or Agreed Extension stipulated in each item of Article 62, paragraph 2 may be implemented, no obligations to pay the consideration shall arise other than as set forth in paragraph 1.

Article 23 (Delayed Payment of Consideration)

If payment of consideration for the Operating Right pursuant to the preceding article is delayed beyond the payment date stipulated in the preceding article, the Operating Right Holder shall pay interest in Article 93 to the State for the delayed period.

Chapter 8 Airport Operating Business

Article 24 (Conditions for Commencement of the Airport Operating Business)

1. The Operating Right Holder shall satisfy the below conditions for commencing the Airport Operating Business by the Airport Operating Business Scheduled Commencement Date.

- (1) Submit to the State the (i) certified copy of the articles, (ii) commercial register, and (iii) seal certificate of the representative seal for the Operating Right Holder and the Operating Right Holder's Subsidiary etc. (If no changes were made to these documents from those submitted pursuant to the Basic Agreement, such documents need not be submitted again.);
- (2) Submit to the State certified copy of the document that indicates that the Operating Right Holder duly performed its internal procedures required by Acts in order to effectuate the Agreement (such as the minutes of its shareholder meeting or minutes of its board of directors meeting);
- (3) Submit to the State a copy of each of the following agreements executed between the Operating Right Holder and the Operating Right Holder's Subsidiary etc. as one party and a financial institution etc. as the other party: (i) financing agreements, (ii) agreements to establish security rights on the Operating Right, other assets held by the Operating Right Holder and the Operating Right Holder's Subsidiary etc., and the issued shares of the Operating Right Holder and the Operating Right Holder's Subsidiary etc., and (iii) agreements to establish security rights on the Operating Right Holder or Operating Right Holder's Subsidiary etc.'s rights and status under this Agreement and other agreements executed between the Operating Right Holder or Operating Right Holder's Subsidiary etc. and the State;
- (4) Acquisition by the Operating Right Holder all Permissions etc. required to implement the Project stipulated in Article 6;
- (5) Arrival of the Building Facilities Business Commencement Date stipulated in

- Article 10, paragraph 2;
- (6) Execution and provisional registration of purchase option agreement provided in Article 11;
 - (7) Execution of the agreements provided in Article 18, paragraph 2;
 - (8) Submit to the State a copy of the Capital Contribution and Personnel Dispatch Agreement executed one month before the Airport Operating Business Scheduled Commencement Date (excluding when the Preferred Negotiation Right Holder's Member ceased to assume an obligation to execute this agreement pursuant to the Basic Agreement and the case of Article 18, paragraph 4);
 - (9) Acceptance of the capital contribution and the personnel dispatch by the Operating Right Holder from the Local Governments Relevant to the Airport stipulated in Article 18, paragraph 3 (excluding when the Operating Right Holder does not assume an obligation to accept these pursuant to the proviso of the same and the case of Article 18, paragraph 4);
 - (10) Completion of succession etc. of the Airport Operating Business provided in Article 15;
 - (11) Completion of preparation and notification of the airport service regulations and airport security control regulations provided in Article 17;
 - (12) Execution of arrangements with the State's designee responsible for appointing the personnel to be dispatched stipulated in Article 19, paragraph 1;
 - (13) Execution of sub-loan for use agreement provided in Article 20, paragraph 3;
 - (14) Completion of payment of Consideration provided in Article 22, paragraph 1;
 - (15) Completion of payment of consideration for receiving transfer of Assets for Transfer to the Operating Right Holder pursuant to the Goods Transfer Agreement;
 - (16) Execution of lease agreement or loan for use agreement and to receive the State's approval to the sublease provided in Article 27, item (2) and item (4);
 - (17) Submission of a copy of the agreement provided in Article 28, paragraph 1;
 - (18) Submission of insurance certificate provided in Article 29, paragraph 4;
 - (19) Submission of the master plan provided in Article 31;
 - (20) Submission of the Mid-term Project Plan for the initial five fiscal years and Single Year Project Plan for the initial fiscal year provided in Article 32 and Article 33 (If these plans contain developments that apply to Material Change (of an Operating Right Facility) stipulated in Article 32, paragraph 6 or a development stipulated in Article 32, paragraph 7, then prior approval from the State shall be obtained for these plans.);
 - (21) Completion of notification of Landing Fees etc. provided in Article 43, paragraph 2, and satisfaction of Permissions etc. necessary to implement the Airport Operating Business; and
 - (22) Preparation of the Business Continuity Plan and to obtain approval from the State provided in Article 54;
 - (23) In addition to the foregoing, that there is no non-performance by the Operating Right Holder of any obligation under the Agreement which must be performed before commencement of the Project.

2. The State shall satisfy the below conditions for commencement of the Airport

Operating Business by the Airport Operating Business Scheduled Commencement Date.

- (1) Execution of purchase option agreement provided in Article 11;
- (2) Execution of arrangements by the State's designee responsible for appointing the personnel to be dispatched to arrange with the Operating Right Holder stipulated in Article 19, paragraph 1;
- (3) Execution of the National Property Free Lease Agreement for the Airport Site etc. and its delivery pursuant to Article 20, paragraph 1; and
- (4) Completion of acquisition of ownership in the Parking Facilities and its delivery to the Operating Right Holder.

3. The Operating Right Holder may not commence the Airport Operating Business if any one of the conditions for commencement provided in the preceding two paragraphs has not been satisfied. However, the Operating Right Holder may commence the Airport Operating Business if the State approves (when the conditions for commencement stipulated in the preceding paragraph are not satisfied, then only when the Operating Right Holder requests for approval and the State approves), even if not all of such conditions for commencement have been satisfied.

4. The Operating Right Holder shall implement the Airport Operating Business from when there is no non-performance of obligations by the Operating Right Holder under the Agreement and all of the conditions for commencement provided in paragraph 1 and paragraph 2 are satisfied (excluding the condition waived by the State pursuant to the proviso in paragraph 3). Such date shall be deemed as the Airport Operating Business Commencement Date. However, if all conditions are satisfied before the Airport Operating Business Scheduled Commencement Date, then the Airport Operating Business Scheduled Commencement Date shall be the Airport Operating Business Commencement Date.

Article 25 (Delay in Commencement of the Airport Operating Business)

1. Unless the Airport Operating Business cannot be commenced stipulated in paragraph 3 of the preceding article, the Operating Right Holder shall satisfy all of the conditions for commencement provided in paragraph 1 of the preceding article (excluding the conditions waived by the State pursuant to the proviso of its paragraph 3) and commence the Airport Operating Business by the Airport Operating Business Scheduled Commencement Date designated by the State pursuant to Article 21, paragraph (1) of the PFI Act.

2. If the Operating Right Holder anticipates that the Airport Operating Business Commencement Date will be delayed until after the Airport Operating Business Scheduled Commencement Date, it shall promptly notify the State on the cause of the delay and measures to be remedy the delay, and apply for an extension of the Airport Operating Business Scheduled Commencement Date. In this case, the State may extend the Airport Operating Business Scheduled Commencement Date pursuant to Article 21, paragraph (2) of the PFI Act if it deems that there is justifiable reason for the delay.

3. In the measures provided in the preceding paragraph, the Operating Right Holder

shall clarify its policies aimed to commence the Airport Operating Business as soon as possible and its projected schedule up to the Airport Operating Business Commencement Date.

4. If the Airport Operating Business Commencement Date is delayed beyond the initial Airport Operating Business Scheduled Commencement Date for reasons attributable to the Operating Right Holder and additional expenses or damages are incurred by the State as a result, the State may claim for the payment of the additional expenses and damages from the Operating Right Holder.

5. If the Airport Operating Business Commencement Date is delayed beyond the initial Airport Operating Business Scheduled Commencement Date for reasons attributable to the State and additional expenses or damages are incurred by the Operating Right Holder as a result, the State shall compensate the Operating Right Holder for the increased expenses or damages by a mutually agreed method of the Agreed Extension under Article 62, paragraph 2, item (2), or providing compensation.

6. The provisions of Article 45 through Article 48 shall apply with respect to the measures to be taken when the Airport Operating Business Commencement Date is delayed beyond the initial Airport Operating Business Scheduled Commencement Date due to changes of the Acts or Force Majeure.

Article 26 (Contents of Airport Operating Business)

1. During the Airport Operating Business Period the Operating Right Holder shall carry out the below Airport Operating Business in accordance with the Agreement, Application Guidelines etc., Required Standards Document and Proposal Documents.

- (1) Airport Operating etc. Business
- (2) Airport Air Navigation Facilities Operating Business
- (3) Environmental Measures Business
- (4) Other Incidental Business

2. During the Airport Operating Business Period, the Operating Right Holder may engage in any Voluntary Business within the Airport Site.

3. In addition to the preceding two paragraphs and in accordance with the Agreement, Application Guidelines etc., Required Standards Document and Proposal Documents, during the Airport Operating Business Period, the Operating Right Holder shall engage in aircraft fueling service business either by itself or by causing the Operating Right Holder's Subsidiary etc. However, the Operating Right Holder shall not be obligated to implement this business by itself, when it leases land to an aircraft fueling related business and that business, or one who is commissioned from that business, is providing aircraft fueling services at the Airport.

4. In addition to each of the preceding paragraphs, the Operating Right Holder shall consult with the State in advance and obtain approval from the State if the Operating Right Holder or Operating Right Holder's Subsidiary etc. engage in business activities that involve receiving income etc. from a third party outside of the Airport Site

(including when the Operating Right Holder carries out by itself or the Operating Right Holder or Operating Right Holder's Subsidiary etc. invests or finances the business of the integrated operation of the Prefecture Parking Facilities).

Article 27 (Terms for Leasing the Airport Site etc.)

The Operating Right Holder shall comply with the below terms when leasing the Airport Site etc. in the course of implementing the Project.

- (1) The Operating Right Holder shall not sublease the entire Airport Site etc. to any third party.
- (2) The Operating Right Holder shall execute a lease agreement with the counterparties as indicated in **Exhibit 9** or execute a loan for use agreement stipulated in Article 593 of the Civil Code, and submit a copy of such agreement to the State by the Airport Operating Business Scheduled Commencement Date.
- (3) The Operating Right Holder shall not change or terminate each agreement in the preceding paragraph during each period indicated in **Exhibit 9**. However, each of the lease agreement and loan for use contract may be changed or terminated if consent is obtained from the counterparty of each agreement.
- (4) In addition to the preceding two items, if the Operating Right Holder executes a lease agreement for the Airport Site etc. with a third party on or after the Airport Operating Business Commencement Date (including executing an agreement for a change pursuant to the proviso in the preceding item), it shall submit to the State an application for approval for sublease, a covenant from the lessee of the sublease, and a copy of a list of directors and officers, and obtain approval from the State. If the sublease shall commence from the Airport Operating Business Scheduled Commencement Date, these procedures shall be completed by the Airport Operating Business Scheduled Commencement Date.
- (5) If the Operating Right Holder leases the Airport Site etc. to a third party pursuant to the preceding item, it shall comply with the below terms in (i) and (ii) and it may not lease this under terms that are contrary to these terms. If the Operating Right Holder learns of any breach by such third party of the terms in below (ii) (a) or (b), it shall promptly report to the State and terminate the land lease agreement (which shall be referred to as a "Sub-Lease Agreement" in this item) executed with such third party.
 - (i) The Sub-Lease Agreement shall i) be a fixed term land lease right for business purposes under Article 23 of the Act on Land and Building Leases if this act applies to this lease, or a loan for use contract under Article 593 of the Civil Code, and ii) the term of the relevant agreement shall not exceed the Airport Operating Business Period (the relevant agreement shall be cancelled at the time the Agreement is terminated during its effective term or is cancelled).
 - (ii) The Sub-Lease Agreement shall stipulate all of the below (a) through (c).
 - (a) The relevant third party shall not engage in any Amusement Business or any other business that is offensive to public order or morale on the site to be leased.

- (b) The relevant third party shall represent that its affiliate or business counterpart (the lessee to the sublease, etc.) does not fall in the category of any of an Organized Crime Group Member etc. and their Affiliates or anyone whom the State deems to be inappropriate, and that they shall not fall under these categories in the future.
- (c) If a breach of above (a) or (b) occurs, the Operating Right Holder may immediately terminate the Sub-Lease Agreement without notice.

Chapter 9 Other Terms for Implementing the Business

Article 28 (Entrustment to a Third Party)

1. During the Airport Operating Business Period (i.e. the Project Period for business concerning the Building Facilities Business) the Operating Right Holder or the Building Facilities Operator may, by notifying the State in advance, either by itself or through the Building Facilities Operator, entrust to or cause a third party (including the Operating Right Holder's Subsidiary etc.) to contract the work for a business for the Project (excluding the Entrusting-Prohibited Businesses), in accordance with the Required Standard Document. In this case, the Operating Right Holder or the Building Facilities Operator shall submit a copy of the agreement executed with the third party to the State without delay after executing the agreement. However, if the contract amount of such agreement is JPY10,000,000 or less (if the agreement is a continuous agreement, then if the payment for one year is JPY10,000,000 or less), it will suffice to submit to the State a semi-annual business report stipulated in Article 34, paragraph 1 and an annual business report stipulated in Article 35, paragraph 1, and a copy of each agreement or a description (parties to the agreement, name of agreement, purpose of agreement, amount of the agreement, period of the agreement and date of execution of the agreement) of the contents of each agreement executed during the subject period of the relevant semi-annual business report or during the subject period of the relevant annual business report (excluding the subject period of the submitted semi-annual business report).

2. If the party to whom the business for the Project is entrusted to (the "Trustee") or contracted to (the "Contractor") by the Operating Right Holder or the Building Facilities Operator re-entrusts or subcontracts the business, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, notify the State in advance. However, this shall not apply if the contract amount between the Operating Right Holder or the Building Facilities Operator as one party and the Trustee or Contractor as the other party, or between the Trustee or Contractor as one party and the subcontractor and subtrustee as the other party is JPY10,000,000 or less (if the agreement is a continuous agreement, then if the payment for one year is JPY10,000,000 or less).

3. The use of entrustment, re-entrustment, contract and subcontract pursuant to the preceding two paragraphs shall be conducted at the sole responsibility of the Operating Right Holder and any events attributable to the Trustee, Contractor, or any third parties engaged by the Operating Right Holder or the Building Facilities Operator, Trustee or Contractor shall be deemed attributable to the Operating Right Holder and the Operating Right Holder shall assume such responsibility. The Operating Right Holder

or the Building Facilities Operator shall comply with the preceding two paragraphs if it intends to change the Trustee, subtrustee, Contractor or subcontractor.

4. The agreement to be executed between the Operating Right Holder or the Building Facilities Operator as one party and the Trustee or Contractor as the other party shall comply with the below terms, and it shall provide that any agreement that contradicts one or more of the below terms shall not take effect.

- (1) The period of such an agreement shall not exceed the Project Period. If the Agreement is terminated during its effective term or is cancelled, the above agreement shall also be cancelled.
- (2) Notwithstanding the preceding item, if the Agreement terminates before expiration of the Project Period and upon claim by the State, the Trustee or Contractor consent for the State or an entity designated by the State in advance to succeed to the status under the relevant agreement and for the relevant agreement to continue.
- (3) The Trustee or Contractor shall have provided to the Operating Right Holder various financial information concerning their business and they agreed for the Operating Right Holder and the Building Facilities Operator, and the State to peruse their books and records concerning the business.
- (4) The relevant agreements contain confidential obligations equivalent to those contained in the Agreement.

5. When the Operating Right Holder or the Building Facilities Operator entrusts or contracts the business concerning the Project pursuant this article, they shall not entrust to or contract to one who falls under an Organized Crime Group Member etc. and their Affiliates, and they shall not allow the Trustee or Contractor to re-entrust or subcontract to one who applies to an Organized Crime Group Member etc. and their Affiliates or to one that the Stated deems to be inappropriate.

Article 29 (Insurance)⁵

1. The Operating Right Holder shall, either by itself or through the Building Facilities Operator, purchase insurance of the kind and in the amount stipulated in **Exhibit 10** at its responsibility and expense for the Airport Operating Business Period (or the Project Period for the Building Facilities Business).

2. If the Operating Right Holder, either by itself or through the Building Facilities Operator, executes an agreement with a financial institution etc. to establish security rights on an insurance claim for any insurance indicated in **Exhibit 10**, 1.(i) and (ii) (among the insurance purchased pursuant to the preceding paragraph), it will be a precondition for executing such a security establishment agreement that consent is obtained from the financial institution etc. for the insurance company to pay the insurance money to the State directly, when the State decides that it is necessary to take measures to continue the business pursuant to Article 46, paragraph 2.

⁵ If the State approves, an alternative measure may be selected in lieu of insurance indicated in **Exhibit 10**, 1. (i) and (ii) in accordance with the proposal from the Preferred Negotiation Right Holder.

3. With respect to special insurance covering civil engineering structure and earthquake risk indicated in **Exhibit 10**, 1. (ii) among the insurance purchased pursuant to the provisions of paragraph 1, if any coverage terms are revised in general in the insurance market that would cause the insurance premium to change drastically, the Operating Right Holder may change the scope of insurance coverage with respect to such special insurance through consultation with the State and by obtaining approval from the State.

4. When the Operating Right Holder, either by itself or through the Building Facilities Operator, executes the insurance agreement pursuant to the provisions of paragraph 1 (or continues the former agreement), it shall submit a copy of such insurance certificate or other documents certifying the purchase of such insurance to the State by the Airport Operating Business Scheduled Commencement Date (or without delay after the Building Facilities Business Commencement Date for insurance concerning the Building Facilities Business). This applies if an insurance agreement is continued, renewed, novated, or newly executed.

Article 30 (Change in the Required Standards)

1. If the contents of the Required Standards need to be changed due to change in the Acts, the State shall notify this to the Operating Right Holder. The Required Standards shall be changed with the giving of this notice and the Operating Right Holder shall comply with such changes. However, Article 45 and Article 73 shall apply if the contents of the Required Standards are changed due to the Particular Change of Acts.

2. Notwithstanding the provisions of the preceding paragraph, if the change of contents of the Required Standards due to change in the Acts causes a significant increase in expenses or damages to the Operating Right Holder, and if it is unreasonable to cause the Operating Right Holder to bear such increased expenses or damages, the Operating Right Holder may request to hold a consultation to change the Agreement, and the State may change the Agreement to such extent it deems necessary.

Chapter 10 Plans and Reports

Article 31 (Submission of the Master Plan)

1. In accordance with the Required Standards Document, Application Guidelines etc. and Proposal Documents, the Operating Right Holder shall prepare and submit to the State by 30 days before the Airport Operating Business Scheduled Commencement Date the Master Plan for the entire Project for the period from the Airport Operating Business Scheduled Commencement Date until the preceding day of the day falling on the 15th year after the Operating Right Establishment Date, which shall include the contents stipulated in **Exhibit 11**. In preparing the Master Plan, the Operating Right Holder shall basically conform with the contents concerning implementation of the Project proposed in the Proposal Documents within the scope of the items stipulated in **Exhibit 11**.

2. If the Operating Right Holder changes the contents of the Master Plan during the Airport Operating Business Period, it shall obtain prior approval from the State.

3. During the Airport Operating Business Period, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, make its best efforts to implement the Project in accordance with the contents of the Master Plan.
4. After submitting the Master Plan to the State (or after obtaining approval for change during the Airport Operating Business Period), the Operating Right Holder shall, on the Airport Operating Business Commencement Date or promptly after the same date (or when the Operating Right Holder obtains an approval for change, promptly after obtaining the approval), disclose the published matters on the Operating Right Holder's website, and continue such disclosure during the Airport Operating Business Period.
5. If the Project Period exceeds the subject period in the Master Plan submitted pursuant to paragraph 1, the Operating Right Holder shall prepare and submit to the State by 30 days before the commencement date of the fiscal year (which includes the last day of the relevant subject period) the Master Plan for the entire Project covering from that date until the expiration of the Project Period in the form stipulated in **Exhibit 11** by obtaining prior consent from the State. In this case, the provisions of immediately preceding three paragraphs shall apply mutatis mutandis to the change, implementation of business and disclosure of the relevant Master Plan.

Article 32 (Mid-term Project Plan and Material Change (of an Operating Right Facility))

1. During the Airport Operating Business Period, the Operating Right Holder shall jointly prepare with the Building Facilities Operator and submit to the State the Mid-term Project Plan for the fiscal year which includes the Airport Operating Business Scheduled Commencement Date until the fifth fiscal year (including this fiscal year), by 30 days prior to the Airport Operating Business Scheduled Commencement Date, and the Mid-term Project Plan for the subsequent five fiscal years by 30 days prior to the commencement date of the relevant fiscal year.
2. During the Airport Operating Business Period, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, implement the Project in an appropriate manner and in conformity with the Mid-term Project Plan.
3. In preparing the Mid-term Project Plan, the Operating Right Holder shall include a description of the Replacement Investment (in Operating Right Facility) and Development (Non-Operating Right Facility) during the subject period. The form, the matters to be indicated, and matters to be disclosed etc. in the Mid-term Project Plan shall be separately designated by the State.
4. If the Operating Right Holder changes the contents of the Mid-term Project Plan, it shall submit the revised Mid-term Project Plan to the State without delay.
5. After the Operating Right Holder submits the Mid-term Project Plan (or the revised plan if it was changed) to the State, it shall promptly (for the Mid-term Project Plan for the period to the five fiscal years from the fiscal year including the Airport Operating

Business Scheduled Commencement Date, on the Airport Operating Business Commencement Date or promptly after this date) disclose on its website the matters for disclosure, and maintain such disclosure until the Mid-term Project Plan on the subsequent five fiscal years is submitted.

6. Notwithstanding the preceding five paragraphs, if the Operating Right Holder undertakes a development that constitutes a Material Change (of an Operating Right Facility), it shall obtain prior approval from the State concerning such development. Furthermore, a Material Change (of an Operating Right Facility) shall constitute a “significant alteration” under Article 43 of the Civil Aeronautics Act. As such, the Operating Right Holder shall cooperate with the procedures in the same act which are necessary to be assumed by the State in order to effect a “significant alteration” under Article 43 of the same act.

7. If the Operating Right Holder implements, either by itself or through the Building Facilities Operator, the Development (Non-Operating Right Facility) of the Building Facilities which require re-positioning or new installation of a CIQ facility, it shall obtain prior approval from the State with respect to such a development.

8. If prior approval is obtained from the State with respect to each development stipulated in the preceding two paragraphs, the Operating Right Holder shall change the Mid-term Project Plan accordingly and submit this to the State promptly after obtaining approval thereto and disclose the matters for disclosure on its website.

Article 33 (Submission of Single Year Project Plan)

1. During the Airport Operating Business Period, the Operating Right Holder shall jointly prepare with the Building Facilities Operator and submit to the State the Single Year Project Plan for the fiscal year (which includes the Airport Operating Business Scheduled Commencement Date) by 30 days prior to the Airport Operating Business Scheduled Commencement Date, and the Single Year Project Plan for each of the subsequent fiscal years thereafter by 30 days prior to the commencement date of the relevant fiscal year. If each of the developments stipulated in paragraph 6 and paragraph 7 of the preceding article are included in the relevant plan, the Operating Right Holder shall obtain prior approval from the State as stipulated in these paragraphs.

2. During the Airport Operating Business Period, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, implement the Project in an appropriate manner and in conformity with the Single Year Project Plan.

3. In preparing the Single Year Project Plan, the Operating Right Holder shall include a description of the Replacement Investment (in Operating Right Facility) and Development (Non-Operating Right Facility) during the subject period. Indicate so if there was no change from the Mid-term Project Plan (covering the subject period) that was already submitted. The form, matters to be indicated, and matters to be disclosed etc. in the Single Year Project Plan shall be separately designated by the State.

4. If the Operating Right Holder changes the contents of the Single Year Project Plan, it shall submit a revised Single Year Project Plan to the State without delay.

5. After the Operating Right Holder submits the Single Year Project Plan (the revised plan if it was changed) to the State, it shall promptly (for the Single Year Project Plan for the fiscal year including the Airport Operating Business Scheduled Commencement Date, on the Airport Operating Business Commencement Date or promptly after this date) disclose the matters for disclosure on its website and maintain this disclosure until the fifth fiscal year from the fiscal year that includes the date of disclosure (including the fifth fiscal year).

Article 34 (Submission of Semi-Annual Business Report)

1. During the Airport Operating Business Period, the Operating Right Holder shall within 45 days from the end of each semi-annual period, prepare and submit to the State a semi-annual report concerning the business and financial information of the Project.

2. The form, matters to be indicated, and matters to be disclosed, etc. in the semi-annual business report shall be separately designated by the State.

3. After the Operating Right Holder submits the semi-annual business report to the State, it shall promptly disclose the matters for disclosure on its website, and maintain this disclosure until the fifth fiscal year from the fiscal year that includes the date of disclosure (including the relevant fifth fiscal year).

Article 35 (Submission of the Annual Business Report)

1. During the Airport Operating Business Period, the Operating Right Holder shall prepare and submit to the State an annual business report concerning the business and financial information of the Project within three months from the end of each fiscal year.

2. The form, matters to be indicated, and matters to be disclosed, etc. in the annual business report shall be separately designated by the State.

3. After the Operating Right Holder submits the annual business report to the State, it shall promptly disclose the matters for disclosure on its website, and maintain this disclosure until the fifth fiscal year from the fiscal year that includes the date of disclosure (including the relevant fifth fiscal year).

Article 36 (Separate Accounting)

1. During the Project Period, the Operating Right Holder shall simultaneously with the submission of the annual business report (within three months from the end of each fiscal year), prepare and submit to the State the financial statements for the Project for each fiscal year presented on a separate accounting basis for the Operating Right Holder and the Operating Right Holder's Subsidiary etc. The accounts shall be separated between the Operating Right Holder and each company comprising the Operating Right Holder's Subsidiary etc.

2. The form, matters to be indicated, and matters to be disclosed, etc. in the financial statements prepared on a separate accounting basis shall be separately designated by the State.

Article 37 (Report and Disclosure of Financial Information etc.)

1. During the Airport Operating Business Period, the Operating Right Holder shall simultaneously with the submission of the annual business report (within three months from the end of each fiscal year), report to the State the below information concerning the Operating Right Holder and the Operating Right Holder's Subsidiary etc. In this regard, the period of the fiscal year and the date of settlement of accounts shall be the same for the Operating Right Holder and the Operating Right Holder's Subsidiary etc.

- (1) Financial statements and consolidated financial statements stipulated in Article 435, paragraph (2) and Article 444, paragraph (1) of the Companies Act (all of which shall be audited by accounting auditors);
- (2) Business report stipulated in Article 435, paragraph (2) of the Companies Act;
- (3) If the Operating Right Holder or the Operating Right Holder's Subsidiary etc. is not a public company stipulated in Article 2, item (v) of the Companies Act, and if it does not indicate in its business report the matters concerning Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act, then the matters concerning Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act;
- (4) The supplementary schedules for the financial statements (audited by the accounting auditor) and supplementary schedules for the business report;
- (5) Segment information on a consolidated basis (prepared in accordance with the accounting standards concerning disclosure of segment information etc. (Accounting Standards No. 17) and application guidelines for accounting standards concerning disclosure of segment information etc. (Application Guidelines for Accounting Standards No. 20));
- (6) Consolidated cash flow statement (prepared in accordance with standards for preparation of consolidated cash flow statement (Business Accounting Council) and operation guidelines concerning preparation of cash flow statement in consolidated financial statements etc. (Accounting System Committee Report No. 8));
- (7) Certified copy of the shareholders register as of the end of each fiscal year; and
- (8) Other information which the Operating Right Holder decides that it should report or disclose concerning itself or the Operating Right Holder's Subsidiary etc.

2. The Operating Right Holder shall disclose on its website the information in above items (1) through (3) and item (8) in the preceding paragraph among the contents reported pursuant to the preceding paragraph, and shall maintain such disclosure until the fifth fiscal year from the fiscal year that includes the date of disclosure (including the relevant fifth fiscal year).

3. In addition to the matters for report in paragraph 1, the Operating Right Holder shall provide the State with necessary information concerning the Project if requested by the State for the State's purposes of preparing statistics.

Article 38 (Other Reporting Obligations)

In addition to Article 31 through Article 37, during the Project Period, the Operating Right Holder shall report to the State without delay any matters requested to be reported by the State which the State considers necessary (including when this is necessary to organize its registry on national property).

Chapter 11 Replacement Investment etc.

Article 39 (Undertaking Replacement Investment (in Operating Right Facility))

1. If the Operating Right Holder implements the Replacement Investment (in Operating Right Facility), it shall notify the State of information concerning the investment in accordance **Exhibit 12**, within one month after completing the investment (e.g. if the relevant Replacement Investment (in Operating Right Facility) was completed during March, then by the first week of April of the same year).

2. The State shall automatically acquire ownership in the subject section of the Replacement Investment (in Operating Right Facility) resulting from the investment in the preceding paragraph after completion of the facility subject to investment and the relevant section to which Replacement Investment (in Operating Right Facility) was undertaken shall be included in the Facilities Subject to Operating Rights to which the effect of the Operating Right shall extend.

3. If the State deems necessary, it may request the Operating Right Holder to disclose further information in addition to the notice in paragraph 1 which is necessary for the State to change the indication in the books on national property and the Operating Right Holder shall comply with such request.

4. The Operating Right Holder shall not cause the Operating Right Holder's Subsidiary etc. to undertake the Replacement Investment (in Operating Right Facility) unless otherwise agreed with the State.

Article 40 (Undertaking the New Investment (in Operating Right Facility) and Rehabilitation (of Operating Right Facility))

The Operating Right Holder and the Operating Right Holder's Subsidiary etc. shall not undertake the New Investment (in Operating Right Facility) or Rehabilitation (of Operating Right Facility).

Article 41 (Implementation of Development (Non-Operating Right Facility))

1. The Operating Right Holder may, either by itself or through the Building Facilities Operator, undertake the Development (Non-Operating Right Facility) in accordance with the Required Standards. If, as a result of undertaking this development, the developed section becomes the subject of an ownership right independent from the current Non-Operating Right Facility, the Operating Right Holder shall notify the State of information relevant to the development (e.g. contents of the development and amount incurred in the development, etc.) before completion of such development.

2. If requested by the State in the case of the preceding paragraph, before completion of such facility the Operating Right Holder shall, either by itself or through the Building Facilities Operator, execute a purchase option agreement with respect to such facility where the State shall have the right to close the transaction (the purchase price of the facility shall be the market value). However, if the subject section for the Development (Non-Operating Right Facility) constitutes an airport function facility under Article 15, paragraph (1) of the Airport Act, the Operating Right Holder shall execute before completion of such facility a purchase option agreement where the State shall have the right to close the transaction regardless of whether or not requested by the State (the purchase price of such facility shall be the market value).

3. If the facility for which a purchase option agreement was executed in the preceding paragraph is a building, the State and the Operating Right Holder shall, at the cost of the Operating Right Holder or the Building Facilities Operator, establish provisional registration of a claim of transfer of ownership on the rights section (Ko-Section) of the facility after completion of the building pursuant to the purchase option agreement, and this provisional registration shall preserve the order of priority over any other rights established (including but not limited to the establishment of security rights).

Article 42 (Undertaking of the Replacement Investment (in Operating Right Facility) by the State)

1. If the State decides that it is necessary after review of reasons of public benefit, the State may, as the implementing subject, undertake the Replacement Investment (in Operating Right Facility) at the cost of the State pursuant to the provisions of the Airport Act, and the Operating Right Holder shall make its best efforts to cooperate with such Replacement Investment (in Operating Right Facility). The relevant section to which the Replacement Investment (in Operating Right Facility) was undertaken shall automatically be included in the Facilities Subject to Operating Rights to which the effect of Operating Right shall extend.

2. The State shall notify the Operating Right Holder in advance if it intends to undertake the Replacement Investment (in Operating Right Facility) stipulated in the preceding paragraph. In this case, the Operating Right Holder may request the State to provide an opportunity to hear opinions from the Operating Right Holder concerning the contents of such Replacement Investment (in Operating Right Facility), period of implementing this, and the method of implementing this.

3. If the contents of the Replacement Investment (in Operating Right Facility) to be undertaken pursuant to paragraph 1 should cause a significant increase in expenses or tasks, or cause damage to the Operating Right Holder, the Replacement Investment (in Operating Right Facility) shall be implemented through prior consultation and agreement between the State and the Operating Right Holder. In this case, the State may amend the Agreement through consultation if it deems this to be necessary.

Chapter 12 To Set and Receive the Usage Fee

Article 43 (To Set and Receive the Usage Fee)

1. The Operating Right Holder may, either by itself or through the Building Facilities Operator, set and receive the below Usage Fee from users of the facility subject to the Project, in accordance with the Agreement, Application Guidelines, Required Standard Document and Proposal Documents, and relevant Acts. However, if the Agreement stipulates otherwise or if the relevant Acts for setting and receiving fees are changed, the Operating Right Holder shall comply with these.

(1) The Landing Fees etc.;

However, the Operating Right Holder may not receive the Landing Fees etc. in the below cases:

(a) The Landing Fees etc. for an aircraft that is used for diplomatic purpose or other official use;

(b) The Landing Fees etc. for a test flight, which left ground from the Airport and returned to land at the Airport without landing at other airport for inevitable reasons, for an emergency landing for unavoidable circumstances, or in case of being ordered to land due to air traffic control or due to other administrative requirements; and

(c) The Landing Fees etc. for other cases where the Landing Fees etc. shall not be received stipulated in the Ministry of Land, Infrastructure, Transport and Tourism's Public Notice on Fees for Using the Airports Established and Administrated by the Minister of Land, Infrastructure, Transport and Tourism (Ministry of Transport Public Notice No. 76 of 1970).

(2) The Airport Air Navigation Facility Usage Fee;

(3) The Passenger (Service) Facility Charge;

(4) Fee for use of the facility by the Air Carriers and tenants of the Building Facilities;

(5) The Usage Fee for the Parking Facilities; and

(6) Other fees relevant to the Project which are not prohibited to be set and received under any Acts.

2. The Operating Right Holder shall notify the Minister of Land, Infrastructure, Transport and Tourism in advance the Landing Fees etc. that it shall set by the Airport Operating Business Scheduled Commencement Date in accordance with Article 8, paragraph (2) of the Private Utilizing Airport Operation Act and Article 13 of the Airport Act. The same shall apply when the Operating Right Holder intends to change the existing Landing Fees etc. and provides notification in advance.

3. If the Operating Right Holder sets the Airport Air Navigation Facility Usage Fee during the Airport Operating Business Period, it shall notify the Minister of Land, Infrastructure, Transport and Tourism in advance in accordance with Article 7, paragraph (3) of the Private Utilizing Airport Operation Act and Article 54 of the Civil Aeronautics Act. The same shall apply when the Operating Right Holder intends to change the existing Airport Air Navigation Facility Usage Fee.

4. If the Operating Right Holder shall cause the Building Facilities Operator to set

Passenger Service Facility Charge with respect to the Passenger Building Facilities Business during the Project Period, the Operating Right Holder shall ensure that the Building Facilities Operator applies to and obtains approval from the Minister of Land, Infrastructure, Transport and Tourism in advance on the upper limit of the usage fee to be set in accordance with Article 16 of the Airport Act and to notify the same of the Passenger Service Facility Charge that it decided to set within such approved upper limit. The same shall apply when changing the existing Passenger Service Facility Charge or its upper limit.

5. The Operating Right Holder and the Building Facilities Operator may freely set and receive fees concerning the use of facilities by the Air Carriers and tenants of the Building Facilities, the usage fee for the Parking Facilities, other fees concerning the use of facilities subject to the Project and other fees concerning the business in accordance with applicable Acts, the Agreement, Required Standards Document and Proposal Documents.

Chapter 13 Allocation of Risks

Article 44 (Principles in Allocating Risks)

1. The State assumes no obligation to pay any consideration for the Operating Right Holder and the Building Facilities Operator to implement the Project unless otherwise stipulated in the Agreement.

2. Excluding the case in the following paragraph and unless otherwise stipulated in the Agreement, the Operating Right Holder and the Building Facilities Operator shall carry out the Project at their own responsibility and any reduction of income, increase of expenses, and other damages and losses incurred by the Operating Right Holder and the Building Facilities Operator in the Project shall all be borne by the Operating Right Holder. The State shall not assume any responsibility for such loss of damage.

3. If the Operating Right Holder or the Building Facilities Operator incurs increased expenses or damages attributable to the business for which the State of Japan has the obligation to implement based on the Acts (including but not limited to air traffic control service, and operation and maintenance of aeronautical radio navigation facility and lines and systems, etc.) caused by intentional acts or gross negligence of the State (in this regard, the change of the Acts itself does not constitute intentional acts or gross negligence of the State), then the State shall compensate for these increased expenses or damages through a mutually agreed method of either by the Agreed Extension stipulated in Article 62, paragraph 2, item 2 or by paying compensation.

Article 45 (Change in the Acts)

1. If the Operating Right Holder or Building Facilities Operator incurs increased expenses or damages due to change in the Acts, the Operating Right Holder or the Building Facilities Operator shall bear such increased expenses or damages. However, if the Operating Right Holder or the Building Facilities Operator incurs increased expenses or damages due to the Particular Change of Acts (excluding when the

Particular Change of Acts was made for reasons attributable to the Operating Right Holder or the Building Facilities Operator), the State shall compensate for the increased expenses or damages either by a method of the Agreed Extension under Article 62, paragraph 2, item 2 or by paying compensation based on a mutual agreement.

2. If, from on and after the date of execution of the Agreement, the performance of the Project becomes difficult due to change in the Acts or if such difficulty is anticipated, the Operating Right Holder shall immediately notify the State in writing stating the details of such contents, and report on the measures it intends to take towards such change.

Article 46 (Force Majeure)

1. If, from on and after the date of execution of the Agreement, the performance of all or part of the Project becomes difficult due to Force Majeure, the Operating Right Holder shall immediately notify the State in writing stating the details.

2. If the State receives the notice under the preceding paragraph or if the State itself recognizes that a Force Majeure is occurring, the State shall consult with the Operating Right Holder on the measures and promptly after commencement of such consultation, the State shall decide whether the State needs to assume the Business Continuity Measures in order for the Operating Right Holder to continue the Project, and notify the Operating Right Holder of its decision. However, that this shall exclude when the Airport is destroyed resulting in the Total Loss due to Force Majeure.

3. In making its decision in the preceding paragraph, the State shall recognize that there is a need to assume the Business Continuity Measures if the Facilities Subject to the Operating Rights were physically damaged by Force Majeure and that there is a need to restore these damages to recover the functions of an airport, and [where it is deemed that the entire or majority of such damages cannot be restored with insurance purchased by the Operating Right Holder pursuant to Article 29, paragraph 1]⁶.

Article 47 (Measures against Force Majeure - Business Continuity Measures by the State)

1. If the State recognizes the need for Business Continuity Measures and notifies the Operating Right Holder pursuant to paragraph 2 of the preceding article, the State shall implement the Business Continuity Measures. If the State implements the Business Continuity Measures, the Operating Right Holder shall take necessary measures to allow the State to receive the insurance money from the insurance purchased by the Operating Right Holder pursuant to Article 29, paragraph 2.⁷

2. In case of the preceding paragraph, the State shall, promptly after giving the notice in the preceding paragraph, consult with the Operating Right Holder and decide on the schedule for restoring the Project from Force Majeure (If the obligation to perform the

⁶ As indicated in the footnotes for Article 29 if measures in lieu of insurance were selected having by receiving approval from the State, the contents herein shall be reviewed.

⁷ As indicated in the footnotes for Article 29 if measures in lieu of insurance were selected having by receiving approval from the State, the contents herein shall be reviewed.

Agreement is exempted pursuant to paragraph 2, item 2 of the following article, then such schedule shall include the date such performance obligation will be resumed.).

Article 48 (Other Measures accompanying Force Majeure)

1. Excluding the circumstances in preceding two articles, the State shall not bear expenses or damages incurred by the Operating Right Holder or Building Facilities Operator due to Force Majeure, and the Operating Right Holder shall be responsible to continue the Project at its expense, either by itself or through the Building Facilities Operator. In this case, the State as one party, and the Operating Right Holder and Building Facilities Operator as the other party, shall make efforts to minimize the losses of the other party arising from Force Majeure.

2. Notwithstanding the preceding paragraph, if increased expenses or damages arise from Project, or if all or part of the Project is suspended due to Force Majeure (“Interruption due to Force Majeure”), the Operating Right Holder may request a consultation with the State to take either or both of the below resolutions (for below (1), only if it is necessary to recover the increased expenses or damages due to such Interruption due to such Force Majeure) to which the State shall permit to whatever extent necessary, regardless of whether or not the Business Continuity Measures stipulated in the preceding article are being implemented.

- (1) The Agreed Extension stipulated under Article 62, paragraph 2, item 2; or
- (2) The State shall release the Operating Right Holder or Building Facilities Operator from its performance of obligations under the Agreement that became difficult to be performed due to the Interruption due to Force Majeure until such Interruption due to Force Majeure ceases or the Agreement is terminated.

3. In the case of the preceding paragraph, the Operating Right Holder may request the State to hold a consultation to review the Agreement if the Interruption due to Force Majeure continues or is anticipated to continue for three months or longer. In this case, if the State deems that there is occurring a material change to the environment which is the premises of the Agreement due to Interruption due to Force Majeure, the State and the Operating Right Holder shall review the Agreement to such extent necessary through consultation.

4. If the State decides that there occurred an Emergency caused by Force Majeure, the State shall comply with Article 53.

Article 49 (Liability to Compensate Damages)

Unless otherwise stipulated in the Agreement, if the State as on party and the Operating Right Holder or the Building Facilities Operator as the other party causes damages to the other party due to breach of obligations stipulated in the Agreement, the other party may claim for compensation of damages from the breaching party.

Article 50 (Damages caused to Third Parties)

1. If any damages are caused by the Operating Right Holder or the Building Facilities Operator to a third party from carrying out the Project, the Operating Right Holder shall immediately report the situation to the State.

2. If the damages in the preceding paragraph are attributable to the Operating Right Holder or the Building Facilities Operator, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, compensate the third party for the damage that must be compensated.
3. If the damages in paragraph 1 are attributable to the State, the State shall compensate those damages.
4. If any disputes concerning implementation of the Project arise with a third party, the State as one party and the Operating Right Holder and the Building Facilities Operator as the other party shall cooperate with each other to deal with and settle such dispute.

Chapter 14 Assurance of Appropriate Business Operation

Article 51 (Self-Monitoring by the Operating Right Holder)

1. During the Project Period, the Operating Right Holder shall conduct inspection etc. with respect to the matters in which it is obligated to implement in accordance with the Acts and Required Standards, based on the Private Utilizing Airport Operation Act, Civil Aeronautics Act, Airport Act and other applicable Acts, and Required Standards, and shall implement self-monitoring methods proposed in the Proposal Documents, record the results of such inspection, and promptly submit these results to the State if requested by the State.
2. During the Project Period, the Operating Right Holder shall self-monitor the matters concerning services that it proposed in the Proposal Documents, matters concerning maintaining of symbiotic relationships with the local community, matters concerning promotion of use of the Airport, and matters that it proposed in the Proposal Documents. It shall submit to the State a report on the method for conducting monitoring and the results of monitoring by the method that it proposed in the Proposal Documents or whenever requested by the State.
3. The Operating Right Holder shall disclose on its website the matters for disclosure that it proposed in the Proposal Documents relating to the methods and results of self-monitoring in the preceding two paragraphs, and it shall maintain such disclosure throughout the Project Period.
4. The State shall stipulate other details concerning this article by the Building Facilities Business Scheduled Commencement Date in accordance with the method of monitoring set forth in **Exhibit 13** and based on the Proposal Documents.

Article 52 (Monitoring by the State)

1. During the Project Period, the State shall monitor whether or not the Operating Right Holder and Building Facilities Operator are implementing the Project in a manner that would comply with the PFI Act, Private Utilizing Airport Operation Act, Civil

Aeronautics Act, Airport Act and other applicable Acts, and Required Standards.

2. If it is determined through monitoring in the preceding paragraph that the Project is not satisfying the Required Standards, the State may order the Operating Right Holder and the Building Facilities Operator to submit an improvement plan.
3. The Operating Right Holder and the Building Facilities Operator shall submit an improvement plan to the State for approval within 60 days from being ordered to submit the plan. If the State decides that the improvement plan submitted is insufficient, the Operating Right Holder and the Building Facilities Operator shall submit a revised improvement plan to the State within 30 days of such decision by the State.
4. Notwithstanding the provisions of the preceding two paragraphs, if the State reasonably determines that no improvement was made within 120 days from the day it was ordered to submit an improvement plan to the state subject to the provisions of the preceding two paragraphs, the State may terminate the Agreement.
5. The State shall stipulate other details concerning this article by the Building Facilities Business Scheduled Commencement Date in accordance with the method of monitoring set forth in **Exhibit 13** and based on the Proposal Documents.

Article 53 (Measures against Emergency etc.)

1. The State or the Operating Right Holder shall immediately notify the other party if any event they deem an Emergency occurs. If the State and the Operating Right Holder receive such notice, they shall make their best possible efforts to resolve the situation as soon as possible.
2. If the State receives a notice under the preceding paragraph, becomes aware itself, or otherwise decides that an event stipulated in Article 29, paragraph (1) of the PFI Act occurred, upon conducting a hearing pursuant to Article 29, paragraph (2) of the same act, the State may order at its discretion for the suspension of the exercise of the Operating Right for a necessary period and to the necessary extent. In this case, the State may undertake the suspended Airport Operating Business and request cooperation by the Operating Right Holder and Building Facilities Operator (including but not limited to temporary use of the assets owned by the Operating Right Holder or Building Facilities Operator, and temporary succession to the State of the agreements executed by the Operating Right Holder or Building Facilities Operator) to assist the State in implementing the Airport Operating Business. The Operating Right Holder and Building Facilities Operator shall cooperate with such request.
3. If the exercise of the Operating Right is suspended pursuant to the preceding paragraph, the State shall register this pursuant to Article 27, paragraph (1) of the PFI Act, and if the suspension is due to an event provided for in Article 29, paragraph (1), item (ii) of the same act, the State shall assume responsibility to compensate the Operating Right Holder for the losses that would ordinarily arise pursuant to Article 30, paragraph (1) of the same act (excluding losses etc. that arise for reasons attributable to the Operating Right Holder or Building Facilities Operator).

4. In the case of paragraph 2, the State may, without suspending the exercise of the Operating Right, directly perform necessary measures for the necessary period and to the extent necessary to resolve the Emergency etc. to such extent possible so that it is unnecessary to suspend the exercise of the Operating Right. In this case, the State may request cooperation by the Operating Right Holder (including but not limited to temporary use of the assets owned by the Operating Right Holder, and temporary succession to the State of the agreements executed by the Operating Right Holder) to assist the State in implementing those measures. The Operating Right Holder shall cooperate with such request.

Article 54 (Business Continuity Plan)

1. The Operating Right Holder shall, by the Airport Operating Business Scheduled Commencement Date, prepare the Business Continuity Plan based on the Required Standards, Application Guidelines etc. and Proposal Documents and obtain approval from the State.

2. The form and the matters to be indicated in the Business Continuity Plan provided in the preceding paragraph shall be separately designated by the State.

3. If the Operating Right Holder intends to change the contents of the Business Continuity Plan during the Project Period, it shall consult with the State and obtain approval from the State in advance.

Article 55 (Other Necessary Measures)

1. Pursuant to Article 28 of the PFI Act, the State may request a report from the Operating Right Holder and Building Facilities Operator on the status of business or accounts of the Project, conduct investigation into the implementation of the Project, or give necessary instructions to assure appropriate implementation of the Project by the Operating Right Holder and Building Facilities Operator.

2. If any expenses are incurred by the Operating Right Holder or Building Facilities Operator in cooperating with the investigation or complying with the instruction under the preceding paragraph, such expenses shall be borne by the Operating Right Holder or Building Facilities Operator.

3. If, during the Project Period, the Operating Right Holder accounts the Deficit for 3 consecutive fiscal years, the Operating Right Holder may request to hold a consultation with the State to review the Agreement. In this case, if the State deems necessary, the State and the Operating Right Holder may review the Agreement to such extent necessary.

Chapter 15 Subsidiaries etc.

Article 56 (Subsidiaries and Affiliates)

1. During the Project Period, the Operating Right Holder shall not directly incorporate

or own the shares issued by or have equity ownership in a Subsidiary or Affiliate other than the Building Facilities Operator, without prior approval from the State. Furthermore, during the Project Period, the Operating Right Holder shall, directly or indirectly, hold the total number of shares issued (or the holding ratio approved in advance by the State) by the Operating Right Holder's Subsidiary etc. It shall also not allow the Operating Right Holder's Subsidiary etc. to issue new shares to a third party other than the Operating Right Holder or other Operating Right Holder's Subsidiary etc., or engage in any acts that contradict this article.

2. The Operating Right Holder shall not cause the Operating Right Holder's Subsidiary etc. to engage in any business or undertake Replacement Investment (in Operating Right Facility) other than those provided in Article 13 or Article 26 without prior approval from the State.

3. The Operating Right Holder shall ensure that the Operating Right Holder's Subsidiary etc. complies with the contents of the Agreement and if the Operating Right Holder shall lease the Airport Site etc. to or entrust a business to the Operating Right Holder's Subsidiary etc., it shall treat such Operating Right Holder's Subsidiary etc. as a third party and comply with the respective stipulations of Article 27 or Article 28.

4. The Operating Right Holder shall not cause the Operating Right Holder's Subsidiary etc. to effect merger, share exchange, share transfer, corporate divestiture, business transfer, reorganization or other acts that would change the foundation of the company without prior approval from the State. Additionally, if the Building Facilities Operator effects merger or corporate divestiture, permission must be obtained from the Minister of Land, Infrastructure, Transport and Tourism pursuant to Article 17 of the Airport Act separately from the approval in this paragraph.

Chapter 16 Covenants

Article 57 (Covenants by the Operating Right Holder)

1. If any changes pertaining to the Operating Right Holder and the Operating Right Holder's Subsidiary etc. are made to the below items, the Operating Right Holder shall submit a document to the State reflecting the change.

- (1) A certified copy of the articles;
- (2) Certified copy of the commercial register;
- (3) Seal certificate of the representative seal ; and
- (4) A copy of each of the following agreements executed between the Operating Right Holder and the Operating Right Holder's Subsidiary etc. as one party and a financial institution etc. as the other party: (i) financing agreements, (ii) agreements to establish security rights on the Operating Right, other assets held by the Operating Right Holder and the Operating Right Holder's Subsidiary etc., and the issued shares of the Operating Right Holder and the Operating Right Holder's Subsidiary etc., and (iii) agreements to establish security rights on the Operating Right Holder or Operating Right Holder's Subsidiary etc.'s rights and status under this Agreement and other agreements executed between

the Operating Right Holder or Operating Right Holder's Subsidiary etc. and the State.

2. During the Project Period, the Operating Right Holder shall comply with each of the below items, in addition to the Acts and each provision of the Agreement.
 - (1) The Operating Right Holder is duly, effectively and legitimately incorporated and existing in accordance with the Companies Act.
 - (2) If the Operating Right Holder intends to issue new Voting Shares, securities that may be converted to or be exchanged for the Voting Shares, or securities representing rights to receive the Voting Shares (hereinafter referred to as "Voting Shares etc." in this item) by resolution of its shareholders meeting or its board of directors, it shall comply with the provisions of the Companies Act and obtain prior approval from the State. Provided, however, if the Voting Shares etc. are allotted to and newly issued to only the Voting Shareholders and if the Voting Shares etc. are allotted to only the Local Governments Relevant to the Airport in accordance with the Capital Contribution and Personnel Dispatch Agreement, then prior approval from the State is unnecessary.
 - (3) The Operating Right Holder shall report to the State concerning a change in its Voting Shareholders in accordance with Article 60, paragraph 1.
 - (4) The articles of the Operating Right Holder shall contain a provision that shares that may be issued by the Operating Right Holder may only be Non-Voting Shares and Voting Shares.
 - (5) The articles of the Operating Right Holder shall contain either a provision that the Operating Right Holder is a company that shall have a board of directors, board of company auditors, and an accounting auditor stipulated in Article 326, paragraph (2) of the Companies Act, or shall have an audit and supervisory committee stipulated in Article 2, item (xi)-2 of the Companies Act, or a provision that it shall have nominating committee etc. stipulated in Article 2, item (xii) of the Companies Act.
 - (6) The business objectives of the Operating Right Holder as stated in its articles shall only be limited to the performance of the Project.
 - (7) The Air Carriers or their Affiliate (including their Subsidiaries) will not become the Voting Shareholders.
 - (8) The total number of Voting Shares held by local public entities does not exceed 10% of the total number of Voting Shares issued and outstanding.
 - (9) The personnel of local public entities dispatched by the local public entities to the Operating Right Holder are only a part-time director (one or less) and a full-time employee (one or less) of the Operating Right Holder.
 - (10) In implementing the Project, the Operating Right Holder shall be mindful not to obstruct the faithful performance of the Agreement under Article VI of the Treaty of Mutual Cooperation and Security between Japan and the United States of America, Regarding Facilities and Areas and the Status of United States Armed Forces in Japan (Treaty No. 7 of 1960) and shall sincerely deal with the aircrafts in Article 5 of the said treaty to have access to Japan's aerodromes.
 - (11) The Operating Right Holder shall make its best efforts to manage its human resources throughout the Project Period so that the number of its human

resources and the form of their employment would not be inappropriate in view of the scale and contents of the Project.

(12) In addition to each of the foregoing items, the Operating Right Holder satisfies the matters that it proposed in the Proposal Documents as obligations of the Operating Right Holder.

3. During the Project Period, the Operating Right Holder shall not effect merger, share exchange, share transfer, corporate divestiture, business transfer, reorganization or any other changes to the foundation of the company or change the matters indicated in its articles stipulated in item (4) to item (6) of the preceding paragraph without prior approval from the State. However, with respect to the merger between the Operating Right Holder and the Building Facilities Operator, in case that an agreement satisfactory to the State is reached with respect to the contents of the Agreement to be changed accompanying this merger, the State shall not unreasonably withhold its approval if the Building Facilities Operator obtained approval from the Minister of Land, Infrastructure, Transport and Tourism pursuant to Article 17 of the Airport Act.

Article 58 (Disposal of the Operating Right etc.)

1. The Operating Right Holder shall not assign, provide as security or otherwise dispose (hereinafter referred to as “to dispose” in this article and the following article) its status under the Agreement, its status under agreements executed with the State concerning the Project, and its rights and obligations under these agreements without obtaining prior approval from the State.

2. Notwithstanding the provisions of the preceding paragraph, the Operating Right Holder may transfer the Operating Right if it obtained prior permission from the State pursuant to Article 26, paragraph (2) of the PFI Act. In this case, the State may add conditions for such permission including the below.

- (1) The transferee shall submit to the State a written consent that it shall succeed to the status of the Operating Right Holder under the Agreement with respect to the Project and shall be bound by the Agreement;
- (2) The transferee shall receive assignment of all assets and contractual status whatsoever that are held by the Operating Right Holder and that are necessary to implement the Project; and
- (3) All shareholders of the transferee (or members in case of a membership company) shall submit a written covenant to the State containing the same contents as that in the Shareholder’s Covenant Document.

3. Notwithstanding the provisions of paragraph 1, the State shall not unreasonably withhold its approval if the Operating Right Holder and Building Facilities Operator borrow funds from a financial institution etc. to finance the Project and establish security rights on the Operating Right for the purposes of such borrowing. However, as condition to such approval, a copy of the agreement for borrowing and establishing security rights shall be submitted to the State and an agreement pursuant to Article 91 shall be executed between the State and the financial institution etc. in such content reasonably satisfactory to the State.

4. Notwithstanding the provisions of paragraph 1, when the Operating Right Holder and Building Facilities Operator borrow from a financial institution etc. to procure funds to implement the Project, and they shall establish security rights on the claims of the Operating Right Holder or Building Facilities Operator or their contractual status under the Agreement or other agreements executed between the State as one party and the Operating Right Holder or Building Facilities Operator as the other party for such borrowings, the State shall not unreasonably withhold its approval. However, as a condition to such approval, a copy of the agreement concerning such borrowing and establishment of security rights shall be submitted to the State and an agreement pursuant to Article 91 in the content reasonably satisfactory to the State shall be executed between the State and the financial institution etc. (including the State's right of defense including setoff to be able to be perfected against the security right holder whether before or after establishment and enforcement of such security right).

Article 59 (Disposal of Assets)

The Operating Right Holder may freely dispose each asset owned by the Operating Right Holder or Operating Right Holder's Subsidiary etc. concerning the Project as long as it complies with the provisions of the Agreement. However, the below items shall be observed with respect to the assets indicated below:

(1) Building Facilities:

The Operating Right Holder shall not cause the Building Facilities Operator to dispose the Building Facilities (including assignment etc. to the Operating Right Holder or Operating Right Holder's Subsidiary etc.) without obtaining prior approval from the State.

(2) Real estate for which a purchase option agreement was executed with the State pursuant to the Agreement:

The Operating Right Holder and Building Facilities Operator shall not dispose the facilities etc. for which a purchase option agreement was executed with the State pursuant to the Agreement (including assignment to the Operating Right Holder or Operating Right Holder's Subsidiary etc.). The Operating Right Holder and Building Facilities Operator shall also not establish security rights or leasehold that would have priority over the provisional registration made by the State to preserve the right to claim for transfer of ownership.

(3) Shares of the Operating Right Holder's Subsidiary etc.:

The Operating Right Holder shall not, either by itself or through the Operating Right Holder's Subsidiary etc., dispose the issued and outstanding shares of the Operating Right Holder's Subsidiary etc. without obtaining prior approval from the State (including assignment etc. to the Operating Right Holder's Subsidiary etc.) (and excluding when prior approval is obtained from the State pursuant to Article 56, paragraph 4).

Article 60 (Change of Voting Shareholders)

1. If a change in Voting Shareholders occurs and the shareholder's register is changed, the Operating Right Holder shall immediately submit a certified copy of the latest shareholder's register to the State and provide other information concerning the shareholders if requested by the State.

2. If the change in the Voting Shareholders in the preceding paragraph causes the Operating Right Holder to no longer satisfy the conditions in Article 57, paragraph 2, item 7 or item 8, the Operating Right Holder shall promptly notify the State. In such a case, the Operating Right Holder shall promptly resolve the non-compliance such as by changing the composition of the Voting Shareholders' investment.

3. If the Operating Right Holder finds that a Voting Shareholder falls under any event stipulated in each of the below items, it shall promptly notify the State to this effect. In this case, the Operating Right Holder shall promptly resolve such issue by ensuring that the relevant Voting Shareholder resolves such event or disposes its shares to another Voting Shareholder who does not fall under any of the below items.

- (1) To fall in the categories for disqualifications of a private business operator to implement a qualified project stipulated in Article 9 of the PFI Act;
- (2) If a filing is being made for commencement of reorganization procedures pursuant to the Corporate Reorganization Act (Act No. 154 of 2002), or a filing is being made for commencement of rehabilitation proceedings pursuant to the Civil Rehabilitation Act (Act No. 225 of 1999); or
- (3) The security rights on the Voting Shares were assigned (including assignment through trust), pledged or otherwise established security rights, or disposed by other methods (including through self-settled trust) without obtaining approval from the State, in contradiction to the Shareholder's Covenant Document.

Chapter 17 Term of the Agreement and Measures to be Assumed at Maturity

Section 1 Period of the Agreement

Article 61 (Effective Term of the Agreement)

Unless otherwise stipulated in the Agreement, the Agreement shall commence from the date of its execution and shall remain effective until the Airport Operating Business Expiration Date.

Article 62 (Project Period)

1. Unless otherwise stipulated in the Agreement, during the Building Facilities Business Period, the Operating Right Holder shall, either by itself or through the Building Facilities Operator, implement the Building Facilities Business.

2. The Operating Right Holder shall implement the Airport Operating Business from the Airport Operating Business Commencement Date until the day before exactly 15 years from the Operating Right Establishment Date (if the period was changed pursuant to the Agreement, then the date after such change) as the Airport Operating Business Expiration Date. However, the relevant period shall be extended in the below circumstances and the end of the relevant period shall be the Airport Operating Business Expiration Date.

- (1) If the Operating Right Holder notifies the State that it wishes to extend the period by the day four years before expiration of the Project Period, it may extend the Airport Operating Business Period and the Building Facilities

Business Period until the date desired by the Operating Right Holder within 35 years within the scope provided in the paragraph in addition to the period stipulated in the text of this paragraph (such extension of period shall be referred to as the “Option Extension”). Option Extension may be exercised only once.

- (2) The Operating Right Holder may apply to extend the Airport Operating Business Period and Building Facilities Business Period in the circumstances stipulated in Article 16, paragraph 1, Article 25, paragraph 5, Article 44, paragraph 3, proviso of Article 45, paragraph 1, and Article 48, paragraph 2, item (1). In this case, if the State deems that it is necessary to recover damages or increased expenses etc. incurred by the Operating Right Holder in each event, the State and Operating Right Holder may extend the Airport Operating Business Period and Building Facilities Business Period until the date agreed between the parties within the scope provided in the following paragraph through mutual consultation (such extension of period shall be referred to as the “Agreed Extension”). The Agreed Extension may be implemented more than once.

3. The Airport Operating Business Period may not be set beyond September 30, 2072 for any reason (including when the period is extended pursuant to item (1) or item (2) of the preceding paragraph).

4. The Building Facilities Business Period shall expire on the Airport Operating Business Expiration Date at which time shall be the end of the existing period of the Operating Right where the Operating Right shall cease. Provided, however, if the Agreement is terminated or cancelled before the Airport Operating Business Expiration Date, the provisions of Article 74 to Article 78 shall apply.

Section 2 Procedures to be carried out upon Maturity of the Project

Article 63 (Succession of Business)

From the day four years before the Airport Operating Business Expiration Date until the Airport Operating Business Expiration Date, the Operating Right Holder shall, either by itself or through the Operating Right Holder’s Subsidiary etc., succeed the business, including the below in order to assure smooth succession of the Project to the State or a third party designated by the State.

- (1) If the State or a third party designated by the State wishes to succeed to the employees of the Operating Right Holder by way of transferring their employment, the Operating Right Holder shall cooperate as necessary and to such extent possible to confirm the intentions of the employees by the date designated by the State and send to the State or a third party designated by the State the records of all such employees who wish to transfer their employment.
- (2) If the State or a third party designated by the State wishes to succeed to the agreements executed by, and the Permissions etc. maintained by the Operating Right Holder, the Operating Right Holder shall cooperate as necessary and to such extent possible to confirm the intentions of the counterparties of those agreements or to continue such Permissions etc. until the date designated by

the State, and shall send to the State or a third party designated by the State the agreements and the materials concerning the Permissions etc. requested to be succeeded.

- (3) Until the operation is to be succeeded to the State or a third party designated by the State, the Operating Right Holder and the Operating Right Holder's Subsidiary etc. shall cooperate with the State or a third party designated by the State in their assessment (including their on-site investigations of the Airport Site and hearings) such as by confirming as to whether the business and facilities satisfy the Required Standards.
- (4) By the date designated by the State, the Operating Right Holder and Operating Right Holder's Subsidiary etc. shall send to the State or a third party designated by the State all the latest documents concerning finance and operation, and technology (including license that does not require permission to use from third parties including intellectual property and manuals etc. that are necessary for operating the Airport) by electronic means (including hard copies thereof if required by the State or a third party designated by the State).
- (5) The Operating Right Holder shall deliver and assign etc. the assets subject to the following article.

Article 64 (Handling of Assets at Expiration of the Agreement)

1. The Operating Right Holder shall succeed the Facilities Subject to Operating Rights to the State or a third party designated by the State on the Airport Operating Business Expiration Date or a date thereafter designated by the State. Upon such succession, the Operating Right Holder shall make the Replacement Investment (in Operating Right Facility) as necessary to satisfy the Required Standard at the timing of succession, in order to assure that the Facilities Subject to Operating Rights are in an appropriate condition as of the Airport Operating Business Expiration Date and to assure smooth transition of the operation of the Airport.

2. On the Airport Operating Business Expiration Date or a date thereafter designated by the State, each assets owned by the Operating Right Holder or Operating Right Holder's Subsidiary etc. shall be handled as follows. In any event, if the State or a third party designated by the State shall purchase such assets, the Operating Right Holder shall maintain custody of those assets as a prudent manager until it delivers these assets. Furthermore, in any event, the Operating Right Holder may request the State to provide an opportunity to hear opinions from the Operating Right Holder on the Airport Operating Business Expiration Date or a date thereafter designated by the State concerning the scope of purchase or sale for the assets stipulated below.

- (1) Real Estate Property owned by the Operating Right Holder and Operating Right Holder's Subsidiary etc.:

The State or a third party designated by the State may purchase all or part of the real estate property owned by the Operating Right Holder or the Operating Right Holder's Subsidiary etc. at market value. If the State shall select an operator of the Project through new bidding procedures, the State shall require the participant to purchase all or part of such real estate property at market value from the Operating Right Holder or Operating Right Holder's Subsidiary etc. as a condition for applying.

- (2) Issued and Outstanding Shares of the Operating Right Holder's Subsidiary etc.:
The State or a third party designated by the State may purchase from the Operating Right Holder or Operating Right Holder's Subsidiary etc. all or part of the issued and outstanding shares of the Operating Right Holder's Subsidiary etc. owned by them at market value. If the State shall select an operator of the Project through new bidding procedures, the State shall require the participant to purchase all or part of such shares from the Operating Right Holder or Operating Right Holder's Subsidiary etc. as a condition for applying.
- (3) Other assets besides those in the preceding two items:
It is the responsibility of the Operating Right Holder and Operating Right Holder's Subsidiary etc. to dispose of all assets held by them in connection with the implementation of the Project (excluding those assets that shall be purchased pursuant to the preceding two items). However, if the State or a third party designated by the State deems necessary, the Operating Right Holder and Operating Right Holder's Subsidiary etc. shall sell those assets to the State or a third party designated by the State at market value.

3. If the assets are to be purchased pursuant to each item of the preceding paragraph, the Operating Right Holder or Operating Right Holder's Subsidiary etc. shall assume necessary measures to enable the relevant purchaser to succeed to the agreements that they executed in connection with the relevant assets if the relevant purchaser deems this to be necessary. Provided, however, if it is necessary to obtain consent from the counterparty of the agreement subject to succession with respect to such succession, it is enough for the Operating Right Holder or Operating Right Holder's Subsidiary etc. to make best efforts practically possible to obtain such consent.

4. If the assets are to be purchased pursuant to each item in paragraph 2, the State or a third party designated by the State shall pay consideration to the Operating Right Holder for each purchase promptly after lapse of one year from the later date of either the date the Facilities Subject to Operating Rights or the date the assets purchased pursuant to each item of paragraph 2 are delivered to the State or a third party designated by the State (If the Operating Right Holder requested the State or a third party designated by the State for payment of consideration for each purchase by proving that reasonable preservative measures are assumed to assure the Operating Right Holder's performance of its warranty against defects, and the party making such payment agrees that such measures are appropriate, then promptly after the date such party making the payment receives delivery of the assets purchased by it). However, if the State or a third party designated by the State seeks compensation for damages based on warranty against defects pursuant to Article 65 before such date of payment, the State or a third party designated by the State may offset its obligation to pay consideration with the claim for compensation within the scope of the Acts. In this case, the State or a third party designated by the State may refuse to pay consideration until such offset is effected or until it receives payment of the compensation.

Article 65 (Warranty against Defects)

1. If there is a defect in the Facilities Subject to Operating Rights delivered pursuant to paragraph 1 of the preceding article (excluding deterioration by age, hereinafter the

same in this paragraph), the State or a third party designated by the State may, within one year from the date it received delivery of such facilities, claim for rectification of such defect by setting a reasonable period or, in lieu of, or in addition to rectification, claim for compensation of damages.

2. If there is a defect (which shall only be limited to latent defects and exclude deterioration by age, hereinafter the same in this paragraph) in various types of assets purchased pursuant each item of paragraph 2 of the preceding article, the State or a third party designated by the State may, within one year from the date it acquired ownership in such assets, claim for rectification of such defect by setting a reasonable period or, in lieu of, or in addition to rectification, claim for compensation of damages. However, if the defect is not material and also it would require excessive expenses to rectify such defect, then the State or a third party designated by the State may not claim for rectification and it may only claim for compensation of damages.

3. If the assets in the preceding two paragraphs are destroyed or damaged due to a defect in the same paragraphs, the State or a third party designated by the State must exercise its rights in the preceding two paragraphs within 60 days from the time it became aware of such destruction or damage notwithstanding the period provided in the preceding two paragraphs.

Article 66 (The Handling of the Airport Site etc. after Cancellation of the Agreement)

1. The National Property Free Lease Agreement with respect to the Airport Site etc. shall automatically be cancelled on the Airport Operating Business Expiration Date. Upon cancellation, the Operating Right Holder shall remove the real estate property or movables and movables in the buildings that are lease articles existing on the Airport Site at its own expense and deliver the Airport Site to the State or a third party designated by the State as vacant land. However, if the below real estate property or movables exist on the Airport Site, such real estate property or movables shall not be removed and shall be delivered in their present condition to the State or a third party designated by the State:

- (1) The Facilities Subject to Operating Rights;
- (2) Assets purchased by the State or a third party designated by the State in accordance with each item of Article 64, paragraph 2;
- (3) Real estate property or movables owned by others besides the Operating Right Holder or Operating Right Holder's Subsidiary etc. for which the State or a third party designated by the State considers that it is necessary for the relevant owner to continue to own these on the Airport Site and an agreement has been reached with such owner concerning the continuous use etc. of the land; and
- (4) In addition to the assets in each of the preceding items, real estate property and movables owned by the State and real property and movables separately designated by the State.

2. In case of the preceding paragraph, if the Operating Right Holder does not return the Airport Site as a vacant land within the reasonable period after the Airport Operating Business Expiration Date without just reasons, the State may undertake such measures on behalf of the Operating Right Holder and claim for the expenses incurred thereby to

the Operating Right Holder. In this case, the Operating Right Holder may not raise objections to the State's disposal.

Article 67 (Determination of "Market Value")

If there is a need to determine the "market value" for an asset in the Agreement, the method of computing the "market value" shall be as set forth in **Exhibit 14**. If the State selects a new operator for the Project through new bidding procedures after expiration of the Project Period, the State may compute the market value of assets by the method stipulated in **Exhibit 14** from a day from four years before the Airport Operating Business Expiration Date for the purposes for such bidding procedures although such time may be before the time of evaluation. In this case, the method for adjusting differences, if any, between the value of assets as of the time of computation of the market value and that as of the time of evaluation may be stipulated in advance.

Chapter 18 Termination or Cancellation of the Agreement and Measures to be Taken Accompanying Termination or Cancellation

Section 1 Events for Termination or Expiration

Article 68 (Termination of the Agreement for events attributable to the Operating Right Holder or Building Facilities Operator)

1. The State may terminate the Agreement without notice if any event in the below items occurs.

- (1) If the Agreement becomes incapable of being performed due to events attributable to the Operating Right Holder or Building Facilities Operator;
- (2) If the shareholders meeting or the board of directors meeting of the Operating Right Holder or Building Facilities Operator makes a resolution for the Operating Right Holder or Building Facilities Operator to file for bankruptcy, corporate reorganization, civil rehabilitation or special liquidation proceedings or if such filings are made by a third party (including by a director of the Operating Right Holder or Building Facilities Operator);
- (3) If the Operating Right Holder or Building Facilities Operator is disposed for suspension of transactions at the clearing house, or if it is disposed for suspension of transactions at densai.net Co., Ltd. or if equivalent measures are assumed by other electronic monetary claim recording institutions;
- (4) If it becomes clear that the Building Facilities Business Commencement Date will be delayed by more than one month due to events attributable to the Operating Right Holder or Building Facilities Operator;
- (5) If it becomes clear that the Airport Operating Business Commencement Date will be delayed by more than one month from that scheduled due to events attributable to the Operating Right Holder or Building Facilities Operator;
- (6) If the Operating Right Holder or the Building Facilities Operator is deemed to have abandoned the Project without justifiable reasons;
- (7) If the Operating Right Holder or Building Facilities Operator made false indications in its business reports etc. stipulated in Article 34 and Article 35 or in its financial information etc. stipulated in Article 37;

- (8) If the Permissions etc. necessary for the Operating Right Holder to implement the Project expires or are rescinded, if it is difficult to recover this within a reasonable period, and the continuance of the Project becomes difficult as a result;
- (9) If the Operating Right Holder falls under any of (a) through (g) of Article 29, paragraph (1), item (i) of the PFI Act and its Operating Right is rescinded as a result of falling under Article 13, paragraph (2) of the Administrative Procedure Act (Act No. 88 of 1993) or hearing procedures assumed pursuant to paragraph 1, item (i) of the same Article;
- (10) If the Building Facilities Operator's Designation as Airport Function Facility Operator, its permission to use the site for the Building Facilities stipulated in Article 12, or its Permissions etc. necessary to implement its other Building Facilities Business expire or are rescinded, if it is difficult to recover these within a reasonable period, and the continuance of the Building Facilities Business becomes difficult as a result;
- (11) If there occurs a situation in Article 52, paragraph 4;
- (12) If the condition stipulated in Article 60, paragraph 2 or paragraph 3 is not resolved; or
- (13) If it is found that an officer of the Operating Right Holder or Building Facilities Operator falls under any of the below items. The same shall apply to an officer of the Parent Company etc. (the parent company etc. provided in Article 9, item (iv) of the PFI Act) of the Operating Right Holder:
 - (i) One who is registered as an adult ward or person under curatorship, or is similarly treated under foreign laws;
 - (ii) One who was judged for commencement of bankruptcy procedures whose right has not been restored;
 - (iii) One who received a prison sentence or a more severe punishment (including equivalent sentence under foreign laws), and five years have not lapsed since serving the sentence or from the date he/she no longer became subject to such a sanction;
 - (iv) One who falls under an Organized Crime Group Member etc. and their Affiliates;
 - (v) With respect to an Operating Right Holder whose Operating Right was rescinded, one who was an officer of such Operating Right Holder within 30 days before the date of such rescission, and five years have not lapsed since the date of such rescission; or
 - (vi) One who is a minor who does not have the same capacity as an adult to undertake the business and whose legal representative falls under any of the above items.

2. If any event in the below items occur, the State shall notify the Operating Right Holder or Building Facilities Operator to correct such non-performance by designating a period reasonably necessary to correct this, and if such non-performance is not corrected during such period, the State may terminate the Agreement immediately by sending a written notice stating the reason for termination.

- (1) If the Operating Right Holder or Building Facilities Operator breaches its covenants or representations and warranties made in the Agreement;

- (2) If the Operating Right Holder or Building Facilities Operator does not perform its obligation under the Agreement for reasons attributable to it;
- (3) If the Operating Right Holder or Building Facilities Operator violates any Acts; or
- (4) If the Operating Right Holder does not pay the Consideration or the consideration for transfer of the Assets for Transfer to the Operating Right Holder pursuant to the Goods Transfer Agreement after lapse of the payment date for this.

Article 69 (Termination due to Other Events before the Building Facilities Business Commencement Date)

The State or the Operating Right Holder may terminate the Agreement without notice if it becomes clear that the Building Facilities Business Commencement Date will be delayed by more than one month from the Building Facilities Business Scheduled Commencement Date due to events (excluding Force Majeure) that are not attributable to either the State or Operating Right Holder.

Article 70 (Termination by Discretion of the State)

1. The State may terminate the Agreement by giving prior notice of six months or more to the Operating Right Holder if there is no longer a need to continue the Agreement or if the State otherwise decides this to be necessary.
2. From the date on and after the notice in the preceding paragraph is given, the State may commence selecting a new operator for the Project.

Article 71 (Termination or Cancellation of the Agreement for reasons attributable to the State)

1. If the State breaches a material obligation under the Agreement for reasons attributable to the State where the State fails to correct its non-performance although the Operating Right Holder notifies the State and demands correction of the breach within a reasonable period of 60 days or longer to remedy the breach, as designated by the Operating Right Holder, or if the Operating Right Holder is unable to perform its material obligations under the Agreement for reasons attributable to the State, the Operating Right Holder may terminate the Agreement by sending a written notice to the State stating the reason for termination.
2. If the State ceases to have ownership of all of the Facilities Subject to Operating Rights (excluding Total Loss due to Force Majeure), the Operating Right shall cease in accordance with Article 29, paragraph (4) of the PFI Act and the Agreement shall automatically be cancelled.

Article 72 (Cancellation or Termination of the Agreement due to Force Majeure)

1. If the Airport is destroyed resulting in the Total Loss due to Force Majeure, the Agreement shall automatically be cancelled.
2. The State may terminate the Agreement if the State assumes the Business Continuity Measures due to Force Majeure stipulated in Article 47, paragraph 1, and the

restoration schedule for the Project stipulated in Article 47, paragraph 2 cannot be decided, or if it is found that is impossible or extremely difficult to follow such schedule decided (or to resume the obligation if the obligation to perform is exempted pursuant to Article 48, paragraph 2, item (2)).

Article 73 (Termination of the Agreement due to the Particular Change of Acts)

If it becomes impossible to perform all or a material part of the obligations under the Agreement due to the Particular Change of Acts that occurred during the Project Period (excluding when such Particular Change of Acts was made for reasons attributable to the Operating Right Holder or Building Facilities Operator), either of the State or Operating Right Holder may terminate the Agreement by sending the other party a notice of termination indicating the cause of termination.

Article 74 (Termination by Agreement)

The State and Operating Right Holder may terminate the Agreement by mutual agreement. In this case, the effect of termination shall be decided through mutual agreement between the State and Operating Right Holder unless otherwise stipulated in the Agreement.

Section 2 Effect of Termination or Expiration (Common to all events)

Article 75 (Effect of Termination or Expiration before the Building Facilities Business Commencement Date)

1. If the Agreement is terminated or cancelled pursuant to Article 68 through Article 74 before the Building Facilities Business Commencement Date, the provisions of Article 63 through Article 66 shall not apply. However, if the Building Facilities Business was succeeded pursuant to Article 9, paragraph 1 before termination or cancellation, necessary measures shall be assumed such as to return the materials issued upon succession. In this case, the expenses incurred for such succession and measures shall be borne by each party.

2. In the case of the preceding paragraph, if the Operating Right Holder acquired the shares of the Building Facilities Operator at the time of such termination or expiration, the State may, either by itself or through a third party designated by the State, purchase the shares from the Operating Right Holder during a period designated by the State at a price separately agreed between the Operating Right Holder as one party and the State or the third party designated by the State as the other party.

Article 76 (Effect of Termination or Expiration after the Building Facilities Business Commencement Date and before Airport Operating Business Commencement Date)

1. If, after the Building Facilities Business Commencement Date but before the Airport Operating Business Commencement Date, the Agreement is terminated or cancelled pursuant to Article 68 through Article 74, the Operating Right Holder may hold the shares of the Building Facilities Operator after the termination or cancellation and, in this case, the provisions of Article 63 through Article 66 shall not apply. However, if the Airport Operating Business was succeeded etc. pursuant to Article 15, paragraph 1 before the time of termination or cancellation, necessary measures shall be

taken such as to return the assets or materials that were delivered at the time of such succession. In this case, the expenses incurred for the succession and measures shall be borne by each party.

2. In the case of the preceding paragraph, when the Operating Right Holder continues to hold the shares of the Building Facilities Operator after termination or expiration and shall continue the Building Facilities Business, the Operating Right Holder shall consult and agree with the State on new terms for implementing the business including continuance of the land-use rights and Permissions etc. If no agreement is reached, the State may, either by itself or by causing a third party designated by the State, purchase such shares from the Operating Right Holder during a period designated by the State and at a price agreed between the parties.

Article 77 (Effect of Termination or Cancellation before the Airport Operating Business Commencement Date)

1. If the Agreement is terminated pursuant to Article 68 through Article 74 after the Airport Operating Business Commencement Date, the “Airport Operating Business Expiration Date” shall be reread and applied as the “termination or cancellation date of the Agreement.” However, the provisions indicated in each item below shall be reread in accordance with such provisions of each item.

(1) the proviso of Article 63 shall be reread as follows:

“If the Agreement has been cancelled or is terminated pursuant to the provisions of Article 68 through Article 74, the Operating Right Holder and Building Facilities Operator shall succeed the business including the below for smooth succession of the Project to the State or a third party designated by the State, and they shall assume an obligation to cooperate with the succession for a reasonably necessary period after the Project Period.”

(2) “a defect (which shall only be limited to latent defects and exclude deterioration by age, hereinafter the same in this paragraph)” of Article 65, paragraph 2 shall be reread as “a defect (which shall exclude deterioration by age, hereinafter the same in this paragraph).”

2. In the case of the preceding paragraph, the Operating Right Holder and Building Facilities Operator shall, in order to cooperate with the implementation of the Project by the State or a third party designated by the State, assume an obligation to cooperate such as to receive entrustment of business concerning the Project from the State or a third party designated by the State for a reasonably necessary period after the Agreement is terminated or cancelled, and the State shall pay a fair consideration to the Operating Right Holder for such entrustment of business (however, if the Agreement is terminated or cancelled pursuant to Article 68, then the State shall not be required to pay any consideration) on a separately agreed date.

Section 3 Effect of Termination (Termination for reasons attributable to the Operating Right Holder)

Article 78 (Penalty - Termination for Reasons Attributable to the Operating Right

Holder)

1. If the Agreement is terminated or is cancelled pursuant to Article 68 or Article 71, paragraph 2 (only when attributable to reasons of the Operating Right Holder or Building Facilities Operator), the Operating Right Holder shall pay a penalty stipulated in the following paragraph and other amounts in lump sum to the State by the payment date designated by the State. However, such payment may be made in installments through consultation between the parties. Furthermore, the Operating Right Holder shall cause the Building Facilities Operator to state in its written covenant to be submitted that the Building Facilities Operator shall assume joint and several liability concerning this payment pursuant to the provisions of Article 10, paragraph 1.

2. The amount of penalty in the preceding paragraph shall be JPY300,000,000. However, if the State incurs damages in an amount exceeding the penalty attributable to the termination, the Operating Right Holder shall pay the extra amount to the State based on a claim by the State.

3. In the case of paragraph 1, when the State purchases each asset pursuant to Article 64, paragraph 2 in the contents stipulated in each item of the same paragraph, it may offset its obligation to pay the purchase price of such assets with its claim for penalty, etc.

Article 79 (Rescission of the Operating Right etc. - Termination for Reasons Attributable to the Operating Right Holder)

1. If the Agreement is terminated pursuant to Article 68, after the hearing procedures are assumed pursuant to Article 13, paragraph (1), item (i) of the Administrative Procedure Act (or immediately if falling under paragraph 2 of the same article) on grounds that there occurred a material breach stipulated in Article 29, paragraph (1), item (i) (e) of the PFI Act, the State may rescind the Operating Right pursuant to Article 29, paragraph (1), item (i) of the PFI Act and the State and Operating Right Holder shall delete the registration of Operating Right without delay.

2. If the Agreement is terminated pursuant to Article 68 after the Building Facilities Business Commencement Date, the State may rescind the Building Facilities Operator's Designation as Airport Function Facility Operator. However, this shall not apply if the Operating Right Holder agreed with the State that it shall continue the Building Facilities Business pursuant to Article 76, paragraph 2.

Section 4 Effect of Termination or Cancellation (Termination or Cancellation for reasons attributable to the State and Particular Change of Acts)

Article 80 (Rescission of Operating Right and Compensation of Losses - Termination for reasons attributable to the State and Particular Change of Acts)

1. If the Agreement is terminated pursuant to Article 69, Article 70, Article 71, paragraph 1, or Article 73, after the hearing procedures are assumed pursuant to Article 13, paragraph (1), item (i) of the Administrative Procedure Act (or immediately if falling under paragraph (2) of the same article), the State may rescind the Operating Right pursuant to Article 29, paragraph (1) item (ii) of the PFI Act and the State and

Operating Right Holder shall delete the registration of Operating Right without delay. If the Agreement is expired pursuant to Article 71, paragraph 2, the State and Operating Right Holder shall delete the registration of the Operating Right without delay.

2. In the case of the preceding paragraph (only when the cancellation of the Agreement pursuant to Article 71, paragraph 2 is attributable to reasons of the State), the State shall compensate the Operating Right Holder for the amount stipulated for situation or computation formula in the below items. If the State deems that the Operating Right Holder incurred additional expenses or damages in excess of the amount computed in accordance with the computation formula, the State shall pay the excess amount, but any losses etc. that arose for reasons attributable to the Operating Right Holder or Building Facilities Operator shall be excluded.

(1) If the Agreements is terminated or cancelled on or after the date of payment of Consideration but before Airport Operating Business Commencement Date:

The entire amount of Consideration

(2) If the Agreement is terminated or cancelled on or after the Airport Operating Business Commencement Date:

The amount obtained by multiplying “the Consideration already paid” by the “number of months from the time of termination of the Agreement until Airport Operating Business Scheduled Expiration Date (or such extended date if the Extension Option or Agreed Extension stipulated in each item of Article 62, paragraph 2 is implemented, , hereinafter the same) (number of month less than a month shall be rounded up)” and divided by “the number of months from the Airport Operating Business Commencement Date on the basis that the Agreement was not terminated as of that time until the Airport Operating Business Scheduled Expiration Date (number of month less than a month shall be rounded up)” (in this case, the Operating Right Holder shall not be entitled to implement the Extension Option or Agreed Option after occurrence of any event of termination of the Agreement)

Section 5 Effect of Termination or Expiration (Termination or Expiration due to Force Majeure)

Article 81 (Waiver or Rescission of Operating Right - Termination due to Force Majeure)

1. If the Agreement is cancelled pursuant to Article 72, paragraph 1, the State and the Operating Right Holder shall delete the registration of the Operating Right without delay. If the Agreement is terminated pursuant to Article 72, paragraph 2, the State shall, based on its decision, cause the Operating Right Holder to waive the Operating Right or assign this for free to a third party designated by the State and Operating Right Holder shall comply with such instructions from the State.

2. The State, Operating Right Holder and Building Facilities Operator shall respectively assume the damages that arose from termination or expiration of the Agreement pursuant to Article 72. However, if the Airport is destroyed resulting in Total Loss due to Force Majeure, and the Agreement is cancelled pursuant to Article 72, paragraph 1, the State shall compensate for the loss in accordance with the provisions of

paragraph 2 of the preceding article (in which case the second sentence of paragraph 2 of the preceding article shall not apply).

Chapter 19 Intellectual Property Rights

Article 82 (Ownership of Copyright)

The State shall own the copyright etc. relating to the information, documents and drawings etc. provided from the State to the Operating Right Holder (excluding those in which the State does not have copyrights therein) during bidding procedures for the Project or pursuant to the Agreement.

Article 83 (Use etc. of the Copyright)

1. The State shall have the right and authority to use the Work Products free of charge and at its own discretion, and its right and authority to use shall survive the cancellation of the Agreement.

2. When an Operating Right for a third party designated by the State is to be newly established with respect to the Airport and when a third party designated by the State purchases the assets held by the Operating Right Holder or Building Facilities Operator, the third party designated by the State shall also have the right and authority to use in the preceding paragraph after expiration of the Agreement.

3. Among the Work Products and Project Facility, the ownership of the author's right under Chapter 2 and Chapter 3 of the Copyright Act (Act No. 48 of 1970) with respect to work under Article 2, paragraph (1), item (i) of the same act (in the following article, the "Author's Right") shall be handled in accordance with the provisions of the same act.

4. The Operating Right Holder shall, either by itself or through the Building Facilities Operator, arrange for the State (including any third party designated by the State under paragraph 2) to be able to use the Work Products and Project Facility in accordance with the below items and the Operating Right Holder shall not exercise nor allow the author (excluding the Operating Right Holder) to exercise the rights stipulated in Article 19, paragraph (1) or Article 20, paragraph (1) of the Copyright Act.

- (1) The State may make public or use for its public relation purposes, or cause a public institution admitted by the State to make public or use for public relation purposes the contents of all or part of the Work Products or Project Facility without indicating the name of the author;
- (2) The State may allow others to peruse or copy, and may assign thereto the Work Products;
- (3) The State or a third party entrusted by the State may reproduce, distribute, exhibit, modify, adapt or make other revisions to the Work Products to whatever extent necessary;
- (4) The State may represent the Project Facility with a photo, model, painting or by other methods; and
- (5) For the State to modify (i.e. alter, improve, repair or remodel) or tear down the

Project Facility after expiration of the Agreement.

5. The Operating Right Holder shall not engage in any of the acts in the below items nor cause or allow the Building Facilities Operator or the author to engage in these acts. However, this shall not apply if otherwise stipulated in the Agreement or if prior approval from the State is obtained.

- (1) Make the contents of the Work Products or Project Facility public;
- (2) Indicate the real name or assumed name of the author on the Project Facility; or
- (3) Allow others to peruse, copy or to assign thereto the Work Products.

Article 84 (Prohibition of Assignment of the Copyright)

The Operating Right Holder shall not assign or succeed the Author's Rights with respect to the Work Products and Project Facility to a third party, or cause or allow the Building Facilities Operator or the author to do so. However, this shall not apply if prior written approval is obtained from the State.

Article 85 (Prevention of Infringement of Copyright held by a Third Party)

1. The Operating Right Holder and Building Facilities Operator warrant to the State that the Work Products and Project Facility (only with respect to the section developed by the Operating Right Holder or Building Facilities Operator, hereinafter the same) shall not infringe any copyright held by a third party.

2. If the Work Products or Project Facility infringes the copyright held by a third party and it becomes necessary to compensate damages to that third party or take necessary measures, the Operating Right Holder shall bear such amount of damages or take necessary measures. The provisions of this paragraph shall survive expiration of the Agreement.

Article 86 (Infringement of the Intellectual Property Rights etc. of a Third Party)

1. In addition to the preceding article, the Operating Right Holder and Building Facilities Operator shall warrant to the State that they shall not infringe any patent right, utility model, design, trademark and other intellectual property right held by a third party (hereinafter collectively referred to as "IPRs etc." in this article) in performing the Agreement and that the use of the Work Products provided to the State by the Operating Right Holder and Building Facilities Operator does not infringe the IPRs etc. held by a third party.

2. If the Operating Right Holder and Building Facilities Operator infringe any IPRs etc. held by a third party in performing the Agreement or if the use of any Work Product provided to the State by the Operating Right Holder or Building Facilities Operator infringes any IPRs etc. held by a third party, the Operating Right Holder and Building Facilities Operator shall, regardless of whether or not there are any reasons attributable to the Operating Right Holder and Building Facilities Operator, indemnify and compensate the State or a third party designated by the State for all losses, damages and expenses suffered that are directly or indirectly attributable to the infringement, or take necessary measures instructed by the State or a third party designated by the State.

This shall not apply if the infringement by the Operating Right Holder and Building Facilities Operator is due to their adopting a particular method etc. that was designated by the State. The provisions of this paragraph shall survive expiration of the Agreement.

Article 87 (Intellectual Property Rights)

The Operating Right Holder or Building Facilities Operator shall assume all responsibility concerning their respective use of any technology that is subject to intellectual property rights, such as patent rights. However, if the Operating Right Holder and Building Facilities Operator were unaware of the intellectual property rights and the State designated the use of the technology, then the State shall bear the expenses incurred by the Operating Right Holder and Building Facilities Operator for the use of such technology etc.

Chapter 20 Miscellaneous Matters

Article 88 (Establishment of Committees)

1. If considered necessary, the State and Operating Right Holder may establish various committees to consult on the implementation of the Project.
2. The State and Operating Right Holder shall not refuse the request from the other party to establish committees without justifiable reasons.

Article 89 (Tax and Public Imposts)

Tax and public imposts arising in connection with the Agreement shall be borne entirely by the Operating Right Holder.

Article 90 (Confidential Obligations)

1. The State as one party and the Operating Right Holder and Building Facilities Operator as the other party shall not disclose to others information concerning the Agreement (including confidential information that it learned in the course of implementing the Project) unless prior approval is obtained from the other party.
2. Notwithstanding the preceding paragraph, the State as one party and the Operating Right Holder and Building Facilities Operator as the other party may disclose information concerning the Agreement only under the below circumstances. However, if the State instructs on the method for disclosure, such instructions shall be complied with.
 - (1) Disclosing information to a third party when that information is scheduled to be disclosed to the relevant third party;
 - (2) Disclosing information (i) to the employees etc. of the State, the Operating Right Holder or Building Facilities Operator (including the personnel of the State or directors or officers of the Operating Right Holder and Building Facilities Operator), and professionals, such as attorneys, certified public accountants and licensed tax accountants, of the State or Operating Right Holder and Building Facilities Operator who need to know the information or

- (ii) to the companies etc. which were agreed in advance with the State as the Parent Company, Subsidiary, Affiliate or other associated company of the Operating Right Holder, the employees of those companies, and professionals, such as attorneys, certified public accountants and licensed tax accountants, of such companies etc., who need to know the information where such disclosure is made on condition that they assume the same confidential obligations assumed by the State, Operating Right Holder and Building Facilities Operator;
- (3) Disclosing information to a particular third party who already knows the information without breaching the provisions of this article;
- (4) Disclosing to a third party information that is already in the public domain;
- (5) Disclosing information which disclosure is required under Acts or court order; or
- (6) Publicizing the executed version of the Agreement (including its exhibits) by the State.

3. The preceding two paragraphs shall effectively survive after full performance of the Agreement by the State as one party and the Operating Right Holder and Building Facilities Operator as the other party or expiration of the Agreement.

Article 91 (Consultation with a Financial Institution etc.)

If the State deems necessary, the State shall execute an agreement with the financial institution etc. which shall finance the Operating Right Holder or Building Facilities Operator concerning the Project. If the State executes such an agreement, the below matters shall be stipulated therein.

- (1) Matters concerning prior notice to be given to the financial institution etc. or consultation with the financial institution etc. in the event that the State intends to claim compensation of damages from the Operating Right Holder and Building Facilities Operator or when the State intends to cause the Agreement to terminate;
- (2) Matters concerning prior consultation between the State and the financial institution etc. in the event that all or part of the Voting Shares is assigned from the shareholder to a third party;
- (3) Matters concerning prior consultation between the State and the financial institution etc. when the financial institution etc. intends to give notice to the State when the financial institution etc. intends to accelerate the loan provided to the Operating Right Holder or Building Facilities Operator or when it intends to exercise security rights;
- (4) Matters concerning measures to be assumed by the State accompanying the termination of the Agreement; and
- (5) Matters (excluding the matters stipulated in item (2)) concerning prior consultation between the State and the financial institution etc. when the financial institution etc. intends to establish securities rights on the rights and assets held by the Operating Right Holder and Operating Right Holder's Subsidiary etc., or when it intends to exercise these security rights.

2. When the Operating Right Holder intends to execute an agreement with a financial institution etc. concerning establishment of security rights provided in Article 29,

paragraph 2, the obtaining of the approval stipulated in that paragraph shall be a condition for executing the agreement.

Article 92 (Prohibition on Concurrent Engagement in Other Business)

The Operating Right Holder and Operating Right Holder's Subsidiary etc. shall not engage in any business besides the business pertaining to the Project. However, this shall not apply if prior approval is obtained from the State.

Article 93 (Interest on Delayed Payment)

1. If the State, Operating Right Holder or Building Facilities Operator delays payment under the Agreement, each party shall respectively pay to the other party interest on delayed payment for the number of days during the period from the next day (including this day) from the day such amount payable was required to be paid (hereinafter referred to as the "Performance Date" in this article) until the day the payment was made (including this day). The State shall pay interest on delayed payment in such amount computed by multiplying the rate stipulated in the Rate of Interest on Delayed Payment towards Delay in Payment under Government Contracts (Public Notice No. 991 of the Ministry of Finance of 1949) as of the Performance Date. The Operating Right Holder and the Building Facilities Operator shall pay interest on delayed payment in such amount calculated by multiplying the rate stipulated in the Rate of Interest on Delayed Payment towards Government Claims (Public Notice No. 8 of the Ministry of Finance of 1957). The interest on delayed payment under these circumstances shall be computed on a per diem basis on the basis of 365 days in a year.

2. The State may offset its claims and obligations towards the Operating Right Holder and Building Facilities Operator that arise under the Agreement in equal amounts within the scope of the Acts.

Article 94 (Court of Jurisdiction)

The Tokyo District Court shall be designated as the exclusive court of first instance for all disputes arising in connection with the Agreement.

Article 95 (Miscellaneous Matters)

1. Any claim, notice, report, recommendation, approval and notice of expiration of the agreement, and termination stipulated in the Agreement must be made in writing to the other party. The State and Operating Right Holder shall separately notify each other of their address for such purposes.

2. The language to be used between the State and Operating Right Holder concerning performance of the Agreement shall be Japanese.

3. The currency to be used for payments stipulated in the Agreement shall be yen.

4. The units for calculation to be used between the State and Operating Right Holder in connection with performance of the Agreement shall be in accordance with the Measurement Act (Act No. 51 of 1992) unless specifically provided in the Agreement, Application Guidelines etc. or the Proposal Documents.

5. The provisions on periods concerning performance of the Agreement shall be in accordance with the stipulations of the Civil Code and the Companies Act unless specifically provided in the Agreement, Application Guidelines etc. or the Proposal Documents.

6. The Agreement shall be governed by the laws of Japan and shall be interpreted in accordance with the same.

7. The Agreement shall be prepared in Japanese language as the original. An English translation of this, if prepared, shall serve only as reference and the Agreement shall be interpreted in accordance with the Japanese agreement.

Article 96 (Consultation on Queries)

If it becomes necessary to stipulate any matters that are not provided in the Agreement or if there arise any queries concerning interpretation of the Agreement, the State and Operating Right Holder shall decide on these matters through consultation in good faith.

Exhibit 1 Terms

- (1) “Deficit” means when the cash flow from operating activities is a negative figure in the consolidated cash flow statement prepared by the Operating Right Holder pursuant to the provisions of Article 37, paragraph 1, item (6).
- (2) “Entrusting-Prohibited Businesses” means businesses that are prohibited by the law or Required Standards from being entrusted.
- (3) “Operating Right” means the Right to Operate Public Facility etc. defined in Article 2, paragraph (7) of the PFI Act established with respect to the Facilities Subject to Operating Right on the Operating Right Establishment Date.
- (4) “Operating Right Holder” means [] *kabushiki kaisha*.
- (5) “Operating Right Holder’s Subsidiary etc.” means the Building Facilities Operator, and a subsidiary or an affiliate of the Operating Right Holder that is incorporated with prior approval from the State pursuant to the provisions of Article 56, paragraph 1.
- (6) “Agreements for Succession to the Operating Right Holder” means the agreements indicated in paragraph 2 of **Exhibit 4-1**, as to be succeeded to the Operating Right Holder.
- (7) “Assets for Transfer to the Operating Right Holder” means the movables that are to be transferred to the Operating Right Holder in accordance with the procedures in paragraph 3 of **Exhibit 4-1**.
- (8) “Facilities Subject to Operating Rights” means collectively (i) Basic Airport Facilities etc., (ii) Airport Air Navigation Facilities, (iii) roads (excluding Kagawa prefectural road Route 45 Takamatsu Airport Line that passes through the underground of the Airport Site), (iv) Parking Facilities, (v) Airport Site and (vi) facilities attached to each of the foregoing facilities (civil engineering, constructions (including fire engine truck garage), machines, power facilities (including power stations) etc.) of Airport (including those in which the Replacement Investment (in Operating Right Facility) was made by the Operating Right Holder on the State pursuant to the Agreement), and as of the Airport Operating Business Commencement Date, this shall collectively mean the above facilities indicated in the List of Facilities Subject to Operating Rights (which shall be updated at the time of execution of the Agreement) in the Compilation of Related Materials and the above facilities owned by the State other than these as of the Airport Operating Business Commencement Date.
- (9) “Operating Right Establishment Date” means October [DD], 2017.
- (10) “Consideration” means the amount of JPY [] (exclusive of the amount of consumption tax and local consumption tax) to be paid by the Operating Right Holder to the State pursuant to the provisions of Article 22, paragraph 1.

- (11) “Parent Company” means the parent company stipulated in Article 2, item (iv) of the Companies Act.
- (12) “Companies Act” means the Companies Act (Act No. 86 of 2005).
- (13) “Ordinance for Enforcement of the Companies Act” means the Ordinance for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 12 of 2006).
- (14) “Rehabilitation (of Operating Right Facility)” means rehabilitation of Facilities Subject to Operating Rights (“Rehabilitation” has the same meaning as defined in the PFI Act. In this Project, this includes entire removal and redevelopment of all runways, or accompanying this, the entire removal and redevelopment of landing strips, taxiways, aprons, aerodrome lights, control device and power-supply facilities.).
- (15) “Shareholder’s Covenant Document” means the shareholder’s covenant documents prepared in accordance with the form prescribed in the Basic Agreement submitted by the Voting Shareholder to the State.
- (16) “Cargo Building Facilities” means the facilities for handling air cargo that are necessary to assure the functions of the Airport (Article 15, paragraph (1) of the Airport Act) which are indicated in the **Schedule** (including facilities that were expanded, replaced or newly constructed before the Airport Operating Business Commencement Date), which also include the same kind of facilities in which the Development (Non-Operating Right Facility) was made in accordance with the Agreement. As of the execution date of the Agreement, there exists no CIQ Facility in the Cargo Building Facilities.
- (17) “Cargo Building Facilities Business” means the business stipulated in the Required Standards Document to be implemented in connection with the Cargo Building Facilities.
- (18) “Environmental Measures Business” means the environmental measures business stipulated in the Required Standards Document.
- (19) “Affiliate” means the affiliate stipulated Article 2, paragraph (3), item (xx) of the Ordinance for Enforcement of the Companies Act.
- (20) “Compilation of Related Materials” means the documents that are specified as compilation of related materials among the Application Guidelines etc.
- (21) “Preparation etc. of Regulations” means collectively to prepare, disclose, and notify the Minister of Land, Infrastructure, Transport and Tourism of the airport service regulations (Article 8, paragraph (1) of Private Utilizing Airport Operation Act, Article 12 of the Airport Act), and to prepare and notify the Minister of Land, Infrastructure, Transport and Tourism of the airport security control regulations (Article 7, paragraph (2) of Private Utilizing Airport Operation Act, Article 47-2 of the Civil Aeronautics

Act).

(22) “Basic Agreement” means the Qualified Project Etc. for Takamatsu Airport Basic Agreement executed on August [DD], 2017 between the State and Preferred Negotiation Right Holder’s Member.

(23) “Permissions etc.” means permission, license, designation and other forms of administrative acts.

(24) “Emergency” means any situation (i) where the safe operation of the Airport by the Operating Right Holder could be considerably hindered, (ii) where the State’s security or the airport’s security is threatened, or (iii) where damage to life or property inside the Airport could be caused, or any situation similar to the foregoing (For the avoidance of doubt, any situation that applies to Force Majeure does not necessarily amount to an Emergency, and the State may judge whether an Emergency has occurred pursuant to Article 48, paragraph 4.).

(25) “Airport Operating Business” means collectively each business stipulated in each item of Article 26, paragraph 1.

(26) “Airport Operating Business Commencement Date” means the date on which the Operating Right Holder commences Airport Operating Business upon satisfaction of commencement conditions stipulated in Article 24.

(27) “Airport Operating Business Scheduled Commencement Date” means April 1, 2018 which is the scheduled commencement date of the Airport Operating Business designated by the State pursuant to Article 21, paragraph (1) of the PFI Act, or such other date as postponed in accordance with the provisions of the Agreement.

(28) “Airport Operating Business Period” means the period from the Airport Operating Business Commencement Date until Airport Operating Business Expiration Date.

(29) “Airport Operating Business Expiration Date” means the date of expiration of the Airport Operating Business Period determined pursuant to the provisions of Article 62 (if extended pursuant to the provisions of each item of paragraph 2 of the same article, then the date of expiration after such extension).

(30) “Airport Operating etc. Business” means collectively Basic Airport Facilities Business and Administration of Airport Site etc.

(31) “Ordinance on Airport Administration” means the Ordinance on Airport Administration (Ordinance of the Ministry of Transport No. 44 of 1952).

(32) “Designation as Airport Function Facility Operator” means designation as being engaged in airport function facility business defined pursuant to the provisions of Article 15, paragraph (1) of the Airport Act.

(33) “Basic Airport Facilities” means the runways, landing strip, taxiways, and apron of the Airport (including those facilities in which the Replacement Investment (in Operating Right Facility) was made by the State or the Operating Right Holder pursuant to the Agreement).

(34) “Basic Airport Facilities etc.” means collectively the Basic Airport Facilities and incidental facilities (including those facilities in which Replacement Investment (in Operating Right Facility) was made by the State or the Operating Right Holder pursuant to the Agreement).

(35) “Basic Airport Facilities Business” means collectively the businesses of Maintenance of Basic Airport Facilities etc., Operation of Basic Airport Facilities etc., to set and notify the Minister of Land, Infrastructure, Transport and Tourism on the Landing Fees etc. (Article 8, paragraph (2) of the Private Utilizing Airport Operation Act and Article 13 of the Airport Act) and to receive these fees.

(36) “Maintenance of Basic Airport Facilities etc.” means collectively the businesses stipulated in the Required Standard Document as the businesses to maintain (to repair, renew, improve and maintain etc.) the runways, landing strips, taxiways, and apron etc., maintain (to repair, renew, improve, and maintain etc.) the roads within the premises, water and sewer facilities, and rainwater drainage facilities etc., and to maintain (to repair, renew, improve, and maintain etc.) the building structure and incidental facilities.

(37) “Operation of Basic Airport Facilities etc.” means collectively the businesses stipulated in the Required Standard Document as the businesses to operate runways, landing strip, taxiways, and apron, etc., to operate roads within the premises, water and sewage facilities, and rainwater drainage facilities, etc., to conduct snow and ice research, to remove snow from runways, landing strips, taxiways, and apron, etc., to administer and inspect the surface of the aerodromes (administer spots, inspect runways, etc.), to ensure safety within the restricted zone, to administer obstacles (administer the restricted surface, monitor new developments in areas surrounding the airport), security of the airport (including walk-around checks and monitoring by devices), ridding of birds and animals, firefighting in the Airport, and rescue in the Airport.

(38) “Airport Air Navigation Facilities” means collectively the aeronautical light facilities of the Airport, and their incidental power facilities and machines (including those facilities in which Replacement Investment (in Operating Right Facility) was made by the State or the Operating Right Holder pursuant to the Agreement).

(39) “Airport Air Navigation Facilities Operating Business” means collectively the business of Maintenance of Airport Air Navigation Facilities, Operation of Airport Air Navigation Facilities, to set and notify the Minister of Land, Infrastructure, Transport and Tourism on the Air Navigation Facility Usage Fee, and to receive this fee (Article 7, paragraph (3) of the Private Utilizing Airport Operation Act).

- (40) “Airport Air Navigation Facility Usage Fee” means the airport navigation facility service fee defined in Article 54, paragraph (1) of the Civil Aeronautics Act stipulated in Article 6 of the Private Utilizing Airport Operation Act).
- (41) “Maintenance of Airport Air Navigation Facilities” means the business stipulated in the Required Standard Document as the business to repair, renew, improve and maintain, etc. the Airport Air Navigation Facilities.
- (42) “Operation of Airport Air Navigation Facilities” means the business stipulated in the Required Standard Document as the business to operate the Airport Air Navigation Facilities.
- (43) “Airport Act” means the Airport Act (Act No. 80 of 1956).
- (44) “Airport Site” means the airport site of the Airport for which public notice was given pursuant to Article 46 of the Civil Aeronautics Act which applies mutatis mutandis in Article 55-2, paragraph (3) of the same act.
- (45) “Airport Site etc.” means the Airport Site and attached buildings and constructions.
- (46) “Administration of Airport Site etc.” means the business stipulated in the Required Standard Document as the business of administering the Airport Site etc.
- (47) “State” means the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and the Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.
- (48) “State Personnel” means the personnel of the Ministry of Land, Infrastructure, Transport and Tourism.
- (49) “Prefecture Parking Facilities” means collectively the parking space for airport users of the Airport, and the facilities incidental to the parking space, neighboring the Airport Site and operated by the Kagawa Prefecture as of the date of execution of the Agreement.
- (50) “Air Carriers” means an operator of air transport services as defined in Article 2, paragraph (18) of the Civil Aeronautics Act or its parent company or their subsidiaries.
- (51) “Aircraft Fueling Service” means the businesses to sell aircraft fuel and automobile fuel, to provide fueling service, and to sell petroleum products.
- (52) “Noise Prevention Act” means the Act on Prevention etc. of Damage Arising From the Noise of Aircrafts in Areas Surrounding Public Aerodrome (Act No. 110 of 1967).

(53) “Civil Aeronautics Act” means the Civil Aeronautics Act (Act No. 231 of 1952).

(54) “Civil Aeronautics Act Enforcement Rules” means the Civil Aeronautics Act Enforcement Rules (Ordinance of the Ministry of Transport No. 56 of 1952).

(55) “Replacement Investment (in Operating Right Facility)” means the investments (including partial elimination of a facility) for the maintenance of the Facilities Subject to Operating Rights (“Maintenance” has the same meaning as in the PFI Act, and with regard to the Project, this includes restoring to the original state the specific broken areas of the runways, taxiways and aprons, partial repair of aeronautical lights, extension of runways, extension of taxiways, and increase of aprons of the Airport.).

(56) “Subsidiary” means the subsidiary stipulated in Article 2, item (iii) of the Companies Act.

(57) “National Property Free Lease Agreement” means the agreement in the form indicated in **Exhibit 7** to be executed between the State and the Operating Right Holder for the lease of the Airport Site etc.

(58) “CIQ Facility” means the facility that needs to be used at the Airport to levy and collect customs duty pursuant to the Customs Act (Act No. 61 of 1954) and other customs duty laws, to impose controls on imported cargo, aircrafts and passengers, to quarantine pursuant to the provisions of the Quarantine Act (Act No. 201 of 1951), to conduct immigration operations pursuant to the provisions of the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951), and to quarantine pursuant to the provisions of the Plant Protection Act (Act No. 151 of 1950), Rabies Prevention Act (Act No. 247 of 1950) and Act on Domestic Animal Infectious Diseases Control (Act No 166 of 1951).

(59) “Project Period” means collectively the Airport Operating Business Period and Building Facilities Business Period.

(60) “Business Continuity Plan” means the plan to maintain the business prepared by the Operating Right Holder and approved by the State pursuant to the provisions of Article 54.

(61) “Business Continuity Measures” means the measures to restore the Facilities Subject to Operating Rights at the expense of the State pursuant to the provisions of the Airport Act to cause the Operating Right Holder to continue the business when the State deems it necessary in accordance with Article 46, paragraph 2.

(62) “Fiscal Year” means the period of one year commencing from [MM/DD] of each calendar year and ending on [MM/DD] of the following year (for the year in which the Agreement was executed, such period shall be from the execution date of the Agreement until [MM/DD] arriving immediately thereafter) designated as the same fiscal year for the Operating Right Holder and Operating Right Holder’s Subsidiary etc.

(63) “Material Change (of an Operating Right Facility)” means any change that falls into any of the following items with respect to the Facilities Subject to Operating Rights:

- (i) A change that falls into to a “change of length, width or intensity of the runway or the landing strip” stipulated in Article 85, item (i) (c) of the Civil Aeronautics Act Enforcement Rules;
- (ii) A change that falls into a “change of the width or intensity of the taxiway” stipulated in Article 85, item (i) (d) of the Civil Aeronautics Act Enforcement Rules;
- (iii) A change that falls into an “expansion or change of intensity of the apron” stipulated in Article 85, item (i) (e) of the Civil Aeronautics Act Enforcement Rules or downsizing of the apron (“expansion of apron” herein includes provision of additional apron);
- (iv) A change with respect to aeronautical light that falls into to the “change of the light’s intensity, brightness or the scope of gleam” stipulated in Article 120, item (i) of the Civil Aeronautics Act Enforcement Rules;
- (v) A change with respect to aeronautical light that falls into the “change of the position and combination of the aeronautical light” stipulated in Article 120, item (ii) of the Civil Aeronautics Act Enforcement Rules;
- (vi) A change with respect to aeronautical light that falls into the “change of the structure or circuit of the control device, or the current circuit (only those changes that affect the light’s intensity, brightness or other optical features of the aeronautical light)” stipulated in Article 120, item (iii) of the Civil Aeronautics Act Enforcement Rules; or
- (vii) A change with respect to aeronautical light that falls into “providing additional or providing additional power supply” for the “control device” stipulated in Article 120, item (iii) of the Civil Aeronautics Act Enforcement Rules.

(64) “New Investment (in Operating Right Facility)” means the construction of Facilities Subject to Operating Rights (“Construction” has the same meaning as in the PFI Act, and with regard to the Project, this means new construction of a runway for the Airport, and incidental new construction and installation of landing strip, taxiway, apron, aerodrome lights, control device and power-supply facilities.).

(65) “Work Products” means collectively all plans, reports and drawings, and all documents, drawings, pictures, and visuals submitted by the Operating Right Holder or Building Facilities Operator to the State pursuant to the Agreement or by request from the State.

(66) “Development (Non-Operating Right Facility)” means collectively to undertake “construction”, “rehabilitation”, and “maintenance” (all terms respectively have the same meaning as in the PFI Act) of a Non-Operating Right Facility.

(67) “Other Incidental Business” means collectively other incidental business stipulated in the Required Standards Document.

(68) “Landing Fees etc.” means the Landing Fees etc. as defined in Article 13, paragraph 1 of the Airport Act stipulated in Article 2, paragraph (5), item (i) of the Private Utilizing Airport Operation Act.

(69) “Parking Facilities” means the parking space for airport users and employees of the Airport, and the facilities incidental to the Parking Facilities within the Airport Site (including those facilities in which Replacement Investment (in Operating Right Facility) was made by the State or the Operating Right Holder pursuant to the Agreement).

(70) “Proposal Documents” means the first screening documents submitted on December [DD], 2016 and the second screening documents submitted on June [DD], 2017 by the Preferred Negotiation Right Holder, and the full set of other proposal documents relating to the implementation of the Project (including written responses to the items for confirmation with respect to the first screening documents and second screening documents and other responses from the Preferred Negotiation Right Holder to matters for confirmation inquired by the State to the Preferred Negotiation Right Holder’s Members with respect to the full set of other Proposal Documents (including written responses (including those submitted to the State))).

(71) “Particular Change of Acts” shall mean the following changes of Acts made by the State of Japan that adversely affects the Operating Right Holder: (i) a change of Acts that applies only to the Operating Right Holder and Building Facilities Operator and does not apply to others; (ii) a change of Acts that applies only to the holder of the Right to Operate Public Facility etc. pursuant to Private Utilizing Airport Operation Act and does not apply to others, or (iii) a change of Acts that applies only to the Airport and does not apply to other airports in Japan. However, the designation of the Airport as a specified aerodrome stipulated in Article 2 of the Noise Prevention Act does not fall into the Particular Change of Acts, and in such case, the provisions of Article 45, paragraph 1 main text shall apply.

(72) “Voluntary Business” means collectively the operation which complies with the Agreement and relevant Acts, does not hinder the airport functions, does not apply to Amusement Business or similar business or an office of an Organized Crime Group, and is not offensive to public order and morals.

(73) “Non-Operating Right Facility” means (i) Passenger Building Facilities, (ii) Cargo Building Facilities, and (iii) other facilities owned by the Operating Right Holder or the Building Facilities Operator, excluding the Facilities Subject to Operating Rights.

- (74) “PFI Act” means the Act on Promotion of Private Finance Initiative (Act No. 117 of 1999).
- (75) “Building Facilities” means collectively the Passenger Building Facilities and Cargo Building Facilities.
- (76) “Building Facilities Operator” means Takamatsu Airport Building Co., Ltd.
- (77) “Building Facilities Operator Shares” means the shares issued by the Building Facilities Operator.
- (78) “Building Facilities Operator Share Acquisition Option Agreement” means, individually and collectively, each of the share acquisition option agreements for the Building Facilities Operator Shares respectively executed as of July 7, 2016 by the State with each Building Facilities Operator Shareholder.
- (79) “Building Facilities Operator Shareholders” means the shareholders of the Building Facilities Operator (including the Local Governments Relevant to the Airport).
- (80) “Building Facilities Business” means collectively the Passenger Building Facilities Business, Cargo Building Facilities Business, Aircraft Fueling Service and Voluntary Business (excluding those included in the Passenger Building Facilities Business and Cargo Building Facilities Business).
- (81) “Building Facilities Business Commencement Date” means the date on which all the conditions for commencement stipulated in Article 10, paragraph 2 are satisfied.
- (82) “Building Facilities Business Scheduled Commencement Date” means December [DD], 2017 or such other date as postponed pursuant to the provisions of the Agreement.
- (83) “Building Facilities Business Period” means the period from the Building Facilities Business Commencement Date until the Building Facilities Business Expiration Date.
- (84) “Amusement Business Act” means the Act on Control and Improvement of Amusement Business etc. (Act No. 122 of 1948).
- (85) “Amusement Business” means any business that falls under each item of Article 2, paragraph (1) and paragraph (5) of the same article of the Amusement Business Act.
- (86) “Force Majeure” means any of the following events that directly and adversely affects the performance of obligations under the Agreement (only those which exceed the standard, if any, agreed between the State and the Operating Right Holder), which is not attributable to either the State or the Operating Right Holder, which cannot be

foreseen, or although could be foreseen either by the State or the Operating Right Holder, cannot be reasonably expected for any measures to be assumed to prevent loss, damage or interruptions therefrom.

- (i) Abnormal weather (storm, lightning, intense rainfall, strong wind, hurricane, typhoon, cyclone, abnormal heat wave, or abnormal cold weather, the intensity of which exceed those that ordinarily or periodically occur at the Airport or surrounding areas);
- (ii) Natural disaster (flood, tidal wave, land slide, rock falling, earthquake, fire, tsunami or other natural disasters that are unavoidable or unforeseeable and that would cause material and unavoidable damage to the Airport);
- (iii) Civil war or hostilities (riot, unrest, uprising, acts of terrorism or acts of war including use of the Airport by the State in these cases); and
- (iv) Epidemic (which is subject to mandatory isolation).

(87) “Total Loss due to Force Majeure” means, with respect to the Airport, where the Basic Airport Facilities etc. and Airport Air Navigation Facilities are physically damaged due to Force Majeure where it is economically unreasonable and physically impossible, or considerably difficult to recover the functions of an airport within a certain period of time such that it is clear that the expenses to restore all such damaged facilities that are necessary to recover the functions of an airport are higher than the expenses to newly reconstruct such facilities.

(88) “Goods Transfer Agreement” means the agreement in the form prescribed in **Exhibit 4-2** to be executed between the State and Operating Right Holder concerning the transfer of the Assets for Transfer to the Operating Right Holder pursuant to the provisions of Article 15, paragraph 1.

(89) “Organized Crime Group” means a group that comprises of members of an organized crime group stipulated in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) in which the members of such group (including members of groups that comprise such group) are likely to encourage collective or regular engagement in violent unjust acts.

(90) “Organized Crime Group Member etc. and their Affiliates” means a person who falls into any of the below items.

- (i) Organized Crime Group Member etc.
 - (a) Organized crime group;
 - (b) A member of an organized crime group (a member comprising an organized crime group; hereinafter the same);
 - (c) A former member of an organized crime group whose disengagement with such organized crime group is within five years;

- (d) Quasi-member of an organized crime group (*bouryoku-dan-jun-kousei-in*) (a person who is affiliated with an organized crime group and is not a member of an organized crime group and is likely to engage in violent unjust acts with the force of an organized crime group; or one who cooperates with or is involved with maintaining or operating an organized crime group, such as by providing funds, weapons and such to an organized crime group or a member of an organized crime group; hereinafter the same);
 - (e) Company associated with an organized crime group (*bouryoku-dan-kankei-kigyou*) (a company where a member of an organized crime group is substantially involved in the management thereof, a company managed by a quasi-member of an organized crime group or a former member of an organized crime group who is actively involved in maintaining or operating an organized crime group such as by providing funds, or a company which supports the maintenance or operations of an organized crime group by actively using an organized crime group for carrying out its business);
 - (f) Corporate racketeer (*soukaiya-tou*) (a person who is likely to engage in violent unjust acts against a company for the sake of unfair profit and threaten the safety of civilian life, such as corporate racketeers or corporate extortionist (*kaisha-goro*));
 - (g) Public racketeer (*shakai-undou-tou-hyoubou-goro*) (a person who is likely to engage in violent unjust acts for the sake of unfair profit and threaten the safety of civilian life by pretending to engage in or professing social or political activities);
 - (h) Special intelligence violent group (*tokushu-chinou-bouryoku-shudan-tou*) (a group or a person other than those listed in the above items (a) through (g) who is at the center of a structured fraud by using forces in connection with affiliation with an organized crime group or having financial relationships with an organized crime group); or
 - (i) any person similar in nature to any of the above items (a) through (h).
- (ii) Other associated parties
- (a) A person who or a company which is deemed to be associated with any person or company falling into any of (i)(a) through (i) (hereinafter collectively referred to as “Organized Crime Group Member etc.”) due to its management suspected of being controlled by the same;
 - (b) A person who or a company which is deemed to be associated with an Organized Crime Group Member etc. due to the same suspected of being substantially involved in its management;
 - (c) A person who or a company which is deemed to be associated with an Organized Crime Group Member etc. for being suspected of unduly using the same for the purpose of gaining undue profit for his/herself, his/her company or a third party, or to cause damage to a third party;

- (d) A person who or a company which is deemed to be associated with an Organized Crime Group Member etc. for being suspected of providing funds or favors to the same; or
- (e) (A company which has) an officer or a person substantially involved in management is deemed to have socially condemned relationships with an Organized Crime Group Member etc.

(91) “Acts” means a treaty, statute, cabinet order, ministerial ordinance, municipal ordinance, and rules, and an order, administrative guidance and guidelines, court judgment, court decision, court order and arbitration awards based on the foregoing, and, other regulations, decisions and measures of public authorities (including but not limited to the standards of International Civil Aviation Organization (ICAO)).

(92) “Application Guidelines” means the Application Guidelines for the Qualified Project Etc. for Takamatsu Airport Operation published by the State on September 6, 2016.

(93) “Application Guidelines etc.” means the Application Guidelines and its attachments and supplementary materials (excluding the compilation of referential materials) (if any amendments were made thereto, those reflecting such amendments), as well as questions and responses, and other documents in relation thereto issued by the State (excluding the Basic Agreement (draft), Project Agreement (draft) and Required Standards Document (draft)), which are published on the website of the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, disclosed via a virtual data room or published by other appropriate methods.

(94) “Non-Voting Shares” means the shares issued by the Operating Right Holder of a kind which have no voting rights to vote on any items for resolution at the shareholders’ meeting of the Operating Right Holder (Article 108, paragraph (1), item (iii) of the Companies Act).

(95) “Non-Voting Shareholders” means the shareholders of the Non-Voting Shares.

(96) “Voting Shares” means the shares issued by the Operating Right Holder which are common shares with voting rights to vote on all items of resolutions at the shareholders’ meeting of the Operating Right Holder.

(97) “Voting Shareholders” means the shareholders of the Voting Shares.

(98) “Airport” means the Takamatsu Airport specified in Article 4, paragraph (1), item (vi) of the Airport Act and Article 1, paragraph (2) of the Order for Enforcement of the Airport Act (Cabinet Order No. 232 of July 10, 1956).

(99) “Local Governments Relevant to the Airport” means, individually or collectively, Kagawa Prefecture and Takamatsu City.

(100) “Capital Contribution and Personnel Dispatch Agreement” means the

agreement which will be executed (or is already executed) between the Preferred Negotiation Right Holder's Members and the Local Governments Relevant to the Airport concerning the capital contribution and the personnel dispatch to the Operating Right Holder by and from the Local Governments Relevant to the Airport in accordance with the contents stipulated in Exhibit 1 of the Basic Agreement pursuant to Article 4, paragraph 1 of the Basic Agreement.

(101) "Project" means collectively each business stipulated in Article 2, paragraph 1 as a project to be implemented at the Airport in accordance with the Required Standards Document pursuant to the Agreement as the Qualified Project for National Airport Operation.

(102) "Project Facility" means the Facilities Subject Operating Rights and Non-Operating Right Facility.

(103) "Single Year Project Plan" means the facilities investment plan for the Project Facility for each fiscal year from on and after the Airport Operating Business Commencement Date, the revenue and expenditure plan reflecting this facilities investment plan to be prepared in accordance with the provisions of Article 33, and other plans designated by the State.

(104) "Mid-term Project Plan" means the facilities investment plan for the Project Facility for each of the five fiscal years from and after the Airport Operating Business Commencement Date, the revenue and expenditure plan for such five years reflecting this facilities investment plan to be prepared in accordance with the provisions of Article 32, and other plans designated by the State.

(105) "Master Plan" means the project plan concerning the entire Project to be prepared by the Operating Right Holder in accordance with Article 31, paragraph 1 and submitted to the State.

(106) "Private Utilizing Airport Operation Act" means the Act on Operation of National Airports Utilizing Skills of the Private Sector (Act No. 67 of 2013).

(107) "Civil Code" means the Civil Code (Act No. 89 of 1896).

(108) "Preferred Negotiation Right Holder" means [] which was selected as who shall incorporate the Operating Right Holder through the Operating Right Holder selection procedures by the State.

(109) "Preferred Negotiation Right Holder's Members" means [] and []⁸ which are the entities which comprise the Preferred Negotiation Right Holder.

(110) "Required Standards" means the standards that shall be met by the Operating

⁸ Such entity(s) is subject to change in accordance with the composition of the Preferred Negotiation Right Holders that are actually selected.

Right Holder in implementing the Project which are stipulated pursuant to the Agreement, Application Guidelines etc., Required Standards Document and Proposal Documents.

(111) “Required Standards Document” means the Required Standards Document for the Qualified Project Etc. for Takamatsu Airport Operation (if additions or changes are made to the Required Standards Document, then these additions or changes shall be included).

(112) “Usage Fees” means various charges for using the Airport indicated in Article 43.

(113) “Passenger (Service) Facility Charge” means the passenger (service) facility charge stipulated in Article 16, paragraph (1) of the Airport Act charged by the Building Facilities Operator in connection with the Passenger Building Facilities Business.

(114) “Passenger Building Facilities” means collectively the (i) passenger service facility that is necessary to secure the functions of the Airport (Article 15, paragraph (1) of the Airport Act) and (ii) offices and shops, and facilities similar to these, resting facilities, pick-up facilities, observation facilities, and facilities for tours, etc. (including those that were expanded, renewed or newly constructed by the Airport Operating Business Commencement Date) indicated in the Schedule and similar facilities which shall also include those developed (Non-Operating Right Facility) pursuant to the Agreement.

(115) “Passenger Building Facilities Business” means the business stipulated in the Required Standards Document as the business to be implemented in connection with the Passenger Building Facilities.

Exhibit 2 Permissions etc. Maintained by the State⁹

Counterparty	Type of Permissions etc.	Location	Object	Purpose of Use
Ayagawa Town	Permission to occupy roads	375-1, Aza-Ishihara, Higashibun, Ayagawa-cho, Ayauta-gun, Kagawa	Land - 32.99 m ²	Site for obstruction lights located outside of the Airport Site
	Permission to occupy roads	Ooaza-Senbiki, Ayagawa-cho, Ayauta-gun, Kagawa	Land - 302.88 m ²	SALS underground conduit lines
Kagawa Prefecture, Chusan Civil Engineering Office	Consent to occupy roads	2-2-1 to 213-2, Aza-Jyokouike, Ooaza-Senbiki, Ayagawa-cho, Ayauta-gun, Kagawa	Underground conduit lines - 145.2 m ² 2 Manholes	SALS underground conduit lines
Kagawa Prefecture, Takamatsu Civil Engineering Office	Occupation over roads by the approach light bridge	Takamatsu-shi, Kagawa (National Road Route No. 193)	Land - 279.4 m ²	Occupation over National Road Route No. 193 by the approach light bridge
	Occupation over roads by the approach light bridge	Takamatsu-shi, Kagawa (Shionoe Kagawa Takamatsu Bicycle Road Route)	Land - 47.8 m ²	Occupation over Shionoe Kagawa Takamatsu Bicycle Road Route by the approach light bridge
	Occupation under National Road Route No. 193 by supporting anchors for the foundation of the approach light bridge	1945-36 Jisaki, Aza-Ayutakishimo, Yasuharashimo, Kagawa-cho, Takamatsu-shi, Kagawa	4 PC steel stranded wires	Occupation under National Road Route No. 193 by supporting anchors

⁹ This exhibit lists the Permissions etc. which are expected to be maintained by the State as of the time of publication of the Application Guidelines. The State will update the above list to reflect the new acquisition, expiration or change of Permissions etc. made by the State by the Airport Operating Business Commencement Date. If the State has updated the list, the State will promptly disclose the updated list in the course of screening procedures.

Counterparty	Type of Permissions etc.	Location	Object	Purpose of Use
	Occupation over the river by the approach light bridge	68-1 Aza-Ayutakishimo to 271-1 Aza-Takami, Ooaza-Yasuharashimo, Takamatsu-shi, Kagawa	Land - 225.92 m ²	Occupation over Koto River by the approach light bridge
	Occupation of erosion control facilities	Aza-Numatani, Ooaza-Yusa, Konan-cho, Kagawa	Land - 1,624.52 m ²	Occupation of the embankment by the Takamatsu Airport
Takamatsu City	Occupation of non-statutory properties	44 Aza-Ayutakishimo, Ooaza-Yasuharashimo, Takamatsu-shi, Kagawa, and other locations	Land - 477.74 m ²	Occupation over reservoirs, farm roads and water courses by the approach light bridge

Exhibit 3 Form of Covenant Document

Covenant Document

[MM/DD/YYYY]

To: The Director General of the Civil Aviation Bureau
of the Ministry of Land, Infrastructure, Transport and Tourism
[Mr. /Ms. Name of Director]

(Operating Right Holder)

Address:

Name:

Representative Director [Seal]

(Building Facilities Operator)

Address:

Name:

Representative Director [Seal]

[*Operating Right Holder*] (“Operating Right Holder”) and [*Building Facilities Operator*] (“Building Facilities Operator”) (the Operating Right Holder and Building Facilities Operator shall collectively be referred to as the “Companies”) shall, as of the date stated above, jointly and severally covenant, and represent and warrant to the State the below matters. Unless otherwise expressly defined, the terms used in this covenant document (“this Covenant Document”) shall have the meanings defined in the Qualified Project for Takamatsu Airport Operation Agreement to Implement Right to Operate Public Facility, etc. (the “Project Agreement”) executed between the State and the Operating Right Holder.

1. The Building Facilities Operator shall directly perform the matters that it is responsible to implement under the Project Agreement.
2. The Building Facilities Operator shall assume joint and several liability with the Operating Right Holder to perform the obligations that are stated in the Project Agreement as obligations of the Operating Right Holder (The Building Facilities Operator is excluded from having to directly perform the obligations that only the Operating Right Holder can statutorily perform).
3. The Operating Right Holder shall acknowledge that its obligations set forth in the Project Agreement shall not be reduced or exempted from the Project Agreement regardless of the preceding two items.
4. The matters concerning this Covenant document shall not be disclosed to a third

party and no information in this Covenant Document shall be used for purposes other than the purpose of this Covenant Document without the consent from the State, excluding disclosures made in accordance with the court orders, or made by the Companies as necessary to procure funds for the Project or (i) to the employees, etc. (including officers) of the Companies, and professionals, such as attorneys, certified public accountants, licensed tax accountants, of the Companies who need to know the information or (ii) to companies, etc. which were agreed in advance with the State as the Parent Company, Subsidiary, Affiliate or other associated company of the Operating Right Holder, the employees of those companies, and professionals, such as attorneys, certified public accountants, licensed tax accountants, of those companies who need to know the information where such disclosure is made on condition that they assume the same confidential obligations assumed by the Companies.

5. This Covenant Document shall be governed by and construed in accordance with the laws of Japan and the Tokyo District Court shall be the exclusive court of jurisdiction in the first instance concerning all litigations arising in connection with this Covenant Document.

Exhibit 4-1 The Subjects for and the Manner of Succession of the Airport Operating Business¹⁰

1. Facilities Subject to Operating Rights

Operating Right shall be established on the Facilities Subject to Operating Rights and these facilities shall then be transferred to the Operating Right Holder.

2. Agreements for Succession to the Operating Right Holder

The written agreements indicated in “1. Agreements for Succession to the Operating Right Holder” in “1. Pacts, memorandums, and arrangements” in the List of Permissions and Agreements concerning the Qualified Project etc. for Takamatsu Airport Operation included in the Compilation of Related Materials shall be succeeded in accordance with the manner indicated in the Handling Policy column of the same list (This list shows the written agreements as of the execution date of the Project Agreement. The State will update this list by the Airport Operating Business Commencement Date due to new executions terminations or amendments of the written agreements. The State will newly execute, terminate or amend the written agreements by the Airport Operating Business Commencement Date only to the extent reasonably necessary to implement the Project. If the State intends to newly execute, terminate or amend the contents of those written agreements, the State shall notify and explain to the Operating Right Holder in advance and if this list is updated as a result of such new execution, termination or change of contents of those written agreements, the State shall promptly notify the Operating Right Holder.).

3. The Assets for Transfer to the Operating Right Holder

To transfer the Assets for Transfer to the Operating Right Holder, the State shall present a scheduled price produced pursuant to the provisions of Article 79 of the Order of Budget Settlement and Accounting (Imperial Ordinance No. 165 of 1947) on or after the date of execution of the Project Agreement, and the Operating Right Holder shall submit a quote in response to such scheduled price. If the Operating Right Holder submits a valid quote of an amount equal to or above the scheduled price, the State and the Operating Right Holder shall execute a Goods Transfer Agreement concerning the Assets for Transfer to the Operating Right Holder, the Operating Right Holder shall pay consideration for these assets in a lump sum by the date designated by the State in accordance with such an agreement, and the Operating Right Holder shall acquire these assets.

The Goods Transfer Agreement shall include the Assets for Transfer to the Operating Right Holder that are owned by the parking facility operator as of the execution date of the Project Agreement. The State shall receive transfer of such assets from that parking facility operator on the Airport Operating Business Commencement Date, and then transfer these assets to the Operating Right Holder.

¹⁰ The description in this exhibit is based on the schedule as of the time of publication of the Application Guidelines etc. and therefore, it is subject to change.

The State shall present to the Operating Right Holder the list of the Assets for Transfer to the Operating Right Holder before commencement of the procedures for the transfer.

4. The Permissions etc.

The Permissions etc. indicated in “2. Permissions etc. (received), (1) Those to be succeeded to the Operating Right Holder” in the List of Permissions and Agreements concerning the Qualified Project etc. for Takamatsu Airport Operation included in the Compilation of Related Materials shall be succeeded in accordance with the contents indicated in the Handling Policy column of the same list (This list shows the Permissions etc. as of the execution date of the Project Agreement. The State will update this list by the Airport Operation Business Commencement Date due to new acquisitions, expirations or changes of the contents of the Permissions etc. by the Airport Operation Business Commencement Date. The State will newly acquire, expire or change the contents of the Permissions etc. by the Airport Operation Business Commencement Date, only to the extent reasonably necessary to implement the Project. If the State intends to newly acquire, cease or change the contents of those Permissions etc., the State shall notify and explain to the Operating Right Holder in advance and if this list is updated as a result of such new acquisition, cessation or change of contents of those Permissions etc., the State shall promptly notify the Operating Right Holder.).

Exhibit 4-2 Goods Transfer Agreement (draft)

Subject: Transfer of [Name of Goods for Transfer] (the “Goods”) with respect to the Qualified Project etc. for Takamatsu Airport Operation

Name/Standards/Quantity of Goods: As per attached

Place of Delivery: Within the Takamatsu Airport Site

Goods that are located outside of the Takamatsu Airport Site at the time of delivery shall be delivered at the place where the Goods are located.

Price of Goods: JPY []

(including an amount equivalent to consumption tax and local consumption tax of JPY [])

Contract Guarantee: Exempted

In order to transfer the Goods above for the purpose of implementing the Qualified Project etc. for Takamatsu Airport Operation, the Director of the Osaka Regional Civil Aviation Bureau as the contracting official (“Transferor”) and [] as the Operating Right Holder (“Transferee”) shall execute the Goods Transfer Agreement (“this Agreement” including the premises) on a fair and equitable basis in accordance with the following provisions pursuant to Article 15, paragraph 1 of the Qualified Project for Takamatsu Airport Operation Agreement to Implement Right to Operate Public Facility etc. dated October, [DD], 2017 (the “Project Agreement”). The Transferor and the Transferee shall perform this Agreement in good faith and with sincerity. Unless otherwise defined in this Agreement, capitalized terms in this Agreement shall have the same meanings as defined in the Project Agreement.

Article 1. (General Provisions)

1. The Transferor and Transferee shall perform this Agreement in accordance with the provisions herein and in compliance with the laws of Japan.
2. This Agreement shall prevail over the Project Agreement in case of any inconsistencies between the Project Agreement and this Agreement.

Article 2. (Establishment of this Agreement)

This Agreement shall be established after it is duly signed and sealed by the authorized representatives of the Transferor and Transferee.

Article 3. (Assignment of Rights and Obligations)

The Transferee may not assign or succeed the rights and obligations arising from this Agreement to a third party, or offer them as security. However, this shall not apply if the Transferee obtains prior consent from the Transferor.

Article 4. (Payment of the Price of Goods)

1. The Transferee shall pay the price of Goods to the Transferor by the date stipulated

in the notice of payment issued by the Director General of the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism acting as the government revenue collector.

2. If the Transferee does not pay the price of Goods by the due date stipulated in the preceding paragraph, the Transferee shall pay interest on the delayed payment at a rate of 5.00% per annum for the number of days from the day immediately after the due date until the date the payment is made. However, an interest that is in the amount of less than JPY 100 shall not be payable.
3. If a payment is delayed due to a natural disaster or natural calamity or other events of Force Majeure that are not attributable to the Transferor or the Transferee, the number of days that such event is continuing shall not be included in the number of days for computing interest on the delayed payment.

Article 5. (Transfer of Ownership)

Ownership of the Goods shall transfer from the Transferor to the Transferee on the Airport Operating Business Commencement Date stipulated in the Project Agreement, on the condition that the Transferor has confirmed the Transferee's payment of the price of Goods stipulated in paragraph 1 of the preceding article (together with interest on delayed payment stipulated in paragraph 2 of the preceding article, if applicable).

Article 6. (Delivery and Receipt of the Goods)

1. The Transferor shall deliver the Goods to the Transferee on the Airport Operating Business Commencement Date on the condition that the Transferor has confirmed the Transferee's payment stipulated in the preceding article, and the Transferee shall be obligated to promptly receive the Goods.
2. The Transferor shall arrange for a State's personnel to witness the delivery of the Goods to confirm appropriate performance of the delivery.
3. The Transferee shall provide a certificate of receipt to the Transferor when it receives the delivery in the preceding paragraph.

Article 7. (Risk of Loss)

The Transferee may not request to the Transferor for a reduction of and exemption from the price of Goods unless the Goods are destroyed and lost or damaged for events attributable to the Transferor during the period from the date of execution of this Agreement until the date of delivery.

Article 8. (Warranty against Defects)

The Goods shall be delivered on an as-is basis and the Transferee may not claim for reduction of and exemption from the price of Goods or compensation of damages, nor cancel this Agreement even if it finds a shortage in the number or any other latent defects in the Goods after execution of this Agreement.

Article 9. (Cancellation of this Agreement)

1. The Transferor or Transferee may cancel this Agreement if the other party does not perform its obligations under this Agreement.

2. The Transferor may cancel this Agreement if the Project Agreement is cancelled or otherwise terminated for other reasons before the Airport Operating Business Expiration Date. This Agreement may not be cancelled for any reasons from on and after the Airport Operating Business Commencement Date, and in such a case the Goods shall be handled in accordance with the stipulations of the Project Agreement.
3. The Transferor may cancel this Agreement if an officer of the Transferee, or the representatives of the Transferee's branch or offices with which the Transferee maintains agreements with, are deemed to be Organized Crime Group Member, etc. and their Affiliates.
4. If this Agreement is cancelled pursuant to the provisions of the preceding two paragraphs and the termination of the Project Agreement is attributable to the Transferee, the Transferee shall pay one-tenth of the price of Goods as penalty during the period designated by the Transferor.

Article 10. (Refunds)

1. If the Transferor or Transferee exercises its right of cancellation stipulated in the preceding article, the Transferor shall refund the price of Goods paid by the Transferee. However, no interest on delayed payment shall accrue on such refund amount.
2. When the Transferor exercises its right of cancellation, it shall not refund to the Transferee the expenses that the Transferee has borne for the execution of this Agreement.
3. When the Transferor exercises its right of cancellation, it shall not refund the necessary expenses, beneficial expenses or any other expenses whatsoever borne by the Transferee for the Goods.

Article 11. (Compensation for Damages)

The Transferor and Transferee may claim for compensation for damages against the other party if it suffers damages as a result of exercising its right of cancellation stipulated in Article 9 or due to the other party's failure to perform its obligations under this Agreement.

Article 12. (Offsetting with Refund)

When the Transferor refunds the price of Goods pursuant to the provisions of Article 10, paragraph 1, it may offset all or part of such refunds with compensation for damages that the Transferee is liable to pay pursuant to the stipulations of the preceding article (if any).

Article 13. (Expenses for this Agreement)

All expenses necessary for the execution and performance of this Agreement shall be borne by the Transferee.

Article 14. (Settlement of Disputes)

1. The Transferor and Transferee shall aim to settle disputes through conciliation

(*chotei*) if the parties are unable to reach an agreement on matters which should be determined through consultation in accordance with this Agreement and the Transferee is dissatisfied with the resolution stipulated by the Transferor, or when there arise any other disputes between the parties with respect to this Agreement. In this case, the necessary expenses for settling of a dispute shall be borne by each party except for those expenses that the parties have made special arrangement through mutual consultation.

2. Notwithstanding the provisions of the preceding paragraph, the Transferor or Transferee may, if either of them deem it necessary, before commencement of or during the proceeding in the preceding paragraph, files an action in accordance with the Code of Civil Procedure (Act No.29 of 1890) or petition for conciliation in accordance with the Civil Conciliation Act (Act No. 222 of 1951) concerning the dispute in the preceding paragraph.

Article 15. (Governing Laws and Jurisdiction)

The establishment and effect of this Agreement shall be governed by the laws of Japan, and the Tokyo District Court shall be designated as the exclusive court of jurisdiction for the first instance.

Article 16. (Supplemental Provision)

Any matters not provided in this Agreement shall be handled in accordance with the stipulations of the Project Agreement and the Transferor and Transferee shall consult each other to decide on such matters whenever necessary.

IN WITNESS WHEREOF, this Agreement shall be prepared in two originals, signed and sealed by each party, and each party shall retain one original.

March [DD], 2018

Transferor:

Contracting Official

Director General of the Osaka Regional Civil Aviation Bureau

Transferee:

Representative Director

Exhibit 5-1 Pacts etc. to be Maintained by the State¹¹

Counterparty	Name of Agreement	Date of Agreement
Kagawa Prefecture Naiba-ike Land Improvement District	Land Lease Agreement	April 1, 2015

¹¹ This exhibit lists the agreements etc. which are expected to be maintained by the State as of the time of publication of the Application Guidelines. The State will update the above list to reflect the new execution, termination or amendment of the agreements, etc. by the Airport Operating Business Commencement Date. If the State has updated this list, the State will promptly disclose the updated list in the course of screening procedures.

Exhibit 5-2 Agreements¹²

1. Agreement concerning exchanging information regarding aviation accidents etc.

Counterparty	Kansai Aviation Weather Service Center of the Japan Meteorological Agency
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to provide information concerning aviation accidents etc. if such accident occurred within the district under control of Takamatsu Airport Office to the staff of the meteorological weather station, and to receive weather and observation materials from the staff of the meteorological weather station

2. Agreement on earthquake information

Counterparty	Kansai Aviation Weather Service Center of the Japan Meteorological Agency
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to receive information from the Japan Meteorological Agency on effective operation of the airport if there occurs earthquakes

3. Agreement on power supply and detailed items for security of electrical facilities

Counterparty	State
Term	Effective during the Airport Operating Business Period
Consideration	Actual cost is charged
Content of the Agreement	Agreement on allocation of responsibilities, and maintenance and administration of electrical facilities

4. Agreement on mutual exchange of aviation weather information etc., agreement on detailed items of aviation weather information etc. to be mutually exchanged,

¹² This exhibit lists the agreements etc. the Operating Right Holder will be required to execute and maintain as of the time of publication of the Application Guidelines. The State will update the above list to reflect new execution, termination or amendment of the agreements etc. by the Airport Operating Business Commencement Date. If the State has updated the list, the State will promptly disclose the updated list in the course of screening procedures.

agreement on detailed items of management and maintenance to be conducted on exclusive device etc., and memorandum concerning provision of aerodrome alarms etc.

Counterparty	Kansai Aviation Weather Service Center of the Japan Meteorological Agency
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to mutually exchange aviation weather information etc. to assure smooth operation of business and promote safe operation of aircrafts

5. Agreement on standards for conducting special observation

Counterparty	Kansai Aviation Weather Service Center of the Japan Meteorological Agency
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to conduct special observation at Takamatsu Airport

6. Agreement on matters for confirmation relating to special measures for entrance and exit

Counterparty	Shell Tokuhatsu Kabushiki Kaisha
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to stipulate special measures concerning personal identification when the employees of this company arrive to and leave from work

7. Agreement on exchanging information between air traffic controller and aeronautical information officer

Counterparty	State
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the	Agreement on the method for exchanging information to assure

Agreement	smooth and precise operations of the air traffic controller and aeronautical information officer
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8. Agreement on managing and administering the ITV system to monitor the entrance and exit of the restricted areas of the airport government offices

Counterparty	State
Term	Effective during the Airport Operating Business Period
Consideration	Actual cost is charged
Content of the Agreement	Agreement on managing the entrance and exit at restricted areas of the Takamatsu Airport Office

9. Agreement on handling base station and land mobile station

Counterparty	State
Term	Effective during the Airport Operating Business Period
Consideration	No fee is charged
Content of the Agreement	Agreement to stipulate on the operation etc. of base station (air traffic control) managed by the State and land mobile station managed by the Operating Right Holder

Exhibit 6 Details Concerning Dispatch of State Personnel

The job category, main duty, maximum number of personnel to be dispatched and maximum dispatch period shall be as follows.

	Job category	Main duty	Maximum number of personnel to be dispatched	Maximum dispatch period ¹³
1	Civil engineering (Facilities Operation Officer)	- Construction works and maintenance of civil engineering facilities	1	[] year(s)
2	Machinery (Facilities Operation Officer)	- Works for machine facilities and maintenance of machine facilities and vehicles	1	[] year(s)
3	Electricity (Aeronautical Lights and Electricity Technology Officer)	- Construction works, operation and maintenance of aeronautical lights and other electric facilities	1	[] year(s)
4	Safety and disaster prevention (General Affairs Division)	- Maintenance of order at the Airport etc. - To deal with aircraft accidents at the Airport etc. and surrounding areas, other accidents at the Airport etc., and disaster at the Airport etc. - Among crisis management at the Airport etc., to prevent hijack and destruction of aircraft and other crimes	4	[] year(s)
5	Operation (Aeronautical information officer)	- Operation of landing strip, taxiways, apron, and ramp - Safety etc. at the Airport etc.	4	[] year(s)

- In the above chart, the names of officers/division in () in “Job category” column are the current officers/division in charge at the Takamatsu Airport Office.
- The necessary matters besides those indicated in the above chart shall be stipulated through arrangements stipulated in Article 19, paragraph 1.

¹³ “Maximum dispatch period” shall be indicated in accordance with the proposal from the Preferred Negotiation Right Holder.

Exhibit 7 National Property Free Lease Agreement (draft)

The Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (the “State”) as the lessor and [*name of the lessee*] (“Operating Right Holder”) as the lessee shall execute a free lease agreement for the national property (“this Agreement”) in accordance with Article 20, paragraph 1 of the Qualified Project Etc. for Takamatsu Airport Operation Agreement to Implement Right to Operate Public Facility Etc. (the “Project Agreement”) executed on October [DD], 2017, for the purpose of granting permission to use for free of charge the Airport Site etc. to implement the Qualified Project etc. for Takamatsu Airport Operation (the “Project”).

Article 1. (Definitions)

1. Unless otherwise defined in this Agreement, capitalized terms in this Agreement shall have the same meanings as defined in the Project Agreement.
2. This Agreement shall prevail over the Project Agreement in case of any inconsistencies between the Project Agreement and this Agreement.
3. The titles of the provisions of this Agreement are for reference only and they shall not affect the interpretations of any provisions of this Agreement.

Article 2. (Lease Property)

1. In accordance with Article 71, paragraph (1) of the PFI Act and this Agreement, the State shall grant to the Operating Right Holder, at no charge, the right to use the lease properties listed in Attachment 1.
2. At the time of conclusion of this Agreement, the lands among the lease properties set forth in Attachment 1 shall be specified by information recorded in the national property registry. If, after execution of this Agreement, the State changes the public notice with respect to the Airport Site as a result of a review of the Airport Site of the Airport, fixing of the boundaries, or RESA improvement, etc., the lease properties shall be deemed to have automatically changed in accordance with the Airport Site reflecting such change.

Article 3. (Purpose of Use)

The Operating Right Holder may not use the lease property for any purpose other than to implement the Project in accordance with the Project Agreement.

Article 4. (Lease Period)

The lease period shall be from the Airport Operating Business Commencement Date (scheduled to be on April 1, 2018) until the Airport Operating Business Expiration Date.

Article 5. (Delivery of the Lease Property)

The State shall deliver the lease property to the Operating Right Holder on the first day of the lease period stipulated in Article 4.

Article 6. (Warranty against Defects)

1. The State shall not assume any liability for defect warranty with respect to the

lease property unless otherwise stipulated in the Project Agreement.

2. The State shall be responsible to resolve disputes that arise with owners of neighboring lands concerning boundaries stipulated in Article 2, paragraph 2 or other disputes that arise with third parties relating to ownership of the Airport Site.

Article 7. (No Assignment of Rights)

The Operating Right Holder may not assign, sublease, mortgage, pledge, or otherwise establish security rights on its right to use or other rights with respect to the lease property. However, this shall not apply if the Operating Right Holder subleases (for a charge or free of charge) part of the lease property to the Building Facilities Operator to such extent necessary for the Building Facilities Operator to own the Building Facilities, or if it leases part of the lease property in accordance with Article 27 of the Project Agreement.

Article 8. (Changing the Leasing Property)

If the Operating Right Holder intends to change the current state of the lease property (excluding minor changes), the Operating Right Holder shall obtain the necessary approvals from the State etc. in accordance with the stipulations of the Project Agreement.

Article 9. (Obligations to Preserve the Properties and to Cooperate with Investigations)

1. The Operating Right Holder shall preserve the lease property with the standard of care of a prudent manager.
2. The State may conduct investigations on the status of use of the lease property at any time and the Operating Right Holder must cooperate with such investigations.
3. If the lease property is damaged and a third party suffers damages as a result of the Operating Right Holder's failure to perform its obligation to exercise the standard of care required as in paragraph 1, the Operating Right Holder shall be liable to compensate for the damages.
4. In the case of the preceding paragraph, if the State compensated for such damages on behalf of the Operating Right Holder, the State may claim for indemnification from the Operating Right Holder.

Article 10. (Cancellation of this Agreement)

1. The State may cancel this Agreement only if the Project Agreement is cancelled or otherwise terminates for other reasons before the Airport Operating Business Expiration Date.
2. Notwithstanding the preceding paragraph, if it becomes necessary for the State or a public body to use the lease property for public purpose, official purpose, or public utility during the lease period set forth in Article 4, the State may cancel this Agreement in accordance with Article 24, paragraph (1) of the National Property Act (Act No. 73 of 1948) which is applied mutatis mutandis pursuant to Article 19 of the same act.

Article 11. (Disposal After Termination of this Agreement)

If this Agreement has terminated in accordance with the preceding article, the handling of the facilities on the lease property and other disposals of the lease property shall be made in accordance with the provisions of the Project Agreement.

Article 12. (Compensation for Damages)

1. If the Operating Right Holder fails to perform its obligation under this Agreement and causes damages to the State, the Operating Right Holder shall compensate for these damages.
2. If this Agreement is cancelled pursuant to the provisions of Article 10, paragraph 1 for reasons attributable to the Operating Right Holder, the Operating Right Holder shall compensate the State for the damages suffered by the State due to such a cancellation.
3. If this Agreement is cancelled in accordance with the provisions of Article 10, paragraph 2 and the Operating Right Holder suffers losses, the Operating Right Holder may claim for compensation from the State in accordance with the provisions of Article 24, paragraph (2) of the National Property Act which is applied mutatis mutandis pursuant to Article 19 of the same act.

Article 13. (Waiver of Right to Claim for Beneficial Expenses etc.)

When the Operating Right Holder returns the lease property due to termination of this Agreement, the Operating Right Holder may not claim from the State redemption of the necessary expenses and beneficial expenses, etc. that it has paid (excluding expenses that are provided in the Project Agreement).

Article 14. (Expenses for this Agreement)

The necessary expenses for execution of this Agreement shall be borne by the Operating Right Holder.

Article 15. (No Assignment of Rights and Obligations)

The State may not assign the lease property to a third party or otherwise dispose of the lease property without prior written consent from the Operating Right Holder.

Article 16. (Confidentiality Obligations)

1. The State and Operating Right Holder shall not disclose to others any information concerning this Agreement (including confidential information obtained during the course of implementation of the Project) without prior written consent from the other party.
2. Notwithstanding the provisions of the preceding paragraph, the State and Operating Right Holder may disclose information concerning this Agreement under the following circumstances:
 - (1) Disclosing information to a third party when that information is scheduled to be disclosed to the relevant third party;
 - (2) Disclosing information (i) to the employees etc. of the State or Operating Right Holder (including the personnel of the State or officers of the Operating

Right Holder), and professionals, such as attorneys, certified public accountants, licensed tax accountants, of the State or Operating Right Holder who need to know the information or (ii) to the companies etc. which were agreed in advance with the State as the Parent Company, Subsidiary, Affiliate or other associated companies of the Operating Right Holder, the employees of those companies, and professionals, such as attorneys, certified public accountants, licensed tax accountants, of those companies who need to know the information where such disclosure is made on condition that they assume the same confidential obligations assumed by the State and Operating Right Holder;

- (3) Disclosing information to a particular third party who already has such information without having breached the provisions of this article;
 - (4) Disclosing to a third party information that is already in the public domain;
 - (5) Disclosing information which disclosure is required under the Acts or court order; or
 - (6) Publicizing the executed version of this Agreement by the State.
3. The provisions of the preceding two paragraphs shall effectively survive even after full performance of this Agreement by the State and Operating Right Holder or after termination of the Agreement.

Article 17. (Court of Jurisdiction)

The Tokyo District Court shall be designated as the exclusive court of jurisdiction for the first instance for all disputes and litigations arising in relation to this Agreement.

Article 18. (Obligation of Good Faith and Sincerity)

1. The State and Operating Right Holder shall perform this Agreement in good faith and with sincerity.
2. The Operating Right Holder shall acknowledge at all times that the lease property is a national property and be mindful to use the lease property in an appropriate manner.

Article 19. (Consultations on Queries)

The State and Operating Right Holder shall consult with each other to decide on any query concerning the interpretation of each provision and terms of this Agreement or any matters not provided in this Agreement.

IN WITNESS WHEREOF, this Agreement shall be prepared in two originals, signed and sealed by each party, and each party shall retain one original.

October [DD], 2017

Lessor:

Address

The State (Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism)

Contracting Official: Director of the Osaka Regional Civil Aviation Bureau [*name*]

Lessee:

Address

The Operating Right Holder

Representative

(National Property Free Lease Agreement) Attachment 1 Lease Properties¹⁴

Subject Property	Contents
Konan-cho, Takamatsu-shi, Kagawa Land	Airport Site of the Takamatsu Airport Land - 1,539,144.95 m ²
Konan-cho, Takamatsu-shi, Kagawa Buildings (Office Building) Structures: building accessory facilities, miscellaneous structures	Part of the Takamatsu Airport Office Government Building ¹⁵ (Rooms necessary for the Operating Right Holder to implement the Project, spiral staircase, remote unlocking switch (for the entrance and exit at the 2nd floor restricted areas and the front entrance of the Takamatsu Airport Office), base unit with a monitor, receiver, desk lamp, and ITV system to monitor the entrance and exit of the restricted areas of the government building)
Konan-cho, Takamatsu-shi, Kagawa Miscellaneous structures	Subject: Structures in the left column Current Permitted User: The Ministry of Land, Infrastructure, Transport and Tourism, Osaka District Meteorological Observatory Current Purpose of Use: Premises for conducting aviation weather observation
Konan-cho, Takamatsu-shi, Kagawa Structure: pavements	Subject: Structure in the left column Current Permitted User: Takamatsu Airport Building Co., Ltd. Current Purpose of Use: Passenger terminal building and premises for passenger terminal building facilities
Konan-cho, Takamatsu-shi, Kagawa Structure: pavements	Subject: Structure in the left column Current Permitted User: Takamatsu Airport Building Co., Ltd. Current Purpose of Use: Cargo terminal building
Konan-cho, Takamatsu-shi, Kagawa Structure: pavements	Subject: Structure in the left column Current Permitted User: Takamatsu Airport Building Co., Ltd. Current Purpose of Use: Premises to keep vehicles used by construction workers and facility maintenance workers

¹⁴ This exhibit lists the lease properties expected by the State as of the time of publication of the Application Guidelines. The State will update the above list by the Airport Operating Business Commencement Date. If the State has updated the list, the State will promptly disclose the updated list in the course of screening procedures.

¹⁵ The Operating Right Holder shall bear the actual cost of facilities (water, electricity, etc.) and cleaning fees.

Subject Property	Contents
Konan-cho, Takamatsu-shi, Kagawa Structures: sewage landscape gardening pavements lighting devices various work devices miscellaneous structures	Subject: Structures listed in the left column Current Permitted User: Airport Environment Improvement Foundation Current Purpose of Use: Premises permitted to be used for Takamatsu Airport toll parking facility and its incidental facilities
Konan-cho, Takamatsu-shi, Kagawa Structure: building	Subject: Building listed in the left column Current Permitted User: Kurihara Kogyo Kabushiki Kaisha Current Purpose of Use: Building permitted to be used for the purposes of performing maintenance work on aeronautical lights at Takamatsu Airport

Exhibit 8-1 Sites subject to Sub-loan for use (Sites Used by the State)¹⁶

Counterparty	Item	Purpose of Use	Scope	Contents of Obligations	
				Method of Contracting and Period of Contract	Rent
Ministry of Land, Infrastructure, Transport and Tourism, Osaka Regional Civil Aviation Bureau	1	Office, its Alterations and Improvements of the Takamatsu Airport Office Government Building, Parking Lots	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface [] m ² underground piping [] m ²	<ul style="list-style-type: none"> - Loan for Use Agreement - To be automatically renewed for periods of one year (until Airport Operating Business Expiration Date) 	No charge
	2	ASR/SSR and TX facilities at the Takamatsu Airport	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface [] m ² underground piping [] m ²		
	3	RX facility at the Takamatsu Airport	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface [] m ² underground piping [] m ²		
	4	LOC facility at the Takamatsu Airport	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface [] m ² underground piping [] m ²		
	5	GS/T-DME facility at the Takamatsu Airport	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface [] m ² underground piping [] m ²		

¹⁶ This exhibit lists the sites for sub-loan for use (the portion used by the State) expected by the State as of the time of publication of the Application Guidelines. The State will update the above list by the Airport Operating Business Commencement Date. If the State has updated the list, the State will promptly disclose the updated list in the course of screening procedures.

Exhibit 8-2 Sub-loan for Use Agreement (draft)

[The lessor] (hereinafter referred to as the “Operating Right Holder”) as the lessor and the Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism] (the “State”) as the lessee shall execute a loan for use agreement under Article 593 of the Civil Code as follows (“this Agreement”) for the purpose of granting permission to use for free of charge the lease properties listed in Attachment 1, in accordance with Article 20, paragraph 3 of the Qualified Project Etc. for Takamatsu Airport Operation Agreement to Implement Right to Operate Public Facility Etc. (the “Project Agreement”) executed on October [DD], 2017.

Article 1. (Definitions)

1. Unless otherwise defined in this Agreement, capitalized terms in this Agreement shall have the same meanings as defined in the Project Agreement.
2. This Agreement shall prevail over the Project Agreement in case of any inconsistencies between the Project Agreement and this Agreement.
3. The titles of the provisions of this Agreement are for reference only and they shall not affect the interpretations of any provisions of this Agreement.

Article 2. (Lease Property)

1. The Operating Right Holder shall grant to the State, at no charge, the right to use the lease properties listed in Attachment 1.
2. The lease properties listed in Attachment 1 shall be specified by information recorded in the national property registry at the time of execution of this Agreement. If, after execution of this Agreement, the State changes the public notice with respect to the Airport Site as a result of a review of the Airport Site of the Airport, fixing of the boundaries, or RESA improvement, etc., the lease properties shall be deemed to have automatically changed or terminated in accordance with the Airport Site reflecting such change.

Article 3. (Purpose of Use)

The State may not use the lease property for any purpose other than the purpose of use indicated in Attachment 1.

Article 4. (Lease Period)

The lease period shall be from the Airport Operating Business Commencement Date (scheduled on April 1, 2018) until the Airport Operating Business Expiration Date.

Article 5. (Delivery of the Lease Property)

The Operating Right Holder shall deliver the lease property to the State on the first day of the lease period stipulated in Article 4, simultaneously at the time when the State delivers the Airport Site etc. to the Operating Right Holder.

Article 6. (Warranty against Defects)

The Operating Right Holder shall not assume any liability for defect warranty with respect to the lease property unless otherwise stipulated in the Project Agreement.

Article 7. (No Assignment of Rights)

The State may not assign, sublease, mortgage, pledge, or establish other security rights on its right to use or other rights with respect to the lease property. However, this shall not apply if the State obtains prior written consent from the Operating Right Holder.

Article 8. (Changing the Lease Property)

If the State intends to change the current state of the lease property (excluding minor changes), the State shall obtain the necessary approvals from the Operating Right Holder in accordance with the stipulations of the Project Agreement.

Article 9. (Obligations to Preserve the Properties)

The State shall preserve the lease property with the standard of care of a prudent manager.

Article 10. (Cancellation of this Agreement)

The Operating Right Holder may cancel this Agreement only if the Project Agreement is cancelled or terminates for other reasons before the Airport Operating Business Expiration Date.

Article 11. (Disposal after Termination of this Agreement)

If this Agreement has terminated in accordance with the preceding article, the handling of the facilities on the lease property and other disposals of the lease property shall be made in accordance with the provisions of the Project Agreement.

Article 12. (Compensation for Damages)

If the State fails to perform its obligation under this Agreement and causes damages to the Operating Right Holder, the State shall compensate for these damages.

Article 13. (Waiver of Right to Claim for Beneficial Expenses etc.)

When the State returns the lease property due to termination of this Agreement, the State may not claim from the Operating Right Holder redemption of the necessary expenses and beneficial expenses that it has paid (excluding expenses that are provided in the Project Agreement).

Article 14. (Expenses for this Agreement)

The necessary expenses for execution of this Agreement shall be borne by the Operating Right Holder.

Article 15. (Confidentiality Obligations)

1. The State and Operating Right Holder shall not disclose to others any information concerning this Agreement (including confidential information obtained during the course of implementation of the Project) without prior written consent from the other party.
2. Notwithstanding the provisions of the preceding paragraph, the State and Operating Right Holder may disclose information concerning this Agreement

under the circumstances:

- (1) Disclosing information to a third party when that information is scheduled to be disclosed to the relevant third party;
 - (2) Disclosing information (i) to the employees etc. of the State or the Operating Right Holder (including the personnel of the State or officers of the Operating Right Holder), and professionals, such as attorneys, certified public accountants and licensed tax accountants, of the State or Operating Right Holder who need to know the information or (ii) to the companies etc. which were agreed in advance with the State as the Parent Company, Subsidiary, Affiliate or other associated company of the Operating Right Holder, the employees of those companies, and professionals, such as attorneys, certified public accountants and licensed tax accountants, of those companies who need to know the information where such disclosure is made on condition that they assume the same confidential obligations assumed by the State and Operating Right Holder;
 - (3) Disclosing information to a particular third party who already has such information without having breached the provisions of this article;
 - (4) Disclosing to a third party information that is already in the public domain;
 - (5) Disclosing information which disclosure is required under Acts or court order; or
 - (6) Publicizing the executed version of this Agreement by the State.
3. The provisions of the preceding two paragraphs shall effectively survive even after full performance of this Agreement by the State and Operating Right Holder or after termination of the Agreement.

Article 16. (Court of Jurisdiction)

The Tokyo District Court shall be designated as the exclusive court of jurisdiction for the first instance for all disputes and litigations arising in relation to this Agreement.

Article 17. (Obligation of Good Faith and Sincerity)

The State and Operating Right Holder shall perform this Agreement in good faith and with sincerity.

Article 18. (Consultations on Queries)

The State and Operating Right Holder shall consult with each other to decide on any query concerning the interpretation of each provision and terms of this Agreement or any matters not provided in this Agreement.

IN WITNESS WHEREOF, the Agreement shall be prepared in two originals, signed and sealed by each party, and each party shall retain one original.

October [DD], 2017

Lessor:

Address
The Operation Right Holder
Representative

Lessee:

Address
Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure,
Transport and Tourism
Contracting Official: Director of Osaka Regional Civil Aviation Bureau of the
Ministry of Land, Infrastructure, Transport and Tourism

(Sub-loan for Use Agreement) Attachment 1 Lease Properties

[To include each property indicated in **Exhibit 8-1**]

Exhibit 9 Counterparties (excluding the State) to which the Operating Right Holder will be Obligated to Sublease to and the Contents of such Subleases¹⁷

1. Those to whom there will be an obligation on the Operating Right Holder to sublease free of charge

Counterparty		Purpose of Use	Scope	Contents of Obligations	
				Method of Contracting, Period of Contract	Rent
Government-related institutions	Osaka District Meteorological Observatory	Premises for conducting aviation weather observation	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 368.11 m ² underground 250.64 m ² Structure: miscellaneous structures	<ul style="list-style-type: none"> - Loan for use agreement - To be automatically renewed for periods of one year (until Airport Operating Business Expiration Date) 	No charge
Local public entities	Kagawa Prefecture	Premises of the Sanuki Airport Park	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 2,648.90 m ²		
		Road site (Senbiki Takamatsu Line (Kagawa Prefecture road))	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 400.84 m ²		
		Premises for installing information sign	Konan-cho, Takamatsu City, Kagawa Prefecture Land: ground surface 2.52 m ² overland 0.02 m ²		

¹⁷ This exhibit lists the counterparties (besides the State) to which the Operating Right Holder will be obligated to sublease and the contents of those sublease as of the time of publication of the Application Guidelines. The State will update the above list by the Airport Operating Business Commencement Date. If the State has updated the list, the State will promptly disclose the updated list in the course of screening procedures.

Counterparty	Purpose of Use	Scope	Contents of Obligations		
			Method of Contracting, Period of Contract	Rent	
Kagawa Prefectural Police	Premises for installing road information sign	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 9.91 m ² overland 9.97 m ²			
	Takamatsu City	Road site of the Airport South Line (Takamatsu City road) and Yoshimitsu Takane Line (Takamatsu City road)			Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 2,310.89 m ² underground 4,667.79 m ²
	Takamatsu City Waterworks and Sewerage Bureau	Premises of underground water piping			Konan-cho, Takamatsu-shi, Kagawa Land: underground 126.00 m ²
Ayagawa Town	Road site (Takemoto Tsuneyuki Line (Ayagawa Town road))	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 475.88 m ²			

2. Those to whom there will be an obligation on the Operating Right Holder to sublease at a fee

Counterparty		Purpose of Use	Scope	Contents of Obligations	
				Method of Contracting, Period of Contract	Rent
Local public entities	Kagawa Prefecture	Premises for police aviation unit building and disaster prevention radio antenna	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 1,614.30 m ²	<ul style="list-style-type: none"> - Land lease agreement - To be automatically renewed for periods of one year (until Airport Operating Business Expiration Date) 	Current rate*
		Premises for the road entering into the Prefecture Parking Facilities	Konan-cho, Takamatsu-shi, Kagawa Land: ground surface 165.79 m ²		

*The rent is, in principle, the current rate, but it may be arranged if agreed with the counterparty.

Exhibit 10 Insurance

The type and amount of insurance to be purchased by the Operating Right Holder or Building Facilities Operator at their respective expense and responsibility pursuant to Article 29, paragraph 1 of the Agreement are as follows. However, the following insurances are the minimum requirements and do not preclude the Operation Right Holder or Building Facilities Operator from purchasing any other insurance at their discretion.

1. Insurances that need to be purchased for the Facilities Subject to Operating Rights:
 - (1) Civil engineering completed risks insurance - main contract
(shall cover damages from typhoons, whirlwinds, storms, blasts and other wind-related disasters, floods, inside water inundations and other water-related disasters, landslips and soil avalanche caused by heavy rain, tidal waves, landslides, roof-falls, lightning, fire, hail, heavy snow, avalanches, ice, rain, collisions with objects, and terrorism (means acts of violence invoked by groups, individuals or their supporters having political, social, or religious or ideological ideas and principles with respect to their political, social, or religious or ideological ideas and principles, and other similar acts) or other similar events)
Maximum insurance coverage: JPY1,000,000,000
 - (2) Civil engineering structure insurance -special contract for earthquake risks
(shall cover damages from earthquake, tsunami and eruptions)
Maximum insurance coverage: JPY1,000,000,000
2. Insurances that need to be purchased for assets owned by the Operating Right Holder or Building Facilities Operator:
 - (1) Commercial property umbrella insurance;
 - (2) Property insurance; and
 - (3) Fire insurance.
3. Insurances that need to be purchased to generally cover the entire Airport Site etc.
 - (1) Airport administrator liability insurance

Exhibit 11 Items for the Master Plan

The master plan shall comprise of the following items that are included in the Operating Right Holder’s proposal documents.

	Item
A) General business policy	-Future images and basic concepts (15-year goal)
B) Plans for revitalizing the Airport	-Target number of passengers and volume of cargos (15-year goal)
	-Target level of improvement of convenience for aviation service users (15-year goal)
	- Target level of improvement of convenience for Airport users besides aviation service users (15-year goal)
C) Plans for capital investment	-Total amount of capital investment to maintain Airport functions (15-year goal)
	- Total amount of capital investment to revitalize the Airport (15-year goal)
	-Facility layout drawings and description of each facility after 15 years
D) Plans for safety and security	-Proposals concerning safety and security
E) Plans to implement the proposed project	-Measures for Business and Operation concerning Coexistence with the Region
	-Proposals on the Business and Operation concerning Promotion of Use of Airport

**Exhibit 12 Registering Replacement Investment (in Operating Right Facility) on
the National Property Registry**

1. Transactions Required to be Notified

In accordance with Article 39, paragraph 1 of the Agreement, the Operating Right Holder shall give notice to the State of the following transactions in connection to the Replacement Investment (in Operating Right Facility):

Increase Transactions: Transactions that increase the property value or extend the service life of any of the Facilities Subject to Operating Rights by improving its efficiency or capacity.

Decrease Transactions: Transactions that decrease the property value of any of the Facilities Subject to Operating Rights by removing any or all of such facility.

2. Documents Required to be Submitted upon Giving Notice

The Operating Right Holder shall submit the following documents when giving notice to the State as stipulated in the preceding paragraph. The form of and matters to be specified in each document shall be set forth separately by the State.

- (i) Deed of succession
- (ii) Details of the properties
- (iii) Breakdown of the prices of the delivered properties
- (iv) Statement of calculation of property values
- (v) Statement of calculation of reduction in national property
- (vi) Breakdown of estimates
- (vii) Specifications (drawings of the designs)
- (viii) As-Built drawing
- (ix) Statement of inspection (certificate of completion of construction and delivery)
- (x) Other documents as deemed necessary by the State

3. Matters to be Notified by the State to the Operating Right Holder

In accordance with Article 23 of the Order for Enforcement of the National Property Act (Cabinet Order No. 246 of 1948), the State revises the prices of national properties every year, and the State shall notify the Operating Right Holder of the revised prices.

4. Place of Submission

The Operating Right Holder shall prepare the above-mentioned documents and submit 2 sets thereof to the Accounting Section of the General Affairs Division of the Takamatsu Airport Office of the Osaka Regional Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

Exhibit 13 Monitoring Methods etc.

1. Self-monitoring

<Basic Idea>

1. Considering that the Project is a financially independent project, and for the purpose of encouraging the Operating Right Holder to implement the Project independently and autonomously, self-monitoring shall be the main method for monitoring of the Project.
2. The Operating Right Holder shall inspect the status of compliance with the matters stipulated in the airport service regulations and the airport security control regulations by using the methods proposed in the Proposal Documents. The Operating Right Holder shall appropriately retain the inspection results and promptly submit them to the State upon request from the State.
3. The Operating Right Holder shall inspect the status of compliance with the matters stipulated in the Required Standards Document, excluding the matters stipulated in the airport service regulations and the airport security control regulations, by using the methods proposed in the Proposal Documents. Upon request from the State, the Operating Right Holder shall promptly submit the inspection results to the State.
4. The Operating Right Holder shall publish, on its website, the results of self-monitoring of the Building Facilities Business, Parking Facilities business and business and operation concerning coexistence with the region
5. The Operating Right Holder shall conduct the self-monitoring evaluations, report the methods and results thereof to the State in its semi-annual business report and annual business report, and also prepare and submit a report at any time upon request from the State. The matters required to be published as stipulated in the Required Standards Document and those proposed in the Proposal Documents shall be published on the Operating Right Holder's website.

<Self-monitoring Methods>

[The methods of self-monitoring shall mainly comply with the methods proposed by the Operating Right Holder in its Proposal Documents for implementing the Project, and the necessary matters shall be specified in this Exhibit in accordance with such proposals.]

2. Monitoring by the State

<Basic Idea>

1. The State shall conduct monitoring to ensure that the Operating Right Holder is carrying out the Qualified Project Etc. for Takamatsu Airport Operation in a manner that meets the Required Standards.
2. The State shall conduct the monitoring by referring to each report received from the Operating Right Holder concerning the results of self-monitoring, and the State may request that the Operating Right Holder provide the State with certain information or the State may conduct inspections including on-site inspections if the State deems such inspections to be necessary.
3. In addition to the statutory periodic inspection set forth in item 4 below, the State may conduct inspections at any time at its discretion.

(Statutory Periodic Inspection)

4. In accordance with the “Implementation Policy on Supervising the Safety of Airports etc.” (*Koku Ku An Po* No. 354, established on September 30, 2013), the State shall conduct periodic inspections in order to verify that the Operating Right Holder is performing its obligation to administer the facility concerned in accordance with the security standards (Article 47, paragraph (1) of the Civil Aeronautics Act). The contents of the “Implementation Policy on Supervising the Safety of Airports etc.” may be amended by the State.

<Monitoring Methods>

The methods of monitoring shall be stipulated by the State after the execution of the Agreement and prior to the Building Facilities Business Scheduled Commencement Date, taking into account the methods of self-monitoring and the Proposal Documents.

Exhibit 14 Method of Computation of the “Market Value”

The market value shall be computed through a fair procedure such as by using a method agreed through consultation among three professional evaluators, among which one is appointed by the State or by a third party designated by the State (The State shall appoint such professional evaluator if the State selects an operator for the Project through new bidding after expiration of the Project Period.), one is appointed by the Operating Right Holder, and another is agreed between the two appointed evaluators. Furthermore, considering the interdependence between the Facilities Subject to Operating Rights and the facilities owned by the Operating Right Holder and Operating Right Holder’s Subsidiary etc., the market value shall be computed in a manner that appropriately allocates the value of the entire Project.

A valuation of the market value in the Agreement shall be performed at the time of expiration of the Airport Operating Business. However, if this Agreement is cancelled due to Force Majeure or terminated by Total Loss due to Force Majeure, the valuation shall be performed at the time of such cancellation or termination.

1. Real Property owned by the Operating Right Holder or Operating Right Holder’s Subsidiary etc. (Article 64, paragraph 2, item (1) of the Agreement):

The value of the entire Project shall be the subject of the evaluation and the value computed through the following method shall be the market value of all the real property owned by the Operating Right Holder and Operating Right Holder’s Subsidiary etc.

$$(X) = (Y) \times \frac{(B)}{(A) + (B)} - (E)$$

(X) The market value of the real property owned by the Operating Right Holder and Operating Right Holder’s Subsidiary etc.

(Y) The value of the entire Project as at the time of evaluation

(A) The total sum of the Consideration indicated in the Agreement and the consideration for the Assets for Transfer to the Operating Right Holder

(B) The total sum of the acquisition price of the Building Facilities Operator Shares and the net interest bearing debts of the Building Facilities Operator [= (C) + (D)]

- (C) The transfer price of the Building Facilities Operator Shares specified in the Building Facilities Operator Share Acquisition Option Agreement and in the share transfer agreement concerning the Building Facilities Operator Shares executed with the Prefecture
- (D) The amount obtained by deducting the book value of “cash and deposits” from the total book value of “short-term borrowings,” “long-term borrowings scheduled to be repaid within one year,” “lease liabilities scheduled to be repaid within one year,” “long-term borrowings” and “lease liabilities,” in the balance sheet as of March 31, 2017 for the Building Facilities Operator.
- (E) The book value of assets excluding real property which is subject to evaluation in the assets section of the consolidated balance sheet of the Operating Right Holder and Operating Right Holder Subsidiary etc., as of the time of evaluation.

If the value of the real property so evaluated is to be divided into multiple sections, such decision shall be made through consultation among three professional evaluators, among which one is appointed by the State or by a third party designated by the State (The State shall appoint such professional evaluator if the State selects an operator for the Project through new bidding after expiration of the Project Period.), one is appointed by the Operating Right Holder, and another is agreed between the two appointed evaluators.

2. Issued and outstanding shares of the Operating Right Holder’s Subsidiary etc. (Article 64, paragraph 2, item (2) of the Agreement):

Depending on the situations of the Operating Right Holder and Operating Right Holder’s Subsidiary etc. (their shareholding relationship or their ownership of the real property or other assets, etc.) as at the time of evaluation and in view of the interdependence between the Facilities Subject to Operating Rights and the facilities owned by the Operating Right Holder and Operating Right Holder’s Subsidiary etc., the market value of these shares shall be computed in accordance with the concept in 1 above to appropriately reflect the contribution of the Airport Operating Business to the income of the entire Project.

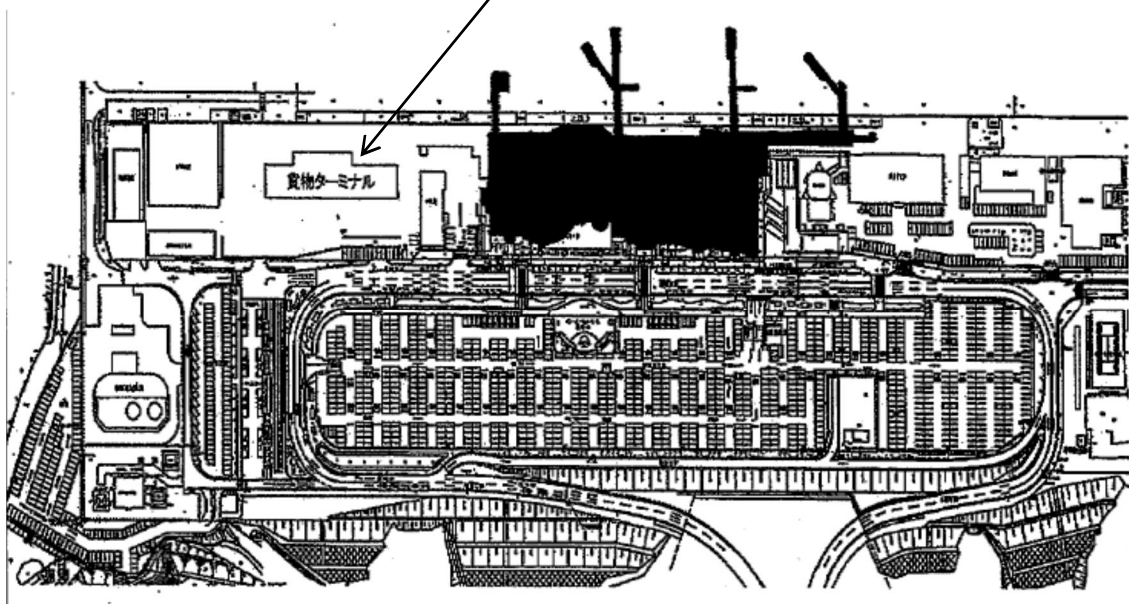
3. Other assets besides those above (Article 64, paragraph 2, item (3) of the Agreement):

In principle, the market value of these other assets shall be the book value

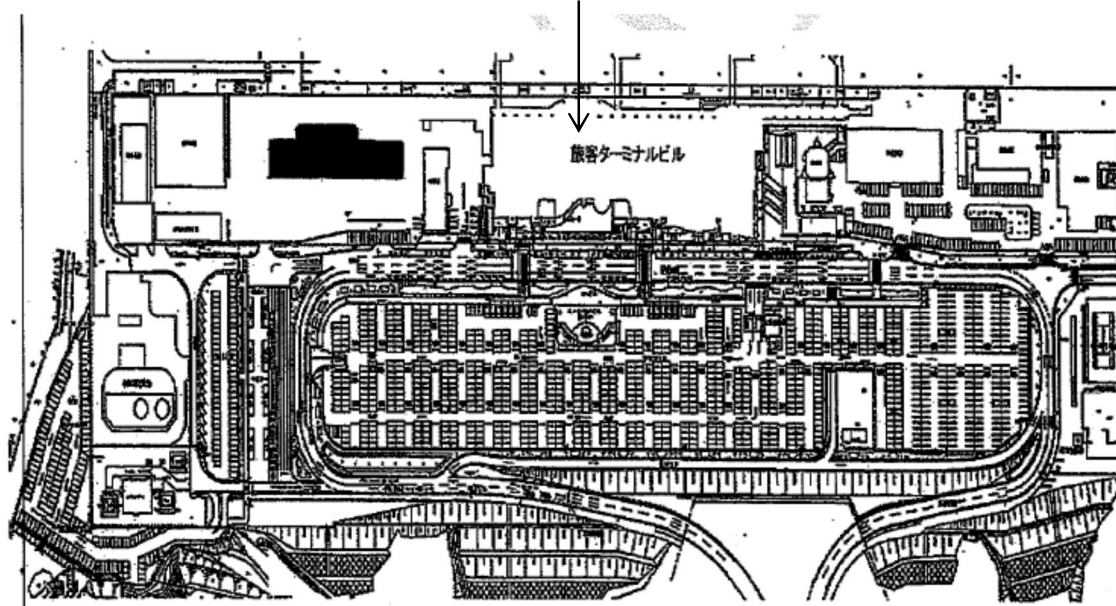
indicated in the consolidated balance sheet of the Operating Right Holder and Operating Right Holder's Subsidiary etc. as at the time of evaluation.

Schedule The Passenger Building Facilities and Cargo Building Facilities¹⁸

The Cargo Building Facilities



The Passenger Building Facilities



¹⁸ These drawings are preliminary descriptions of the Building Facilities as of the time of publication of the Application Guidelines etc. and they shall be adjusted by the time of execution of the Project Agreement.