

(TRANSLATION)(for Reference Only)

**Qualified Project Etc. for Kobe Airport Operation
Agreement to Implement Right to Operate Public Facility Etc. (draft)¹**

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

¹ Kobe City may add or change the terms provided in this Agreement (draft) based on matters agreed concerning the Project through competitive dialogue in the course of the bidding procedures.

Qualified Project Etc. for Kobe Airport Operation
Agreement to Implement Right to Operate Public Facility Etc.
(“Agreement”)

1. Name of Project: Qualified Project Etc. for Kobe Airport Operation
2. Place of Project: 1 Kobe airport, Chuo-ku, Kobe-shi, Hyogo
3. Project Period: As provided in Article 58

Kobe City and the Operating Right Holder of the Project enter into this Agreement based on the below terms on a fair basis with an understanding that they stand on equal ground and they shall perform this Agreement in good faith and with sincerity.

In executing and performing this Agreement, each party respectively acknowledges and agrees to observe the purposes of this Agreement; that the Project is expected to (i) with the Kansai International Airport and Osaka International Airport, by conducting integrated operation of three airports and fully utilizing the capacity of each of these three airports, contribute to the expansion of the air transport demand in the Kansai region as a whole, and revitalization of the Kobe economy and that of the Kansai economy, and to (ii) undertake a role in realizing an integrated and flexible management of all of the Airport through the Right to Operate Public Facility etc. of this Airport to make this Airport an attractive airport.

In witness whereof, this Agreement shall be prepared in two originals, signed and sealed by each party and each party shall retain one original.

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[MM/DD/YYYY]

Kobe City:

Address:

Name:

Mayor of Kobe City

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Chapter 1 General provisions

Article 1 (Purpose and interpretation)

1. The purpose of this Agreement is to facilitate mutual cooperation between Kobe City and the Operating Right Holder and to stipulate all matters that are necessary to smoothly implement the Project.
2. Kobe City and the Operating Right Holder shall perform the Project based on the full understanding that the aim of the Project is to (i) with the Kansai International Airport and Osaka International Airport, by conducting integrated operation of three airports and fully utilizing the capacity of each of these three airports, contribute to the expansion of the air transport demand in the Kansai region as a whole, and revitalization of the Kobe economy and that of the Kansai economy, and to (ii) undertake a role in realizing an integrated and flexible management of all of the Airport through the Right to Operate Public Facility etc. of this Airport to make this Airport an attractive airport.
3. The terms and phrases used in this Agreement shall have the meaning stipulated in **Exhibit 1** unless otherwise expressly indicated in this Agreement.
4. The headings of each provision of this Agreement are provided for convenience only and do not affect the interpretation of this Agreement.

Article 2 (Description of the Project)

1. The Project shall be comprised of the Obligatory Business and Voluntary Business to be implemented by the Operating Right Holder.
2. The Operating Right Holder shall comply with the Acts and carry out the Project after receipt from Kobe City of the delivery of the Airport Facility and Airport Site etc., succession of the Agreements for Succession to the Operating Right Holder, and transfer, etc. of the Movable etc. for Transfer to the Operating Right Holder, in accordance with this Agreement, the Application Guidelines etc., the Required Standards Document and the Proposal Documents.

Article 3 (Composition and application of this Agreement)

1. This Agreement shall constitute one agreement together with the Application Guidelines etc., Required Standards Document and Proposal Documents. Furthermore, the agreements to be separately executed between Kobe City and the Operating Right Holder pursuant to this Agreement shall also constitute a part of this Agreement.
2. If there is any variance or inconsistency among each of the documents in the preceding paragraph, this Agreement, Application Guidelines etc., Required Standards Document and 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 over the Required Standards Document only in such respect.
3. If any queries arise regarding the contents of each document in paragraph 1, they

shall be decided through consultation between Kobe City 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)

The income earned from the Project pursuant to this Agreement shall entirely belong to the Operating Right Holder unless otherwise stipulated.

Article 6 (Contract Deposit)

1. The Operating Right Holder shall pay an amount of JPY 300 million to Kobe City as the Contract Deposit for this Agreement promptly after execution of this Agreement.

2. If at the time of execution of this Agreement, the Preferred Negotiation Right Holder's Members had paid to Kobe City the contract deposit stipulated in the Basic Agreement in accordance with its terms and if the contract deposit has not been confiscated or returned, the payment of money shall constitute the Operating Right Holder's deposit of the Contract Deposit in the preceding paragraph.

Article 7 (Permissions etc. and notifications etc.)

1. All Permissions etc. necessary to implement the Project shall be acquired and maintained by the Operating Right Holder at the expense and responsibility of the Operating Right Holder. Furthermore, the Operating Right Holder is responsible for preparing and filing all notifications and reports necessary for the Operating Right Holder to carry out the Project. However, Kobe City shall perform necessary measures to acquire and maintain Permissions etc. or to file notifications that are required to be done by Kobe City, and the Operating Right Holder shall bear the expenses required for Kobe City to acquire Permissions etc., to file notifications or maintain them. When requested by Kobe City, the Operating Right Holder shall cooperate with these measures.

2. If requested in writing by the Operating Right Holder, Kobe City shall cooperate with the Operating Right Holder as necessary within the scope of the Acts for their acquisition or notification, and maintenance of the Permissions etc. in the preceding paragraph.

3. If the Operating Right Holder prepared and submitted documents concerning the acquisition or notification, and maintenance of the Permissions etc. that are necessary to implement the Project pursuant to paragraph 1, it shall preserve copies of those documents and submit these copies to Kobe City on the Project Expiration Date.

4. The Operating Right Holder shall preserve the originals of the Permissions etc. that it acquired or notified, and maintained pursuant to paragraph 1, and present the originals or certified copies to Kobe City when requested by Kobe City.

Article 8 (Allocation of responsibility)

1. Unless otherwise provided in this Agreement, the Operating Right Holder shall assume all responsibility whatsoever in carrying out the Project.

2. Unless otherwise provided in this Agreement, the Operating Right Holder shall not be released from any responsibility of an Operating Right Holder under this Agreement by virtue of any approval or confirmation given by Kobe City or by reason of the Project being carried out by the Operating Right Holder in the presence of Kobe City, or by reason of any reports, notices or explanations given by the Operating Right Holder to Kobe City, and Kobe City shall not assume any responsibility whatsoever as a result of giving any such approval, confirmation or witnessing the Project being carried out by the Operating Right Holder, or receiving any reports, notices or explanations from the Operating Right Holder.

Article 9 (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 Kobe City as of the date of execution of this Agreement:²

- (1) The Operating Right Holder is a *kabushiki kaisha* duly, effectively, and legitimately incorporated and existing under the Companies Act;
- (2) [The total of the amount of capital and capital reserve of the Operating Right Holder is JPY [●]];³
- (3) The articles of incorporation of the Operating Right Holder contain a provision that the types of shares that may be issued by the Operating Right Holder are only the Voting Shares;
- (4) The articles of incorporation 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 for in Article 326, paragraph (2) of the Companies Act⁴;
- (5) The articles of incorporation of the Operating Right Holder contain a provision that the Operating Right Holder's Fiscal Year shall be one year commencing from April 1 of each calendar year and ending on March 31 of the following year (for the year in which the Operating Right Holder is incorporated, the period shall be from the date of incorporation until the first March 31);
- (6) The Operating Right Holder is not a Subsidiary or an Affiliate of the Air Carrier or the Air Carrier's Affiliate (including Subsidiaries);

² This provision was prepared to prescribe items of representations and warranties on the assumption that the Operating Right Holder is established as a *kabushiki kaisha*. If the Preferred Negotiation Right Holder proposes another form of entity, shareholding structure (including whether non-voting shares are issued) or others and Kobe City approves, these representations and warranties will be revised accordingly to reflect such proposal.

³ The representation and warranty concerning the amount and method of contribution to the Operating Right Holder shall be revised based upon the proposal from the Preferred Negotiation Right Holder.

⁴ The organs of the Operating Right Holder shall be revised based on the proposal from the Preferred Negotiation Right Holder (including whether to have an audit and supervisory committee or nominating committee etc. under the Companies Act.)

- (7) The Operating Right Holder has full capacity to execute and perform this Agreement, and the obligations of the Operating Right Holder under this Agreement are legally effective, binding and enforceable against the Operating Right Holder;
- (8) The Operating Right Holder is duly granted the authority that is required pursuant to the laws of Japan and the Operating Right Holder's articles of incorporation, regulations of the board of directors, and its other internal regulations, and it has performed all procedures necessary to execute and perform this Agreement;
- (9) There is no litigation, claim, arbitration or investigation pending or, to the best of the Operating Right Holder's knowledge, threatened against the Operating Right Holder that would materially or adversely affect its capacity to implement the Project or to perform its obligations under this Agreement;
- (10) The objectives indicated in the Operating Right Holder's articles of incorporation are only limited to performing the Project;
- (11) The execution of this Agreement and performance of obligations under this 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, and do not violate any judgments, decisions or orders applicable to the Operating Right Holder;
- (12) The Operating Right Holder does not fall under any of sub-paragraphs (a) through to (g) of Article 29, paragraph (1), item (i) of the PFI Act; and
- (13) The Operating Right Holder has satisfied the matters that it proposed to represent and warrant as of the date of execution of this Agreement in the Proposal Documents, in addition to each of the preceding items.

2. [The Operating Right Holder represents and warrants that as of the Project Commencement Date, the total of its amount of capital and capital reserve is JPY [●] or more]⁵.

Chapter 2 Succession and other preparation for Obligatory Business

Article 10 (Succession, etc. of the Obligatory Business)

1. As indicated in **Exhibit 2**, by the Project Scheduled Commencement Date, the Operating Right Holder shall have completed the necessary procedures so that (i) the delivery of the Airport Facility and Airport Site etc. by Kobe City, (ii) the succession of the Agreements for Succession to the Operating Right Holder, (iii) the transfer of Movable etc. for Transfer to the Operating Right Holder, and (iv) the succession or acquisition of the respective Permissions etc. to the Operating Right Holder, may take effect by the Project Commencement Date in accordance with the business succession plan stipulated in the next paragraph (however, with respect to (ii), this shall exclude acquiring consent from the counterparties of the agreements that are necessary for the succession of the Agreements for Succession to the Operating Right Holder). Kobe

⁵ The representations and warranties concerning the amount and method of contribution in the Operating Right Holder shall be revised based on the proposal from the Preferred Negotiation Right Holder.

City shall cooperate in relation to the foregoing. Kobe City and the Operating Right Holder shall mutually cooperate to enable consent from the counterparty of each agreement that is necessary for succession of the Agreements for Succession to the Operating Right Holder to be acquired by the Project Scheduled Commencement Date. Each succession, etc. shall be conducted in the manner set forth in **Exhibit 2**, and Kobe City and the Operating Right Holder shall execute the Goods etc. Transfer Agreement as prescribed in the form in **Exhibit 3** for the transfer of Movable etc. for Transfer to the Operating Right Holder.

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 Obligatory Business, submit it to Kobe City and receive confirmation from Kobe City within 14 days from the date of execution of this Agreement.

3. In addition to the procedures for succession, etc. of the Obligatory Business provided in paragraph 1, the Operating Right Holder is responsible for carrying out the necessary preparation by the Project Scheduled Commencement Date to ensure that the Airport will reach its full potential from the Project Scheduled Commencement Date. In this regard, Kobe City shall cooperate with the Operating Right Holder to the extent necessary and possible (including Kobe City delivering to the Operating Right Holder any documents or their copies that are necessary to succeed to and implement the Obligatory Business stipulated in paragraph 1).

4. In connection with the succession of the Agreements for Succession to the Operating Right Holder in paragraph 1, if consent from a counterparty of the agreement is not acquired for part of the Agreements for Succession to the Operating Right Holder by the Project Scheduled Commencement Date, and Kobe City requests the Operating Right Holder to assist Kobe City in exercising its rights or performing its obligations under those incomplete-succession agreements, the Operating Right Holder shall assist Kobe City as necessary. However, the request for assistance and provision of assistance shall not release the Operating Right Holder from its obligations to complete the necessary procedures for the succession of those incomplete-succession agreements. In these circumstances, those incomplete-succession agreements shall be treated as follows:

- (i) Any payments received thereunder shall belong to Kobe City with respect to any claims and debts under the agreement that arose during the incomplete-succession period of the relevant agreement which are attributable to events before the Project Commencement Date, and Kobe City shall bear the expenses and responsibility under such relevant incomplete-succession agreement; and
- (ii) The Operating Right Holder shall, until completion of succession, bear the expenses and responsibility under the relevant incomplete-succession agreement with respect to any claims and debts under the agreement that arose during the incomplete-succession period of the relevant agreement which are

attributable to events on and after the Project Commencement Date (including the Project Commencement Date) (Kobe City may claim for reimbursement of expenses etc. by the Operating Holder to this extent). For any payments received by Kobe City under the same agreement from the counterparty of that agreement until completion of succession, Kobe City sets its budget if necessary and notifies the Operating Right Holder of the amount Kobe City could pay out of those payments received, and the Operating Right Holder may claim for payment to Kobe City within the amount that it received such notice. In this case (excluding when Kobe City does not set its budget), Kobe City shall pay this amount claimed within 30 Business Days from such claim.

5. Unless provided for in the preceding paragraph or elsewhere in this Agreement, Kobe City shall not assume any responsibility whatsoever concerning increased expenses or damages that arose to the Operating Right Holder even if the succession, etc. of the Obligatory Business is not completed by the Project Commencement Date for any reason.

6. In addition to the stipulation in the preceding two paragraphs and elsewhere in this Agreement, the wages and other expenses incurred for the succession, etc. of the Obligatory Business under this article shall be borne by each party, and neither party shall claim its disbursements from the other party.

Article 11 (Warranty against defects by Kobe City)

1. With respect to the Airport Facility delivered pursuant to Article 10, paragraph 1, if any defect is found within one year after the Project Commencement Date, the Operating Right Holder shall notify Kobe City in writing within 20 Business Days from the date of discovery. (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 Project Commencement Date which could not be reasonably foreseen from the materials Kobe City disclosed to the Preferred Negotiation Right Holder (e.g. the Application Guidelines etc.) or from information that could have been learned by the Preferred Negotiation Right Holder or the Operating Right Holder before execution of this Agreement. In this regard, ordinary wear and tear and deterioration due to aging shall not be considered a defect. The same shall apply in this paragraph, paragraph 2 and paragraph 3.) Kobe City shall compensate the Operating Right Holder if it discovers and notifies Kobe City during the above defect warranty period, and the Operating Right Holder provides evidence of the existence of the defect, with a reasonable amount of expenses directly required to cure the relevant defect (but not including lost profit or other increased expenses or damages). Kobe City shall compensate the Operating Right Holder either by one or both of the following methods: (i) by effecting Agreed Extension stipulated in Article 58, paragraph 2 if agreed between the parties or (ii) by paying an amount in the maximum of the total amount of Consideration plus Revenue Sharing Fees which Kobe City actually received from the Operating Right Holder within the one year from the Project Commencement Date (this maximum amount shall be the maximum of the accrued amount of compensation under this article). The Operating Right Holder shall not terminate this Agreement even if any defect stipulated in this paragraph is discovered.

2. Notwithstanding the preceding paragraph, if Kobe City itself conducts replacement investment pursuant to the provisions of Article 34, paragraph 1 without succeeding the agreement concerning the relevant investment which was already executed as of the Project Commencement Date (to be referred to as the “Executed Investment Agreement” in this paragraph) and received delivery of the relevant invested part (in this regard, the Operating Right naturally extends to this invested part) from the third party on or after the Project Commencement Date, the period for which Kobe City shall warrant the defect in the relevant invested part (meaning the defect that existed as of the time of delivery from Kobe City to the Operating Right Holder) shall be the same as the period in which the counterparty of the Executed Investment Agreement provides warranty against defects under the same agreement. If the Operating Right Holder succeeded to the Executed Investment Agreement from Kobe City, Kobe City shall not provide warranty against defects for the invested part concerning the relevant agreement.

3. Kobe City shall not assume any responsibility for defects found or notified with respect to the Airport Facility after the lapse of the period in which Kobe City is responsible to provide warranty against defects in the preceding two paragraphs.

4. Unless otherwise provided in this Agreement, Kobe City will not assume responsibility for any defects that are found in the Airport Site etc. and Movable etc. for Transfer to the Operating Rights Holder delivered pursuant to Article 10, paragraph 1, other rights and agreements succeeded by the Operating Right Holder from Kobe City, information, etc. (including information in the final Facilities List presented to the Operating Right Holder by Kobe City within two months after the Project Commencement Date), or information in the materials disclosed by Kobe City to the Preferred Negotiation Right Holder such as the Application Guidelines etc. (including, but not limited to, discrepancy, inconsistency and insufficiency of information, comprehensiveness or completeness of information, validity of an agreement or whether or not there is non-performance under an agreement, defect in rights, and physical defects in assets).

Article 12 (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, Civil Aeronautics Act, and Kobe Airport Ordinance, and the Required Standards Document and file these with the Minister of Land, Infrastructure, Transport and Tourism, and also submit its copy to Kobe City promptly after such filing. The same shall apply if any change is made to the airport service regulations and airport security control regulations.

2. During the Project 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 13 (Other documents to be submitted)

1. The Operating Right Holder shall submit to Kobe City each of the below

documents by the Project Commencement Date.

- (1) Each of the following documents for the Operating Right Holder (however, if there are no changes to these documents which were filed under the Basic Agreement, these documents need not be submitted again.):
 - A. Certified true copy of the articles of incorporation;
 - B. Original certified copy of the commercial register; and
 - C. Original certificate of the representative seal.

- (2) Each of the following documents for the Operating Right Holder:
 - A. A document that shows that it duly complied with its internal procedures required under the Acts to cause this Agreement to take effect (minutes of the shareholders meeting, minutes of the board of directors meeting, etc.);
 - B. Financing agreement executed with Financial Institutions;
 - C. Agreements executed with Financial Institutions to establish security rights on the Operating Right and other assets held by the Operating Right Holder, and on the issued and outstanding shares of the Operating Right Holder; and
 - D. Agreements executed with Financial Institutions to establish security rights on the Operating Right Holder's rights and status under this Agreement or other agreements executed between Kobe City and the Operating Right Holder.

Article 14 (Continuance of current agreements and execution of new agreements)

1. Kobe City shall maintain the agreements etc. in **Exhibit 4** that had been executed as of the date of execution of this Agreement during the period from the date of execution of this Agreement until the Project Expiration Date. If those agreements etc. become unnecessary for the Project or if they need to be amended, Kobe City and the Operating Right Holder shall consult each other to decide on the handling of such agreements etc.

2. The Operating Right Holder shall execute agreements and pacts as prescribed in the form in **Exhibit 5** with the counterparty by the Project Scheduled Commencement Date and the agreements and pacts shall remain valid during the Project Period. However, the Operating Right Holder may terminate the relevant agreements and pacts even during the Project Period if the counterparty fails to perform a material obligation thereunder or if Kobe City otherwise decides that it is appropriate to terminate such agreements and pacts.

3. The Operating Right Holder shall succeed to agreements and pacts indicated in **Exhibit 6** in accordance with Article 10, paragraph 1 and the agreements and pacts shall remain valid during the Project Period. However, the Operating Right Holder may terminate the relevant agreements and pacts even during the Project Period if the counterparty fails to perform a material obligation thereunder or if Kobe City otherwise decides that it is appropriate to terminate such agreements and pacts.

Article 15 (Dispatch etc. of Kobe City personnel)

1. The Operating Right Holder shall enter into arrangements with Kobe City

concerning dispatch of Kobe City personnel as necessary for implementing the Project by three months before the Project Scheduled Commencement Date. When the Operating Right Holder requests for a new Kobe City personnel within the scope of conditions stipulated in paragraph 3 during the Project Period, it shall enter into similar arrangements by three months before accepting the dispatch of such new personnel.

2. If the arrangements in the preceding paragraph are executed, such arrangements shall constitute a part of this Agreement. Kobe City shall dispatch to the Operating Right Holder the Kobe City personnel as necessary for implementing the Project in accordance with such arrangement, and the Operating Right Holder shall accept such Kobe City personnel.

3. In addition to the stipulations in the preceding two paragraphs, the details concerning the job categories, maximum number of such Kobe City 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 7**.

4. The provisions of the preceding three paragraphs shall not prevent the Kobe City personnel from voluntarily transferring to employment with the Operating Right Holder and the Operating Right Holder from accepting him/her. In this case, Kobe City and the Operating Right Holder shall consult each other to change the contents of **Exhibit 7**.

Chapter 3 Establishment of the right to use land and buildings

Article 16 (Lease and sublease of land and buildings from Kobe City)

1. Kobe City and the Operating Right Holder shall, by the Project Scheduled Commencement Date, execute a Land and Building Loan for Use Agreement as prescribed in the form in **Exhibit 8** concerning the lease of the Airport Site etc. and Airport Facility as a loan for use pursuant to Article 593 of the Civil Code. Kobe City shall deliver the Airport Site etc. and Airport Facility to the Operating Right Holder on the Project Commencement Date. The period of the lease in the Land and Building Loan for Use Agreement shall be prescribed in **Exhibit 8** and if this Agreement is terminated or cancelled for any reason, the Land and Building Loan for Use Agreement shall also be terminated at the time of termination or cancellation of this Agreement.

2. After the Operating Right Holder has received the Airport Site etc. and Airport Facility from Kobe City, the Operating Right Holder shall manage these as a prudent manager during the Project Period.

3. If Kobe City wishes to newly execute a sub loan for use agreement over the Airport Site etc. and Airport Facility to maintain the functions of the Airport, the Operating Right Holder shall cooperate proactively and consult in good faith with Kobe City to achieve Kobe City's desired outcome.

Chapter 4 Right to operate Public Facility etc.

Article 17 (The effect of the Right to Operate Public Facility etc.)

1. Kobe City 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 precedent for commencement of the Project provided for in Article 22, paragraph 1 are satisfied (excluding the conditions which are waived pursuant to the proviso in paragraph 2 of the same article). Upon such effectuation the rights and responsibilities for operating, maintaining and managing the Airport Facility shall transfer from Kobe City to the Operating Right Holder.

2. Notwithstanding the provisions of the preceding paragraph, Kobe City and the Operating Right Holder shall perform necessary measures to decide on the sharing of revenues and expenses with regard to the relevant Airport Facility if Kobe City acquires ownership in the Airport Facility owned by a third party on the Airport Site (including when Kobe City itself conducts replacement investment pursuant to the provisions of Article 34) where as a result the Operating Right naturally extends to the relevant Airport Facility.

3. The stipulations in Article 58, paragraph 2 concerning the duration of the Operating Right will apply.

Chapter 5 Payment obligations of the Operating Right Holder and Kobe City

Article 18 (Consideration for the transfer of the Movables etc. for Transfer to the Operating Right Holder)

1. The Operating Right Holder shall, by the Business Day preceding the Project Scheduled Commencement Date, pay to Kobe City the Consideration for Movables etc. for Transfer to the Operating Right Holder in accordance with the method stipulated in **Exhibit 2** and the terms of the agreement to be agreed pursuant to the Goods etc. Transfer Agreement (including the amount of the Consideration for Movables etc. for Transfer to the Operating Right Holder).

2. Kobe City shall not assume any obligation to return the consideration for the transfer of the Movables etc. for Transfer to the Operating Right Holder received pursuant to the preceding paragraph unless otherwise provided for in this Agreement and the Goods etc. Transfer Agreement.

Article 19 (Consideration)

1. The Operating Right Holder shall pay to Kobe City (i) an amount of JPY [●] as Consideration (Upfront Fee) by the Business Day preceding the Project Scheduled Commencement Date and (ii) an annual amount of JPY [●] as Consideration (Annual Fee) during the Project Period, respectively by the method stipulated in **Exhibit 9**.

2. Notwithstanding the provisions of the preceding paragraph, the full amount of the Contract Deposit remaining on the payment date of the Consideration (Upfront Fee) shall be automatically applied to the payment of the Consideration (Upfront Fee) and the Operating Right Holder shall pay Kobe City the difference between the amount of the Consideration (Upfront Fee) in the preceding paragraph and the remaining amount

of the Contract Deposit. In this case, the Operating Right Holder's claim against Kobe City for the return of the remainder of the Contract Deposit shall cease.

3. Kobe City shall not assume any obligation to return the Consideration received pursuant to the preceding paragraph unless otherwise provided for in this Agreement.

4. Even if the Agreed Extension stipulated in Article 58, paragraph 2 is effected, the obligation to pay the Consideration shall not arise besides pursuant to the stipulation of paragraph 1.

Article 20 (Revenue Sharing Fees)

1. The Operating Right Holder shall pay Kobe City the Revenue Sharing Fees in the amount calculated by the method stipulated in **Exhibit 9** during the Project Period.

2. Kobe City shall not assume any obligation to return the Revenue Sharing Fees received pursuant to the preceding paragraph unless otherwise provided for in this Agreement. However, the provisions of this paragraph shall not prevent Kobe City from compensating losses to the Operating Right Holder under this Agreement or pursuant to the Acts.

Article 21 (Delayed payment)

If any payment under the preceding three articles or otherwise pursuant to this Agreement is delayed beyond the respectively stipulated payment date, Kobe City and the Operating Right Holder shall pay interest stipulated in Article 85 to the other party for the delayed period.

Chapter 6 Obligatory Business and Voluntary Business

Article 22 (Conditions precedent for commencement of the Project)

1. Each of the below conditions must be satisfied in order for the Operating Right stipulated in Article 17, paragraph 1 to take effect and for the Project to be commenced.

- (1) Each of the matters indicated in each item of Article 9, paragraph 1 and paragraph 2 with respect to the Operating Right Holder is true and accurate as of the Project Scheduled Commencement Date (if the Project Commencement Date is delayed beyond the Project Scheduled Commencement Date, such date newly designated by Kobe City as the scheduled date to commence the Project);
- (2) The Operating Right Holder performed each of the below obligations (excluding the completion of necessary procedures by Kobe City with respect to (v), (vi) and (vii)):
 - (i) Acquisition of all Permissions etc. stipulated in Article 7 that are required to implement the Project;
 - (ii) Succession, etc. of the Obligatory Business stipulated in Article 10, paragraph 1 (excluding acquiring required consent from the counterparties for succession of the Agreements for Succession to the Operating Right Holder);

- (iii) Preparation, notification and submission of a copy of the airport service regulations and airport security control regulations stipulated in Article 12, paragraph 1;
 - (iv) Submission of each document stipulated in each item in Article 13;
 - (v) Execution of new agreements, etc. stipulated in Article 14, paragraph 2;
 - (vi) Execution of arrangements concerning dispatch of personnel stipulated in Article 15, paragraph 1;
 - (vii) Execution of the Land and Building Loan for Use Agreement stipulated in Article 16, paragraph 1;
 - (viii) Payment of the Consideration for Movables etc. for Transfer to the Operating Right Holder stipulated in Article 18, paragraph 1;
 - (ix) Payment (and appropriation) of the Consideration (Upfront Fee) stipulated in Article 19, paragraph 1 (and paragraph 2);
 - (x) Notice concerning entrustment to a third party stipulated in Article 26, paragraph 1 (if any operation is to be entrusted to a third party from the Project Commencement Date);
 - (xi) Submission of evidence of purchase of insurance stipulated in Article 27, paragraph 4;
 - (xii) Submission of a Mid-term Project Plan for the initial five Fiscal Years stipulated in Article 29 and a Single Year Project Plan for the first Fiscal Year stipulated in Article 30, and acquisition of prior approval from Kobe City that is necessary to implement the Replacement Investment in the relevant plan; and
 - (xiii) Notification of the Landing Fees etc. and notification of the fee for using the facility by the Air Carrier and tenants stipulated in Article 35, paragraph 2 and paragraph 5.
- (3) In addition to item (1) and item (2), that there is no material breach of obligations by the Operating Right Holder which it must perform before the Project commences under this Agreement or any other agreement to which it is a party;
- (4) The Operating Right Holder issued a document to Kobe City proving that it satisfied the conditions stipulated in item (1) through to item (3) (unless Kobe City acknowledges that these conditions were satisfied without requiring the document to be issued);
- (5) Kobe City performed each of the below obligations (except for the completion of necessary procedures by the Operating Right Holder for (i) and (ii), and with respect to (iv), excluding the situation that the condition precedent for commencement in (iv) is not satisfied due to the conditions precedent in item (2) not being satisfied by the Operating Right Holder):
- (i) Execution of arrangements concerning dispatch of personnel stipulated in Article 15, paragraph 1;
 - (ii) Execution of the Land and Building Loan for Use Agreement, and delivery of the land and buildings pursuant to these agreements stipulated in Article 16, paragraph 1;
 - (iii) Fixing the monitoring details stipulated in Article 47, paragraph 5 and Article 48, paragraph 4;
 - (iv) The transfer of ownership in the Passenger Building Facility, Cargo

Building Facilities and Parking Facilities from the Kobe Airport Terminal to Kobe City pursuant to the Building Facility Sale and Purchase Agreement (which is subject to the condition that all the conditions precedent for such transfer of ownership stipulated in the Building Facility Sale and Purchase Agreement are satisfied) takes effect; and

- (v) Completion of Kobe City internal procedures that is necessary under the Acts to cause this Agreement to take effect.
- (6) The Operating Right Holder and Kobe City acquired required consent from the counterparties for the succession of the Agreements for Succession to the Operating Right Holder stipulated in Article 10, paragraph 1.

2. The Operating Right Holder must satisfy the conditions precedent in item (1) through to item (4) of the preceding paragraph and Kobe City must satisfy the conditions precedent in item (5) of the preceding paragraph, respectively, by the Project Scheduled Commencement Date. Kobe City and the Operating Right Holder shall mutually cooperate to satisfy the condition in item (6) of the preceding paragraph by the Project Scheduled Commencement Date. However, even if all of the relevant conditions precedent are not satisfied by the Project Scheduled Commencement Date, Kobe City may waive at its discretion all or part of the conditions precedent in item (1) through to item (4) and item (6) of the preceding paragraph, and the Operating Right Holder may waive at its discretion all or part of (i) through to (iii) of the conditions precedent in item (5). Even in case of a waiver, the party who is in breach of its obligations under this Agreement shall not be released from its responsibility for not satisfying the condition that was waived.

3. When all the conditions in paragraph 1 are satisfied (excluding the conditions that were waived pursuant to the proviso of the preceding paragraph), the Operating Right Holder shall implement the Project from the Project Scheduled Commencement Date which shall be deemed as the Project Commencement Date. If satisfaction of the conditions is delayed beyond the Project Scheduled Commencement Date, then the Operating Right Holder shall implement the Project from the date that the relevant condition is satisfied, which shall be deemed as the Project Commencement Date.

Article 23 (Non-satisfaction of the conditions precedent for the Obligatory Business)

1. If the Operating Right Holder anticipates that the conditions precedent stipulated in paragraph 1, item (1) through to item (4) and item (6) (excluding the conditions that were waived pursuant to the proviso of paragraph 2; hereinafter referred to as “Conditions Precedent for the Project” in this article) would not be satisfied by the Project Scheduled Commencement Date regardless of any reason, it shall promptly notify Kobe City of such anticipated non-satisfaction, its cause and measures of remedy.

2. In the measures stipulated in the preceding paragraph, the Operating Right Holder shall clarify its policies aimed to commence the Obligatory Business as soon as possible and its projected schedule up to the Project Commencement Date.

3. If the Conditions Precedent for the Project are not satisfied by the Project Scheduled Commencement Date for reasons attributable to the Operating Right

Holder's breach of obligations stipulated in paragraph 2 of the preceding article (meaning its obligation to satisfy the conditions in paragraph 1, item (1) through to item (4) of the preceding article but excluding its obligation to satisfy the condition in item (6) of the same paragraph) and additional expenses or damages are incurred by Kobe City as a result, Kobe City may claim for the payment of the lost profit which could have been earned by Kobe City, the additional expenses and damages from the Operating Right Holder both directly caused by the non-satisfaction of the Conditions Precedent for the Project and delay of the Project Commencement Date, as well as reasonable expenses which Kobe City had to pay during the relevant period of delay. In this case, the additional expenses and damages shall be paid in accordance with the below method.

- (a) If the additional expenses or amount of damages is equal to or less than the Contract Deposit:
The Contract Deposit shall be applied to this payment.
- (b) If the additional expenses or damages exceed the Contract Deposit:
The entire amount of the Contract Deposit shall be applied to this payment, and the Operating Right Holder shall pay to Kobe City the insufficient amount by the last day of the month following the month the additional expenses or amount of damages are fixed.

4. If the Conditions Precedent for the Project are not satisfied by the Project Scheduled Commencement Date for reasons attributable to Kobe City's breach of obligations stipulated in paragraph 2 of the preceding article (meaning its obligation to satisfy the conditions in paragraph 1, item (5) of the preceding article but excluding its obligation to satisfy the conditions in paragraph 1, item (6)) or due to a Particular Change of Municipal Ordinance and additional expenses or damages are incurred by the Operating Right Holder as a result, Kobe City shall assume either by one or both of the following methods: (i) implement the Agreed Extension stipulated in Article 58, paragraph 2 if both parties agree, or (ii) compensate the lost profit which could have been earned by the Operating Right Holder and damages that were incurred by the Operating Right Holder, both directly caused by the non-satisfaction of the Conditions Precedent for the Project and delay of the Project Commencement Date, as well as reasonable expenses which the Operating Right Holder had to pay during the relevant period of delay. Furthermore, Kobe City shall change the payment date for the Consideration if it is reasonably decided that this is necessary, and the contents of such change shall be decided through consultation between Kobe City and the Operating Right Holder.

5. Notwithstanding the provisions of the preceding two paragraphs, if the Conditions Precedent for the Project are not satisfied by the Project Scheduled Commencement Date due to Force Majeure or Particular Change of Acts, this non-satisfaction shall not constitute a breach by the Operating Right Holder or Kobe City of their obligations stipulated in paragraph 2 of the preceding article (i.e., the obligation of each party to respectively satisfy the conditions in paragraph 1, item (1) through to item (4) of the preceding article and paragraph 1, item (5) of the preceding article but excluding the obligation to satisfy the condition in item (6) of the same paragraph), and if the

Operating Right Holder or Kobe City incurs additional expenses or damages as a result of the relevant Force Majeure or Particular Change of Acts, the Operating Right Holder and Kobe City shall each bear its own lost profit and damages that are directly caused by the non-satisfaction of the relevant Conditions Precedent for the Project and delay of the Project Commencement Date, and reasonable expenses that each had to pay during the relevant period of delay, and each shall also endeavor to minimize additional expenses or damages that may be incurred by the other party from such Force Majeure or Particular Change of Acts. However, the provisions of this paragraph shall not prevent the Operating Right Holder from claiming compensation from Kobe City for defects under warranty stipulated in Article 11 if a defect arises in the Airport Facility due to Force Majeure before such facility is delivered to the Operating Right Holder. In this case, it will suffice for the Operating Right Holder to notify Kobe City in writing stating the details of that defect within 20 Business Days after it discovered the defect in the Airport Facility within the period stipulated in Article 11.

Article 24 (Contents of the Obligatory Business and Voluntary Business)

1. During the Project Period, the Operating Right Holder shall carry out the below Obligatory Business in accordance with this Agreement, Application Guidelines etc., Required Standards Document, and Proposal Documents (excluding the activities and operations stipulated in the Required Standards Document as those to be carried out by the State of Japan or Kobe City).

- (1) Operation, Maintenance and Administration of the Basic Airport Facilities;
- (2) Operation, Maintenance and Administration of the Airport Air Navigation Facilities;
- (3) Operation, Maintenance and Administration of the Airport Function Facilities;
- (4) Environmental Measures Business; and
- (5) Incidental Business.

2. The Operating Right Holder may change (including to partially suspend or cease) the contents of the Obligatory Business stipulated in the preceding paragraph by obtaining prior approval from Kobe City as long as such change does not contradict this Agreement, Application Guidelines etc., and Acts.

3. In addition to the preceding two paragraphs, in accordance with this Agreement, Application Guidelines etc., Kobe Airport Ordinance, Required Standards Document and Proposal Documents, during the Project Period, the Operating Right Holder shall implement the Aircraft Fueling Service. However, the Operating Right Holder shall not be obligated to implement this business by itself, during the period when it leases land to an aircraft fueling related business operator and that operator provides the Aircraft Fueling Service at the Airport.

4. The Operating Right Holder may not engage in other operations besides the operations listed in each item of paragraph 1 (including the operation after a change pursuant to paragraph 2) and in the preceding paragraph. However, the Operating Right Holder may conduct business which the Operating Right Holder considers to be necessary for implementing the Project (“Voluntary Business”) inside or outside of the

Airport Site by obtaining prior approval from Kobe City. The Voluntary Business shall comply with this Agreement and the relevant Acts, shall not interfere with the function of the airport, shall not be any business that applies to an Amusement Business or similar business, shall not be any business to operate office of an Organized Crime Group or other similar office, and shall not be offensive to public morale.

5. The Operating Right Holder shall obtain prior approval from Kobe City if it intends to change during the Project Period the contents of the Voluntary Business that it commenced pursuant to the preceding paragraph. However, if it suspends or ceases the Voluntary Business, it would suffice to only give a prior notice to Kobe City.

6. Kobe City shall not unreasonably refuse its approval when giving prior approval in paragraph 2, paragraph 4 and the preceding paragraph unless the Obligatory Business or the Voluntary Business to be implemented is inconsistent with appropriate implementation of airport operations or other reasonable reasons are found to refuse approval.

Article 25 (Terms for subleasing the Airport Site etc. and Airport Facility)

1. The Operating Right Holder may sublease the Airport Site etc. or Airport Facility to a third party on or after the Project Commencement Date to the extent permissible as to implement the Project and each operation stipulated in the preceding article. However, the Operating Right Holder must not sublease facilities relating to receiving the Landing Fees etc., Airport Air Navigation Facility Usage Fee, or Passenger (Service) Facility Charge at the Airport which are part of the Airport Site etc. and Airport Facility.

2. When the Operating Right Holder executes a sublease agreement for the Airport Site etc. or Airport Facility with a third party in the preceding paragraph, it shall submit an application for approval for sublease to Kobe City and obtain approval. Furthermore, the relevant sublease agreement shall comply with the below conditions. The Operating Right Holder shall submit a copy of the relevant sublease agreement to Kobe City promptly after its execution (if it changes the contents of the relevant agreement after its execution, then promptly after making such change).

- (1) The relevant third party shall not conduct any Amusement Business or other business that is offensive to public morals at the leased site or the facility;
- (2) The relevant third party shall represent that its affiliate or business counterpart (the lessee to the sublease) does not fall into any of the categories constituting the Organized Crime Group Members and their Affiliates or anyone whom Kobe City deems to be inappropriate, and that they shall not fall under these categories in the future;
- (3) The land lease agreement or the building lease facility to be executed between the Operating Right Holder and the relevant third party shall (i) be a fixed term land lease right for business purposes under Article 23 of the Act on Land and Building Leases, a fixed term building lease under Article 38 of the same act if this act applies to the lease or a loan for use contract, and (ii) the term of the relevant agreements shall not exceed the Project Period and they shall be cancelled at the time this Agreement is terminated or cancelled before the

Project Expiration Date;

- (4) The relevant third party shall not claim any payment to Kobe City regardless of under any pretext such as compensation of expenses or damages for vacating from the land or buildings upon termination of the land lease agreement or the building lease agreement executed between the Operating Right Holder and the relevant third party;
- (5) The land lease agreement or the building lease agreement executed between the Operating Right Holder and the relevant third party shall stipulate that the relevant third party must obtain prior approval from Kobe City and the Operating Right Holder if it subleases the relevant land or building, assign its leasehold, or commissions business to another third party;
- (6) The Operating Right Holder must notify Kobe City and preserve the land and building as the lessee if any of the below events occur to the relevant third party:
 - (i) If the relevant third party changes its corporate organization with another third party due to merger etc.;
 - (ii) If the relevant third party dissolves;
 - (iii) If the relevant third party files for commencement of procedures for bankruptcy, corporate reorganization, corporate rehabilitation, special liquidation or other similar procedures; or
 - (iv) If a decision for attachment or commencement of auction is made for the building etc. on the relevant land; and
- (7) If there is a breach of any one of the preceding items, or if there occurs any of the events in (i) through to (iv) of the preceding item, the Operating Right Holder shall be entitled to terminate the relevant agreement immediately upon notice.

3. The provisions of the preceding paragraph shall not apply to lease of the Airport Site etc. or Airport Facility which was already executed by Kobe City as at the time of the Project Commencement Date and which lease was succeeded by the Operating Right Holder (excluding the agreement after change when a change is made to the relevant agreement during the Project Period).

Chapter 7 Other terms for implementing the business

Article 26 (Entrustment to a third party)

1. During the Project Period, the Operating Right Holder may, by notifying Kobe City in advance (if entrustment is to be made from the Project Commencement Date, then by the Project Scheduled Commencement Date), entrust to a third party (including the Operating Right Holder's Subsidiary etc.) the operations for the Project (excluding entrusting-prohibited businesses, which entrustment is prohibited under the Acts or Required Standards Document; hereinafter the same in this article) in accordance with the Required Standards Document. The same shall apply when changing the entrustment arrangements. However, if the contract amount of such agreement for entrustment is JPY 10 million or less (if the agreement is a continuous agreement, then if the payment for one year is JPY 10 million or less), it would suffice to submit to Kobe City, simultaneously with the submission of the semi-annual business report stipulated

in Article 43, paragraph 1 and the annual business report stipulated in Article 44, paragraph 1, a copy of each such agreement or the description of such agreement (the parties to the agreement, name of the agreement, purpose of the agreement, amount subject to the agreement, period of the agreement and the date of execution of the agreement) executed during the period subject to the relevant semi-annual business period and during the period subject to the relevant annual business period (excluding the subject period of the semi-annual business reports that were already submitted).

2. If the party to whom the operation for the Project is entrusted to (hereinafter referred to as the “Trustee” in this article) by the Operating Right Holder re-entrusts the operations, the Operating Right Holder shall notify Kobe City in advance. The same shall apply when changing the re-entrustment arrangements. However, this shall not apply if the contract amount of such agreement for re-entrustment is JPY 10 million or less (if the agreement is a continuous agreement, then if the payment for one year is JPY 10 million or less).

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

4. The agreement to be executed between the Operating Right Holder and the Trustee shall comply with the below terms. The Operating Right Holder shall submit a copy of the relevant agreement to Kobe City if requested by Kobe City.

- (1) The period of relevant agreements shall not exceed the Project Period;
- (2) If this Agreement is terminated or cancelled before expiration of the Project Period, the relevant agreement shall also be cancelled upon termination or cancellation of this Agreement. Also, even in this case, the Trustee consents in advance for Kobe City or a third party designated by Kobe City, upon request by Kobe City, to succeed to the status under the relevant agreement for its continuation;
- (3) The Trustee shall have provided to the Operating Right Holder various pieces of financial information concerning its operations and agreed that the Operating Right Holder and Kobe City can peruse its books and records concerning the operation;
- (4) The relevant agreements contain confidential obligations equivalent to those contained in this Agreement; and
- (5) If there is a breach of any one of the preceding four items, the Operating Right Holder shall be entitled to immediately terminate the relevant agreement upon notice.

5. When the Operating Right Holder entrusts the operation concerning the Project pursuant to this article, it shall not entrust to one who falls under any of the categories constituting the Organized Crime Group Members and their Affiliates, and it shall not allow the Trustee to re-entrust to one who falls under any of the categories constituting

the Organized Crime Group Members and their Affiliates or to one that Kobe City deems to be inappropriate.

6. The provisions of this article shall not apply to the agreement for the entrustment of operations which was already executed by Kobe City at the time of the Project Commencement Date and which was succeeded by the Operating Right Holder as part of this Agreements for Succession to the Operating Right Holder (excluding the agreement after change when a change is made to the relevant agreement during the Project Period).

Article 27 (Insurance)⁶

1. The Operating Right Holder shall purchase insurance (in which the Operating Right Holder and Kobe City are the insured parties) for the period, of the kind and in the amount stipulated in **Exhibit 10** at its responsibility and expense for the Project Period. However, if the Operating Right Holder proposes an alternative measure in lieu of insurance after the Project Commencement Date and Kobe City approves this, such alternative measure may be adopted in lieu of insurance.

2. If the Operating Right Holder executes an agreement with the Financial Institutions to establish security rights on an insurance claim under commercial property insurance and civil engineering completed risks insurance from among the insurance purchased pursuant to the preceding paragraph, it will be a precondition for executing such a security agreement that consent is obtained from the Financial Institutions for the insurance company to pay the insurance money to Kobe City directly, when Kobe City decides that it is necessary to implement the Business Continuity Measures pursuant to Article 38, paragraph 2.

3. The Operating Right Holder may request Kobe City to change the scope of coverage of the insurance purchased pursuant to the provisions of paragraph 1 if it considers this to be necessary on reasonable grounds such as a drastic change in the insurance premium due to a change in the insurance market. Kobe City shall not unreasonably refuse or withhold its approval to this request if Kobe City agrees that there are reasonable grounds in making such a request. The Operating Right Holder may not request to change the scope of insurance coverage for a period exceeding one year and if it wishes to change the scope of insurance coverage for a period exceeding one year, it shall make a request for change every year.

4. When the Operating Right Holder executes the insurance agreement pursuant to the provisions of paragraph 1, it shall submit a copy of such insurance certificate or other documents certifying the purchase of such insurance to Kobe City by the Project Scheduled Commencement Date. This applies if an insurance agreement is continued, renewed, novated, or newly executed.

⁶ If the Preferred Negotiation Right Holder proposes an alternative measure in lieu of insurance from the beginning of the Project Period and Kobe City approves this, such alternative measure may be adopted in lieu of insurance.

5. During the Project Period, the Operating Right Holder shall maintain a separate account from other accounts in order to receive insurance money under the insurance purchased pursuant to paragraph 1. If it receives insurance money, it shall maintain such money separate from its other money and use the insurance money only for the purpose of restoration or otherwise of the Airport Facility in accordance with the purpose of the insurance.

Article 28 (Change in the Required Standards)

1. If it becomes necessary to change the contents of the Required Standards due to a change in the Acts, Kobe City shall notify the Operating Right Holder. The Required Standards shall be changed upon this notice is given and the Operating Right Holder shall comply with the Required Standards reflecting such change. However, Article 37, proviso of paragraph 1 shall apply if the contents of the Required Standards are changed due to a Particular Change of Municipal Ordinance.

2. The improvement plan submitted pursuant to Article 48, paragraph 2 and the return plan submitted pursuant to Article 59, paragraph 2 shall constitute a part of the Required Standards upon Kobe City's approval.

3. In addition to the preceding two paragraphs, Kobe City and the Operating Right Holder may mutually request to hold a consultation to change the Required Standards, and the Required Standards may be changed to such extent agreed between them and to the extent such change does not contradict the Acts.

Chapter 8 Project Plans

Article 29 (Mid-term Project Plan)

1. During the Project Period, the Operating Right Holder shall submit to Kobe City a Mid-term Project Plan for the Fiscal Year which includes the Project Scheduled Commencement Date until the fifth Fiscal Year (including this Fiscal Year) by 30 days prior to the Project Scheduled Commencement Date (if the Project Commencement Date is delayed beyond the Project Scheduled Commencement Date, then such date separately stipulated by Kobe City), and a Mid-term Project Plan for the subsequent five Fiscal Years by 60 days prior to the commencement date of the first fiscal year of such five fiscal years.

2. During the Project Period, the Operating Right Holder shall implement the Project in an appropriate manner and in conformity with the Mid-term Project Plan.

3. In preparing a Mid-term Project Plan pursuant to paragraph 1, if the Operating Right Holder plans to implement the Replacement Investment stipulated in Article 31, paragraph 1, or the Development stipulated in Article 33, paragraph 1 during the period subject to the plan, it shall obtain prior approval from Kobe City if this approval is required under the relevant provision, and shall include a description of the Replacement Investment or Development in the relevant Mid-term Project Plan. If after submission of the Mid-term Project Plan, the Operating Right Holder implements the Replacement Investment or Development during the subject period, it shall revise

the submitted Mid-term Project Plan accordingly. The form and the matters to be indicated, etc. in a Mid-term Project Plan shall be separately designated by Kobe City.

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 Kobe City without delay.

5. The Operating Right Holder shall promptly publicize on its website the matters that must be publicized concerning the Mid-term Project Plan (or the revised plan if it was changed) after it submits this to Kobe City, and maintain the same on its website until it submits the Mid-term Project Plan for the subsequent five Fiscal Years. The matters that must be publicized concerning the Mid-term Project Plan shall be separately designated by Kobe City.

Article 30 (Submission of a Single Year Project Plan)

1. During the Project Period, the Operating Right Holder shall submit to Kobe City a Single Year Project Plan for the Fiscal Year (which includes the Project Scheduled Commencement Date) by 30 days prior to the Project Scheduled Commencement Date (if the Project Commencement Date is delayed beyond the Project Scheduled Commencement Date, then such date separately stipulated by Kobe City), and a Single Year Project Plan for each of the subsequent Fiscal Years thereafter by 60 days prior to the commencement date of the relevant Fiscal Year.

2. During the Project Period, the Operating Right Holder shall implement the Project in an appropriate manner and in conformity with the Single Year Project Plan.

3. In preparing a Single Year Project Plan pursuant to paragraph 1, if the Operating Right Holder plans to implement the Replacement Investment stipulated in Article 31, paragraph 1, or Development stipulated in Article 33, paragraph 1 during the period subject to the plan, it shall obtain prior approval from Kobe City if this approval is required under the relevant provision, and shall include a description of the Replacement Investment or Development in the relevant Single Year Project Plan. The Single Year Project Plan must indicate whether there was a change from the Mid-term Project Plan (covering the subject period) that was already submitted. If after submission of the Single Year Project Plan, the Operating Right Holder implements the Replacement Investment or Development during the subject period, it shall revise the submitted Single Year Project Plan accordingly. The form and matters to be indicated, etc. in a Single Year Project Plan shall be separately designated by Kobe City.

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 Kobe City without delay.

5. The Operating Right Holder shall publicize the Single Year Project Plan (the revised plan if it was changed) at its discretion. The Operating Right Holder shall promptly publicize on its website the matters that must be publicized concerning the Single Year Project Plan (or the revised plan if it was changed) after it submits this to Kobe City and maintain the same on its website until it submits the Mid-term Project Plan for the subsequent five Fiscal Years. The matters that must be publicized

concerning the Mid-term Project Plan shall be separately designated by Kobe City.

Chapter 9 Replacement Investment etc.

Article 31 (Carrying Out the Replacement Investment)

1. The Operating Right Holder may implement the Replacement Investment in the Airport Facility at its own discretion and expenses accompanying the implementation of business stipulated in Article 24, paragraph 1. The Operating Right Holder may not cause the Operating Right Holder's Subsidiary, etc. to carry out the Replacement Investment.

2. Notwithstanding the preceding paragraph, the Operating Right Holder shall obtain prior approval from Kobe City for any Replacement Investment that applies to "extension" and which falls under either of the below:

- (1) When the Operating Right Holder carries out any Replacement Investment that applies to a Material Change, it shall obtain prior approval from Kobe City to this Replacement Investment. The Material Change pertains to a "material change" stipulated in Article 43 of the Civil Aeronautics Act and the Operating Right Holder shall cooperate with Kobe City in the procedures which Kobe City is required to perform under the Civil Aeronautics Act for carrying out a "material change" under Article 43 of the Civil Aeronautics Act; or
- (2) If the Operating Right Holder carries out Replacement Investment that would significantly change the currently occupied area of the Airport Facility, it shall obtain prior approval from Kobe City for this Replacement Investment. Kobe City shall not unreasonably refuse its approval without justifiable reasons if this Replacement Investment does not contradict the Acts or the Required Standards and does not significantly hinder the safety or the function of the Airport.

3. If the Operating Right Holder intends to carry out investment that satisfies the conditions set forth in each of the below items, as a part of the Replacement Investment which it implemented pursuant to paragraph 1 or the preceding paragraph, the Operating Right Holder may request, in accordance with the procedures prescribed in **Exhibit 11**, Kobe City to bear the expenses corresponding to the value remaining from the relevant investment as of the Project Expiration Date ("Outstanding Capital Expense") In this case, if Kobe City approves the relevant investment and bearing of expenses in advance, Kobe City shall bear the Outstanding Capital Expense to the extent permitted in **Exhibit 11**. The Outstanding Capital Expense shall be paid in the manner stipulated in Article 60, paragraph 3 (or Article 60, paragraph 3 that applies as re-read in **Exhibit 15**).

- (1) In the case the relevant investment falls into "extension" of the Replacement Investment, when such investment satisfies all of the below conditions:
 - (i) Investment which Kobe City deems that it is difficult to recover such investment during the Project Period; and
 - (ii) Investment which Kobe City deems that such investment could continue to provide benefit after the Project Expiration Date.

- (2) In the case the relevant investment falls into “maintenance and repair” of the Replacement Investment, when such investment satisfies all of the below conditions:
- (i) Investment which Kobe City deems that the effect of such investment will last for one year or more after the date of completion of investment;
 - (ii) Investment for which its construction work will commence from on and after April 1, 2050; and
 - (iii) Investment in which the total of the amount that Kobe City previously agreed to bear as Outstanding Capital Expense and the amount that Kobe City is requested to bear pursuant to the new request from the Operating Right Holder for Kobe City to further bear as the Outstanding Capital Expense for an investment that falls into “maintenance and repair” of the Replacement Investment would not exceed JPY 2,310,000,000, as of the time such new request is made.

4. If the Operating Right Holder intends to carry out the Replacement Investment pursuant to paragraph 1 or paragraph 2, it shall indicate as necessary in the Mid-term Project Plan or the Single Year Project Plan with respect to the subject period in which the relevant investment will be implemented in accordance with Article 29, paragraph 3 and Article 30, paragraph 3 (if the relevant investment is to be carried out over multiple Fiscal Years, an indication shall be made in all of the plans for each Fiscal Year) and submit these plans to Kobe City. If Kobe City deems that it is necessary to cause the Operating Right Holder to urgently implement a certain Replacement Investment, the Operating Right Holder may implement the relevant Replacement Investment even if it did not indicate such investment in the Mid-term Project Plan or the Single Year Project Plan already submitted. In this case, the Operating Right Holder shall revise the Mid-term Project Plan or the Single Year Project Plan promptly after it conducts the relevant Replacement Investment and submit these revised plans to Kobe City without delay.

5. If the Operating Right Holder has carried out the Replacement Investment pursuant to paragraph 1 or paragraph 2, it shall notify Kobe City of the information concerning the relevant investment (such as the contents of the investment and amount invested) within ten Business Days in the month following the month in which the date of completion of investment falls in accordance with **Exhibit 12**. Kobe City may request the Operating Right Holder to disclose further information in addition to the above information and materials and the Operating Right Holder shall comply with this request.

6. If the Operating Right Holder has carried out Replacement Investment pursuant to paragraph 1 or paragraph 2, the ownership in the part of the Airport Facility in respect of such Replacement Investment has been carried out shall automatically transfer to Kobe City or shall be transferred by the Operating Right Holder to Kobe City free of charge promptly after completion of such Replacement Investment. This facility shall be included in the Airport Facility to which the effect of the Operating Right shall extend.

Article 32 (Carrying Out the New Investment and the Rehabilitation)

The Operating Right Holder and the Operating Right Holder's Subsidiaries shall not carry out the New Investment or Rehabilitation.

Article 33 (Carrying Out the Development)

1. The Operating Right Holder may carry out the Development at its own discretion and expenses in accordance with the Required Standards within the Airport Site. However, the Operating Right Holder shall not directly or cause the Operating Right Holder's Subsidiary etc. to carry out investment (excluding "maintenance" (which term shall have the same meaning as the term "maintenance" stipulated in the PFI Act) of the facility owned by the Operating Right Holder's Subsidiary etc. as of the Project Commencement Date) which applies to the Development of the facility owned by the Operating Right Holder's Subsidiary etc. or the facility in which the Operating Right Holder's Subsidiary etc. will acquire ownership.

2. If as a result of the Development carried out by the Operating Right Holder pursuant to the preceding paragraph, the developed section becomes subject to an ownership independent from the current Operating Right Holder-owned Facility, the Operating Right Holder shall notify Kobe City of information relevant to the Development (such as the contents of and amount incurred in the Development) promptly after completion of such Development.

Article 34 (Carrying Out the Replacement Investment by Kobe City)

1. If Kobe City decides that it is necessary after review of reasons of public benefit, Kobe City may, itself as the implementing subject, undertake the Replacement Investment by cost allocation stipulated in the provisions of the Airport Act, and the Operating Right Holder shall make its best efforts to cooperate with such Replacement Investment. The relevant section to which the Replacement Investment was undertaken shall automatically be included in the Airport Facility to which the effect of Operating Right shall extend.

2. With respect to warranty against defects for the invested portion of the facility subject to the Replacement Investment that became included in the Airport Facility pursuant to the provisions of the preceding paragraph, if any defect (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 invested portion as of the time of transfer of possession) is found in the relevant invested portion within one year after the time the possession of the relevant invested portion was transferred from Kobe City to the Operating Right Holder, the Operating Right Holder shall notify Kobe City in writing indicating the details of such defect within 20 Business Days from the date of discovery. Kobe City shall compensate the Operating Right Holder, only when the Operating Right Holder discovers and notifies Kobe City during the above defect warranty period and also provides evidence of the existence of such defect, with a reasonable amount of expenses directly required to cure the relevant defect (but not including lost profit or other increased expenses or damages). However, the compensation payable by Kobe City to the Operating Right Holder shall be the maximum of the amount Kobe City received as compensation for such defect from a

third party (such as a construction business operator) who implemented the Replacement Investment in the preceding paragraph.

Chapter 10 To set and collect the Usage Fee

Article 35 (To set and collect the Usage Fee)

1. The Operating Right Holder may, based on its decision, set and collect the below Usage Fee from users of the facility subject to the Project, in accordance with this Agreement, Application Guidelines, Required Standard Document and Proposal Documents, and relevant Acts (including the Kobe Airport Ordinance). However, this shall not apply if this Agreement stipulates otherwise or if the relevant Acts for setting and collecting fees are changed.

- (1) Landing Fees etc.;
- (2) Airport Air Navigation Facility Usage Fee;
- (3) Passenger (Service) Facility Charge;
- (4) Fee for use of the facility by the Air Carrier and tenants and rent for sublease of the Airport Site etc. or Airport Facility to a third party stipulated in Article 25;
- (5) Usage fee for the Parking Facilities; and
- (6) Other fees relevant to the Project which are not prohibited to be set and collected under any Acts.

2. The Operating Right Holder shall notify the Minister of Land, Infrastructure, Transport and Tourism of the Landing Fees etc. that it shall set by the Project Scheduled Commencement Date in advance in accordance with Article 13 of the Private Utilizing Airport Operation Act and Article 13 of the Airport Act. The Operating Right Holder shall also notify Kobe City of the Landing Fees etc. in advance. The same shall apply when the Operating Right Holder intends to change the existing Landing Fees etc. during the Project Period.

3. If the Operating Right Holder sets an Airport Air Navigation Facility Usage Fee during the Project Period, it shall notify the Minister of Land, Infrastructure, Transport and Tourism of such fee in advance in accordance with Article 12, paragraph (2) of the Private Utilizing Airport Operation Act and Article 54 of the Civil Aeronautics Act. The Operating Right Holder shall also notify Kobe City of the Airport Air Navigation Facility Usage Fee in advance. The same shall apply when the Operating Right Holder intends to change the existing Airport Air Navigation Facility Usage Fee during the Project Period.

4. If the Operating Right Holder sets a Passenger (Service) Facility Charge during the Project Period, the Operating Right Holder shall apply to Kobe City in advance regarding the usage fee that it shall set and obtain approval from Kobe City with respect to the upper limit of the usage fee to be set in accordance with the Kobe Airport Ordinance, and shall notify Kobe City of the Passenger (Service) Facility Charge within the approved upper limit. The same shall apply when the Operating Right Holder intends to change the existing Passenger (Service) Facility Charge or its upper limit during the Project Period.

5. The Operating Right Holder shall notify Kobe City of the fee for use of the facility by Air Carriers and tenants by the Project Scheduled Commencement Date in advance in accordance with Article 23, paragraph (2) of the PFI Act. The same shall apply when changing this fee during the Project Period.

6. In addition to the provisions of paragraph 2 through to paragraph 5, the Operating Right Holder may freely set and collect fees concerning the use of other facilities subject to the Project and other fees concerning the business in accordance with the Agreement, Required Standards Document, Proposal Documents and relevant Acts.

Chapter 11 Allocation of risks

Article 36 (Principles in allocating risks)

1. Kobe City assumes no obligation to pay any amount for the Operating Right Holder to implement the Project unless otherwise stipulated in this Agreement.

2. Excluding the case in paragraph 3 and paragraph 4 and unless otherwise stipulated in this Agreement, the Operating Right Holder shall carry out the Project at its own responsibility, and any reduction of income, increase of expenses, and other damages and losses incurred by the Operating Right Holder in the Project shall all be borne by the Operating Right Holder. Kobe City shall not assume any responsibility in this regard.

3. The Operating Right Holder is responsible for implementing the operations stipulated to be implemented by the Operating Right Holder in the Required Standards Document anticipated to be required to deal with the ground settlement of the Airport Site at the Airport during the Project Period. In this case, the Operating Right Holder shall bear the expenses for such operations as indicated in the Required Standards Document. If the Operating Right Holder is required to deal beyond the scope as indicated in the relevant Required Standards Document, Kobe City shall compensate the Operating Right Holder either by one or both of the following methods: (i) by effecting Agreed Extension stipulated in Article 58, paragraph 2 if agreed between the parties or (ii) by paying an amount of the expenses directly required to deal with such situation beyond the scope as indicated in the relevant Required Standards Document.

4. If there is a ground settlement at the Airport Site of the Airport which cannot be dealt with through the anticipated operations within the scope indicated in the Required Standards Document due to events (such as hollowing of the ground of the Airport Site) that cannot be ordinarily foreseen at the time of execution of this Agreement (excluding when this ground settlement is attributable to the Operating Right Holder), and the Operating Right Holder incurs increased expenses, damages and reduced revenue, then Kobe City shall compensate for these increased expenses, damages, or reduced revenue either by one or both of the following methods: (i) by effecting Agreed Extension stipulated in Article 58, paragraph 2 if agreed between the parties or (ii) by paying (a) the amount of increased expenses directly required for the Operating Right Holder to make changes to its method of implementing the Project in order to deal with the

relevant settlement of the ground (however, if the expenses are reduced from the relevant change, then the amount of such reduced expenses shall be deducted) and (b) the amount of reduced revenue incurred by the Operating Right Holder which is directly attributable to the relevant settlement of the ground. If Kobe City deems that it is difficult for the Operating Right Holder to perform its material obligations under this Agreement due to the relevant settlement of the ground, Kobe City shall release the Operating Right Holder to the extent and for the period necessary from performing its obligations under this Agreement which became difficult to be performed. Kobe City shall change the payment date for the Consideration and change other payment schedules if it is reasonably decided that these are necessary, and Kobe City and the Operating Right Holder shall hold a mutual consultation to decide on the details of those changes. In this case, Article 38 through to Article 40 shall not apply even if the relevant settlement of the ground is caused by Force Majeure.

Article 37 (Change in the Acts and change of policy)

1. If the Operating Right Holder incurs increased expenses or damage due to a change in the Acts or a change of policy on or after the date of execution of this Agreement, the Operating Right Holder shall bear such increased expenses or damage. However, if the Operating Right Holder incurs increased expenses, damages, or reduced revenues due to a Particular Change of Municipal Ordinance from the changes in the Acts (excluding when a Particular Change of Municipal Ordinance was made for reasons attributable to the Operating Right Holder), then Kobe City shall compensate for these increased expenses, damages or reduced revenue either by one or both of the following methods; (i) by effecting Agreed Extension stipulated in Article 58, paragraph 2 if agreed between the parties or (ii) by compensating the total of: (a) the amount of increased expenses directly required for the Operating Right Holder to make changes to its method of implementing the Project in order to deal with the Particular Change of Municipal Ordinance (however, if the expenses are reduced from the relevant change, then the amount of such reduced expenses shall be deducted); and (b) the amount of reduced revenue incurred by the Operating Right Holder which is directly attributable to the relevant Particular Change of Municipal Ordinance.

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

Article 38 (Force Majeure, etc.)

1. If, on or after the Project Commencement Date, the contractual performance of all or part of the Project becomes difficult due to Force Majeure (including when Force Majeure occurred before the Project Commencement Date), the Operating Right Holder shall immediately notify Kobe City in writing stating the details.

2. If Kobe City receives a notice under the preceding paragraph or if Kobe City itself recognizes that a Force Majeure is occurring, Kobe City shall consult with the Operating Right Holder on the measures, and promptly after commencement of such

consultation Kobe City shall decide whether Kobe City 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.

3. In making the decision in the preceding paragraph, Kobe City shall decide that there is a need to implement the Business Continuity Measures if the Airport Facility was physically damaged by Force Majeure and that there is a need to restore (to “restore” means to recover the main functions of the Airport Facility before the damage arose; hereinafter the same) this and recover the main functions of the Airport and also where it is deemed that the entire or a majority of such damages cannot be restored with insurance purchased by the Operating Right Holder pursuant to Article 27, paragraph 1.

4. Kobe City and the Operating Right Holder shall endeavor to minimize damages that may be incurred by the other due to Force Majeure.

5. If Kobe City receives the notice in paragraph 1 or if Kobe City itself recognizes that a Force Majeure is occurring, and also it decides that an Emergency has occurred attributable to that Force Majeure (this decision shall not include the decision of whether or not Force Majeure occurred), Article 38 through to Article 40 concerning Force Majeure shall apply and Article 49 shall also apply concomitantly.

Article 39 (Measures against Force Majeure - the Business Continuity Measures by Kobe City)

1. If Kobe City decides that it is necessary to implement Business Continuity Measures and notifies the Operating Right Holder pursuant to paragraph 2 of the preceding article, Kobe City shall implement the Business Continuity Measures. If Kobe City implements the Business Continuity Measures, the Operating Right Holder shall take necessary measures to allow Kobe City to receive the insurance money from the insurance purchased by the Operating Right Holder pursuant to Article 27, paragraph 2.

2. In case of the preceding paragraph, Kobe City shall, promptly after giving the notice of Business Continuity Measures stipulated 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 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 40 (Other measures against Force Majeure)

1. If the Operating Right Holder incurs increased expenses or damage due to Force Majeure on or after the Project Commencement Date (except in the case of Article 23, paragraph 5) other than in the situations in the preceding article, Kobe City shall not bear the increased expenses or damage, and the Operating Right Holder shall continue the Project at its own expense and responsibility.

2. Notwithstanding the provisions of the preceding paragraph, if increased expenses or damages arise from the Project, or if all or part of the Project is suspended due to Force

Majeure (hereinafter referred to as “Interruption due to Force Majeure” in this article), the Operating Right Holder may request a consultation with Kobe City to take either or both of the below resolutions (item (1) applies only if it is necessary to recover the increased expenses or damages due to such Interruption due to Force Majeure) to which Kobe City may permit to whatever extent necessary, regardless of whether or not the Business Continuity Measures stipulated in the preceding article are being implemented. Furthermore, Kobe City may change the payment date for the Consideration if it is reasonably decided that this is necessary, and the contents of such change shall be decided through consultation between Kobe City and the Operating Right Holder.

- (1) The Agreed Extension pursuant to Article 58, paragraph 2
- (2) Kobe City shall release the Operating Right Holder from its performance of contractual 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 this Agreement is terminated.

3. In the case of the preceding paragraph, the Operating Right Holder may request Kobe City to hold a consultation to review this Agreement if the Interruption due to Force Majeure continues or is anticipated to continue for three months or longer. In this case, if Kobe City 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, Kobe City and the Operating Right Holder shall review this Agreement to such extent necessary through consultation.

Article 41 (Liability to compensate damages)

Unless otherwise stipulated in this Agreement, if Kobe City or the Operating Right Holder causes damage to the other party due to breach of the obligations stipulated in this Agreement, the other party may claim compensation for damages to from the other party.

Article 42 (Damages caused to third parties)

1. If any damages are caused by the Operating Right Holder to a third party from carrying out the Project, the Operating Right Holder shall immediately report the situation to Kobe City.
2. If the damages in the preceding paragraph are attributable to the Operating Right Holder, the Operating Right Holder shall compensate the third party for those damages.
3. If the damages in paragraph 1 are attributable to Kobe City, Kobe City shall compensate those damages incurred by the relevant third party, unless otherwise stipulated in this Agreement.
4. If any disputes concerning implementation of the Project arise with a third party, Kobe City and the Operating Right Holder shall cooperate with each other to deal with and settle the dispute.

Chapter 12 Submission of reports and assurance of appropriate business

operation

Article 43 (Submission of semi-annual business reports)

1. During the Project Period, the Operating Right Holder shall, within 90 days from the end of each semi-annual period, prepare and submit to Kobe City 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 Kobe City.
3. After the Operating Right Holder submits the semi-annual business report to Kobe City, 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 44 (Submission of annual business reports)

1. During the Project Period, the Operating Right Holder shall prepare and submit to Kobe City 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 Kobe City.
3. After the Operating Right Holder submits the annual business report to Kobe City, 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 45 (Report and disclosure of financial information, etc.)

1. During the Project Period, the Operating Right Holder shall report the information stipulated in **Exhibit 13** to Kobe City as matters to be reported 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. The financial statements shall be prepared for the Operating Right Holder and the Operating Right Holder's Subsidiary etc., and the report shall be made for the Obligatory Business segment and the Voluntary Business segment.
2. The Operating Right Holder shall disclose on its website the information stipulated in **Exhibit 13** as matters to be disclosed out of 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 to be reported in paragraph 1, the Operating Right Holder shall provide Kobe City with necessary information concerning the Project if requested by Kobe City for its purposes of preparing statistics.

Article 46 (Other reporting obligations)

During the Project Period, the Operating Right Holder shall promptly report to Kobe City the matters requested to be disclosed by Kobe City which Kobe City deems to be necessary concerning the Project in addition to the preceding three articles (including when it is necessary for Kobe City to organize the city property registry).

Article 47 (Self-monitoring by the Operating Right Holder)

1. During the Project Period, the Operating Right Holder shall conduct inspections etc. with respect to the matters in which it is obligated to implement in accordance with the Acts and Required Standards, the matters proposed by the Operating Right Holder concerning the services proposed by it in the Proposal Documents, and other matters proposed based on the Private Utilizing Airport Act, Civil Aeronautics Act, Airport Act, Kobe Airport Ordinance and other applicable Acts, Required Standards, and the self-monitoring methods proposed in the Proposal Documents, appropriately keep the results of such inspection, and promptly submit these results to Kobe City if requested by Kobe City.

2. In implementing the self-monitoring in the preceding paragraph, the Operating Right Holder shall prepare and submit to Kobe City by the end of the Fiscal Year preceding the subject Fiscal Year (by the Project Scheduled Commencement Date for the initial Fiscal Year) its plan to implement self-monitoring and the form for reporting, and obtain approval from Kobe City. If Kobe City decides that it is necessary in giving its approval, it may give reasonable instructions such as to add items for monitoring, designate the method of monitoring, or to change the form for reporting and the Operating Right Holder shall comply with these instructions.

3. The Operating Right Holder shall periodically report to Kobe City the results of its monitoring in accordance with the implementation plan and the form for reporting which were approved in the preceding paragraph, and prepare and submit a written report whenever requested by Kobe City. Also, the Operating Right Holder shall promptly notify Kobe City if it becomes aware of a material breach of the Required Standards as a result of conducting the self-monitoring.

4. The Operating Right Holder shall disclose on its website the matters for disclosure that it proposed in the Proposal Documents relating to the results of self-monitoring in the preceding paragraph, and it shall maintain such disclosure throughout the Project Period.

5. Kobe City shall stipulate other details concerning this article by the Project Scheduled Commencement Date in accordance with the method of monitoring set forth in **Exhibit 14** and based on the Proposal Documents.

Article 48 (Monitoring by Kobe City)

1. During the Project Period, Kobe City may monitor whether or not the Operating Right Holder is appropriately implementing the matters that it is obligated to implement in compliance with the PFI Act, Private Utilizing Airport Operation Act, Civil

Aeronautics Act, Airport Act, Kobe Airport Ordinance and other applicable Acts, and the Required Standards by requiring submission of reports on self-monitoring stipulated in the preceding article, or by directly inspecting each facility or each business from time to time to directly confirm the appropriateness of self-monitoring and the level of achievement of the Required Standards.

2. If it is determined through the monitoring in the preceding paragraph that the implementation of the Project by the Operating Right Holder is not satisfying the Required Standards, Kobe City may order the Operating Right Holder to submit an improvement plan, which Kobe City will determine the required content of.

3. The Operating Right Holder shall submit an improvement plan to Kobe City for approval within 60 days from being ordered to submit the plan. If Kobe City decides that the improvement plan submitted is insufficient, the Operating Right Holder shall submit a revised improvement plan to Kobe City within 30 days of such decision by Kobe City.

4. Kobe City shall stipulate other details concerning this article by the Project Scheduled Commencement Date in accordance with the method of monitoring set forth in **Exhibit 14** and based on the Proposal Documents.

Article 49 (Measures against Emergency etc.)

1. Kobe City or the Operating Right Holder shall immediately notify the other party on the occurrence of any event they deem an Emergency or on the occurrence of a material breach of obligations under this Agreement by the Operating Right Holder (hereinafter referred to as “Emergency etc.” together with Emergency). If Kobe City 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 Kobe City receives a notice under the preceding paragraph, or becomes aware itself, and decides that an Emergency etc. has occurred, upon conducting a hearing pursuant to Article 29, paragraph (2) of the PFI Act, Kobe City may decide to order the exercise of the Operating Right to be suspended for a necessary period and to the necessary extent pursuant to Article 29, paragraph (1) of the PFI Act. In this case, Kobe City may undertake the suspended Obligatory Business pursuant to the Operating Right and 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 Kobe City of the agreements executed by the Operating Right Holder) to assist Kobe City in implementing the Obligatory Business. The Operating Right Holder shall cooperate with such request.

3. If the exercise of the Operating Right is suspended pursuant to the preceding paragraph, Kobe City 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 and the Operating Right Holder incurs increased expenses, damages or reduced revenues, then Kobe City shall, pursuant to Article 30, compensate for these either by one or both of the following methods: (i) by effecting Agreed

Extension stipulated in Article 58, paragraph 2 if agreed between the parties or (ii) by compensating (a) the amount of increased expenses directly required for the Operating Right Holder to make changes to its method of implementing the Project in order to deal with the relevant suspension (however, if the expenses are reduced from the relevant suspension, then the amount of such reduced expenses shall be deducted) and (b) the amount of reduced revenue incurred by the Operating Right Holder which is directly attributable to the relevant suspension (in any event, only for (a) and (b) that arose during the period of suspension of exercise of the Operating Right). If this article is to be concomitantly applied with Article 38 through to Article 40 pursuant to Article 38, paragraph 5, the revenue for computing the “amount of reduced revenue incurred by the Operating Right Holder which is directly attributable to the relevant suspension” in above (b) shall not include the reduction of the revenue caused by the relevant Force Majeure. If the relevant suspension is due to events other than the events in Article 29, paragraph (1), item (ii) of the same act (including when the occurrence of the Emergency is attributable to the Operating Right Holder), Kobe City shall not assume responsibility to pay compensation under this paragraph.

4. In the case of paragraph 2, Kobe City 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, Kobe City 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 Kobe City of the agreements executed by the Operating Right Holder) to assist Kobe City in implementing those measures. The Operating Right Holder shall cooperate with such request.

Article 50 (The Business Continuity Plan)

1. The Operating Right Holder shall, by the Project Scheduled Commencement Date, prepare a Business Continuity Plan based on the Required Standards, Application Guidelines etc. and Proposal Documents and obtain approval from Kobe City (which shall not be unreasonably refused).

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

3. If the Operating Right Holder intends to change the contents of the Business Continuity Plan during the Project Period, it shall consult with Kobe City and obtain approval from Kobe City in advance (which shall not be unreasonably refused).

Article 51 (Other necessary measures)

1. Pursuant to Article 28 of the PFI Act, Kobe City may request a report from the Operating Right Holder on the status of business or accounts of the Project, conduct investigations into the implementation of the Project, or give necessary instructions to assure appropriate implementation of the Project by the Operating Right Holder.

2. If any expenses are incurred by the Operating Right Holder in cooperating with the

investigation or complying with the instruction under the preceding paragraph, such expenses shall be borne by the Operating Right Holder.

3. If there occur any considerable change to the basic premises of this Agreement on or after the date of execution of this Agreement which change was unforeseeable as of the date of execution of this Agreement and is caused by an event that is not attributable to either party, and this change would considerably impair fairness between the parties, Kobe City and the Operating Right Holder may request the other party to hold a consultation to review this Agreement. In this case, Kobe City and the Operating Right Holder may review this Agreement through consultation to the extent necessary.

Chapter 13 Subsidiaries etc.

Article 52 (A Subsidiary and Affiliate)

1. During the period from on or after the date of execution of this Agreement until the Project Expiration Date, the Operating Right Holder shall not directly incorporate or own the shares issued by or have equity ownership in a Subsidiary or Affiliate without prior approval from Kobe City. Furthermore, during the period from on or after the date of execution of this Agreement until the Project Expiration Date, the Operating Right Holder shall, directly or indirectly, hold the number of shares issued corresponding to the holding ratio approved by Kobe City as of the time of incorporation or acquisition of the Operating Right Holder's Subsidiary etc. for any other Operating Right Holder's Subsidiary etc. It shall also not transfer these shares to a third party or allow the Operating Right Holder's Subsidiary etc. to allot new shares to a third party or otherwise engage in any acts in contradiction to this article without prior approval from Kobe City.

2. The Operating Right Holder shall not, during the period from on or after the date of execution of this Agreement until the Project Expiration Date, cause the Operating Right Holder's Subsidiary etc. to engage in any business besides the business approved by Kobe City as of the time of its incorporation or acquisition, or allow the same to change, suspend or cease the relevant business without prior approval from Kobe City.

3. The Operating Right Holder shall, during the period from on or after the date of execution of this Agreement until the Project Expiration Date, ensure that the Operating Right Holder's Subsidiary etc. comply with the contents of this Agreement and if the Operating Right Holder shall lease the Airport Site etc. to or entrust a business to 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 25 and Article 26.

4. The Operating Right Holder shall not, during the period from on or after the date of execution of this Agreement until the Project Expiration Date, cause the Operating Right Holder's Subsidiary etc. to change the business objectives in their articles of incorporation, dissolve, effect a merger, share exchange, share transfer, corporate divestiture, business transfer, reorganization under the Companies Act or any other act that would change the foundation of the company without prior approval from Kobe

City.

5. Kobe City shall not refuse to give its approval for each of the prior approvals in the preceding four paragraphs unless the change, etc. of the business structure including through new incorporation of an Operating Right Holder's Subsidiary etc. or restructuring of the organization contemplated by the Operating Right Holder are deemed inappropriate in view of assuring appropriate administration of the Airport or if there are other reasonable grounds to refuse approval.

Chapter 14 Covenants

Article 53 (Covenants by the Operating Right Holder)

1. During the Project Period, 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 the document to Kobe City reflecting the change.

- (1) Each of the below documents for the Operating Right Holder and the Operating Right Holder's Subsidiary etc.:
 - A. Certified true copy of the articles of incorporation;
 - B. Original certified copy of the commercial register; and
 - C. Original certificate of the representative seal.

- (2) Each of the below documents for the Operating Right Holder:
 - A. Financing agreements executed with the Financial Institutions;
 - B. Agreements executed with the Financial Institutions 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
 - C. Agreements executed with the Financial Institutions to establish security rights on the Operating Right Holder's rights and status under this Agreement and other agreements executed between Kobe City and the Operating Right Holder.

2. During the Project Period, the Operating Right Holder shall comply with each of the below items, in addition to the Acts and this Agreement.⁷

- (1) The Operating Right Holder is duly, effectively and legitimately incorporated and exists in accordance with the Companies Act.
- (2) If the Operating Right Holder issues (excluding when (a) new issuance of Voting Shares to the extent approved in the Basic Agreement and (b) new issuance of Voting Shares through allotment to the Voting Shareholders in such number of shares in accordance with their existing shareholding ratio) new Voting Shares, securities that may be converted to or exchanged for Voting

⁷ This provision is prepared to prescribe items of covenants on the assumption that the Operating Right Holder is established as a *kabushiki kaisha*. If the Preferred Negotiation Right Holder proposes another form of entity and Kobe City approves, these covenants will be revised accordingly to reflect such proposal.

Shares, or securities representing rights to receive Voting Shares (hereinafter collectively referred to as “Voting Shares etc.”) by resolution of the shareholder meeting or board of directors meeting, it shall comply with the Companies Act and obtain prior approval from Kobe City. Kobe City shall generally approve a new issuance if the Operating Right Holder provides evidence that: (i) the party to the allotment of the new issuance satisfies similar requirements to the participation requirements for participation applicants and applicants at the time of bidding; and (ii) the new issuance would allow the Operating Right Holder to continue the business implementation policy and business plan proposed in the Proposal Documents and maintain its capacity to perform its business and thereby would not hinder the Operating Right Holder’s continuance of the business.

- (3) The Operating Right Holder shall report to Kobe City concerning changes in its Voting Shareholders in accordance with Article 56, paragraph 1.
- (4) The articles of incorporation of the Operating Right Holder shall contain a provision that shares that may be issued by the Operating Right Holder must only be Voting Shares.
- (5) The articles of incorporation 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.⁸
- (6) The articles of incorporation of the Operating Right Holder shall contain a provision that the Operating Right Holder’s Fiscal Year shall be one year commencing from April 1 of each calendar year and ending on March 31 of the following year (for the year in which the Operating Right Holder is incorporated, the period shall be from the date of incorporation until the next March 31).
- (7) The business objectives of the Operating Right Holder as stated in its articles of incorporation shall only be limited to the performance of the Project.
- (8) The Operating Right Holder will not become a Subsidiary or an Affiliate of the Air Carrier or its Affiliate (including its Subsidiary).
- (9) In implementing the Project, the Operating Right Holder shall be mindful not to obstruct the faithful performance of this 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 aircraft in Article 5 of the said treaty to ensure that the aircraft have access to Japan’s aerodromes.
- (10) During the Project Period, the Operating Right Holder shall make its best efforts to manage its human resources so that the number and the system for managing them are appropriate in view of the scale and contents of the Project.
- (11) In addition to each of the foregoing items, the Operating Right Holder satisfies the matters that it proposed in the Proposal Documents as covenants of the

⁸ The organs of the Operating Right Holder will be revised based on proposal from the Preferred Negotiation Right Holder (including whether it shall have an audit and supervisory committee or nominating committee etc. stipulated in the Companies Act.)

Operating Right Holder.

3. During the Project Period (for item (1), during the period until lapse of 15 months from the Project Expiration Date), the Operating Right Holder shall not engage in any of the below actions without prior approval from Kobe City:
 - (1) Effect a merger, share exchange, share transfer, corporate divestiture, business transfer, reorganization or dissolution under the Companies Act or any other changes to the foundation of the company;
 - (2) Change its articles of incorporation with respect to item (4) through to item (7) in the preceding paragraph; or
 - (3) Assign, establish pledge rights or any other security rights on, or otherwise dispose of the Operating Right or the rights and obligations under this Agreement stipulated in the following article.

Article 54 (Disposal of the Operating Right, etc.)

1. The Operating Right Holder shall not assign (including by creation of a trust), establish pledge rights or any other security rights on, or otherwise dispose of (hereinafter referred to as “to dispose of” (including creation of a self-trust); the same shall apply in this article) its status under this Agreement, its status under agreements executed with Kobe City concerning the Project, and its rights and obligations under those agreements, without obtaining prior approval from Kobe City.
2. Notwithstanding the provisions of the preceding paragraph, the Operating Right Holder may transfer the Operating Right if it obtained prior permission from Kobe City pursuant to Article 26, paragraph (2) of the PFI Act. In this case, Kobe City may add conditions to the permission including:
 - (1) The transferee shall submit to Kobe City a written consent that it shall succeed to the status of the Operating Right Holder under this Agreement with respect to the Project and shall be bound by this Agreement;
 - (2) The transferee shall receive assignment of all assets and the contractual status held by the Operating Right Holder necessary to implement the Project; and
 - (3) All shareholders of the transferee (or members in case of a membership company) shall each submit a written covenant to Kobe City containing the same contents as the Shareholder’s Covenant.
3. Notwithstanding the provisions of paragraph 1, Kobe City shall not unreasonably refuse its approval if the Operating Right Holder borrows funds from the Financial Institutions to finance the Project and establish security rights on the Operating Right for the purposes for such loans. However, as condition to such approval, a copy of the agreement for borrowing and establishing security rights shall be submitted to Kobe City and an agreement pursuant to Article 83 which is reasonably satisfactory to Kobe City shall be executed between Kobe City and the Financial Institutions.
4. Notwithstanding the provisions of paragraph 1, Kobe City shall not unreasonably refuse its approval if the Operating Right Holder borrows funds from the Financial Institutions to finance the Project and establish security rights on the contractual status

under this Agreement or other agreements executed between Kobe City and the Operating Right Holder for the purposes of such loans. However, as condition to such approval, a copy of the agreement for borrowing and establishing security rights shall be submitted to Kobe City and an agreement pursuant to Article 83 which is reasonably satisfactory to Kobe City shall be executed between Kobe City and the Financial Institutions (including Kobe City's right of defense, including the right of setoff, is able to be perfected against the Financial Institutions which are the security right holders regardless of whether the Financial Institutions acquired the claim before or after establishment and foreclosure of such security right).

Article 55 (Disposal of Assets)

1. The Operating Right Holder may dispose of the Movables etc. for Transfer to the Operating Right Holder at its discretion (including transfer to the Operating Right Holder's Subsidiary etc.; hereinafter the same shall apply in this article).

2. The Operating Right Holder may not newly acquire real estate during the Project Period unless it is acquired through the Development or otherwise permitted under this Agreement or Required Standards Document. The Operating Right Holder may not dispose of the real estate acquired through the Development unless Kobe City approves.

3. The Operating Right Holder may newly acquire or dispose of movables during the Project Period. However, Article 52 shall be followed when acquiring or disposing of shares.

Article 56 (Change of Voting Shareholders)

1. If a change etc. in the 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 Kobe City and provide information concerning the shareholders, if requested by Kobe City.

2. If the change etc. in the Voting Shareholders in the preceding paragraph causes the Operating Right Holder to no longer satisfy the conditions in Article 53, paragraph 2, item (8), the Operating Right Holder shall promptly notify Kobe City of this situation. 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 of the items listed below, it shall promptly notify Kobe City to this effect. The Operating Right Holder shall promptly resolve the issue by ensuring that the relevant Voting Shareholder resolves the event or disposes of its shares to another Voting Shareholder who does not fall under any of the below items.

- (1) The Voting Shareholder falls into one of the categories for disqualification of a private business operator to implement a qualified project stipulated in Article 9 of the PFI Act;
- (2) 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 procedures pursuant to the Civil Rehabilitation Act (Act No. 225 of 1999); or

- (3) The Voting Share was assigned (including by creation of a trust), pledged, or was otherwise disposed of (including creation of a self-trust) or security rights had otherwise been established thereon without obtaining approval from Kobe City, in breach of the Shareholder's Covenant.

Chapter 15 Term of this Agreement and measures to be performed at maturity

Section 1 Period of this Agreement

Article 57 (Effective term of this Agreement)

Unless otherwise stipulated in this Agreement, this Agreement shall commence from the date of its execution and shall remain effective until the Project Expiration Date or until this Agreement is terminated or cancelled.

Article 58 (Project Period)

1. The Operating Right Holder shall implement the Project during the period commencing from the Project Commencement Date and ending on the Project Expiration Date. However, Article 69 through to Article 73 shall apply if this Agreement is terminated or cancelled before the Project Expiration Date.

2. Notwithstanding the preceding paragraph, the Operating Right Holder may request for extension of the Project Period in the case of Article 11, paragraph 1, Article 23, paragraph 4, Article 36, paragraph 3 and paragraph 4, proviso of Article 37, paragraph 1, Article 40, paragraph 2, item (1) and Article 49, paragraph 3. In this case, if Kobe City deems that it is necessary to recover damages or increased expenses etc. incurred by the Operating Right Holder in each event, Kobe City and the Operating Right Holder may extend the Project 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). In such case, the Project Period shall be extended and the completion of the Project Period after completion of such Agreed Extension shall be the Project Expiration Date.

3. The Project Period may not be set beyond March 31, 2070 for any reason (including when the period is extended pursuant to the preceding paragraph).

4. The existing period of the Operating Right shall end on the Project Expiration Date where the Operating Right shall cease. Even if the Project Commencement Date is delayed beyond the Project Scheduled Commencement Date, the existing period of the Operating Right shall not be extended. However, Article 69 through to Article 73 shall apply if this Agreement is terminated or cancelled before the Project Expiration Date.

Section 2 Succession, etc. of business upon maturity of the Project

Article 59 (Succession of business on the Project Expiration Date)

1. The Operating Right Holder shall, either directly or by causing the Operating Right Holder's Subsidiary etc., and at its own expense and responsibility unless otherwise provided in this Agreement, succeed or return the personnel, contracts, and other assets, etc. employed or owned by the Operating Right Holder (and by the Operating Right Holder's Subsidiary etc., if the Operating Right Holder's Subsidiary etc.'s assets are purchased pursuant to Article 60, paragraph 4) as of such Project Expiration Date, and undertake the succession of the business as necessary to assure that the business is succeeded smoothly.

2. In order to smoothly perform the succession in the preceding paragraph, the Operating Right Holder shall prepare a return plan pursuant to the Required Standards Document by the date falling on four years and six months before the Project Expiration Date and obtain approval from Kobe City. It shall then commence succession of the business including the following in accordance with the same plan during the period from the date falling on four years before the Project Expiration Date until the Project Expiration Date.

- (1) If Kobe City or a third party designated by Kobe City 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 Kobe City and send to Kobe City or the third party designated by Kobe City the records of all such employees who wish to transfer their employment.
- (2) If Kobe City or the third party designated by Kobe City wishes to succeed to the agreements executed by, and succeed to or acquire 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 succeed to or acquire such Permissions etc. by the date designated by Kobe City, and shall send to Kobe City or the third party designated by Kobe City the agreements and the materials concerning the Permissions etc. requested to be succeeded or acquired.
- (3) Until the operation is succeeded by Kobe City or the third party designated by Kobe City, the Operating Right Holder shall cooperate with Kobe City or the third party designated by Kobe City in their assessment (including their on-site investigations of the Airport Site and hearings) such as by confirming whether the Project Facility satisfies the Required Standards.
- (4) By the date designated by Kobe City, the Operating Right Holder shall send all the latest documents concerning finance, operation, and technology (including licenses that do not require permission to use from third parties, including intellectual property and manuals etc. that are necessary for operating the Airport) to Kobe City or the third party designated by Kobe City by electronic

means (including hard copies thereof if required by Kobe City or the third party designated by Kobe City).

(5) The Operating Right Holder shall deliver and assign, etc. the assets in accordance with the following article.

3. When the assets, etc. of the Operating Right Holder's Subsidiary etc. are purchased pursuant to Article 60, paragraph 4, the "Operating Right Holder" in each item of the preceding paragraph shall be re-read and applied as the "Operating Right Holder and the Operating Right Holder's Subsidiary etc.".

4. When approving the return plan in paragraph 2, Kobe City shall consider whether the Operating Right Holder and Operating Right Holder's Subsidiary etc. are making their best efforts in managing their personnel so that their numbers and the system for managing them are appropriate in view of the scale and contents of the Project, and whether the personnel, contracts and other assets, etc. that are deemed necessary for the operation, maintenance and administration of the Airport would be appropriately succeeded or returned on the Project Expiration Date.

Article 60 (Handling of the Airport Facility etc. on the Project Expiration Date)

1. The Operating Right Holder shall deliver the Airport Facility and Airport Site etc. to Kobe City or the third party designated by Kobe City on the Project Expiration Date or a later date designated by Kobe City in accordance with the return plan in the preceding article. Upon delivery, the Operating Right Holder shall undertake the Replacement Investment as necessary in order to satisfy the requirements for return (the "Return Requirements") stipulated in the Required Standards Document for the purpose of assuring that the Airport Facility is in good condition and for assuring smooth transition of the airport operations. Kobe City may conduct inspection to confirm that such Return Requirements are satisfied. Kobe City may require the Operating Right Holder to assume necessary construction works on the facilities that do not pass the inspection to make those facilities satisfy the Return Requirements or it may seek compensation that is necessary to cause those facilities to satisfy the same.

2. Kobe City shall not assume any payment obligations in connection with the delivery in the preceding paragraph.

3. Notwithstanding the preceding paragraph, if the facilities which are subject to the Outstanding Capital Expense which Kobe City approved to bear pursuant to Article 31, paragraph 3 pass the inspection conducted by Kobe City and are delivered to Kobe City or the third party designated by Kobe City, then Kobe City shall assume an obligation to pay the Outstanding Capital Expense calculated pursuant to **Exhibit 11** to the Operating Right Holder within 30 days from the delivery of those facilities. However, if Kobe City decides that the facilities subject to Outstanding Capital Expense do not satisfy the Return Requirements as a result of Kobe City conducting the inspection as provided in paragraph 1, and Kobe City seeks compensation in an amount necessary to satisfy the same pursuant to the stipulations of paragraph 1, the amount equivalent to such compensation shall be deducted from that of the relevant Outstanding Capital Expense.

4. On the Project Expiration Date or a later date designated by Kobe City, Kobe City shall, either directly or by causing the third party designated by Kobe City, purchase, within its budget, at Fair Value each of the assets owned by the Operating Right Holder or the Operating Right Holder's Subsidiary etc. as of the Project Expiration Date that it decides to be necessary for the operation, maintenance and administration of the Airport after the Project Expiration Date. Kobe City may also, either directly or by causing the third party designated by Kobe City, accept at no charge the assets that it would not purchase in the above that it decides would not hinder the operation of the Airport after the Project Expiration Date by releasing the Operating Right Holder from its obligation to remove them pursuant to Article 62, paragraph 1. If Kobe City decides to purchase or accept the assets in the above and it selects another operator for the Project through a new bidding process, Kobe City may set as a condition for bidding the requirement to respectively purchase at Fair Value or accept at no charge all or part of the assets purchased at Fair Value pursuant to the first sentence of this paragraph or the assets accepted at no charge pursuant to the second sentence of this paragraph from the Operating Right Holder.

5. In the case of the preceding paragraph: (i) the Operating Right Holder (and the Operating Right Holder's Subsidiary etc. if the assets held by the Operating Right Holder's Subsidiary etc. are to be purchased pursuant to the preceding paragraph; hereinafter the same in this paragraph and the next paragraph) shall preserve those assets with care as a prudent manager until purchase or delivery of those assets by Kobe City or the third party designated by Kobe City; and (ii) if Kobe City or the third party designated by Kobe City will not purchase or accept the assets, the Operating Right Holder and the Operating Right Holder's Subsidiary etc. shall dispose their relevant assets at their own responsibility and expense. If the relevant party purchasing or accepting the assets deems it necessary in (i), the Operating Right Holder or the Operating Right Holder's Subsidiary etc. shall perform necessary measures to enable the relevant party purchasing or accepting the assets to succeed to the agreements that they executed in connection with the relevant assets.

6. If the assets are to be purchased pursuant to paragraph 4, Kobe City or the third party designated by Kobe City shall pay consideration to the Operating Right Holder and to the Operating Right Holder's Subsidiary etc. for each purchase promptly after one year has lapsed from the later date of either the date the Airport Facility is delivered or the date the purchased assets are delivered pursuant to paragraph 4 to Kobe City or the third party designated by Kobe City. However, if Kobe City or the third party designated by Kobe City seeks compensation for damages based on warranty against defects pursuant to the next article before such date of payment, Kobe City or the third party designated by Kobe City may offset in equal amounts its obligation to pay consideration with the relevant claim within the scope of the Acts. In this case, Kobe City or the third party designated by Kobe City may refuse to pay consideration until such offset is effected or until it receives payment of the relevant compensation.

Article 61 (Warranty against defects by the Operating Right Holder on the Project Expiration Date)

1. If a defect is found in the Airport Facility delivered pursuant to paragraph 1 of the preceding article within one year from its delivery, Kobe City or the third party designated by Kobe City shall notify the Operating Right Holder in writing within 30 days from the day it discovered such defect indicating the details of the relevant defect. The Operating Right Holder shall compensate Kobe City or the third party designated by Kobe City only for reasonable expenses (excluding lost profit and other increased expenses or damages) directly required to rectify the relevant defect if the relevant defect was discovered and this was notified during the above warranty period, and if Kobe City or the third party designated by Kobe City provides evidence of the existence of the relevant defect. (Note: 'defect' or 'defects' under this article are limited to physical defects which do not satisfy the standards required by the Acts or the Required Standards with respect to such facility as of the Project Expiration Date. In this regard, ordinary tear and wear and deterioration due to aging shall not be considered a defect.) However, the maximum amount of the cumulative amount of compensation to be paid from the Operating Right Holder to Kobe City or the third party designated by Kobe City pursuant to this paragraph shall be decided through consultation between Kobe City and the Operating Right Holder by the time of delivery of the Airport Facility.

2. In addition to the stipulations in the preceding paragraph, if there is a defect in various types of assets purchased by Kobe City or the third party designated by Kobe City from the Operating Right Holder and the Operating Right Holder's Subsidiary etc. pursuant to paragraph 4 of the preceding article, Kobe City or the third party designated by Kobe City may, only within one year from the date it acquired ownership of such assets, claim compensation for damage where the maximum amount of compensation shall not exceed the purchase price to be paid from Kobe City or the third party designated by Kobe City to the Operating Right Holder and the Operating Right Holder's Subsidiary etc. for each asset in which the defect arose.

Article 62 (Handling of the Airport Site etc. and facility for loan after the Project Expiration Date)

1. The Land and Building Loan for Use Agreement pertaining to the Airport Site etc. and Airport Facility shall automatically be cancelled on the Project Expiration Date. Promptly after the Project Expiration Date, the Operating Right Holder shall remove the real property or movables, etc. existing on the land and movables, etc. existing in the facilities to restore the Airport Site etc. and the Airport Facility, and deliver the Airport Site etc. and the Airport Facility to Kobe City or the third party designated by Kobe City. However, if the below real property or movables, etc. exist on the relevant land and buildings, the Operating Right Holder shall not remove such real property or movables, etc. and shall deliver the relevant land and buildings to Kobe City or the third party designated by Kobe City:

- (1) Airport Facility;
- (2) Assets purchased or accepted by Kobe City or the third party designated by Kobe City in accordance with Article 60, paragraph 4;
- (3) Real property or movables, etc. owned by parties other than the Operating

Right Holder or the Operating Right Holder's Subsidiary etc., for which the relevant owner and Kobe City or the third party designated by Kobe City reached an agreement not to remove them; and

- (4) In addition to the assets in each of the preceding items, real property and movables, etc. owned by Kobe City and real property and movables, etc. separately designated by Kobe City.

2. If the Operating Right Holder does not perform its obligations to remove and deliver the items in the preceding paragraph within a reasonable period after the Project Expiration Date without justifiable reasons, Kobe City may undertake measures on behalf of the Operating Right Holder and claim the expenses it incurred from the Operating Right Holder. In this case, the Operating Right Holder may not raise objections to Kobe City's disposal.

Chapter 16 Termination or cancellation of this Agreement and measures to be performed accompanying termination or cancellation

Section 1 Events for termination or cancellation

Article 63 (Termination of this Agreement for reasons attributable to the Operating Right Holder)

1. Kobe City may terminate this Agreement immediately upon notice in any of the below circumstances.
 - (1) If this Agreement becomes incapable of being performed due to events attributable to the Operating Right Holder;
 - (2) If the shareholders meeting or the board of directors meeting of the Operating Right Holder makes a resolution for the Operating Right Holder to file for bankruptcy, corporate reorganization, civil rehabilitation or special liquidation procedures or if such filings are made by a third party (including by a director of the Operating Right Holder) and such resolution or filing is not cancelled or withdrawn within 30 days from the date of such resolution or filing;
 - (3) If the transactions of the Operating Right Holder have been suspended by a clearing house or densai.net Co., Ltd. or if equivalent measures are assumed by other electronic monetary claim recording institutions;
 - (4) If it becomes clear, that the Operating Right Holder would not be able to satisfy the conditions precedent in Article 22, paragraph 1, item 1 through to item 4 and that the Project is unable to be commenced within six (6) months from the Project Scheduled Commencement Date (excluding when this is caused by Force Majeure, Particular Change of Acts or Particular Change of Municipal Ordinance);
 - (5) If the Operating Right Holder is deemed to have abandoned the Project without justifiable reasons;
 - (6) If the Operating Right Holder made false statements in its business reports, etc. stipulated in Article 43 and Article 44 or in its financial information, etc. stipulated in Article 45;
 - (7) If the Permissions etc. necessary for the Operating Right Holder to implement

the Project expire 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;

- (8) If the Operating Right is rescinded due to the Operating Right Holder falling under any of (a) through to (g) of Article 29, paragraph (1), item (i) of the PFI Act, and becoming subject to Article 13, paragraph (2) of the Administrative Procedure Act (Act No. 88 of 1993) or falling under as a result of a hearing conducted pursuant to paragraph (1), item (i) of the same article;
- (9) If the condition stipulated in Article 56, paragraph 2 and paragraph 3, item (3) is not resolved; or
- (10) If it is found that an officer of the Operating Right Holder falls into the category of an Organized Crime Group Members and their Affiliates. The same shall apply to an officer of the Parent Company (the parent company etc. provided in Article 9, item (iv) of the PFI Act) of the Operating Right Holder:

2. In any of the below circumstances, Kobe City shall notify the Operating Right Holder to correct the non-performance or situation by designating a period reasonably necessary to correct it, and if the non-performance or situation is not corrected during the period (or the extended period if Kobe City deems that an extension is necessary), Kobe City may terminate this Agreement immediately by sending a written notice stating the reason for termination.

- (1) If the Operating Right Holder breaches its material covenants or representations and warranties made in this Agreement;
- (2) If the Operating Right Holder does not perform its material obligations under this Agreement for reasons attributable to it;
- (3) If the Operating Right Holder violates any Acts;
- (4) If the Operating Right Holder fails to perform its payment obligations to Kobe City under this Agreement on the specified payment dates;
- (5) If the situation in breach of the Shareholder's Covenant cannot be resolved;
- (6) If it is found that an officer of the Operating Right Holder falls under any of the below. The same shall apply for an officer of the Parent Company (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 guardianship, or is similarly treated under foreign laws;
 - (ii) One who was judged for commencement of bankruptcy procedures that has not been rehabilitated or is similarly treated under foreign laws;
 - (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) With respect to an entity whose Operating Right was rescinded, one who was an officer of such entity on the day before the date of the rescission, and five years have not lapsed since the date of the rescission; or
 - (v) One who is a minor who does not have the same capacity as an adult to undertake business and whose legal representative falls under any of the

above items.

3. If there occurs an event that materially hinders the performance of the Project in breach of the Required Standards such as a continuance of a situation where the standards of the Project implemented by the Operating Right Holder do not satisfy the Required Standards even after assuming the procedures in Article 47 and Article 48, and this situation in breach of the Required Standards is not improved during a period of 120 days from the time of occurrence of the breach of the Required Standards, Kobe City may terminate this Agreement immediately upon notice.

4. If Kobe City ceases to have ownership in all of the Airport Facility for reasons attributable to the Operating Right Holder, the Operating Right shall be extinguished pursuant to Article 29, paragraph (4) of the PFI Act and this Agreement shall be automatically cancelled.

Article 64 (Termination by discretion of Kobe City)

1. Kobe City may terminate this Agreement by giving prior notice of six months or more to the Operating Right Holder if there is no longer a need to continue this Agreement, or if Kobe City otherwise decides this to be necessary.

2. From the date on or after the notice in the preceding paragraph is given, Kobe City may commence the process to select a new operator for the Project.

Article 65 (Cancellation or termination of this Agreement for reasons attributable to Kobe City)

1. In any of the below circumstances, the Operating Right Holder may terminate this Agreement by sending a written notice to Kobe City stating the reason for termination.

(1) If Kobe City breaches its material obligations under this Agreement by failing to correct its non-performance and the Operating Right Holder notified Kobe City and demanded correction of the breach within a reasonable period, as decided by the Operating Right Holder, to remedy the breach; or

(2) If it becomes clear that Kobe City would not be able to satisfy the conditions precedent in Article 22, paragraph 1, item (5) and that the Project would not be commenced within six months from the Project Scheduled Commencement Date (excluding when this is caused by Force Majeure, Particular Change of Acts or Particular Change of Municipal Ordinance).

2. If Kobe City ceases to have ownership in all of the Airport Facility for reasons attributable to Kobe City, the Operating Right shall be extinguished pursuant to Article 29, paragraph (4) of the PFI Act and this Agreement shall be automatically cancelled.

Article 66 (Cancellation or termination of this Agreement due to Force Majeure, etc. or Particular Change of Acts)

1. If Kobe City decides that it is necessary to assume the Business Continuity Measures pursuant to Article 38, paragraph 2 and notifies its decision to the Operating

Right Holder (hereinafter referred to as the “Business Continuity Measures Notice” in this article), and if any of the below events occur after this notice is given, Kobe City may, by giving written notice to the Operating Right Holder stating the reasons for termination, terminate this Agreement.

- (1) If Kobe City deems that it would take one year or longer to recover the main functions of the Airport by restoring the Airport Facility from the time of occurrence of Force Majeure;
- (2) If Kobe City is unable to decide the restoration schedule for the Project stipulated in Article 39, paragraph 2 (hereinafter referred to as the “Restoration Schedule” in this article) without delay after giving the Business Continuity Measures Notice; or
- (3) If, after Kobe City commences the Business Continuity Measures pursuant to the Restoration Schedule, it decides that it is impossible or considerably difficult to follow such Restoration Schedule.

2. If the Operating Right Holder receives the Business Continuity Measures Notice from Kobe City, and the Operating Right Holder, after the receipt of such notice, submits evidence that it would take one year or longer to recover the main functions of the Airport by restoring the Airport Facility from the time of occurrence of Force Majeure and Kobe City approves (Kobe City shall not unreasonably refuse to approve without justifiable reasons) this evidence, the Operating Right Holder may terminate this Agreement.

3. In the case where the Business Continuity Measures are commenced pursuant to Article 39, paragraph 1, and if it actually took one year or longer or if it becomes evident that it would take one year or longer from the time of occurrence of Force Majeure to recover the main functions of the Airport by restoring the Airport Facility, Kobe City and the Operating Right Holder may terminate this Agreement by sending a written notice to the other party stating the reason for termination.

4. In the case where the Operating Right Holder is released from its obligations under this Agreement pursuant to Article 36, paragraph 4, if the released obligations (which shall be limited to only material obligations) have been actually unable to be performed or if it becomes evident that they are unable to be performed within one year from the time of occurrence of the ground settlement of the Airport Site of the Airport, Kobe City and the Operating Right Holder may terminate this Agreement by sending a written notice to the other party stating the reason for termination.

5. If it becomes impossible to perform all or a material part of the contractual obligations under this 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), Kobe City may terminate this Agreement.

6. If it becomes evident that the Project is unable to be commenced within six months from the Project Scheduled Commencement Date due to Force Majeure or Particular

Change of Acts, Kobe City and the Operating Right Holder may terminate this Agreement by giving a written notice to the other party stating the reason for termination.

7. If Kobe City ceases to have ownership in all of the Airport Facility due to Force Majeure, the Operating Right shall be extinguished pursuant to Article 29, paragraph (4) of the PFI Act and this Agreement shall be automatically cancelled.

Article 67 (Termination of this Agreement due to a Particular Change of Municipal Ordinance)

If it becomes impossible to perform all or a material part of the contractual obligations under this Agreement due to the Particular Change of Municipal Ordinance that occurred during the Project Period (excluding when such Particular Change of Municipal Ordinance was made for reasons attributable to the Operating Right Holder), Kobe City and the Operating Right Holder may terminate this Agreement by giving written notice to the other party stating the reasons for termination.

Article 68 (Termination by agreement)

Kobe City and the Operating Right Holder may terminate this Agreement by mutual agreement due to other circumstances besides those in the preceding five articles. In this case, the effect of termination shall be decided through mutual agreement between Kobe City and the Operating Right Holder unless otherwise stipulated in this Agreement.

Section 2 Effect of termination or expiration (common to all events)

Article 69 (Effect of termination or expiration before the Project Commencement Date (common to all events))

If this Agreement is terminated or cancelled before the Project Commencement Date pursuant to Article 63 through to Article 68 and all or part of the procedures for the succession, etc. of the Obligatory Business pursuant to Article 10, paragraph 1 were completed, the Operating Right Holder shall perform all necessary measures whatsoever to enable Kobe City to continue the operation of the Airport, such as by returning the assets or materials issued to the Operating Right Holder in the course of those procedures.

Article 70 (Effect of termination or cancellation on or after the Project Commencement Date (common to all events))

1. If this Agreement is terminated or cancelled pursuant to Article 63 through to Article 68 on or after the Project Commencement Date but before the Project Expiration Date, Article 59 through to Article 62 shall be applied in accordance with **Exhibit 15**.

2. In the case of the preceding paragraph, the Operating Right Holder shall, in order to cooperate with the implementation of the Project by Kobe City or a third party designated by Kobe City, assume an obligation to cooperate such as to receive entrustment of business concerning the Project from Kobe City or a third party designated by Kobe City during a period that Kobe City deems necessary after this

Agreement is terminated or cancelled (however, the period shall not exceed 12 months from the relevant termination or cancellation.). Kobe City shall pay the Operating Right Holder a fair amount of consideration for the relevant entrustment of business on a date separately agreed. However, only the actual expenses shall be paid if this Agreement is terminated or cancelled pursuant to Article 63.

3. If the Operating Right Holder does not perform the business entrusted under the entrustment agreement executed pursuant to the preceding paragraph, the Operating Right Holder shall compensate Kobe City or a third party designated by Kobe City for increased expenses or damages incurred thereby due to this non-performance.

4. In the case of paragraph 1, all mutual payment obligations between Kobe City and the Operating Right Holder arising from termination or cancellation of this Agreement before the Project Expiration Date or accompanying this termination or cancellation shall be settled. After all the claims and obligations are setoff in equal amounts, if either Kobe City or the Operating Right Holder owes any remaining payment obligations to the other party it shall pay them promptly after 12 months have lapsed from the relevant termination or cancellation.

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

Article 71 (Rescission of the Operating Right and payment, etc. of liquidated damages - termination for reasons attributable to the Operating Right Holder)

1. If this Agreement is terminated pursuant to Article 63, paragraph 1, paragraph 2, or paragraph 3, after Kobe City conducts a hearing 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) of the PFI Act, Kobe City shall rescind the Operating Right pursuant to Article 29, paragraph (1) item (i) of the PFI Act and Kobe City and the Operating Right Holder shall deregister the Operating Right without delay. If this Agreement is cancelled due to Article 63, paragraph 4, Kobe City and the Operating Right Holder shall deregister the Operating Right without delay.

2. In the case of the preceding paragraph, if this Agreement is terminated or cancelled before the Project Commencement Date, the Contract Deposit shall not be returned whatsoever and all obligations of Kobe City to return it to the Operating Right Holder shall cease. In this case, if any increased expense or damages incurred by Kobe City that is directly attributable to this termination exceeds the amount of the Contract Deposit, the Operating Right Holder shall pay this difference promptly after termination or cancellation of this Agreement.

3. In the case of paragraph 1, if this Agreement is terminated or cancelled on or after the Project Commencement Date, the Operating Right Holder shall pay to Kobe City liquidated damages in the amount of JPY 300 million promptly after 12 months have lapsed from termination or cancellation of this Agreement. In this case, if any increased expense or damages incurred by Kobe City that is directly attributable to this

termination exceeds the amount of the liquidated damages, the Operating Right Holder shall pay this difference in addition to the liquidated damages promptly after 12 months have lapsed from the cancellation or termination of this Agreement. The Operating Right Holder shall not be obligated to compensate Kobe City for increased expenses or damages incurred by it attributable to termination besides the foregoing amounts.

Section 4 Effect of termination or cancellation (termination or cancellation for reasons attributable to Kobe City and Particular Change of Municipal Ordinance, etc.)

Article 72 (Rescission of Operating Right and payment of liquidated damages etc. - termination for reasons attributable to Kobe City and Particular Change of Municipal Ordinance)

1. If this Agreement is terminated under Article 64, paragraph 1, Article 65, paragraph 1 or Article 67, after Kobe City conducts a hearing pursuant to Article 13, paragraph (1), item (i) of the Administrative Procedure Act (or immediately, if falling under paragraph (2) of the same article), Kobe City shall rescind the Operating Right pursuant to Article 29, paragraph (1) item (ii) of the PFI Act and Kobe City and the Operating Right Holder shall deregister the Operating Right without delay. If this Agreement is cancelled due to Article 65, paragraph 2, Kobe City and the Operating Right Holder shall deregister the Operating Right without delay.

2. In the case of the preceding paragraph, if this Agreement is terminated or cancelled before the Project Commencement Date, Kobe City shall return the entire amount of the Contract Deposit (to which no interest shall accrue) promptly after the cancellation or termination of this Agreement. If the Operating Right Holder incurs any increased expense or damages incurred that is directly attributable to this termination, Kobe City shall compensate these to the Operating Right Holder.

3. In the case of paragraph 1, if this Agreement is terminated or cancelled on or after the Project Commencement Date, Kobe City shall compensate the Operating Right Holder promptly after 12 months have lapsed from cancellation or termination of this Agreement any increased expense or damages incurred by the Operating Right Holder that is directly attributable to this termination. Kobe City shall not assume an obligation to compensate the Operating Right Holder for increased expense or damages other than these amounts.

Section 5 Effect of termination or cancellation (termination or cancellation due to Force Majeure etc.)

Article 73 (Rescission or waiver of Operating Right - termination due to Force Majeure, etc.)

1. If this Agreement is terminated pursuant to Article 66, paragraph 1 through to paragraph 6, Kobe City shall, based on its decision, cause the Operating Right Holder to waive the Operating Right or assign it for free to a third party designated by Kobe City and the Operating Right Holder shall comply with such instructions from Kobe City. Also, if this Agreement is cancelled pursuant to Article 66, paragraph 7, Kobe City and

the Operating Right Holder shall deregister the Operating Right without delay from the time Kobe City ceased to have ownership in all of the Airport Facility.

2. In the case of the preceding paragraph, if this Agreement is terminated or cancelled before the Project Commencement Date, Kobe City shall return the entire amount of the Contract Deposit (to which no interest shall accrue) to the Operating Right Holder promptly after the cancellation or termination of this Agreement. In this case, Kobe City and the Operating Right Holder shall respectively assume the damage it suffered from cancellation or termination of this Agreement, in addition to the payment of the Contract Deposit.

3. In the case of paragraph 1, if this Agreement is terminated or cancelled on or after the Project Commencement Date, Kobe City and the Operating Right Holder shall respectively assume the damage it suffered from cancellation or termination of this Agreement in addition to other provisions of this Agreement.

Chapter 17 Intellectual property rights

Article 74 (Ownership of copyright)

Kobe City shall own the copyright etc. relating to the information, documents and drawings etc. Kobe City provided to the Operating Right Holder (excluding those in which Kobe City does not have copyright) during selection procedures for private business operators for the Project or pursuant to this Agreement.

Article 75 (Use etc. of the copyright)

1. Kobe City 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 expiration of this Agreement.

2. When a Right to Operate Public Facility etc. for a third party designated by Kobe City is to be newly established with respect to the Airport and when a third party designated by Kobe City purchases the assets held by the Operating Right Holder, that third party shall also have the right and authority to use as provided for in the preceding paragraph after expiration of this Agreement.

3. Among the Work Products and the 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 that act (in the following article, the "Author's Right") shall be handled in accordance with the provisions of that act.

4. The Operating Right Holder shall arrange for Kobe City (including any third party designated by Kobe City under paragraph 2) to be able to use the Work Products and the Project Facility in accordance with the below items and the Operating Right Holder shall not exercise or 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) Kobe City may make public or use for its public relation purposes, or cause a public institution admitted by Kobe City to make public or use for public relation purposes, the contents of all or part of the Work Products or the Project Facility without indicating the name of the author;
- (2) Kobe City may allow others to peruse or copy, and may assign thereto the Work Products;
- (3) Kobe City or a third party entrusted by Kobe City may reproduce, distribute, exhibit, modify, adapt or make other revisions to the Work Products to whatever extent necessary;
- (4) Kobe City may represent the Project Facility with a photo, model, painting or by other methods; and
- (5) Kobe City may modify (i.e. alter, improve, repair or remodel) or tear down the Project Facility after expiration of this Agreement.

5. The Operating Right Holder shall not engage in any of the acts in the below items or cause or allow the author or copyright holder to engage in these acts. However, this shall not apply if otherwise stipulated in this Agreement or if prior approval from Kobe City is obtained.

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

Article 76 (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 the copyright holder to do so. However, this shall not apply if prior written approval is obtained from Kobe City.

Article 77 (Prevention of infringement of copyright held by a third party)

1. The Operating Right Holder warrants to Kobe City that the Work Products and Project Facility (only with respect to the section to which the Replacement Investment and Development were undertaken by the Operating Right Holder, hereinafter the same in this article) shall not infringe any copyright held by a third party.

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

Article 78 (Infringement of the intellectual property rights etc. of a third party)

1. In addition to the preceding article, the Operating Right Holder shall warrant to Kobe City that it shall not infringe any patent right, utility model, design, trademark or other intellectual property right held by a third party (hereinafter collectively referred to

as “IPRs etc.” in this article) in performing this Agreement and that the use of the Work Products provided to Kobe City by the Operating Right Holder does not infringe the IPRs etc. held by a third party.

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

Article 79 (Intellectual property rights)

The Operating Right Holder shall assume all responsibility concerning its use of any technology that is subject to intellectual property rights, such as patent rights.

Chapter 18 Miscellaneous matters

Article 80 (Attendance and establishment of the council)

1. The Operating Right Holder shall attend the meetings of the Kobe Airport Usage Promotion Council as provided in the Required Standards Document etc.

2. Kobe City and the Operating Right Holder may establish various councils in addition to the preceding paragraph to serve as a forum for discussing matters concerning the implementation of the Project if they consider this to be necessary. Kobe City and the Operating Right Holder shall not refuse a request from the other party to establish councils without justifiable reasons.

Article 81 (Tax and public imposts)

Tax and public imposts arising in connection with this Agreement shall be borne entirely by the Operating Right Holder unless otherwise stipulated in this Agreement and in each of the agreements to be executed pursuant to the form prescribed in the exhibits to this Agreement.

Article 82 (Confidential obligations)

1. Kobe City and the Operating Right Holder shall not disclose to others information concerning this 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, Kobe City and the Operating Right Holder may disclose information concerning this Agreement only in the below circumstances. However, if Kobe City 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 to: (i) Kobe City's personnel or the Operating Right Holder's employees and professionals such as lawyers, certified public accountants, and certified public tax accountants of Kobe City or the Operating Right Holder; or (ii) the companies and their respective employees agreed in advance with Kobe City as falling under a Parent Company, Subsidiary, Affiliate or other associated companies (including the Operating Right Holder's Subsidiary etc.) of the Operating Right Holder, their employees, and professionals such as lawyers, certified public accountants, and certified public tax accountants who need to know the information where such disclosure is made on the condition that they assume the same confidential obligations assumed by Kobe City and the Operating Right Holder;
- (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; or
- (5) Disclosing information which disclosure is required under Acts or court order.

3. The preceding two paragraphs shall effectively survive after full performance of this Agreement by Kobe City and the Operating Right Holder or expiration of this Agreement.

Article 83 (Consultation with the Financial Institutions)

1. If Kobe City deems necessary, Kobe City shall execute an agreement with the Financial Institutions concerning the Project. If Kobe City executes such an agreement, the below matters shall be stipulated therein.

- (1) Matters concerning prior notice to be given to the Financial Institutions or consultation with the Financial Institutions in the event that Kobe City intends to claim compensation for damages from the Operating Right Holder or when Kobe City intends to cause this Agreement to be cancelled;
- (2) Matters concerning prior consultation between Kobe City and the Financial Institutions 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 Kobe City and Financial Institutions when the Financial Institutions intend to give notice to Kobe City and accelerate the loan provided to the Operating Right Holder or when they intend to exercise security rights;
- (4) Matters concerning measures to be performed by Kobe City accompanying the termination of this Agreement;
- (5) Matters (excluding the matters stipulated in item (2) exactly as stated above) concerning prior consultation between Kobe City and the Financial Institutions when the Financial Institutions intend to establish security rights on the rights and assets held by the Operating Right Holder and the Operating Right Holder's Subsidiary etc., or when they intend to exercise these security rights; and
- (6) Other matters relevant to each of the foregoing items.

2. When the Operating Right Holder intends to execute agreements with Financial Institutions concerning the establishment of security rights on insurance provided in Article 27, paragraph 2, obtaining the approval as stipulated in that paragraph shall be a condition for execution of the agreement in paragraph 2 of this article between Kobe City and the Financial Institutions.

Article 84 (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.

Article 85 (Interest on delayed payment)

1. If Kobe City or the Operating Right Holder delays payment under this Agreement and under each of the agreements executed pursuant to the forms prescribed in the exhibits of this 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 that day) following 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 that day). Kobe City shall pay to the Operating Right Holder interest on the delayed payment of the amount calculated by multiplying the rate stipulated in the "Rate of Interest on the 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 shall pay Kobe City the amount calculated by multiplying the rate stipulated in the Article 13, paragraph (1) of Kobe City Tax Ordinance (Municipal Ordinance No. 199 of August 1950) that is applied mutatis mutandis under Article 7, paragraph (2) of the Kobe City Claims Administration Ordinance (Municipal Ordinance No. 29 of March 2016) as of the Performance Date. The interest on the delayed payment in these circumstances shall be calculated on a per diem basis on the basis of 365 days in a year.

2. Kobe City may offset its claims and obligations against the Operating Right Holder that arise under this Agreement and under each of the agreements executed pursuant to the forms prescribed in the exhibits of this Agreement, in equal amounts within the scope of the Acts.

Article 86 (Jurisdiction)

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

Article 87 (Miscellaneous matters)

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

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

3. The currency to be used for payments stipulated in this Agreement shall be Japanese yen.
4. The units for calculation to be used between Kobe City and the Operating Right Holder in connection with performance of this Agreement shall be in accordance with the Measurement Act (Act No. 51 of 1992) unless specifically provided for in this Agreement, Application Guidelines etc., Required Standards Document, or Proposal Documents.
5. The provisions on periods concerning performance of this Agreement shall be in accordance with the stipulations of the Civil Code and the Companies Act unless specifically provided for in this Agreement, Application Guidelines etc., Required Standards Document, or Proposal Documents.
6. This Agreement shall be governed by the laws of Japan and shall be interpreted in accordance with the same.
7. This Agreement shall be prepared in the Japanese language as the original. An English translation of this, if prepared, shall serve only as reference and this Agreement shall be interpreted in accordance with the Japanese agreement.

Article 88 (Consultation on queries)

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

Exhibit 1 Terms

- (1) “Operating Right” means the Right to Operate Public Facility etc. established with respect to the Airport Facility on the Operating Right Establishment Date.
- (2) “Operating Right Holder” means [name of the entity].
- (3) “Operating Right Holder’s Subsidiary etc.” means a Subsidiary or an Affiliate of the Operating Right Holder that is newly incorporated or acquired by the Operating Right Holder during the Project Period with the prior approval from Kobe City pursuant to Article 52, paragraph 1.
- (4) “Agreements for Succession to the Operating Right Holder” means the agreements indicated in **Exhibit 2**, as to be succeeded to the Operating Right Holder.
- (5) “Movables etc. for Transfer to the Operating Right Holder” means the movables and other assets indicated in **Exhibit 2** that are to be transferred (including licensing) to the Operating Right Holder.
- (6) “Consideration for Movables etc. for Transfer to the Operating Right Holder” means the consideration for the Movables for Transfer to the Operating Right Holder which the Operating Right Holder must pay to Kobe City pursuant to Article 18, paragraph 1.
- (7) “Operating Right Holder-owned Facility” means the facilities owned by the Operating Right Holder or the Operating Right Holder’s Subsidiary etc. in connection with the Project.
- (8) “Operating Right Establishment Date” means [MM/DD/YYYY].
- (9) “Consideration” means collectively the Consideration (Upfront Fee) and the Consideration (Annual Fee).
- (10) “Consideration (Upfront Fee)” means the portion of consideration for the Operating Right to be paid by the Operating Right Holder to Kobe City by the day before the Project Commencement Date, pursuant to Article 19, paragraph 1.
- (11) “Consideration (Annual Fee)” means the portion of consideration for the Operating Right to be paid by the Operating Right Holder to Kobe City during the Project Period, pursuant to Article 19, paragraph 1.
- (12) “Consideration etc.” means collectively the Consideration, Consideration for Movables etc. for Transfer to the Operating Right Holder and Revenue Sharing Fees.

- (13) “Business Day” means each day other than the days designated as bank holidays under Japanese legislation.
- (14) “Parent Company” means the parent company stipulated in Article 2, item (iv) of the Companies Act.
- (15) “Companies Act” means the Companies Act (Act No. 86 of 2005).
- (16) “Rehabilitation” means rehabilitation of the Airport Facility (“Rehabilitation” has the same meaning as defined in the PFI Act) which is to remove and redevelop the entire runways, etc.
- (17) “Shareholder’s Covenant” means the written shareholder’s covenant prepared in accordance with the form prescribed in the Basic Agreement submitted by the Voting Shareholder to Kobe City.
- (18) “Cargo Building Facilities” means collectively the facilities for handling air cargo that are necessary to assure the functions of the Airport (Article 15, paragraph (1) of the Airport Act) indicated in the Facilities List. This shall also include the facilities resulting from the relevant change when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement.
- (19) “Environmental Measures Business” means each of the environmental measures businesses stipulated in the Required Standards Document.
- (20) “Affiliate” means an affiliate stipulated in Article 2, paragraph (3), item (xx) of the Ordinance for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 12 of 2006).
- (21) “Compilation of Related Materials” means the documents that are specified as compilation of related materials set out in the Application Guidelines etc.
- (22) “Basic Agreement” means the Qualified Project Etc. for Kobe Airport Operation Basic Agreement executed on [MM/DD/YYYY] between Kobe City and the Preferred Negotiation Right Holder’s Members.
- (23) “Obligatory Business” means collectively each business stipulated in each item of Article 24, paragraph 1.
- (24) “Permissions etc.” means permission, license, designation and other forms of administrative acts.
- (25) “Emergency” means any situation where: (i) the safe operation of the Airport by the Operating Right Holder could be considerably hindered; (ii) Japan’s security or the airport’s security in Japan is threatened; (iii) damage to life or property inside the Airport could be caused; or (iv) any situation similar to (i) through (iii).

- (26) “Financial Institutions” means the financial institutions and other entities which fund the Operating Right Holder in connection with the Project.
- (27) “Airport Function Facilities” means the airport function facilities stipulated in Article 15, paragraph (1) of the Airport Act, which means collectively the Passenger Building Facility, Cargo Building Facilities and Parking Facilities indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement).
- (28) “Operation, Maintenance and Administration of the Airport Function Facilities” means the operations stipulated in the Required Standards Document to operate, maintain and manage the Airport Function Facilities.
- (29) “Basic Airport Facilities etc.” means collectively the basic airport facilities (runways, landing strips, aprons, etc. of the Airport) and the incidental facilities that are integral to these (drainage systems etc.) indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement).
- (30) “Operation, Maintenance and Administration of the Basic Airport Facilities” means the operations stipulated in the Required Standards Document to operate, maintain and manage the Basic Airport Facilities.
- (31) “Airport Air Navigation Facilities” means collectively the aeronautical lights and incidental facilities of the Airport indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement).
- (32) “Operation, Maintenance and Administration of the Airport Air Navigation Facilities” means the operations stipulated in the Required Standards Document to operate, maintain and manage the Airport Air Navigation Facilities.
- (33) “Airport Air Navigation Facility Usage Fee” means the airport navigation facility user fee defined in Article 54, paragraph (1) of the Civil Aeronautics Act.
- (34) “Airport Act” means the Airport Act (Act No. 80 of 1956).
- (35) “Airport Act Enforcement Order” means the Airport Act Enforcement Order (Cabinet Order No. 232 of 1956).
- (36) “Airport Facility” means collectively the Basic Airport Facilities etc., Airport Air Navigation Facilities, Airport Function Facilities and Incidental Business Facilities (excluding bank protection, approach light bridge, roads and

including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement). As of the Project Commencement Date, the Airport Facility means collectively the above facilities that are indicated in the Facilities List.

- (37) “Airport Site” means the land held by Kobe City indicated in **Exhibit 16** which is a part of the land of the Airport for which public notice was given pursuant to Article 46 of the Civil Aeronautics Act.
- (38) “Airport Site etc.” means the Airport Site and attached constructions, buildings and facilities.
- (39) “Contract Deposit” means the money the Operating Right Holder must pay to Kobe City pursuant to Article 6.
- (40) “Right to Operate Public Facility etc.” means the Right to Operate Public Facility etc. defined in Article 2, paragraph (7) of the PFI Act.
- (41) “Air Carrier” 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.
- (42) “Aircraft Fueling Service” means the business to sell airport fuel and automobile fuel, to provide fueling service, and to sell petroleum products.
- (43) “Civil Aeronautics Act” means the Civil Aeronautics Act (Act No. 231 of 1952).
- (44) “Civil Aeronautics Act Enforcement Rules” means the Civil Aeronautics Act Enforcement Rules (Ordinance of the Ministry of Transport No. 56 of 1952).
- (45) “Replacement Investment” means investments (including partial elimination of a facility) in the Airport Facility for the maintenance, repair, and extension of the Airport Facility and shall exclude the New Investment and Rehabilitation. The maintenance, repair, and extension have the same meaning as the “Maintenance” in the PFI Act. With regard to the Project, “maintenance and repair” includes: (i) restoring specific broken areas of the runways, taxiways, aprons, the Passenger Building Facility (including offices and shops), Cargo Building Facilities (including offices etc.) and Parking Facilities to their original state; and (ii) partial repair of aeronautical lights of the Airport. Similarly, with regard to the Project, “extension” means: (iii) extension of runways, extension of taxiways, increase of aprons, and increase of incidental facilities to the extent necessary for the foregoing at the Airport; and (iv) extension and other investments of the Passenger Building Facility (including offices and shops) and Cargo Building Facilities (including offices etc.) of the Airport.

- (46) “Kobe Airport Terminal” means Kobe Airport Terminal Co., Ltd.
- (47) “Kobe Airport Ordinance” means the Kobe Airport Ordinance (Kobe City Ordinance No. 1 of 2005), Kobe Airport Ordinance Enforcement Rules (Kobe City Rules No.47 of 2005), and other municipal ordinances concerning the operation of the Kobe Airport that are indicated in the Application Guidelines.
- (48) “Subsidiary” means the subsidiary stipulated in Article 2, item (iii) of the Companies Act.
- (49) “Fair Value” means the price as the value of each asset determined by a professional such as a certified public accountant through objective methods at the time of transfer, etc. of the relevant asset. (In principal, the market value of the shares of the Operating Right Holder’s Subsidiary etc. shall be assessed at their net asset value and movables shall be assessed at their book value.)
- (50) “Project Commencement Date” means the date on which the Operating Right Holder commences the Project upon satisfying the conditions precedent of the Project stipulated in Article 22, paragraph 1 (excluding those fulfilment of which are waived in accordance with the proviso of Article 22, paragraph 2).
- (51) “Project Scheduled Commencement Date” means [MM/DD/YYYY] which is the scheduled commencement date of the Obligatory Business designated by Kobe City pursuant to Article 21, paragraph (1) of the PFI Act.
- (52) “Project Period” means the period from the Project Commencement Date until the Project Expiration Date.
- (53) “Business Continuity Plan” means the plan to continue the Project prepared by the Operating Right Holder and approved by Kobe City pursuant to Article 50, paragraph 1.
- (54) “Business Continuity Measures” means the measures to restore the Airport Facility undertaken by Kobe City pursuant to the provisions of the Airport Act to cause the Operating Right Holder to continue the business when Kobe City deems it necessary in accordance with Article 39, paragraph 1.
- (55) “Project Expiration Date” means March 31, 2060 or another date amended pursuant to the provisions of Article 58.
- (56) “Fiscal Year” means the period of one year commencing from April 1 of each calendar year and ending on March 31 of the following year (for the year in which the Operating Right Holder was incorporated, such period shall be from the date of incorporation until the first March 31) designated as the same fiscal year for the Operating Right Holder and Operating Right Holder’s Subsidiary etc.

- (57) “Facilities List” means the facilities list included in the Compilation of Related Materials.
- (58) “Act on Land and Building Leases” means the Act on Land and Building Leases (Act No. 90 of 1991).
- (59) “Revenue Sharing Fees” means the revenue sharing fees the Operating Right Holder must pay to Kobe City pursuant to Article 20, paragraph 1.
- (60) “Material Change” means any change that falls into any of the following items with respect to the Airport Facility:
- (i) A change that constitutes 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 constitutes 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 constitutes an “extension 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 (“extension of apron” herein includes provision of an additional apron);
 - (iv) A change with respect to aeronautical lights that constitutes a “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 lights that constitutes a “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 lights that constitutes a “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 lights that constitutes “providing additional control unit or providing additional power supply” for the “control device” stipulated in Article 120, item (iii) of the Civil Aeronautics Act Enforcement Rules.
- (61) “New Investment” means the construction of the Airport Facility (“construction” has the same meaning as that in the PFI Act; with regard to the Project, “construction” means the new construction of a runway for the Airport,

the associated new construction of a landing strip, taxiway, and apron, and the associated new installation of aerodrome lights, control devices and power-supply facilities).

- (62) “Work Products” means collectively all plans, reports, drawings, documents, pictures, and visuals submitted by the Operating Right Holder to Kobe City pursuant to the Agreement or Kobe City’s request.
- (63) “Development” means to undertake “construction,” “rehabilitation,” and “maintenance” (each of these terms has the same meaning as those in the PFI Act) of the Operating Right Holder-owned Facility.
- (64) “Landing Fees etc.” means the landing fees etc. defined in Article 13, paragraph (1) of the Airport Act.
- (65) “Parking Facilities” means collectively the parking space for airport users and the facilities incidental to the parking space indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement) .
- (66) “Proposal Documents” means the proposal screening documents submitted on [MM/DD/YYYY] by the Preferred Negotiation Right Holder, and the full set of other proposal documents relating to the implementation of the Project (including a response to the items for confirmation with respect to the proposal screening documents, and other responses from the Preferred Negotiation Right Holder to matters for confirmation that Kobe City inquired about to the Preferred Negotiation Right Holder’s Members with respect to the full set of the other proposal documents and other documents submitted to Kobe City).
- (67) “Goods etc. Transfer Agreement” means the agreement as prescribed in **Exhibit 3** to be executed between Kobe City and the Operating Right Holder concerning the transfer of the Movables etc. for Transfer to the Operating Right Holder, pursuant to Article 10, paragraph 1.
- (68) “Particular Change of Municipal Ordinance” means either of the following changes to municipal ordinance of Kobe City by Kobe City after the date of execution of the Agreement that adversely affect the Operating Right Holder: (i) a change to that applies only to the Operating Right Holder and does not apply to others; or (ii) a change to that applies only to the holder of the Right to Operate Public Facility etc. in Kobe City and does not apply to others.
- (69) “Particular Change of Acts” means the following changes to the Acts made by the State of Japan (excluding local governments) after the date of execution of the Agreement that adversely affect the Operating Right Holder: (i) a change to the Acts that applies only to the Operating Right Holder and does not apply to others; (ii) a change to the Acts that applies only to the holder of the Right to Operate Public Facility etc. for an airport and does not apply to others

(excluding when other airport administrators receive similar treatment by methods other than the relevant Act); or (iii) a change to the Acts that applies only to the Airport and does not apply to other airports in Japan.

- (70) “Land and Building Loan for Use Agreement” means the loan-for-use agreement for the land and buildings for the Qualified Project Etc. for Kobe Airport Operation as prescribed in the form in **Exhibit 8** to be executed between Kobe City and the Operating Right Holder concerning the loan-for-use of the Airport Site etc. and Airport Facility, pursuant to Article 16, paragraph 1.
- (71) “Voluntary Business” means the operations voluntarily implemented by the Operating Right Holder pursuant to Article 24, paragraph 4.
- (72) “Building Facility Sale and Purchase Agreement” means the Building Facilities Sale and Purchase Agreement executed between Kobe City and Kobe Airport Terminal on [MM/DD/YYYY].
- (73) “PFI Act” means the Act on Promotion of Private Finance Initiative (Act No. 117 of 1999).
- (74) “Amusement Business Act” means the Act on Control and Improvement of Amusement Business etc. (Act No. 122 of 1948).
- (75) “Amusement Business” means any business that falls under each item of Article 2, paragraph (1) and paragraph (5) of the Amusement Business Act.
- (76) “Force Majeure” means any one or more of the following events that directly or adversely affects the performance of obligations under the Agreement (only those which exceed the standard if a standard is stipulated in the Required Standards Document), which is not attributable to either Kobe City or the Operating Right Holder, which cannot be foreseen, or although could be foreseen by either Kobe City 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, falling rocks, 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, rebellion, acts of terrorism or acts of

war including the use of the Airport by Kobe City etc. in these cases);

(iv) Epidemic (which includes the case subject to mandatory isolation); or

(v) Radioactive contamination.

(77) “Incidental Business” means collectively the incidental businesses stipulated in the Required Standards Document.

(78) “Incidental Business Facilities” collectively means the Kobe Airport Administration Office indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement).

(79) “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.

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

(i) Organized Crime Group Members

(a) Organized crime group;

(b) Member of an organized crime group (a member comprising an organized crime group; hereinafter the same);

(c) Former member of an organized crime group who disengaged from the organized crime group 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 a person who cooperates with or is involved with maintaining or operating an organized crime group, such as by providing funds or weapons 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 to carry 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 extortionists (*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 to (g) who is at the center of a structured fraud by using means that are affiliated with an organized crime group or has financial relationships with an organized crime group); or

(i) Any person similar in nature to any of the above items (a) through to (h) (including those who apply to the matters stipulated in each item of Article 5 of the Policy Concerning Exclusion of Organized Crime Group etc. from Contracts of Kobe City (Mayor Decision of 2010)).

(ii) Other associated parties

(a) A person who or a company which is deemed to be controlled by a person or company falling into any of (i)(a) through to (i) (hereinafter collectively referred to as an “Organized Crime Group Member”);

(b) A person who or a company which is deemed to be substantially involved in its management by an Organized Crime Group Member;

(c) A person who or a company which is deemed to unduly use an Organized Crime Group Member, for the purpose of gaining undue profit for himself/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 provide funds or favors to an Organized Crime Group Member;

(e) (A company which has) an officer or a person substantially involved in the management of the company is deemed to have socially

condemned relationships with an Organized Crime Group Member; or

(f) Any person who or a company which is similar in nature to any of the above items (a) through to (e) (including those who apply to the matters stipulated in each item of Article 5 of the Policy Concerning Exclusion of Organized Crime Group etc. from Contracts of Kobe City (Mayor Decision of 2010)).

- (81) “Acts” means treaties, statutes, cabinet orders, ministerial ordinances, municipal ordinances, rules, orders, administrative guidance and guidelines, court judgments, court decisions, court orders or arbitration awards based on the foregoing, and other regulations, decisions and measures of public authorities (including but not limited to the standards of the International Civil Aviation Organization (ICAO)).
- (82) “Application Guidelines” means the Application Guidelines for the Qualified Project Etc. for Kobe Airport Operation which Kobe City publicized on October 11, 2016.
- (83) “Application Guidelines etc.” means collectively the Application Guidelines and its attachments (excluding the Basic Agreement (draft), the Project Agreement (draft) and other draft agreements, Required Standards Document (draft), and compilation of referential materials) and supplementary materials, responses to questions presented by Kobe City by public announcement, publication on its website or other means, and other documents presented by Kobe City relating thereto (if any amendments were made thereto, those reflecting such amendments).
- (84) “Voting Shares” means the shares issued by the Operating Right Holder which are common shares with voting rights to vote on all items for resolution at a shareholders meeting of the Operating Right Holder.
- (85) “Voting Shareholders” means the shareholders of the Voting Shares.
- (86) “Airport” means the Kobe Airport specified in Article 5, paragraph (1) of the Airport Act (Act No. 80 of 1956) and Article 1, paragraph (3) of the Order for Enforcement of Airport Act (Cabinet Order No. 232 of 1956).
- (87) “Project” means collectively each business activity stipulated in Article 2, paragraph 1 as a business activity to be implemented in accordance with the Required Standards Document at the Airport pursuant to this Agreement as the Qualified Project Etc. for Kobe Airport Operation.
- (88) “Project Facility” means collectively the Airport Facility and the Operating Right Holder-owned Facility.
- (89) “Single Year Project Plan” means the facilities investment plan for the Project Facility for each fiscal year from and after the Project Commencement Date,

and the revenue and expenditure plan reflecting this facilities investment plan to be prepared in accordance with the provisions of Article 30.

- (90) “Mid-term Project Plan” means the facilities investment plan for the Project Facility for each of the five fiscal years from and after the Project Commencement Date, and the revenue and expenditure plan for these five years reflecting this facilities investment plan to be prepared in accordance with the provisions of Article 29.
- (91) “Civil Code” means the Civil Code (Act No. 89 of 1896).
- (92) “Private Utilizing Airport Operation Act” means the Act on Operation of National Airports Utilizing Skills of the Private Sector (Act No. 67 of 2013).
- (93) “Preferred Negotiation Right Holder” means [name of the entity], which was selected by Kobe City through the procedures for selecting the Preferred Negotiation Right Holder which incorporates the Operating Right Holder and has the Operating Right Holder implement the Project.
- (94) “Preferred Negotiation Right Holder’s Members” means the entities that comprise the Preferred Negotiation Right Holder.
- (95) “Required Standards” means the standards that must be met by the Operating Right Holder in implementing the Project which are stipulated pursuant to the Agreement, Application Guidelines etc., Required Standards Document and Proposal Documents.
- (96) “Required Standards Document” means the Required Standards Document for the Qualified Project Etc. for Kobe Airport Operation (If additions or changes are made to the Required Standards Document, then these additions or changes must be included.).
- (97) “Usage Fees” means the various charges for using the Airport indicated in Article 35, paragraph 1.
- (98) “Passenger (Service) Facility Charge” means the passenger service facility charge stipulated in Article 16, paragraph (1) of the Airport Act charged by the Operating Right Holder.
- (99) “Passenger Building Facility” means collectively the passenger service facility that is necessary to secure the functions of the Airport (Article 15, paragraph (1) of the Airport Act) and a group lounge indicated in the Facilities List (including the relevant facilities when the Airport Facility subject to the Operating Right is changed pursuant to the Agreement).

Exhibit 2 The Subjects for and the Manner of Succession of the Obligatory Business⁹

1. Airport Facility and Airport Site etc.

[On the Project Commencement Date, the Airport Facility shall be transferred to the Operating Right Holder on an as is basis, once the Operating Right has been established and the Land and Building Loan for Use Agreement has been separately executed, and the Airport Site etc. shall be transferred to the Operating Right Holder on an as is basis, once the Land and Building Loan for Use Agreement has been separately executed. With respect to the Airport Facility and the Airport Site etc., Kobe City shall present to the Operating Right Holder the Facilities List and documents indicating the Airport Site etc. in the disclosure materials for the screening, as well as other materials subject to disclosure, all of which shall be amended from time to time until the execution of this Agreement and included in this Exhibit. Other procedures for the delivery of the Airport Facility and the Airport Site etc. subsequent to Kobe City's presentation of the Application Guidelines etc. shall be separately specified by Kobe City in the disclosure materials for the screening.]

2. Agreements for Succession to the Operating Right Holder

[The Agreements for Succession to the Operating Right Holder shall be specified to the Operating Right Holder by Kobe City in the form of a list in the disclosure materials for the screening. This list shall be amended from time to time until the execution of this Agreement and included in this Exhibit. In addition, in the disclosure materials for the screening, Kobe City shall specify its policies on (i) handling liabilities under the Agreements that arise from matters that occur before the Project Commencement Date (if Article 10, paragraph 4 of this Agreement is applicable, then before the completion of succession of the relevant Agreement), (ii) the manner of succession of the Agreements, and (iii) other procedures for the succession of the Agreements subsequent to Kobe City's presentation of the Application Guidelines etc.]

3. Movables etc. for Transfer to the Operating Right Holder

[The division in charge of contracts (Contract Administration Division, Finance Department, Administration and Finance Bureau) of Kobe City shall take procedures for the transfers of the Movables etc. for Transfer to the Operating Right Holder in accordance with the Kobe City Contract Regulations (Regulation No. 16 of August 2014). More specifically, for such procedures, the Operating Right Holder shall submit a quotation in response to the target price set by Kobe City in accordance with the provisions of Article 10 of the said Regulations during the period from the date of execution of this Agreement until the Business Day preceding the Project Scheduled Commencement Date. If the Operating Right Holder quotes a price equal to or higher than the target price and the quotation is effective, Kobe City and the Operating Right Holder shall execute the Goods etc. Transfer Agreement in the form of **Exhibit 3**. Then, the Operating Right Holder shall pay the price in a lump sum by the date designated by Kobe City in accordance with such Goods etc. Transfer Agreement to

⁹ Provisions set out in this Exhibit are based on the expectations as at the distribution of the Application Guidelines etc., and may be subject to change.

acquire the Movable etc. for Transfer to the Operating Right Holder¹⁰.

The Movable etc. for Transfer to the Operating Right Holder that are owned by Kobe City shall be specified to the Operating Right Holder by Kobe City in the form of a list in the disclosure materials for the screening. Any amendment to this list shall be presented to the Operating Right Holder from time to time before the commencement of the procedures for the transfers by Kobe City.]

4. Permissions etc.

[Permissions etc. that must be acquired or maintained shall be specified to the Operating Right Holder by Kobe City in the form of a list in the disclosure materials for the screening. This list shall be amended from time to time until the execution of this Agreement and included in this Exhibit. Details of the succession or acquisition of Permissions etc. and other procedures for the succession or acquisition of Permissions etc. subsequent to the presentation of Kobe City's Application Guidelines etc. shall be separately specified by Kobe City in the disclosure materials for the screening.]

¹⁰ With respect to the movables etc. owned by the Kobe Airport Terminal, the Operating Right Holder shall execute a transfer agreement with the Kobe Airport Terminal by the Business Day preceding the Project Scheduled Commencement Date to acquire such movables etc. The details and manner of transfer of such movables etc. and other relevant information shall be presented by Kobe City in the disclosure materials for the screening.

Exhibit 3 Goods etc. Transfer Agreement (draft)

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

Name/Standards/Quantity of Goods: As per attached

Place of Delivery: Within the Kobe Airport Site

Goods that are located outside of the Kobe 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: Upon execution of this Agreement, the Transferee shall deposit a contract guarantee in an amount equivalent to or greater than 3% of the price of Goods with the Transferor. However, this shall not apply if the Transferor determines that no contract guarantee is necessary.

In order to transfer the Goods above for the purpose of implementing the Qualified Project etc. for Kobe Airport Operation, Kobe City (“Transferor”) and [name of entity] as the Operating Right Holder (“Transferee”) shall execute the Goods etc. Transfer Agreement (“this Agreement” including the premises) on a fair and equitable basis in accordance with the following provisions pursuant to Article 10, paragraph 1 of the Qualified Project for Kobe Airport Operation Agreement to Implement Right to Operate Public Facility etc. dated [MM/DD/YYYY] (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 the Transferee shall perform this Agreement in accordance with the provisions herein and in compliance with the laws of Japan and municipal ordinances and other regulations of Kobe City.
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 the 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 Transferor.
2. If the Transferee does not pay the price of Goods by the due date stipulated in the preceding paragraph, the Transferee shall pay delay damages in an amount equivalent to 0.1% of the price of Goods per day of delay for the number of days from the day immediately after the due date until the date the payment is made (which shall not include any day(s) elapsed due to any reason attributable to the Transferor such as inspection). The Transferor may deduct and collect the delay damages from the price of Goods or the contract guarantee.
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 delay damages under the preceding paragraph.

Article 5. (Transfer of Ownership)

Ownership of the Goods shall transfer from the Transferor to the Transferee on the 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 delay damages 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 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 its 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 terminate 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. (Termination of this Agreement)

1. The Transferor or the Transferee may terminate this Agreement if the other party does not or is not likely to perform its obligations under this Agreement.
2. The Transferor may terminate this Agreement if the Project Agreement is terminated or otherwise cancelled for other reasons before the Business Commencement Date. This Agreement may not be terminated for any reasons on and after the Business Commencement Date, and in such a case the Goods shall be handled in accordance with the stipulations of the Project Agreement.
3. If this Agreement is terminated (i) by the Transferor pursuant to paragraph 1 or (ii) pursuant to the preceding paragraph and such cancellation of this Agreement or the Project Agreement is attributable to the Transferee, the contract guarantee (if deposited by the Transferee) shall be forfeited as penalty. If the Transferee has been exempted from the contract guarantee, the Transferee shall pay 3% of the price of Goods as penalty within the period designated by the Transferor.

Article 10. (Refunds)

1. If the Transferor or the Transferee exercises its right of termination 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 termination, 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 termination, 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 the Transferee may claim for compensation for damages against the other party if it suffers damages as a result of exercising its right of termination 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 etc. of this Agreement shall be borne by the Transferee.

Article 14. (Governing Laws and Jurisdiction)

The establishment and effect of this Agreement shall be governed by the laws of

Japan, and the Kobe District Court shall be designated as the exclusive court of jurisdiction for the first instance.

Article 15. (Supplemental Provision)

Any matters not provided in this Agreement shall be handled in accordance with the stipulations of the Kobe City Contract Regulations (Regulation No. 16 of August 2014) and the Project Agreement, and the Transferor and the 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.

[MM/DD/YYYY]

Transferor:
Kobe City

Transferee:
[name of entity]
President and Representative Director

Exhibit 4 Agreements, Pacts, etc. to be Maintained by Kobe City¹¹

| Counterparty | Name of Document | Date of Agreement or Permission |
|--|--|---|
| Akashi City | Permission to Use Administrative Property* | April 1, 2016 |
| Kabushiki Kaisha Quatre Saisons Matsuho | Memorandum Concerning Establishment of Station for Constant Monitoring of Aircraft Noise | Originally executed on December 1, 2005 Re-executed on April 1, 2014 |
| Council of Minatojima Community Associations | Pact Concerning Environment Preservation regarding Kobe Heliport and Kobe Airport | March 18, 2006 |

* Kobe City will make its best efforts to maintain the permission during the Project Period. However, due to the nature of the permission, it may be terminated prior to the Project Expiration Date at the discretion of Akashi City. In this case, Kobe City and the Operating Right Holder will consult with each other about how to handle the relevant land.

¹¹ This Exhibit lists the agreements, pacts, etc. which are expected to be maintained by Kobe City as of the time of publication of the Application Guidelines. If Kobe City has updated the list, Kobe City will promptly disclose the updated list in the course of the screening procedures.

Exhibit 5 Agreements, Pacts, etc. to be Newly Executed and Maintained by the Operating Right Holder¹²

| Counterparty | Agreement | Terms/Effective Period | Purpose of Use | Subject Area |
|---|---|---|---|---|
| Director-General of the West Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism | Fixed-term land lease agreement for business purposes | <ul style="list-style-type: none"> • Current level* • Until the Project Expiration Date | For the government building and the installation of the air navigation facilities | 1 Kobe airport, Chuo-ku, Kobe-shi, Land: 15,705.00 m ² |
| Director-General of the Osaka Regional Headquarters of the Japan Meteorological Agency | Land lease agreement | <ul style="list-style-type: none"> • Current level* • Until the Project Expiration Date | For aviation weather observations | 1 Kobe airport, Chuo-ku, Kobe-shi, Land: 127.78 m ² |

* In general, the current level of the terms of the permission for use granted by Kobe City with respect to the same subject area shall be maintained unless otherwise agreed with the counterparty.

* The Operating Right Holder shall have the obligation to maintain the terms of both agreements at the current level or higher during the Project Period.

¹² This Exhibit is premised on the agreements, pacts, etc. executed by Kobe City as of the publication of the Application Guidelines and if Kobe City has updated this Exhibit, Kobe City will promptly disclose the updated Exhibit in the course of the screening procedures.

Exhibit 6 Agreements, Pacts, etc. to be Succeeded to and Maintained by the Operating Right holder¹³

| Counterparty | Name of Document | Date of Agreement | Conditions/ Term |
|--|---|--------------------------|--|
| West Japan Civil Aviation Bureau of the Ministry of Land Infrastructure, Transport and Tourism | Memorandum Concerning Operation of the Area Restricted for ILS Facilities at Kobe Airport | November 21, 2014 | *To be maintained at the current level |
| | Memorandum Concerning Administration and Operation of Kobe Airport | November 26, 2011 | |
| | Agreement Concerning Operation of Emergency Direct Line for Kobe Airport | February 8, 2006 | Until the Project Expiration Date |
| | Consent Concerning Manner of Operation of Aerodrome Lights of Kobe Airport | January 21, 2011 | |

¹³ The list above shows the agreements, pacts, etc. which are maintained by Kobe City as of the time of publication of the Application Guidelines. If Kobe City has updated the list, Kobe City will promptly disclose the updated list in the course of screening procedures.

| | | | |
|--|---|-----------------------|--|
| <p>West Japan Civil Aviation Bureau of the Ministry of Land Infrastructure, Transport and Tourism and Kansai Aviation Weather Service Center of the Japan Meteorological Agency (tripartite memorandums)</p> | <p>Memorandum Concerning Operation of Base Station and Land Mobile Station at Kobe Airport</p> | <p>April 1, 2014</p> | |
| | <p>Memorandum Concerning Construction, Maintenance and Administration of Telecommunications Facilities at Kobe Airport</p> | <p>March 27, 2014</p> | |
| <p>Kansai Aviation Weather Service Center of the Japan Meteorological Agency</p> | <p>Agreement Concerning Mutual Exchange of Meteorological Information etc. between Kansai Aviation Weather Service Center and Kobe Airport Administration Office of Port and Urban Projects Bureau of Kobe City</p> | <p>March 27, 2014</p> | |

- * In general, the terms and conditions of these agreements, pacts, etc. will be maintained at the same level as they currently are, unless otherwise agreed with the relevant counterparty(ies).
- * The Operating Right Holder will be obliged to maintain the terms and conditions of all these agreements, pacts, etc. at least at the same level as they currently are throughout the Project Period.

Exhibit 7 Details Concerning Dispatch of Kobe City Personnel

The job category, main duty, maximum number of personnel to be dispatched and maximum dispatch period shall be as follows¹⁴:

| | Job Category | Main duty | Maximum number of personnel to be dispatched | Maximum dispatch period |
|---|---|--|---|--------------------------------|
| 1 | Civil engineering and administration (Safety) | <ul style="list-style-type: none"> - Safety regulations and emergency planning - Duties concerning safety, security and fire defense at Kobe Airport (including administration of the fire department's office building) and permission to enter into and operate a vehicle in restricted areas - Revision of various regulations | Three | Five years |
| 2 | Civil engineering (Facilities) | <ul style="list-style-type: none"> - Construction works, maintenance and administration of the Basic Airport Facilities etc. (such as runways, landing strips and aprons) of Kobe Airport - Consultation with the state about construction works, maintenance and administration of the Basic Airport Facilities etc. of Kobe Airport and related formalities - Beasts and birds damage prevention - Spot adjustment | Five | Five years |

¹⁴ The chart in this Exhibit shows the details concerning the personnel that Kobe City expects as the upper limit. One of the five personnel specified for the job category "2. Civil engineering (Facilities)" will be dispatched (whether the Operating Right Holder so desires or not). For dispatch of any personnel other than the above, the job category, main duty, maximum number of personnel to be dispatched, maximum dispatch period and other such conditions will be determined through competitive communications. One of the five personnel specified for the job category "2. Civil engineering (Facilities)" above will be dispatched during the Project Period. Personnel other than the above will be dispatched for up to five years from the commencement of the Project to support the smooth launch of the Project, but no personnel will be dispatched thereafter for that job category. The dispatch of personnel scheduled to be dispatched from the Project Commencement Date will commence from the Project Commencement Date. In other cases, the dispatch of personnel will commence from April 1 immediately following the Project Commencement Date. The wages for the dispatched personnel will be set at the same level as those currently applied by Kobe City and shall be borne by the Operating Right Holder.

| | | | | |
|---|----------------------------|--|------|------------|
| 3 | Electricity (Equipment) | - Construction works and maintenance of the Airport Air Navigation Facilities (such as aeronautical lights and power stations) - Consultation with the state and others about construction works, maintenance and administration of the Airport Air Navigation Facilities and related formalities | Five | Five years |
|---|----------------------------|--|------|------------|

- In the above chart, the notes in () in “Job Category” column show the current areas of assignment at the Kobe Airport Administration Office.
- The necessary matters besides those indicated in the above chart shall be stipulated through arrangements stipulated in Article 15, paragraph 1.

Exhibit 8 Land and Building Loan for Use Agreement

Upon implementing the Qualified Project Etc. for Kobe Airport Operation (the “Project”), Kobe City (“Kobe City”) as the lessor and [name of entity] (the “Operating Right Holder”) as the lessee enter into the Qualified Project Etc. for Kobe Airport Operation Agreement Concerning Loan for Use of Land, Buildings, etc. (this “Agreement”) as follows, as a loan for use agreement under Article 593 of the Civil Code (Act No. 89 of 1896), in accordance with Article 16, paragraph 1 of the Qualified Project Etc. for Kobe Airport Operation Agreement Concerning the Implementation of the Right to Operate Public Facility Etc. (the “Project Agreement”) executed on [MM/DD/YYYY].

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. The Project Agreement shall prevail over this Agreement in the 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)

Kobe City shall grant the Operating Right Holder the right to use the Airport Facility stipulated in the Project Agreement (the “Lease Property”) at no charge, in accordance with this Agreement.

Article 3. (Purpose of use)

In accordance with the Project Agreement, the Operating Right Holder may not use the Lease Property for any purpose other than the implementation of the Obligatory Business or Voluntary Business approved by Kobe City, or other purposes of use approved by Kobe City in advance.

Article 4. (Lease period)

The lease period shall be from the Project Commencement Date until the Project Expiration Date, which are both stipulated in the Project Agreement.

Article 5. (Delivery of the Lease Property)

On the first day of the lease period stipulated in the preceding article, Kobe City shall deliver the Lease Property to the Operating Right Holder as of such date. After that date, when the Lease Property is changed in accordance with the Project Agreement, such change shall be deemed as the delivery of the relevant Lease Property to the Operating Right Holder.

Article 6. (Warranty against defects)

Kobe City shall not assume any liability or warranty for a defect with respect to the Lease Property unless otherwise stipulated in the Project Agreement.

Article 7. (No assignment of rights)

The Operating Right Holder 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 it is approved in the Project Agreement or the Operating Right Holder obtains prior written approval from Kobe City.

Article 8. (Changing the Lease 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 Kobe City in accordance with the Project Agreement.

Article 9. (Obligations to preserve the Lease Property and to cooperate with investigations)

1. The Operating Right Holder shall endeavor to preserve the Lease Property with the standard of care of a prudent manager, including handling of disputes etc. with a third party arising in relation to the use of the Lease Property.
2. Kobe City may inquire about and investigate on-site the use of the Lease Property or request the Operating Right Holder to make a report including submission of referential materials at any time and the Operating Right Holder shall cooperate with such investigations or reporting.
3. If the Lease Property is damaged and a third party suffers damage, as a result of the Operating Right Holder's failure to exercise the standard of care required in paragraph 1, the Operating Right Holder shall be liable to compensate for such damage.
4. In the case of the preceding paragraph, if Kobe City compensates for such damage on behalf of the Operating Right Holder, Kobe City may claim indemnification from the Operating Right Holder.

Article 10. (Termination of this Agreement)

Kobe City may terminate this Agreement only if the Project Agreement is terminated or otherwise cancelled before the Project 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 relating processes shall be conducted in accordance with the provisions of the Project Agreement.

Article 12. (Compensation for damage)

1. If either the Operating Right Holder or Kobe City fails to perform its obligations under this Agreement and causes damage to the other party, the party that caused the damage shall pay compensation.
2. If Kobe City is to compensate for damage in accordance with the preceding article, the compensation from Kobe City to the Operating Right Holder shall be limited to the total amount of (i) the amount of increased expenses directly required for the Operating Right Holder to make changes to its method of implementing the project in order to deal with Kobe City's default (however, if expenses are reduced from the relevant change, then the amount of reduced expenses shall be deducted) and (ii) the amount of reduced revenues incurred by the Operating Right Holder which

is directly attributable to Kobe City's default.

Article 13. (Waiver of right to claim for beneficial expenses etc.)

When the Operating Right Holder returns the Lease Property due to the termination of this Agreement, the Operating Right Holder may not claim redemption etc. of the necessary expenses, beneficial expenses, etc. that it has paid from Kobe City (excluding those stipulated 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 Lease Property)

Kobe City may not assign the Lease Property to a third party or otherwise dispose of the Lease Property without prior written approval from the Operating Right Holder.

Article 16. (Confidentiality obligations)

Any information concerning this Agreement shall be confidential and shall only be disclosed to third parties in accordance with the Project Agreement.

Article 17. (Jurisdiction)

The Kobe District Court shall be the exclusive court of jurisdiction for the first instance for all disputes arising in relation to this Agreement.

Article 18. (Obligation of good faith and sincerity)

Kobe City and the Operating Right Holder shall perform this Agreement in good faith and with sincerity.

Article 19. (Consultations on queries)

Kobe City and the Operating Right Holder shall consult with each other to decide any query concerning the interpretation of each provision or term 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.

[MM/DD/YYYY]

Kobe City:

Address:

Mayor of Kobe City:

Operating Right Holder:

Address:

President and Representative Director:

Exhibit 9 Payment Obligations of the Operating Right Holder

1. Payment items of the Consideration etc.

The payment obligations in relation to the Consideration etc. for the Project shall be composed of the following items.

Table 1 Payment items

| Payment items from the Operating Right Holder to Kobe City | | Payment methods ^{*1} | Payment due dates ^{*1} |
|---|--|--|--|
| Consideration for Movables etc. for Transfer to the Operating Right Holder (Article 18) | Consideration for Movables etc. for Transfer to the Operating Right Holder | Lump sum payment | By the Business Day preceding the Project Scheduled Commencement Date |
| Consideration (Article 19) | (i) Consideration (Upfront Fee) (ii) Consideration (Annual Fee) | (i) Lump sum payment (ii) Quarterly payment | (i) By the Business Day preceding the Project Scheduled Commencement Date (ii) The end of March, June, September and December of each Fiscal Year |
| Revenue Sharing Fees (Article 20) | Revenue Sharing Fees | Annual payment for each Fiscal Year | The end of May of the next Fiscal Year |

*1) For the Fiscal Year that includes the Project Commencement Date and for the case where this Agreement is terminated or cancelled prior to the Project Expiration Date, the methods and due dates of certain payments are separately stipulated below.

2. Methods of payment of payment obligations

2-1. Consideration for Movables etc. for Transfer to the Operating Right Holder

(1) Consideration for Movables etc. for Transfer to the Operating Right Holder

(i) The amount to be paid

The amount shall be as stipulated in the Goods etc. Transfer Agreement.

(ii) Methods of payment

The methods of payment shall be as stipulated in the Goods etc. Transfer Agreement.

(iii) Procedures for payment

The procedures for payment shall be as stipulated in the Goods etc. Transfer Agreement.

2-2. Consideration

(1) Consideration (Upfront Fee)

(i) The amount to be paid

The amount proposed by the Operating Right Holder in the Proposal Documents shall be the amount to be paid.

(ii) Methods of payment

The full amount of the Contract Deposit remaining on the payment date of the Consideration (Upfront Fee) shall be automatically applied to the payment of the Consideration (Upfront Fee) and the Operating Right Holder shall pay Kobe City the difference between the amount of the Consideration (Upfront Fee) in (i) above and the remaining amount of the Contract Deposit.

(iii) Procedures for payment

Kobe City shall send an invoice to the Operating Right Holder by the Business Day preceding the Project Scheduled Commencement Date. After confirming that the content of the invoice is appropriate, the Operating Right Holder shall pay the Consideration (Upfront Fee) in a lump sum into the bank account designated by Kobe City by the Business Day preceding the Project Scheduled Commencement Date.

(2) Consideration (Annual Fee)

(i) The amount to be paid

The amount proposed by the Operating Right Holder in the Proposal Documents shall be the annual amount to be paid. Over the Project Period, the Operating Right Holder shall quarterly pay Kobe City a quarter of the annual amount.

If a quarter of the annual amount includes a fraction of less than JPY 1, the fraction shall be added to the amount to be paid in the first payment month of each Fiscal Year.

If the Project Commencement Date is not the day immediately following the end of a quarter, the amount of the first payment shall be calculated proportionately to the number of days from the Project Commencement Date until the end of the quarter immediately following the Project Commencement Date. If the calculated amount of the Consideration includes a fraction of less than JPY 1, the fraction shall be rounded down.

The amount of payment shall include the interest calculated by multiplying the remaining amount of the Consideration as of the date immediately preceding the payment date by the contract rate (0.5% per annum).

The consumption tax and local consumption tax in relation to the

Consideration shall be separately paid. If the consumption tax rate is changed, the changed rate (including the relevant transitional measures, if any) shall be applied. Even if the Operating Right is suspended pursuant to Article 49 of this Agreement, the obligation to pay the Consideration for the period of such suspension shall remain effective, unless otherwise agreed.

(ii) Methods of payment

Over the Project Period, the Operating Right Holder shall quarterly pay Kobe City the Consideration. The first payment shall be made in June 2018 (or another month separately specified by Kobe City if the Project Commencement Date is delayed from the Project Scheduled Commencement Date) and the last payment shall be made in March, 2060. The Operating Right Holder shall pay Kobe City the Consideration at the end of June, September, December and March of each year (or the preceding Business Day if the end of the month is not a Business Day).

(iii) Procedures for payment

Kobe City shall send an invoice to the Operating Right Holder by the end of the month preceding each payment month stipulated above. After confirming that the content of the invoice is appropriate, the Operating Right Holder shall pay Kobe City the Consideration in accordance with the methods of payment stipulated above.

If this Agreement is terminated or cancelled after the Project Commencement Date and before the Project Expiration Date, the Operating Right Holder shall pay Kobe City the amount calculated proportionately to the number of days from the day following the end of the last quarter until the day of the termination or cancellation. This payment shall be made pursuant to Article 70, paragraph 4 of this Agreement.

2-3. Revenue Sharing Fees

(1) Calculated amount

(1)-1 In the case where this Agreement continues and expires on the Project Expiration Date

[Necessary matters shall be set out in this Exhibit based on the proposal from the Preferred Negotiation Right Holder.]

(1)-2 In the case where this Agreement is terminated or cancelled prior to the Project Expiration Date

[Necessary matters shall be set out in this Exhibit based on the proposal from the Preferred Negotiation Right Holder.]

(2) Methods of payment

The Operating Right Holder shall pay Kobe City the Revenue Sharing Fees for the period from the first day of each Fiscal Year until the end of the Fiscal Year, at the end of May of the next Fiscal Year. The first payment shall be made in May 2019 (or another month separately specified by Kobe City if the Project Commencement Date is delayed from the Project Scheduled Commencement Date), and thereafter the Operating Right Holder shall pay Kobe City the Revenue Sharing Fees at the end of May (or the preceding Business Day if the end of the month is not a Business Day) of each year. (The last payment date is the end of May 2060.)

(3) Procedures for payment

Kobe City shall calculate the amount of the Revenue Sharing Fees for the Fiscal Year immediately preceding the relevant payment month above and notify the Operating Right Holder of the amount calculated. Kobe City shall also send its invoice with regard to the notified amount to the Operating Right Holder by the relevant payment month above. The Operating Right Holder shall pay Kobe City the Revenue Sharing Fees in accordance with the methods for payment stipulated above after confirming that the content of the invoice is appropriate.

If Kobe City is unable to calculate the amount of the Revenue Sharing Fees by any payment month above, Kobe City shall notify the Operating Right Holder of the estimated amount calculated by itself and send its invoice. Kobe City shall settle the difference by the end of the month following the month in which the amount was finalized. Even if this Agreement is terminated or cancelled before the Project Expiration Date, this settlement shall be made in the same manner, by the end of the month following the month in which the amount was finalized.

The Operating Right Holder shall have an obligation to sincerely respond to requests from Kobe City, including for the submission of financial information necessary for the calculation of the Revenue Sharing Fees.

If this Agreement is terminated or cancelled after the Project Commencement Date and before the Project Expiration Date, the Operating Right Holder shall pay Kobe City the amount calculated as stipulated (1) above. This payment obligation shall be as stipulated in Article 70, paragraph 4 of this Agreement.

3. Extension of due dates for payment of payment obligations

Pursuant to Article 23, Paragraph 4; Article 36, Paragraph 4; and Article 40, Paragraph 2 of this Agreement, Kobe City shall change the payment date for the Consideration and change other payment schedules if it is reasonably decided that these

are necessary, and Kobe City and the Operating Right Holder shall hold a mutual consultation to decide on the details of those changes.

Exhibit 10 Insurance

The type and amount of insurance to be purchased by the Operating Right Holder at its expense and responsibility pursuant to Article 27, paragraph 1 of this Agreement will be as follows. However, the following insurances are the minimum requirements and they do not preclude the Operation Right Holder from purchasing any other insurance at its discretion.

| Insurance category | Insurance type | Purpose of insurance | Insured amount | Risks covered and maximum insurance coverage | Deductible | Policyholder |
|--|---|---|--------------------------|---|--|------------------------|
| Insurances that must be purchased for the Airport Facility | | | | | | |
| Corporate property insurance | Generally, it shall consist of comprehensive corporate property insurances. However, other contracts may be acceptable if such contract satisfies the insurance coverage as described here. | The insurance should protect the following facilities possessed by Kobe City and the following movables owned by the Operating Right Holder subject to the Obligatory Business. <ul style="list-style-type: none"> • Basic Airport Facilities etc. and the incidental facilities that are integral thereto • Airport Air Navigation Facilities • Airport Function Facilities | Set to replacement value | Fire, lightning, and explosions: JPY 4 billion / accident Wind, hail, and snow-related disasters: JPY 4 billion /accident Water-related disasters: JPY 1 billion /accident Other unexpected accidents: JPY 1 billion /accident Terrorism: JPY 1 billion / accident | Optional amount determined by the Operating Right Holder | Operating Right Holder |
| | | | | Damage due to earthquakes, tsunamis and eruptions: JPY 0.76 billion / accident and while such accident is continuing | JPY 0.1 billion | |
| Civil engineering completed risks insurance | Civil engineering completed risks insurance | Same as above | Same as above | Fire, lightning, explosion, wind, hail, snow and water-related disasters, other unexpected accidents, terrorism, etc.: JPY 1 billion / accident and while such accident is continuing | JPY 0.1 billion | Operating Right Holder |
| | | | | Damage due to earthquakes, tsunamis, and eruptions: JPY 1 billion / accident and while such accident is continuing | | |

| Insurances to prepare for liability risks in relation to the operation of the airport | | | | | | |
|---|--|---|---|---|------|------------------------|
| Liability insurance for airport operators | Liability insurance for airport operators | - | - | - | None | Operating Right Holder |
| Other insurances | | | | | | |
| Insurance for leisure service facilities' expenses | Insurance for leisure service facilities' expenses | - | - | - | None | Operating Right Holder |

Exhibit 11 Outstanding Capital Expenses

The Outstanding Capital Expenses stipulated in Article 31, paragraph 3 of the Agreement shall be determined in accordance with the calculation methods and procedures below.

1. Investments falling under “extension” among the Replacement Investment
 - (1) With regard to any investment which is the Replacement Investment and falls under “extension” as stipulated in Article 31, paragraphs 1 and 2 of the Agreement and satisfies all of the requirements stipulated in Article 31, paragraph 3, item (1) of the Agreement, the Operating Right Holder shall submit a facilities investment plan and a financial model for investment recovery based on the facilities investment plan (including the calculation method of the Outstanding Capital Expenses for such investment and the specific amounts calculated by the calculation method), to Kobe City by 150 days before the first day of the Fiscal Year which includes the date of commencement of construction work pertaining to such investment. The Outstanding Capital Expense for each Replacement Investment shall not exceed the investment’s outstanding book value as of the Project Expiration Date by depreciating it over its useful life based on generally accepted accounting treatments.
 - (2) Based on the facilities investment plan and the financial model for investment recovery based on such facilities investment plan submitted by the Operating Right Holder, Kobe City shall decide whether the Outstanding Capital Expenses for such investment are reasonable investment and expenses and promptly notify the Operating Right Holder if Kobe City approves them.
2. Investments falling under “maintenance and repair” of the Replacement Investment
 - (1) With regard to any investment which satisfies all of the requirements stipulated in Article 31, paragraph 3, item (2) of the Agreement, the Operating Right Holder shall submit a facilities investment plan (including the calculation method of the Outstanding Capital Expenses for such investment and the specific amounts calculated by the calculation method), to Kobe City by 60 days before the first day of the Fiscal Year which includes the date of commencement of construction work pertaining to such investment.
 - (2) In this case, the Outstanding Capital Expense for each Replacement Investment shall not exceed the investment’s outstanding book value as of the Project Expiration Date by depreciating it over its useful life based on generally accepted accounting treatments.
 - (3) Based on the facilities investment plan submitted by the Operating Right Holder, Kobe City shall decide whether the Outstanding Capital Expenses for such investment are reasonable investment and expenses and promptly notify the Operating Right Holder if Kobe City approves them.
3. The Outstanding Capital Expenses approved by Kobe City pursuant to preceding two paragraphs shall be paid to the Operating Right Holder within 30 days from the

delivery of the relevant facility pursuant to Article 60, paragraph 3 of the Agreement.

4. If the Agreement is terminated or cancelled between the first day of the Fiscal Year in which the investment was executed and the Project Expiration Date, Kobe City shall pay the Operating Right Holder the Outstanding Capital Expenses pursuant to Article 60, paragraph 3 of the Agreement (the terms and phrases of which are replaced as specified in **Exhibit 15**).

Exhibit 12 Notification of the Replacement Investment to Kobe City

1. Transactions required to be notified
In accordance with Article 31, paragraph 5 of the Agreement, the Operating Right Holder shall give notice to Kobe City of the Replacement Investment as follows:
Increase transactions: Transactions that increase the property value of or extend the useful life of any of the Airport Facility by improving the efficiency or capacity of such facility.
Decrease transactions: Transactions that decrease the property value of any of the Airport Facility by removing any or all of such facility.

2. Documents to be submitted when giving notice
The Operating Right Holder shall submit the following documents when giving notice to Kobe City as stipulated in the preceding paragraph. The form of and matters to be specified in each document shall be set forth separately by Kobe City.
 - (i) Deed of succession
 - (ii) Details of the property
 - (iii) Breakdown of the prices of the delivered property
 - (iv) Statement of calculation of property values
 - (v) Statement of calculation of property depreciation
 - (vi) Breakdown of estimate
 - (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 Kobe City

Exhibit 13 Financial Information to be Reported or Disclosed

1. Financial information to be reported

The financial information listed below shall be reported to Kobe City by the Operating Right Holder pursuant to Article 45, paragraph 1 of this Agreement. The Operating Right Holder shall report to Kobe City the below information concerning the Operating Right Holder and the Operating Right Holder's Subsidiary etc.: simultaneously with the submission of the annual business report and other relevant documents for information required to be submitted each Fiscal Year; and within 45 days after the end of the relevant quarter for information required to be submitted quarterly. The Operating Right Holder shall submit additional financial information other than above to Kobe City upon its request.

- (1) Financial information to be submitted each Fiscal Year (The following shall be submitted for both the Operating Right Holder and the Operating Right Holder's Subsidiary etc. separately.):
 - (i) Financial statements stipulated in Article 435, paragraph (2) of the Companies Act (or consolidated financial statements stipulated in Article 444, paragraph (1) of the Companies Act, if the Operating Right Holder has any Subsidiary) (all of which shall be audited by accounting auditors);
 - (ii) The business report stipulated in Article 435, paragraph (2) of the Companies Act;
 - (iii) 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 the matters in Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act in its business report, then the matters concerning Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act;
 - (iv) The supplementary schedules for the financial statements (audited by an accounting auditor) and supplementary schedules for the business report;
 - (v) Segment information (on a consolidated basis, if the consolidated financial statements are prepared) (prepared in accordance with the Accounting Standards for Segment Information Disclosures (Accounting Standards No. 17) and the Application Guidelines for the Accounting Standards for Segment Information Disclosures (Accounting Standards Application Guidelines No. 20));
The Operating Right Holder shall classify its operations into reporting segments in accordance with those stipulated in Article 18 of the Airport Act and Article 13 of the Ordinance for Enforcement of the Airport Act.
 - (vi) Statements of cash flows (on a consolidated basis, if the consolidated financial statements are prepared) (prepared in accordance with the Standards for Preparation of Consolidated Statements of Cash Flows etc. (Business Accounting Council) and the Practical Guidelines for Preparation of Statements of Cash Flows Included in Consolidated

- Financial Statements etc. (Accounting Practice Committee Report No. 8));
- (vii) A copy of the shareholder register as of the end of each Fiscal Year (with a certificate of original); and
 - (viii) Any other information which the Operating Right Holder determines necessary to be reported or disclosed for itself or the Operating Right Holder's Subsidiary etc.
- (2) Financial information to be submitted each Fiscal Year (All of the following shall be submitted for the Operating Right Holder only, and on a consolidated basis, if the consolidated financial statements are prepared.):
- (i) Details of principal accounting items in the financial statements under paragraph (1), (i) above and factors that increased or decreased the figures of those accounting items;
 - (ii) Details of facilities investments;
 - (iii) Breakdown of aeronautical revenue;
 - (iv) Breakdown of non-aeronautical revenue;
 - (v) Operating profit/loss from non-aeronautical businesses for each business;
 - (vi) Breakdown of revenue from businesses directly operated by the Operating Right Holder; and
 - (vii) The amount of financing, changes in the repayment amount, balance as of the end of the period, average interest rate and other similar information for each financing provider.
- (3) Financial information to be submitted quarterly (The document under (i) shall be submitted for the Operating Right Holder only; the document under (ii) shall be submitted for both the Operating Right Holder and the Operating Right Holder's Subsidiary etc. separately; and the document under (iii) shall be submitted for the Operating Right Holder (and also for the Operating Right Holder's Subsidiary etc., if necessary).):
- (i) A table showing the Operating Right Holder's monthly cash management;
 - (ii) Trial balances for both the Operating Right Holder and the Operating Right Holder's Subsidiary etc.; and
 - (iii) A balance statement for a bank account held by the Operating Right Holder with [] Bank, [] Branch (hereinafter referred to as the "Project Account" in this item). If the balance of the Project Account is below the amount equivalent to 90% of the cash and deposits recorded in the balance sheet (on a consolidated basis, if the consolidated financial statements are prepared) of the Operating Right Holder as of the end of the most recent quarter (hereinafter referred to as the "Threshold Amount" in this item), the Operating Right Holder shall, in addition to the balance statement for the Project Account, submit a balance statement for a bank account of the Operating Right Holder other than the Project Account or for all or part of bank accounts of the Operating Right Holder's Subsidiary etc. to the extent necessary

for the total of the aggregate amounts stated in such balance statements to reach the Threshold Amount.

2. Financial information to be disclosed

The financial information listed below concerning the Operating Right Holder and the Operating Right Holder's Subsidiary etc. is to be disclosed by the Operating Right Holder pursuant to Article 45, paragraph 2 of this Agreement. The Operating Right Holder shall disclose the below information each Fiscal Year. The Operating Right Holder shall disclose the below information simultaneously with the disclosure of the annual business report and other relevant documents for information required to be disclosed each Fiscal Year.

- (i) Financial statements stipulated in Article 435, paragraph (2) of the Companies Act (or consolidated financial statements stipulated in Article 444, paragraph (1) of the Companies Act, if the Operating Right Holder has any Subsidiary) (all of which shall be audited by accounting auditors);
- (ii) The business report stipulated in Article 435, paragraph (2) of the Companies Act;
- (iii) 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 the matters in Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act in its business report, then the matters concerning Article 119 to Article 124 of the Ordinance for Enforcement of the Companies Act (for matters listed in each item of Article 120, paragraph (1) of the Ordinance for Enforcement of the Companies Act, matters concerning the current state of the corporate group); and
- (iv) Any other information which the Operating Right Holder determines necessary to be reported or disclosed for itself or the Operating Right Holder's Subsidiary etc.

Exhibit 14 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, the Operating Right Holder shall assess its own performances of its obligations in this Agreement, especially (i) whether the businesses executed by the Operating Right Holder meet its obligations stipulated in the Required Standards, and (ii) whether a stable and continuous business operation is ensured by the Operating Right Holder regarding the entire airport operation, and this self-monitoring shall be the main method for monitoring the Project.
2. The Operating Right Holder shall, from the view of checking its own performances of its obligations in this Agreement (including its obligations stipulated in the Required Standards), inspect the current status of implementation of the Project, using the methods proposed by the Operating Right Holder in its Proposal Documents. The Operating Right Holder shall record the inspection results in an appropriate manner and promptly submit them to Kobe City upon its request.
3. The Operating Right Holder shall conduct the self-monitoring, report the methods and results thereof to Kobe City in its annual business report (or if the Proposal Documents propose the reporting to be more frequent, the frequency of the reporting shall be in accordance with the Proposal Documents), and also prepare and submit a report at any time upon request from Kobe City. The matters proposed to be published 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 on implementation of the Project, and the necessary matters shall be specified in this Exhibit in accordance with such proposals.]

2. Monitoring by Kobe City

<Basic idea>

1. Kobe City shall conduct monitoring to ensure that the Operating Right Holder is performing its obligations in this Agreement (including its obligations in the Required Standards).
2. Kobe City shall conduct the monitoring by referring to reports on the results of self-monitoring submitted by the Operating Right Holder, and Kobe City may request that the Operating Right Holder provide Kobe City with certain information or Kobe City may conduct inspections (including on-site inspections) if Kobe City deems such inspections to be necessary.

<Monitoring to be conducted generally every five years>

1. Kobe City shall conduct monitoring generally every five years to

comprehensively assess whether the Operating Right Holder is meeting the Required Standards. The specific manner of such monitoring shall be described in the Required Standards Document.

2. Together with such monitoring, Kobe City shall examine the results of the Replacement Investment over the last five years and the adequacy of the plans for the upcoming five years.

Exhibit 15 Succession of Business etc. upon Termination or Cancellation Before the Project Expiration Date

If this Agreement is terminated or cancelled in accordance with any of Articles 63 to 68 of this Agreement during the period from the Project Commencement Date until the day before the Project Expiration Date, Articles 59 to 62 of this Agreement shall be replaced as follows upon application. The liquidation and payment of the claims and debts stipulated in this Exhibit shall be promptly executed after 12 months have passed from such termination or cancellation in accordance with Article 70, paragraph 4 of this Agreement.

Article 59 (Succession of business upon termination or cancellation before the Project Expiration Date)

1. If this Agreement is terminated or cancelled in accordance with any of Articles 63 to 68, the Operating Right Holder shall, either directly or by causing the Operating Right Holder's Subsidiary etc., and at its own expense and responsibility unless otherwise provided in this Agreement, succeed or return the personnel, contracts, and other assets, etc. employed or owned by the Operating Right Holder (and by the Operating Right Holder's Subsidiary etc., if the Operating Right Holder's Subsidiary etc.'s assets are purchased pursuant to Article 60, paragraph 4) as of the date of such termination or cancellation, and undertake the succession of the business as necessary to assure that the business is succeeded smoothly.

2. In order to smoothly perform the succession in the preceding paragraph, the Operating Right Holder shall prepare a return plan pursuant to the Required Standards Document without delay after the termination or cancellation and obtain approval from Kobe City. It shall then commence succession of the business including the following in accordance with the same plan, and assume an obligation to cooperate in the succession until Kobe City decides that such succession has been completed, regardless of whether or not this Agreement has been terminated or cancelled.

- (1) If Kobe City or a third party designated by Kobe City 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 Kobe City and send to Kobe City or the third party designated by Kobe City the records of all such employees who wish to transfer their employment.
- (2) If Kobe City or the third party designated by Kobe City wishes to succeed to the agreements executed by, and succeed to or acquire 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 succeed to or acquire such Permissions etc. by the date designated by Kobe City, and shall send to Kobe City or the third party designated by Kobe City the agreements and the materials concerning the Permissions etc. requested to be succeeded or

acquired.

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

3. When the assets, etc. of the Operating Right Holder's Subsidiary etc. are purchased pursuant to Article 60, paragraph 4, the "Operating Right Holder" in each item of the preceding paragraph shall be re-read and applied as the "Operating Right Holder and the Operating Right Holder's Subsidiary etc."

Article 60 (Handling of the Airport Facility etc. upon termination or cancellation before the Project Expiration Date)

1. If this Agreement is terminated or cancelled in accordance with any of Articles 63 to 68, the Operating Right Holder shall deliver the Airport Facility and Airport Site etc. to Kobe City or the third party designated by Kobe City on a date designated by Kobe City in accordance with the return plan in the preceding article. Kobe City may conduct inspection to confirm that the requirements for the return stipulated in the return plan are satisfied. Kobe City may require the Operating Right Holder to assume necessary construction works on the facilities that do not pass the inspection to make those facilities satisfy the requirements for the return or it may seek compensation that is necessary to cause those facilities to satisfy the same.

2. Kobe City shall not assume any payment obligations other than those stipulated in Articles 69 to 73 in connection with the delivery in the preceding paragraph.

3. Notwithstanding the preceding paragraph, if this Agreement is terminated or cancelled in accordance with any of Articles 63 to 68 and if the facilities which are subject to the Outstanding Capital Expense which Kobe City approved to bear pursuant to Article 31, paragraph 3 pass the inspection conducted by Kobe City and are delivered to Kobe City or the third party designated by Kobe City, then Kobe City shall assume an obligation to pay the Outstanding Capital Expense calculated pursuant to **Exhibit 11** to the Operating Right Holder. (Such payment of the Outstanding Capital Expense shall be made promptly after 12 months have passed from such termination or

cancellation.) However, if Kobe City decides that the facilities subject to Outstanding Capital Expense do not satisfy the requirements for the return stipulated in the return plan as a result of Kobe City conducting the inspection as provided in paragraph 1, and Kobe City seeks compensation in an amount necessary to satisfy the same pursuant to the stipulations of paragraph 1, the amount equivalent to such compensation shall be deducted from that of the relevant Outstanding Capital Expense.

4. On a date designated by Kobe City, Kobe City shall, either directly or by causing the third party designated by Kobe City, purchase, within its budget, at Fair Value each of the assets owned by the Operating Right Holder or the Operating Right Holder's Subsidiary etc. as of the date of the termination of cancellation that it decides to be necessary for the operation, maintenance and administration of the Airport after the date of such termination or cancellation. Kobe City may also, either directly or by causing the third party designated by Kobe City, accept at no charge the assets that it would not purchase in the above that it decides would not hinder the operation of the Airport after the date of such termination or cancellation by releasing the Operating Right Holder from its obligation to remove them pursuant to Article 62, paragraph 1. If Kobe City decides to purchase or accept the assets in the above and it selects another operator for the Project through a new bidding process, Kobe City may set as a condition for bidding the requirement to respectively purchase at Fair Value or accept at no charge all or part of the assets purchased at Fair Value pursuant to the first sentence of this paragraph or the assets accepted at no charge pursuant to the second sentence of this paragraph from the Operating Right Holder.

5. In the case of the preceding paragraph: (i) the Operating Right Holder (and the Operating Right Holder's Subsidiary etc. if the assets held by the Operating Right Holder's Subsidiary etc. are to be purchased pursuant to the preceding paragraph; hereinafter the same in this paragraph and the next paragraph) shall preserve those assets with care as a prudent manager until purchase or delivery of those assets by Kobe City or the third party designated by Kobe City; and (ii) if Kobe City or the third party designated by Kobe City will not purchase or accept the assets, the Operating Right Holder and the Operating Right Holder's Subsidiary etc. shall dispose their relevant assets at their own responsibility and expense. If the relevant party purchasing or accepting the assets deems it necessary in (i), the Operating Right Holder or the Operating Right Holder's Subsidiary etc. shall perform necessary measures to enable the relevant party purchasing or accepting the assets to succeed to the agreements that they executed in connection with the relevant assets.

6. If the assets are to be purchased pursuant to paragraph 4, Kobe City or the third party designated by Kobe City shall pay consideration to the Operating Right Holder and to the Operating Right Holder's Subsidiary etc. for each purchase promptly after one year has lapsed from the later date of either the date the Airport Facility is delivered or the date the purchased assets are delivered pursuant to paragraph 4 to Kobe City or the third party designated by Kobe City. However, if Kobe City or the third party designated by Kobe City seeks compensation for damages based on warranty against defects pursuant to the next article before such date of payment, Kobe City or the third party designated by Kobe City may offset in equal amounts its obligation to pay

consideration with the relevant claim within the scope of the Acts. In this case, Kobe City or the third party designated by Kobe City may refuse to pay consideration until such offset is effected or until it receives payment of the relevant compensation.

Article 61 (Warranty against defects by the Operating Right Holder upon termination or cancellation before the Project Expiration Date)

1. If a defect is found in the Airport Facility delivered pursuant to paragraph 1 of the preceding article within one year from its delivery, Kobe City or the third party designated by Kobe City shall notify the Operating Right Holder in writing within 30 days from the day it discovered such defect indicating the details of the relevant defect. The Operating Right Holder shall compensate Kobe City or the third party designated by Kobe City only for reasonable expenses (excluding lost profit and other increased expenses or damages) directly required to rectify the relevant defect if the relevant defect was discovered and this was notified during the above warranty period, and if Kobe City or the third party designated by Kobe City provides evidence of the existence of the relevant defect. (Note: 'defect' or 'defects' under this article are limited to physical defects which do not satisfy the standards required by the Acts or the Required Standards with respect to such facility as of the date of the delivery. In this regard, ordinary tear and wear and deterioration due to aging shall not be considered a defect.) However, the maximum amount of the cumulative amount of compensation to be paid from the Operating Right Holder to Kobe City or the third party designated by Kobe City pursuant to this paragraph shall be decided through consultation between Kobe City and the Operating Right Holder by the time of delivery of the Airport Facility.

2. In addition to the stipulations in the preceding paragraph, if there is a defect in various types of assets purchased by Kobe City or the third party designated by Kobe City from the Operating Right Holder and the Operating Right Holder's Subsidiary etc. pursuant to paragraph 4 of the preceding article, Kobe City or the third party designated by Kobe City may, only within one year from the date it acquired ownership of such assets, claim compensation for damage where the maximum amount of compensation shall not exceed the purchase price to be paid from Kobe City or the third party designated by Kobe City to the Operating Right Holder and the Operating Right Holder's Subsidiary etc. for each asset in which the defect arose.

Article 62 (Handling of the Airport Site etc. and facility for loan upon termination or cancellation before the Project Expiration Date)

1. If this Agreement is terminated or cancelled in accordance with any of Articles 63 to 68, the Land and Building Loan for Use Agreement pertaining to the Airport Site etc. and Airport Facility shall automatically be cancelled on the date of such termination or cancellation. Promptly after the date of such termination or cancellation, the Operating Right Holder shall remove the real property or movables, etc. existing on the land and movables, etc. existing in the facilities to restore the Airport Site etc. and the Airport Facility, and deliver the Airport Site etc. and the Airport Facility to Kobe City or the third party designated by Kobe City. However, if the below real property or movables, etc. exist on the relevant land and buildings, the Operating Right Holder shall not remove such real property or movables, etc. and shall deliver the relevant land and buildings to Kobe City or the third party designated by Kobe City:

- (1) Airport Facility;
- (2) Assets purchased or accepted by Kobe City or the third party designated by Kobe City in accordance with Article 60, paragraph 4;
- (3) Real property or movables, etc. owned by parties other than the Operating Right Holder or the Operating Right Holder's Subsidiary etc., for which the relevant owner and Kobe City or the third party designated by Kobe City reached an agreement not to remove them; and
- (4) In addition to the assets in each of the preceding items, real property and movables, etc. owned by Kobe City and real property and movables, etc. separately designated by Kobe City.

2. If the Operating Right Holder does not perform its obligations to remove and deliver the items in the preceding paragraph within a reasonable period after the date of the termination or cancellation without justifiable reasons, Kobe City may undertake measures on behalf of the Operating Right Holder and claim the expenses it incurred from the Operating Right Holder. In this case, the Operating Right Holder may not raise objections to Kobe City's disposal.

Exhibit 16 Airport Site

[A map of the Airport Site is to be attached before the execution of this Agreement.]