

Qualified Project, etc., for Airport Operation of
the Seven Airports in Hokkaido

Selection Criteria for the
Preferred Negotiation Right Holder

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

April 25, 2018

Civil Aviation Bureau, Ministry of Land, Infrastructure, Transport
and Tourism

Asahikawa City Government

Obihiro City Government

Hokkaido Government

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Part 1. Positioning of Selection Criteria for the Preferred Negotiation Right Holder

The Selection Criteria for the Preferred Negotiation Right Holder (hereinafter referred to as “Criteria”) indicate the method, evaluation criteria and other related matters based on which the State, Asahikawa City Government, Obihiro City Government and Hokkaido Government (hereinafter referred to as “Four Administrators”) shall select a private business operator to execute the Qualified Project, etc., for Airport Operation of the Seven Airports in Hokkaido (hereinafter referred to as “Project”) as the Preferred Negotiation Right Holder through the publicly-tendered proposal method, which is a type of competitive negotiated agreement. The Criteria shall be an integral part of the Application Guidelines. Of note, the Criteria shall serve as criteria that are common among the Four Administrators.

The Guidelines Concerning the Right to Operate Public Facilities, etc., and Public Facilities, etc., Operation Project state as follows: “in cases where it is necessary to seek proposals broadly from many angles such as project scheme, financing scheme and method of operation, etc. as it is difficult for the administrator, etc. alone to determine the methods, required standards, etc. that can fulfill the objectives and needs of the project, if the project may be based on a discretionary contract stipulated in Article 29-3, paragraph (4) of the Public Accounting Act (Act No.35 of 1947), so-called competitive negotiated agreement such as proposal competition and publicly-tendered proposal method may be regarded as a possibility”. In accordance with this, selection procedures in this Project shall be executed based on the publicly-tendered proposal method, which is a type of competitive negotiated agreement.

Definition of terms used in the Criteria shall be as determined in the Application Guidelines.

Part 2. Method of Selecting the Preferred Negotiation Right Holder

1. Overview of the selection method

In this Project, given that the Required Standards Document, etc. may be fine-tuned based on dialogue with the Applicants, proposals shall be evaluated in a comprehensive manner by adopting the publicly-tendered proposal method, based on the business operator selection flow and the basic approach to inviting, evaluating and selecting private business operators set forth in the Guidelines Concerning the Process to Conduct PFI Projects.

The Criteria set out the content of proposals with respect to each proposal item, key points in screening, score allocation, etc., assuming that the Applicants fulfill the participation requirements and required standards prescribed in the Application Guidelines.

The selection of the Preferred Negotiation Right Holder shall basically be conducted in the

following two stages, in accordance with the business operator selection flow set forth in the Guidelines Concerning the Process to Conduct PFI Projects: “First Screening”, which involves selecting Second Screening Participants through the screening of the compliance with participation requirements, the project policy for the Project, etc.; and “Second Screening”, which involves selecting the Preferred Negotiation Right Holder through the screening of specific project measures, project plan, etc. based on competitive dialogue with the Second Screening Participants.

Of note, scoring in the First Screening and scoring in the Second Screening shall be performed independently of each other; scores in the First Screening shall not have any impact on the Second Screening. However, in cases where the content of a proposal made in the First Screening is to be changed in the Second Screening, the Applicant shall be required to provide a careful explanation of such change.

Proposal Documents shall have the company name stated only in the original document; in copies, the Applicant’s name or any other description from which its name can be guessed shall not be stated. The same shall apply to the name of any subcontractor, etc. other than the Applicant and any other description from which its name can be guessed (including the use of logos, etc.). The Screening Committee shall not be notified of the name of any Applicant pertaining to Proposal Documents.

2. System of selecting the Preferred Negotiation Right Holder

On April 10, 2018, the State established the Screening Committee for the purpose of utilizing opinions from a technical perspective as reference and making an objective evaluation stipulated in Article 11 of the Act on Promotion of Private Finance Initiative upon selecting the Preferred Negotiation Right Holder.

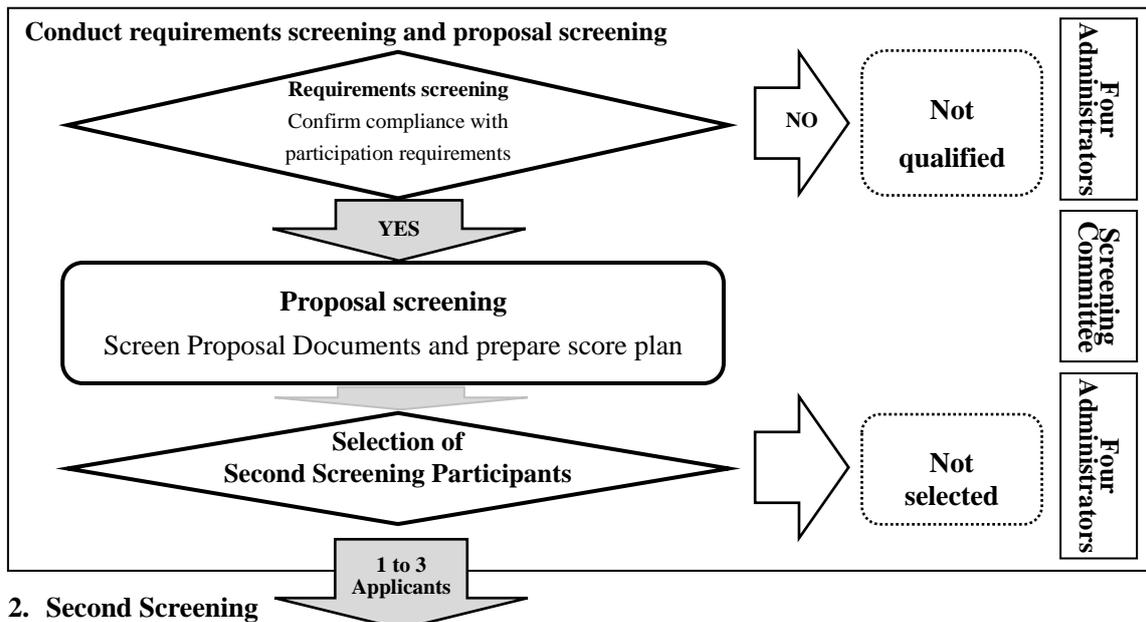
The exact names of members of the Screening Committee and the details of the system of selecting said members shall be as described in the Application Guidelines.

The Four Administrators shall select the Second Screening Participants, the Preferred Negotiation Right Holder and the second negotiation right holder in response to the Screening Committee’s evaluation.

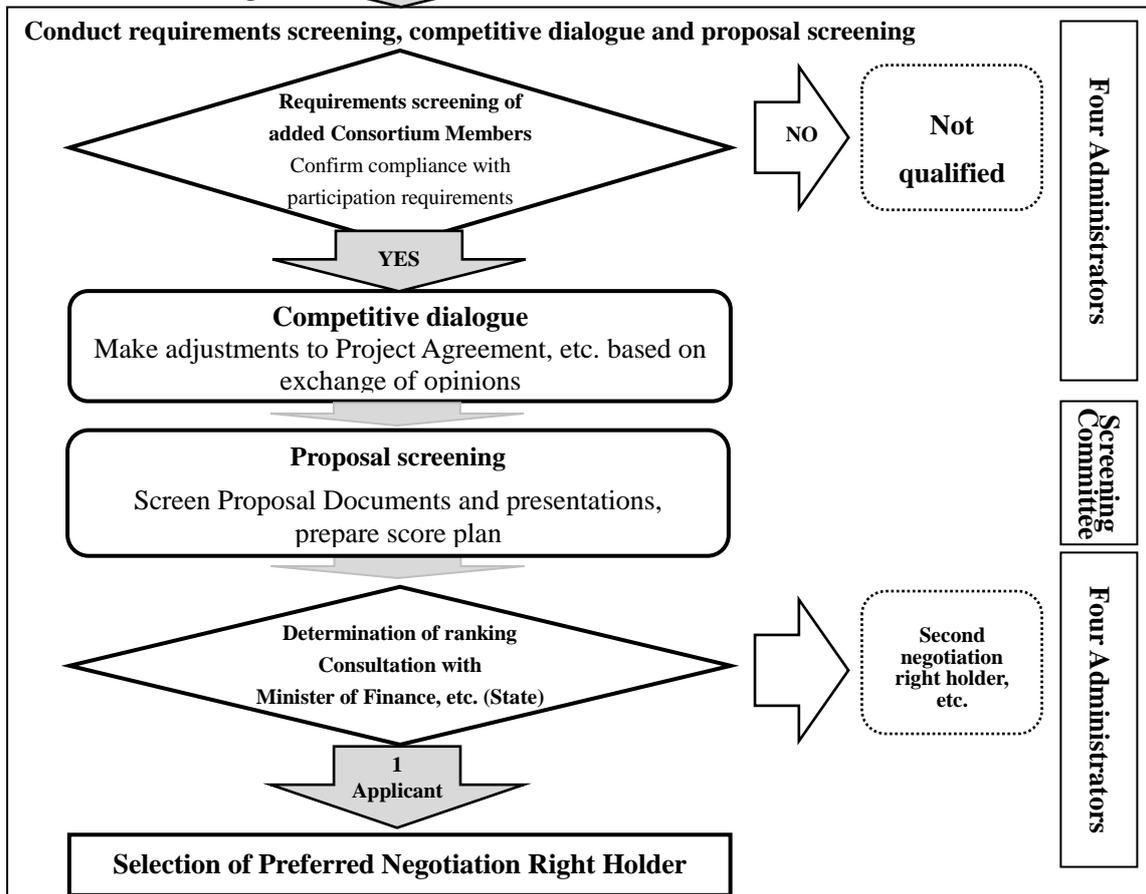
Part 3. Screening Procedures

The screening procedures are shown below. This is an illustration of the procedures from the commencement of screening described in Parts 4. and 5. to the selection of the Preferred Negotiation Right Holder. The term “Four Administrators” or “Screening Committee” in the square on the right hand side of the diagram indicates the person(s) who implement the procedures.

1. First Screening



2. Second Screening



Part 4. First Screening

First Screening shall involve selecting one to three Second Screening Participants from among First Screening Participants. The First Screening procedures shall be as follows.

1. Requirements screening

The Four Administrators shall conduct screening with respect to the requirements screening documents contained in the First Screening Documents, as to whether or not the participation requirements set forth in the Application Guidelines are fulfilled. Participation requirements screening in the First Screening shall be conducted before proposal screening; Applicants who do not fulfill the participation requirements shall not be entitled to undergo proposal screening. Requirements screening is pro forma screening and shall thus be conducted by the Four Administrators without convening the Screening Committee. The results of requirements screening shall be notified to the Screening Committee at the time of commencement of proposal screening.

2. Proposal screening

Proposal screening shall involve conducting screening as to whether the basic project policy, etc. relating to the Project proposed by the First Screening Participants is appropriate. However, proposal screening may be skipped in cases where there are no more than three First Screening Participants.

First Screening Participants shall prepare Proposal Documents based on the information obtained by the Participants on their own, in addition to materials disclosed by the Four Administrators. Neither on-site examinations nor interviews with persons concerned (meaning the persons set forth in Chapter 5: 1.(5)F(v) of the Application Guidelines) shall be allowed. In order to ensure fairness, persons concerned shall include officers and employees of the operator of the Building Facilities Business, and if an Applicant is found to have come into contact with any persons concerned without the Four Administrators' permission, an application made by such Applicant shall become invalid.

The Screening Committee shall deliberate the Proposal Documents contained in the First Screening Documents, rate said documents based on **Part 6. Screening Criteria in Proposal Screening**, prepare a score plan and make a report thereof to the Four Administrators. Of note, screening at the Screening Committee shall be conducted through Proposal Documents and a brief verbal explanation provided to the Screening Committee by the Applicants based exclusively on the Proposal Documents.

Of note, an application made by any Applicant who is found to have approached a Screening Committee member or the corporation to which a Screening Committee member belongs in relation to the selection in the Project shall become invalid.

3. Selection of Second Screening Participants

Except in cases where the content of a proposal has been skipped in the First Screening, the Four Administrators shall determine the scores of First Screening Participants based on the score plan reported by the Screening Committee, and select at least one but no more than three Second Screening Participants from among such First Screening Participants. Even in cases where there are less than three First Screening Participants, Second Screening involving the participation of one or two Applicants may be conducted depending on the content of the Applicants' proposals.

Part 5. Second Screening

Second Screening shall involve selecting the Preferred Negotiation Right Holder and the second negotiation right holder from among the Second Screening Participants. The Second Screening procedures shall be as follows.

1. Requirements screening

The Four Administrators shall conduct screening with respect to the requirements screening documents concerning the additional Consortium Members contained in the Second Screening Documents, as to whether or not the participation requirements set forth in the Application Guidelines are fulfilled. Participation requirements screening in the Second Screening shall be conducted before proposal screening; Applicants who do not fulfill the participation requirements shall not be entitled to undergo proposal screening. Requirements screening is pro forma screening and shall thus be conducted by the Four Administrators without convening the Screening Committee. The results of requirements screening shall be notified to the Screening Committee at the time of commencement of Second Screening.

2. Proposal screening

Screening shall be conducted as to whether or not specific targets and plans as well as individual measures relating to the Project proposed by the Second Screening Participants following competitive dialogue with the Four Administrators are appropriate, and as to whether or not they are highly feasible.

In principle, proposal items specified by the Four Administrators¹ are presumed to become the required standards of the Operating Right Holder (the term "Operating Right Holder" shall be interpreted as "Operator" in the case of Asahikawa Airport and Obihiro Airport; the same shall apply hereinafter) in each contract with the Four Administrators after the selection of the Preferred Negotiation Right Holder; accordingly, the Required Standards Document shall be prepared based on the proposals. However, upon the preparation of the Required Standards Document, the Four

¹ Proposal items B1, B2-1, B2-2, D-CTS through D-MMB

Administrators may make adjustments to the content through consultation with the Preferred Negotiation Right Holder in cases where, for example, the description of a proposal item is unclear, or the content is not up to the required standards.

Items in the content of the required standards to which adjustments are to be made shall not be limited to items in the “List of Guaranteed Measures”.

The Screening Committee shall deliberate the Proposal Documents contained in the Second Screening Documents, rate said documents based on **Part 6. Screening Criteria in Proposal Screening**, prepare a score plan and make a report thereof to the Four Administrators. Of note, screening at the Screening Committee shall involve conducting screening of Proposal Documents prepared based on on-site examinations and interviews with persons concerned as well as confirming the content of proposals based on presentations given to the Screening Committee (including Q&A sessions).

3. Selection of the Preferred Negotiation Right Holder, etc.

Based on the score plan reported by the Screening Committee, the Four Administrators shall determine the score and ranking of the Second Screening Participants, and through consultation with the Minister of Finance and the respective heads of other relevant administrative agencies (limited to the State), select the highest ranking Second Screening Participant as the Preferred Negotiation Right Holder. The Second Screening Participant ranked second shall be the second negotiation right holder.

Part 6. Screening Criteria in Proposal Screening

1. Proposal classification

Proposal classification in Proposal Documents, form name, form number, and limit to number of pages are as stated in **Table 1: Proposal Document Forms in First Screening** and **Table 2: Proposal Document Forms in Second Screening**. Proposal classification and proposal items in the First Screening and the Second Screening are as described in **Appendix 1: Proposal Items in First Screening and Second Screening**.

The content of proposals subject to the Second Screening shall be divided into three parts: “Overall Part”, in which proposals on the policy, etc., for all Seven Airports in Hokkaido shall be made; “Individual Part”, in which proposals shall be made with respect to each individual airport; and “Consideration, etc. Part”. Among these Parts, the “Overall Part” shall consist of a description of the vision, philosophy, overall strategy, etc., for the agile and integrated management of the Seven Airports in Hokkaido, while the “Individual Part” shall consist of a description of the specific measures for each individual airport. Each proposal item shall be screened in light of the relevance and

consistency with other proposed items with respect to the corresponding forms.

Among the proposal items in the Second Screening, matters to be stated in **Table 3: Proposal Items Constituting Master Plan**² shall form a part of the Master Plan to be submitted to the Four Administrators by the special purpose company (SPC) to be established by the Preferred Negotiation Right Holder when a Second Screening Participant has been selected as the Preferred Negotiation Right Holder, and the disclosure of such matters on the website shall be mandatory. In the corresponding forms relating to **Table 3: Proposal Items Constituting Master Plan**, no Applicant shall be held liable for breach of duty even if it fails to fulfill the proposals (excluding Form 19-C1) as Applicants are asked to present their ideas for the future and the targets they have set. However, Applicants are asked in related forms to propose specific measures for realizing their ideas for the future and the targets they have set described in the corresponding forms relating to the proposal items that constitute the Master Plan; hence, it shall be noted that the consistency of the corresponding forms in relation to the specific measures will be within the scope of screening.

2. Score plan calculation method

Score allocation of proposal items shall be as stated in **Table 1: Proposal Document Forms in First Screening** and **Table 2: Proposal Document Forms in Second Screening**.

The Screening Committee shall calculate the average score of each proposal item by excluding the highest and lowest scores from among the scores given by Screening Committee members, and treat such average score as the score of the proposal item. This is based on the view that, considering the existence of diverse needs behind the Project, it would be preferable to select the Operating Right Holder as a result of reflecting diverse opinions according to the expertise of each Screening Committee member, compared to preparing a score plan unanimously adopted by the Screening Committee members. Calculation of the average score by excluding the highest and lowest scores in each individual item shall be adopted as the method of calculation; this is to prevent the outcome from being affected by overrating/underrating by some members of the Screening Committee consisting of members who specialize in different fields, not to mention that it would be inappropriate to merely compare the sum total of scores given by Screening Committee members and exclude the highest and lowest scores since two of the Screening Committee members would not be able to be involved in the screening at all.

A score plan shall be prepared by aggregating the scores in each proposal item calculated by this method. The Four Administrators shall tally the scores from each Screening Committee member, mechanically prepare the score plan, and obtain the Screening Committee's approval.

However, if there are Applicants with even scores in the score plan calculated by the aforementioned

² The relevant sections shall be clearly indicated in the corresponding forms. For the specific method of completing the forms, please refer to the Forms and Directions.

method, the Screening Committee shall prepare a reference score plan in addition to the score plan, and make a report to the Four Administrators. The reference score plan shall consist of the sum total of average scores including the highest and lowest scores with respect to each individual item rated by Screening Committee members. When the Four Administrators have determined that it would not be appropriate to select the Second Screening Participants, the Preferred Negotiation Right Holder and the second negotiation right holder based on the score plan alone, such as in cases where there are multiple Applicants pertaining to the score plan in third place, the Four Administrators may select the Second Screening Participants, the Preferred Negotiation Right Holder and the second negotiation right holder in consideration of the reference score plan.

Applicants whose score plan in proposal classification A) to E) in **Table 1: Proposal Document Forms in First Screening** (including the reference score plan in cases where a reference score plan is calculated) is less than 38.5 shall be disqualified.

Applicants whose score plan in proposal classification A) to E) in **Table 2: Proposal Document Forms in Second Screening** (including the reference score plan in cases where a reference score plan is calculated) is less than 135 shall be disqualified.

Table 1: Proposal Document Forms in First Screening

Form name	Form number	Limit to number of pages	Score allocation
[A] Project Concept	11-A	4	20
[B1] Policy for Development of Route Network	11-B1	2	10
[B2-1] Policy for Development of Intra Hokkaido Route Network	11-B2	2	10
[B2-2] Policy for Promotion of Wide-Area Tourism			
[B3] Policy for Operation of Airport Facilities	11-B3	2	10
[C1] Policy for Safety and Security	11-C1	2	10
[C2] Policy for Project Implementation Structure	11-C2	2	10
[E] Revenue and Expenditure Plan	11-E	1 in A3 page size	7
[F] Consideration for the Operating Right and Total Amount to be Borne by Three Administrators	10-1 10-2 10-3 10-4	4	Four National Airports: 20.7 Asahikawa Airport :1.1 Obihiro Airport: 0.5 Memambetsu Airport: 0.7 Total: 23
Total		19	100

Table 2: Proposal Document Forms in Second Screening

Form name	Form number	Limit to number of pages	Score allocation
Overall Part			
[A1] Strategic Concept	19-A1	3	20
[A2] Demand Trend Analysis and Project Environment Analysis	19-A2	4	
[A3] Target Figures, etc.	19-A3	2	
[B1] Proposal for Development of Route Network	19-B1	4	20
[B2-1] Proposal for Development of Intra Hokkaido Route Network	19-B2-1	1	10
[B2-2] Proposal for Promotion of Wide-Area Tourism	19-B2-2	2	10
[B3] Proposal for Operation of Airport Facilities	19-B3	3	10
[C1] Proposal for Safety and Security	19-C1	3	10
[C2] Proposal for Project Implementation Structure	19-C2	3	10
[C3] Proposal for Treatment of Staff	19-C3	3	10
[E1] Proposal for Project Plan and Business Continuity	19-E1	25 in A3 page size	30
[E2] Fund Raising Plan and Investment Strategy	19-E2	2	
Subtotal			130
Individual Part			
* CTS: New Chitose Airport, WKJ: Wakkanai Airport, KUH: Kushiro Airport, HKD: Hakodate Airport, AKJ: Asahikawa Airport, OBO: Obihiro Airport, MMB: Memanbetsu Airport			
[A-CTS through A-MMB] Strategic Concept	19-A-CTS through A-MMB	1 page each x 7 airports * A3 acceptable for CTS only	5 each x 7 airports
[B1-CTS through B1-MMB] Proposal for Development of Route Network, etc.	19-B1-CTS through B1-MMB	1 page each x 7 airports * A3 acceptable for CTS only	5 each x 7 airports

Form name	Form number	Limit to number of pages	Score allocation
[B3-CTS through B3-MMB] Proposal for Operation of Airport Facilities	19-B3-CTS through B3-MMB	2 pages each x 7 airports * A3 acceptable for CTS only	5 each x 7 airports
[D-CTS through D-MMB] Proposal for Collaboration with Local Stakeholders and Working Together with the Local Communities	19-D-CTS through D-MMB	1 page each x 7 airports * A3 acceptable for CTS only	5 each x 7 airports
Subtotal			140
Consideration, etc. Part			
[F1] Amount of Consideration for the Operating Right and Amount to be Borne by Three Administrators	16-1 16-2 16-3 16-4	4	Four National Airports: 72 Asahikawa Airport: 3.7 Obihiro Airport: 1.9 Memanbetsu Airport: 2.4 Total: 80
Total		94	350
Appendix: List of Guaranteed Measures	20	-	-

Table 3: Proposal Items Constituting Master Plan

	Proposal item	Corresponding Form
A)Executive Plan	[A1] · Strategic Concept throughout Entire Project Period for Seven Airports in Hokkaido	19-A1
	[A3] · Targets and Target Figures for All Seven Airports in Hokkaido (Target Figures, etc. by End of Project Period)	19-A3
	[A-CTS through A-MMB] · Strategic Concept throughout Entire Project Period for Each Individual Airport	19-A-CTS through A-MMB
B) Airport Growth	[B1] · Strategy for Development of Domestic and International Route networks	19-B1
	[B2-1] · Strategy for Development of Intra Hokkaido Route Network	19-B2-1
	[B2-2] · Specific Measures for Promotion of Wide-Area Tourism as an Airport Operator	19-B2-2
	[B3] · Overall Strategy for Agile and Integrated Operations of Seven Airports in Hokkaido (including Capital Investment Strategy) · Total Amount of Capital Investments for Functional Maintenance and Vitalization of Airports	19-B3
	[B3-CTS through B3-MMB] · Layout Drawing of Facilities, etc. and Overview of the Facilities at End of Project Period	19-B3-CTS through B3-MMB
C)Project Implementation Structure, etc.	[C1] · Core Measures for Safety and Security · Core Policies for Self-monitoring for Safety and Security	19-C1
D)Collaboration with Local Communities	[D-CTS through D-MMB] · Overview of Measures for Collaboration with Local Stakeholders at Each Individual Airport (excluding measures concerning the promotion of wide-area tourism) · Overview of Measures for Working Together with the Local Communities	19-D-CTS through D-MMB

[Explanation of Table 3: Proposal Items Constituting Master Plan]

Among the proposal items, items shown in Table 3 shall be matters that must be stated in the Master Plan. The Operating Right Holder will be required to disclose the Master Plan to the public, and realize the Master Plan under the watchful eye of the general public, in combination with financial information, etc. of which public disclosure is mandatory under the Project Agreement.

Matters to be stated in the Master Plan are expected to be matters proposed by the Applicant as goals set for the Project and as images envisioned for the end of the project period (part of [A1][A3][A-CTS through A-MMB][B3][B3-CTS through B3-MMB]) and matters that can deepen understanding of Airport Operating Business if disclosed to airport users, people living around the airports, etc. (part

of [B1][B2-1][B2-2][C1][D-CTS through D-MMB]). Of note, these matters must be stated in the Master Plan as a minimum requirement by the Four Administrators; the Operating Right Holder shall not be hindered from stating matters on other items in the Master Plan of its own accord. However, changes to the Master Plan may not be made without the approval of the Four Administrators, including but not limited to the matters set forth here.

Part 7. Key Points in Screening, Explanation of Key Points in Screening and Notes on Completing Proposal Document Form

First Screening

(General Notes)

- (1) Applicants shall not be prevented from assuming multiple scenarios in the Proposal Documents,; however, when proposing target figures and specific measures with respect to each proposal item, a single scenario adopted across all Proposal Documents shall be specified and clearly described, and such target figures and specific measures shall be stated based on the adopted scenario.
- (2) The accounting period and the account closing date of the SPC may be set freely by the Operating Right Holder; provided, however, that in the proposal, the accounting period shall be one year and the account closing date shall be March 31.

A) Executive Plan

[A] Project Concept

<<Key Points in Screening>>

- Has the Applicant identified current issues through various analyses?
- Has the Applicant presented a project concept for all Seven Airports in Hokkaido to properly and credibly implement the Project throughout the project period, as well as a competitive positioning of each airport?
- Is it consistent with the subsequent proposal items?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The Applicant's core vision and approach in operating the airports for the entire project period shall be confirmed. Individual measures and figures need not be stated.
- (2) The Applicant's basic approach shall be checked to confirm that its analyses of demand trends and Project environment—e.g., tourism/business demand, surface access, competition with other airports and other means of transportation—are highly credible.

Should the Applicant wish to write about demand trend analysis and project environment analysis on each individual airport, it shall be in the following order: New Chitose Airport, Wakkanai Airport, Kushiro Airport, Hakodate Airport, Asahikawa Airport, Obihiro Airport, and Memanbetsu Airport. The same shall apply in the subsequent proposal items.
- (3) Whether current operational issues of all Seven Airports in Hokkaido have been identified based on demand trend analysis and project environment analysis shall be confirmed.
- (4) Whether a strategic core concept has been formulated based on various analyses, identified issues taking into account the characteristics of each of the 7 airports in Hokkaido shall be confirmed. Also, whether the competitive positioning of individual airports is clear in the context of the overall project operation envisioned by the Applicant, shall be confirmed.

- (5) In regards to the subsequent proposal items, whether the proposal is coherent and consistent with the demand trend analysis, the project environment analysis, the identified issues and the competitive positioning of individual airports shall be confirmed.

B) Airport Growth

(Development of Route Network and Promotion of Wide-Area Tourism)

[B1] Policy for Development of Route Network

<<Key Points in Screening>>

- Has the Applicant clearly indicated its core policies for developing the route network holistically for the Seven Airports in Hokkaido (e.g., strategic collaboration and harmonization among airports)?
- Has the Applicant clearly stated its core policies for development of domestic and international route networks outside Hokkaido to/from the Seven Airports in Hokkaido?
- Does the policy contribute to the growth in passenger traffic, cargo volume, etc.?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The basic approach to developing the route network aimed at growing passenger traffic, cargo volume, etc. and revitalizing regions surrounding the airports, etc. shall be confirmed, upon consideration of the issues recognized by demand trend analysis and project environment analysis, the scale of each airport, and the competitive positioning of each airport for the Applicant.
- (2) The “Core Policies for Development of Route Network” in this proposal item shall consist of the “Core Policies for Attracting Airlines” and the “Core Policies for Setting Landing Fees and Other Fees”, and each core policy shall be formulated based on the analysis of the airline business.
- (3) In regards to the “Core Policies for Development of Route Network”, (i) the Core Policies for the development of networks of international flights to/from the Seven Airports in Hokkaido as well as (ii) the Core Policies for the development of networks of domestic flights outside Hokkaido to/from the Seven Airports in Hokkaido shall be confirmed.

[B2-1] Policy for Development of Intra Hokkaido Route Network

<<Key Points in Screening>>

- Has the Applicant stated its Core Policies for Development of Intra Hokkaido Route Network (e.g.- the network to/from the Seven Airports in Hokkaido with the 13 airports(inclusive of the Seven Airports) in Hokkaido) ?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The basic approach to developing the intra Hokkaido route network aimed at increasing passenger traffic, cargo volume, etc. and revitalizing regions surrounding the airports, etc. shall be confirmed, in consideration of the issues recognized by demand trend analysis and project

environment analysis, the scale of each airport, and the competitive positioning of each airport for the Applicant.

- (2) The “Core Policies for Development of Intra Hokkaido Route Network” in this proposal item shall consist of the “Core Policies for Attracting Airlines” and the “Core Policies for Setting Landing Fees and Other Fees”, and each Basic Policy shall be formulated based on analysis of the airline business.
- (3) In regards to the “Core Policies for Development of Intra Hokkaido Route Network”, the basic policy on how to enhance the intra Hokkaido route network with the 13 airports in Hokkaido connected by flights to/from the Seven Airports in Hokkaido shall be confirmed.

[B2-2] Policy for Promotion of Wide-Area Tourism

<<Key Points in Screening>>

- Has the Applicant clearly presented its core policies for the promotion of wide-area tourism as an airport operator based on demand trend analysis and project environment analysis, identified issues and the characteristics of each airport?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) This Project requires the viewpoint of promoting the growth of industries and tourism throughout Hokkaido as well as the revitalization of each region through the integrated operations of the Seven Airports in Hokkaido; accordingly, the core policies for wide-area tourism promotion as an airport operator shall be confirmed.
- (2) Policies for collaborating with relevant local governments, airlines and diverse business operators such as operators of businesses outside the Airport Site (e.g., travel agencies, tourism organizations, airport access business operators) in relation to the promotion of wide-area tourism in implementing wide-area tourism promotion measures as an airport operator, shall be confirmed. Wide-area tourism promotion measures by the parent company, etc. shall be outside the scope of evaluation.

(Operation of Airport Facilities)

[B3] Policy for Operation of Airport Facilities

<<Key Points in Screening>>

- Has the Applicant clearly presented its basic approach to the operation of airport facilities (including capital investments) taking into consideration service quality for airport users, based on demand trend analysis, project environment analysis, identified issues and the characteristics of each airport?
- Does the operational policy (including capital investment policy) fulfill the required standards and further improve the safety of airport functions?
- Do the policies show investing Project revenue towards airport growth?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The Project requires the operation of airport facilities by strategically leveraging the characteristics of each airport while operating the Seven Airports in Hokkaido together; accordingly, whether the Applicant's operation policy (including capital investment policy) gives consideration to the competitive positioning of each airport as well as service quality of airport users shall be confirmed.
- (2) The Applicant's basic approach to core initiatives across all Seven Airports in Hokkaido or core initiatives targeted at each individual airport that contribute to maintaining airport functions, revitalization of airports and improvements in service quality for airport users shall be confirmed.

C) Project Implementation Structure, etc.

[C1] Policy for Safety and Security

<<Key Points in Screening>>

- Does the policy lead to the implementation of a highly reliable structure to carry out safety and security related tasks?
- Have necessary and adequate self-checking functions been proposed?
- Are emergency countermeasures well thought out?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In regards to the “Core Policies for Ensuring Aviation Safety and Securities of the Airport”, a high level of safety and security is required as public infrastructure; with this in mind, whether structures are in place to a) secure personnel should security services, snow removal services, construction work, etc. be performed by the Operating Right Holder itself, and b) provide appropriate education and training to staff in charge to commission services to persons with sufficient experience and skills when outsourcing.
- (2) In regards to “Core Policies for Self-monitoring for Safety and Security”, a proposal shall be made on the method and nature of self-monitoring to be performed by the Operating Right Holder itself or by an external third party commissioned by the Operating Right Holder. In this proposal item, monitoring shall be confirmed as to whether its scope is necessary and adequate, and whether the monitoring method is objective and can sufficiently ensure safety.
- (3) In regards to “Core Policies for Emergency Countermeasures”, a proposal shall be made on countermeasures to be taken in the event of an incident, accident, disaster, epidemic, etc. that may hinder the operation of the Project. These measures shall smoothly settle such incident, accident, disaster, epidemic, etc. and allow operations to resume promptly by collaborating with local governments, etc. In this proposal item, whether the Applicant has examined the nature of emergencies that may arise and effective countermeasures to be taken should such emergencies arise shall be confirmed.

[C2] Policy for Project Implementation Structure

<<Key Points in Screening>>

- Is the Project likely to be managed properly judging from the experience of the Applying Company/Key Consortium Members?
- Is the SPC's project implementation structure one that allows the hand over of the operations of the Seven Airports in Hokkaido holistically and without fail?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In regards to “Capital Contribution Ratio and Ratio of Voting Rights of Each Consortium Member”, a proposal shall be made in relation to the share of voting rights for the Applying Company or each Consortium Member in the Operating Right Holder at the commencement of the first airport operations. As the Operating Right Holder's entire voting interest shall be held by the Representative Company or Consortium Members, the ratio of voting rights held by the Representative Company or Consortium Members shall be 100% in total.

Indirect capital contribution shall be allowed; however, even in this case, the Applying Company or Consortium Members or companies, etc. controlled by the Applying Company or Consortium Members need to hold the entire voting interest. Capital contribution ratio shall mean the ratio proportionate to the amount of capital contributed by each Consortium Member, assuming that the capital contributed to the SPC as a whole is 100%. Therefore, in cases where capital contribution by non-voting shareholders is being planned, the capital contribution ratio of the Representative Company or the capital contribution ratio of Consortium Members may fall short of 100% in total.

- (2) In regards to “Profile and Operational Experience of Applying Company/Key Consortium Members”, the Representative Company is required to have a certain degree of business experience as a participation requirement; the relevance and usefulness of such business experience and the Project shall be confirmed in this item. Experience in this item shall not be limited to projects reported in the context of participation requirements or projects stated in the experience requirements, and shall not be limited to the Representative Company. However, the experience of the parent company or equity holders such as shareholders of the Applying Company and Consortium Members shall be outside the scope of evaluation.

- (3) In regards to “SPC's Organizational Structure”, the basic approach to the implementation structure shall be confirmed, including the allocation of roles between the Consortium Members applying for the First Screening, from the viewpoint of operating the Seven Airports in Hokkaido in an agile and integrated manner. Also, whether recruitment and education policies are adequate shall be confirmed in terms of securing the personnel, know-how, etc. needed for the implementation of the diverse Project for the entire Seven Airports in Hokkaido.

It shall be noted that this does not require the entry of a detailed organization chart or a list

of prospective senior personnel.

E) Financial Plan

[E] Revenue and Expenditure Plan

<<Key Points in Screening>>

- Does the Overview of Revenue and Expenditure Plan enables sustainability of the operations?
- Is the relation between the Framework of Revenue and Expenditure Plan and other measures proposed clear? Is the content of the Framework of Revenue and Expenditure Plan credible?
- Are the Policies and Measures for Raising Funds supporting ongoing stable management of the integrated operations of the Seven Airports in Hokkaido?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In regards to the revenue and expenditure plan, the basic approach throughout the operation period shall be confirmed, as to what kind of policy the Applicant has taken in formulating the plan. Only a plan of combined revenues and combined expenditures of the Seven Airports in Hokkaido shall be required in the proposal.
- (2) “Overview of Revenue and Expenditure Plan” shall mean the Operating Right Holder’s revenue and expenditure plan during the project period formulated as a rough guidance. In this proposal item, the plan shall be confirmed as to whether it has been formulated soundly and whether it enables the sustainability of the operations in the long run.
 - The planned figures for each year shall be stated in line with the SPC’s fiscal year. Amounts shall be presented in units of millions of yen.
 - Entry of items listed individually in the Forms shall be mandatory. Applicants shall not be prevented from adding other items voluntarily.
 - An explanation of the main reasons behind increases/decreases in each item for five-year cycles shall be provided.
- (3) “Framework of Revenue and Expenditure Plan” shall mean an explanation of the assumptions for the main items in the revenue and expenditure plan. In this proposal item, the following shall be confirmed: whether sufficiently credible assumptions have been provided; and whether the relation with other measures proposed has been clearly explained.
- (4) “Policies and Measures for Raising Funds” shall mean the policies and measures for raising funds of the SPC that manages the Seven Airports in Hokkaido holistically throughout the operation period. In this proposal item, whether the Applicant has formulated a feasible policy for maintaining sound financial status while dealing with risks of capital investments and fall in demand (force majeure events, changes in political and economic circumstances, etc.) in continuing the integrated operations of the Seven Airports in Hokkaido throughout the operation period shall be confirmed.

F) Consideration for the Operating Right, etc.

[F] Consideration for the Operating Right and Total Amount to be Borne by Three Administrators

<<Key Points in Screening>>

- | |
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| <ul style="list-style-type: none">• Is the planned amount proposed for the consideration for the Operating Right as high as possible?• Does the proposal minimize the total amount to be borne by Three Administrators? |
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) For the consideration for the Operating Right, the “Planned Amount” and “Its Basis of Calculation” shall be proposed.
- (2) Upon screening, a higher planned amount of the consideration for the Operating Right shall be rated higher, and the specific scoring method shall be based on the following formula.
The allocated score x (Proposed price/Highest price proposed among all proposals)
* The proposed price and the highest price proposed among all proposals shall not include consumption tax or local consumption tax, and the amount resulting from the calculation shall be rounded off to one decimal place.
- (3) The total amount to be borne by Three Administrators shall be evaluated based on the difference between a) the total amount to be borne by Three Administrators (the total amount of “Burden of Costs of Replacement Investment (excluding Expansion) for the Facilities Subject to the Operating Right” and “Burden of Costs of Operation (including Replacement Investment of Vehicles, etc.)” throughout the entire project period) proposed by the Applicant and b) the upper limit of the amount to be borne by Three Administrators indicated in the Application Guidelines. The difference shall be hereinafter referred to as “Amount of Burden Reduction”. In proposing the total amount to be borne by Three Administrators, the proposal shall be made after checking E) Forms for Financial Plan (Form 19-E1) of the Second Screening.
- (4) In screening, a higher Amount of Burden Reduction shall be rated higher, and the specific scoring method shall be based on the following formula.
The allocated score x (Proposed Amount of Burden Reduction/Highest Amount of Burden Reduction proposed among all proposals)
* The proposed Amount of Burden Reduction and the highest Amount of Burden Reduction proposed among all proposals shall not include consumption tax or local consumption tax, and the amount resulting from the calculation shall be rounded off to one decimal place.
- (5) The amount of Consideration for the Operating Right and the total amount to be borne by Three Administrators proposed in the Second Screening shall not be below the planned amount proposed by each Applicant in the First Screening, unless a new event that would have a significant impact on such planned amount has arisen, or unless there are other reasonable grounds.

Second Screening

(General Notes)

- (1) Applicants shall not be prevented from assuming multiple scenarios in the Proposal Documents; however, when proposing target figures and specific measures with respect to each proposal item, a single scenario adopted across all Proposal Documents shall be specified and clearly described, and such target figures and specific measures shall be stated based on the adopted scenario.
- (2) The accounting period and the account closing date of the SPC may be set freely by the Operating Right Holder; provided, however, that in the proposal, the accounting period shall be one year and the account closing date shall be March 31.
- (3) The phrase “*in five years’ time*” in each proposal item shall mean March 31, 2025. The phrase “*by the end of the project period*” shall mean the day preceding the 30th anniversary of the Operating Right Establishment Date.
- (4) In each proposal item, the term “*five-year period*” shall mean the period commencing on the date of commencement of the Building Facilities Business and ending on March 31, 2025. The phrase “*by the end of the project period*” shall mean the period commencing on the date of commencement of the Building Facilities Business and ending on the day preceding the 30th anniversary of the Operating Right Establishment Date.
- (5) Whether or not the implementation of measures described in each proposal item is guaranteed shall be stated by using clear expressions, for the purpose of making it possible to objectively and unambiguously determine the necessity of implementing such measures during the project period (for example, expressions such as “will implement” and “will perform” shall be deemed to guarantee the implementation of such measures, whereas expressions such as “will aim to” and “will consider” shall not be deemed to guarantee the implementation of such measures, except in cases where they should be interpreted otherwise judging from the context). In cases where the measures are slated to be implemented only when certain conditions are met, a clear statement to that effect shall be made. It shall be noted that measures to be implemented without any special conditions attached will be rated higher than measures slated to be implemented only when certain conditions are met and measures that have no implementation guarantee.
- (6) The “Appendix: List of Guaranteed Measures” is a list of measures described in each proposal item to be implemented without any special conditions attached. In regards to the treatment of cases where there are discrepancies in descriptions between the Appendix and each proposal item, if a measure is described in each proposal item but not in the Appendix, the Operating Right Holder shall be obliged to implement such measure. Likewise, if a measure is described in the Appendix but not in each proposal item, the Operating Right Holder shall be

obliged to implement such measure. From the viewpoint of clarifying the determination of the necessity of implementing the measures during the project period as stated above, caution shall be exercised to make sure that the measures that are guaranteed to be implemented are listed without omission, and that there are no discrepancies between the Appendix and each proposal item.

- (7) Proposals in the Individual Part shall be written based on **[A1] Strategic Concept** and **[A2] Demand Trend Analysis and Project Environment Analysis** of the Overall Part. In the screening of the Individual Part, Screening Committee members for the Individual Part may read the **[A1] Strategic Concept** and **[A2] Demand Trend Analysis and Project Environment Analysis** of the Overall Part as well.

A) Executive Plan (Overall Part)

[A1] Strategic Concept

<<Key Points in Screening>>

- Has the Applicant presented an overall strategy for the agile and integrated management of the Seven Airports in Hokkaido?
- Has the Applicant presented a convincing strategic concept in concrete terms covering the entire project period that is consistent with [A3] and based on [A2]?
- Is it consistent with each proposal item?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In the “Strategic Concept throughout Entire Project Period for Seven Airports in Hokkaido”, the project strategy for the integrated operations of the Seven Airports in Hokkaido sought by the Applicant throughout the entire project period consistent with **[A3] Target Figures for Indicators, etc.** based on **[A2] Demand Trend Analysis and Project Environment Analysis** shall be clearly stated.
- (2) Whether the Strategic Concept is one that links together each proposal item and formulates a consistent message that cuts across all proposal items in the integrated operations of the Seven Airports in Hokkaido shall be confirmed.

[A2] Demand Trend Analysis and Project Environment Analysis

<<Key Points in Screening>>

- Has the Applicant conducted detailed demand trend analysis and project environment analysis accounting for the diverse project environment surrounding the Seven Airports in Hokkaido?
- Has the Applicant identified the issues in operating the airports through various analyses, and indicated the competitive positioning of each airport?
- Do the analysis provide credible assumptions that may be used to consider each subsequent proposal item?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In “Detailed Demand Trend Analysis and Project Environment Analysis for All Seven

Airports in Hokkaido”, demand trends of the Seven Airports in Hokkaido (including demand forecast serving as the basis for setting [A3] **Target Figures for Indicators, etc.**) as well as the results of project environment analysis shall be stated. This shall be based on an appropriate examination of the diverse project environment in and surrounding the Seven Airports in Hokkaido, such as the current revenue/expenditure structure of the Seven Airports in Hokkaido, the characteristics and attractiveness of the regions surrounding the airports, the collaborative and competitive landscape with other neighboring airports and other means of transportation, and the strategic placing of the Seven Airports in Hokkaido for the airlines.

- (2) The analysis results shall aim to have the content and the construction to act as a credible basis for the subsequent proposal items and be relevant instead of being a mere list of matters examined. Whether a convincing foundation leading on to each proposal item has been provided shall be considered.
- (3) The following shall be confirmed: whether operational issues have been identified for both the Seven Airports in Hokkaido as a whole and the individual airports, and whether the competitive positioning of individual airports in the operations envisioned by the Applicant is made clear based on the results of the demand trend analysis and project environment analysis and the characteristics of each airport. Statements regarding individual airports shall be written in the following order: New Chitose Airport, Wakkanai Airport, Kushiro Airport, Hakodate Airport, Asahikawa Airport, Obihiro Airport, and Memanbetsu Airport. Statements regarding individual airports in the subsequent proposal items shall also be written in the same order as above.
- (4) In the subsequent proposal items, whether the proposal is coherent and consistent with the demand trend analysis and project environment analysis, the identified issues and the competitive positioning of individual airports shall be confirmed.

[A3] Target Figures, etc.

<<Key Points in Screening>>

- Has the Applicant presented specific targets for the Seven Airports in Hokkaido taking into account the analysis in [A2]?
- Has the Applicant proposed a method by which airport users’ needs, satisfaction level, etc. can be properly and adequately identified?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The exact target figures to be achieved *in five years’ time and by the end of the project period* shall be stated with respect to passenger traffic and cargo volume (annual number of passengers and annual cargo volume), number of routes, number of flights, aviation income and non-aviation income (annual aviation income and annual non-aviation income). In this proposal item, the targets for the Seven Airports in Hokkaido shall be stated; the target for each individual

airport shall be stated in the Individual Part. These target figures do not constitute an obligation under the Project Agreement. As such, even if the Applicant fails to realize passenger traffic and cargo volume (annual number of passengers and annual cargo volume), number of routes, number of flights, aviation income and non-aviation income (annual aviation income and annual non-aviation income) that exceed these target figures *in five years' time and by the end of the project period*, such failure shall not be deemed to be a breach of the Project Agreement.

- (2) In “Setting of Targets for Improving Convenience for Airport Users”, a proposal shall be made for setting targets to be achieved *in five years' time and by the end of the project period* relating to improvements in the service quality for airport users, who are deemed to consist of users of air transport services as well as general users who do not use aviation services but visit the airports, such as residents of neighboring areas. In this proposal item, the targets for the Seven Airports in Hokkaido shall be stated; the target for each individual airport shall be stated in the Individual Part. These targets do not constitute an obligation under the Project Agreement. As such, even if the Applicant fails to improve service quality to target levels or higher *in five years' time and by the end of the project period*, such failure shall not be deemed to be a breach of the Project Agreement.
- (3) In “Performance Indicators for Service Quality of Airport Users”, the measurement method shall be proposed in combination with the setting of targets explained above.

A) Executive Plan (Individual Part)

[A-CTS through A-MMB] Strategic Concept

<<Key Points in Screening>>

- Has the Applicant conducted demand trend analysis and project environment analysis taking into account the diverse project environment surrounding each of the Seven Airports in Hokkaido?
- Has the Applicant identified the issues for the operations of each airport through various analyses, and indicated the competitive positioning of each airport?
- Do the analysis provide credible assumptions that may be used to consider each subsequent proposal item?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In “Strategic Concept throughout Entire Project Period for Each Individual Airport”, the vision, philosophy, etc. sought by the Applicant in operating each individual airport throughout the entire project period shall be made clear, based on **[A1] Strategic Concept** and **[A2] Demand Trend Analysis and Project Environment Analysis**. The above shall be consistent in content with the competitive positioning of individual airports in the project operation envisioned by the Applicant.
- (2) The exact target figures to be achieved *in five years' time and by the end of the project period*

shall be stated with respect to passenger traffic and cargo volume (annual number of passengers and annual cargo volume), number of routes, number of flights, aviation income and non-aviation income (annual aviation income and annual non-aviation income). In this proposal item, the target for each individual airport shall be stated. These target figures do not constitute an obligation under the Project Agreement. As such, even if the Applicant fails to realize passenger traffic and cargo volume (annual number of passengers and annual cargo volume), number of routes, number of flights, aviation income and non-aviation income (annual aviation income and annual non-aviation income) that exceed these target figures *in five years' time and by the end of the project period*, such failure shall not be deemed to be a breach of the Project Agreement.

- (3) In “Setting of Targets for Improving Convenience for Airport Users”, a proposal shall be made for setting targets to be achieved *in five years' time and by the end of the project period* relating to improvements in the service quality for airport users, who are deemed to consist of users of air transport services as well as general users who do not use aviation services but visit the airports, such as residents of neighboring areas. In this proposal item, the targets for the Seven Airports in Hokkaido shall be stated; the target for each individual airport shall be stated in the Individual Part. These targets do not constitute an obligation under the Project Agreement. As such, even if the Applicant fails to improve service quality to target levels or higher *in five years' time and by the end of the project period*, such failure shall not be deemed to be a breach of the Project Agreement.
- (4) In “Performance Indicators for Service Quality of Airport Users”, the measurement method shall be proposed in combination with the setting of targets explained above.

B) Airport Growth

(Development of route network and Promotion of Wide-Area Tourism) (Overall Part)

[B1] Proposal for Development of route network

<<Key Points in Screening>>

- Has the Applicant clearly indicated its strategy for developing the route network integrally with the Seven Airports in Hokkaido (e.g., collaboration and harmonization among airports based on [A1] and [A2])?
- Has the Applicant clearly stated a specific strategy for the development of domestic and international route networks to airports outside Hokkaido to/from the Seven Airports in Hokkaido?
- Does the policy contribute to the growth in passenger traffic, cargo volume, etc.?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In this proposal item, proposals on specific strategies for the development of (i) international

route networks to/from the Seven Airports in Hokkaido; and (ii) domestic route network to airports outside Hokkaido to/from the Seven Airports in Hokkaido shall be made. Specific approaches to attract airlines from a strategic viewpoint of the Seven Airports in Hokkaido as a whole, and specific ideas for pricing strategy for landing fees and other fees shall be made.

- (2) The proposal shall be confirmed as to whether it is effective and highly feasible and based on an appropriate analysis of the airline business.
- (3) In “Specific Measures for the Five-year Period”, detailed measures for developing the route network shall be proposed.
- (4) In “Basic Measures until the End of the Project Period”, the approach to developing the route network during the project period shall be proposed, rather than detailed measures to attract airlines and fee-related measures.

[B2-1] Proposal for Development of Intra Hokkaido Route Network

<<Key Points in Screening>>

- Has the Applicant clearly stated its specific strategy for Development of Intra Hokkaido Route Network (e.g.- the network to/from the Seven Airports in Hokkaido with the 13 airports (inclusive of the Seven Airports) in Hokkaido) based on [A1] and [A2]?
- Does the policy contribute to growth in passenger traffic, cargo volume, etc.?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In this proposal item, proposals on specific strategies for the development of Intra Hokkaido Route Network (e.g.- the network to/from the Seven Airports in Hokkaido with the 13 airports (inclusive of the Seven Airports) in Hokkaido) shall be made. Specific approaches to attract airlines from a strategic viewpoint of the Seven Airports in Hokkaido as a whole, and specific ideas for pricing strategy for landing fees and other fees shall be made.
- (2) The proposal shall be confirmed as to whether it is effective and highly feasible based on an appropriate analysis of the airline business. The proposal shall also be confirmed in terms of consideration given to the connectivity of local residents, as well as for specific measures to funnel incoming travelers at certain Hokkaido airport forward onto other airports in Hokkaido.
- (3) In “Specific Measures for the Five-year Period”, detailed measures for developing the route network shall be proposed.
- (4) In “Basic Measures until the End of the Project Period”, the approach to developing the route network during the project period shall be proposed, rather than detailed measures to attract airlines and fee-related measures.

[B2-2] Proposal for Promotion of Wide-Area Tourism

<<Key Points in Screening>>

- Has the Applicant clearly presented a specific policy for the promotion of wide-area tourism as

<p>an airport operator based on [A1] and [A2]?</p> <ul style="list-style-type: none"> • Has the Applicant clearly presented specific measures to disperse tourists, make them tour across Hokkaido and thereby expand various economic ripple effects throughout Hokkaido, based on its specific policy for the promotion of wide-area tourism? • Has the Applicant clearly presented measures to collaborate with Stakeholders related to the promotion of wide-area tourism?
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) Whether a specific policy has been presented for the promotion of wide-area tourism that can be undertaken as an airport operator based on demand trend analysis and project environment analysis shall be confirmed.
- (2) The following shall be confirmed: whether the wide-area tourism measures based on the specific policy above are appealing in terms of dispersing tourists, making them tour across Hokkaido and thereby expanding various economic ripple effects throughout Hokkaido, with the Seven Airports in Hokkaido serving as the place of arrival/departure; and whether specific measures and its expected effects have been clearly indicated.
- (3) Whether specific measures for the promotion of wide-area tourism have been clearly presented in regards to collaboration with relevant local governments, airlines and diverse business operators such as operators of businesses outside the Airport Site (e.g., travel agencies, tourism organizations and airport access business operators) shall be confirmed. Wide-area tourism promotion measures by the parent company, etc. shall be outside the scope of evaluation.

(Development of route network and Promotion of Wide-Area Tourism) (Individual Part)

[B1-CTS through B1-MMB] Proposal for Development of route network, etc.

<<Key Points in Screening>>

<ul style="list-style-type: none"> • Is the proposal effective and highly feasible in contributing to the development of the route network of each individual airport, based on [A-CTS through A-MMB]? • Does the proposal contribute to airport growth and the promotion of wide-area tourism? • Does the proposal give consideration to the passengers' burden?
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In “Measures to Attract Airlines”, a proposal for attracting air carriers other than by way of fees (increased frequency and destinations by incumbent airlines, in addition to attracting new air carriers and airline routes), etc. shall be stated.
- (2) “Landing Fee, etc.” in this proposal item shall mean “landing fees and other fees for the use of runway, etc.” stipulated in Article 13, paragraph (1) of the Airport Act, user fees for air navigation facilities stipulated in Article 54, paragraph (1) of the Civil Aeronautics Act, passenger (service) facility charge stipulated in Article 16, paragraph (1) of the Airport Act and

other fees collected in relation to the use of aviation services from air carriers or their users by the Operating Right Holder or the operator of the Building Facilities Business, etc. (e.g., Passenger Boarding Bridge (PBB) fees, Baggage Handling System (BHS) fees, counter rental fees, etc.)

In “Measures for Landing Fees and Other Fees”, the schedule of fees, the method of setting fees (including indicators serving as the basis of fee calculation), the method of fee collection, etc. shall be included.

- (3) In this proposal item, the proposal shall be confirmed as to whether it is effective and highly feasible based on demand trend analysis and project environment analysis, identified issues, the characteristics of each airport and an appropriate analysis of the airline business.
- (4) In “Specific Measures for the Five-year Period”, detailed measures for developing the route network shall be proposed.
- (5) In “Basic Measures until the End of the Project Period”, the approach to developing the route network during the project period shall be proposed, rather than detailed measures to attract airlines and fee-related measures.
- (6) In “Measures to promote the attractiveness of the Region as part of the Promotion of Wide-area Tourism at Each Individual Airport”, the proposal shall be confirmed as to whether it promotes the attractiveness of regions in the vicinity of individual airports as well as its hinterlands. These measures should be in sync with measures to attract airlines. Measures to promote the attractiveness of the Region as part of the Promotion of Wide-area tourism shall be outside the scope of evaluation.
- (7) In “Measures to Collaborate with Business Operators Related to the Promotion of Wide-area Tourism at Each Individual Airport”, Whether specific measures for the promotion of wide-area tourism have been clearly presented in regards to collaboration with relevant local governments, airlines and diverse business operators such as operators of businesses outside the Airport Site (e.g., travel agencies, tourism organizations, airport access business operators) who are in regions in the vicinity of individual airports shall be confirmed. Measures to collaborate with business operators related to the promotion of wide-area tourism by the parent company, etc. shall be outside the scope of evaluation.

(Operation of Airport Facilities) (Overall Part)

[B3] Proposal for Operation of Airport Facilities

<<Key Points in Screening>>

- Is the overall operational strategy (including capital investment strategy) for airport facilities for the agile and integrated management of the Seven Airports in Hokkaido clarified?
- Does the operational policy (including capital investment policy) fulfill the required standards and further improve the safety of airport functions?

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| <ul style="list-style-type: none"> • Is it a policy for investing Project revenue towards airport growth? • Does it present an effective method for improving convenience for airport users? |
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The "Overall Operational Strategy for Agile and Integrated Operations of Seven Airports in Hokkaido (including Capital Investment Strategy)" requires the operation of airport facilities by strategically leveraging the predominant features of each airport while executing the integral operation of the Seven Airports in Hokkaido; accordingly, the operational strategy (including capital investment strategy) for airport facilities of the Seven Airports in Hokkaido as a whole shall be confirmed. Especially for the capital investment strategy, an investment summary for each airport shall be prepared by distinguishing between aviation investments and non-aviation investments, and a specific proposal shall be made in regards to the allocation of capital investment funds and the order of priority of capital investments.
- (2) In "Specific Operational Measures for Airport Facilities Across All Seven Airports in Hokkaido (including Capital Investment Strategy)", whether it contributes to maintaining airport functions, revitalization of airports and improvements in service quality for airport users across all Seven Airport in Hokkaido shall be confirmed.

(Operation of Airport Facilities) (Individual Part)

[B3-CTS through B3-MMB] Proposal for Operation of Airport Facilities

<<Key Points in Screening>>

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| <ul style="list-style-type: none"> • Has the Applicant presented effective and specific operational measures (including capital investment measures) for airport facilities to improve service quality based on [A-CTS through A-MMB]? • Can functional maintenance and revitalization effects with respect to each investment target be clearly explained by the operational measures (including capital investment measures)? |
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In this proposal item, whether effective and specific operational measures (including capital investment measures) for functional maintenance, revitalization of airports and service quality of airport users with respect to each airport facility at each individual airport have been presented shall be confirmed.
- (2) The following shall be confirmed with respect to capital investments; whether it is a proposal that sufficiently meets the required standards and further improves safety by such means as making replacement investments to higher standards; and whether it is a proposal that generates a positive cycle in which the Operating Right Holder’s investments translates to improved profitability and leading to a new source of funds for future investments.
- (3) In “Specific Measures for the Five-year Period”, the specific operational measures (including capital investment measures such as investment aimed at functional maintenance, revitalization and service quality of airport users, description of investments, effects, expected timing and

planned amount) shall be clearly presented.

- (4) In “Basic Measures until the End of the Project Period”, the approach to the operational policy (including capital investment policy) for airport facilities during the project period shall be proposed, rather than the specific operational measures (including capital investment measures).

C) Project Implementation Structure, etc. (Overall Part)

[C1] Proposal for Safety and Security

<<Key Points in Screening>>

- Are the measures able to maintain and improve airport safety and security?
- Has the Applicant proposed measures and structures that have effective self-checking functions for safety and security?
- Has the Applicant presented advance measures to prevent incidents or accidents from arising or minimize damage in the event of a disaster?
- Has the Applicant presented a highly reliable structure for implementing services related to safety and security through the provision of appropriate education and training to staff, selection of appropriate subcontractors, etc.?
- Does the proposal lead to an appropriate response in the event of an emergency?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In “Core Measures for Safety and Security”, a proposal shall be made on the Applicants’ approach to enabling the Operating Right Holder to observe mandatory safety and security standards under the required standards for airport security control regulations, etc. and realize a higher level of safety and security.
- (2) In this proposal item, the following shall be confirmed: whether the proposal enables the maintenance and improvement of airport safety and security over a long period of time; whether the proposal allows prompt response to changes in guidelines, operating standards, etc.; and whether safety and security measures exceeding the Four Administrators’ required standards will be taken.
- (3) In “Core Policies for Self-monitoring for Safety and Security”, a proposal shall be made on the method and nature of self-monitoring relating to safety and security to be performed by the Operating Right Holder itself or by an external third party commissioned by the Operating Right Holder. Here, from the viewpoint of placing high emphasis on ensuring safety and security at airports, a proposal shall be made separately to the self-monitoring method relating to other matters in **[C2] Proposal for Project Implementation Structure** and general self-monitoring methods; monitoring shall be confirmed as to whether its scope is necessary and adequate, and whether the monitoring method is objective and can sufficiently ensure safety.
- (4) In “Specific Measures for Ensuring Aviation Safety and Securities of the Airport”, a proposal shall be made on: specific measures for maintaining and improving safety and security; specific

measures for securing personnel when security services, snow removal services, construction work, etc. are to be performed by the Operating Right Holder itself, and for providing appropriate education and training to staff in charge and commissioning services to persons with sufficient experience and skills when outsourcing; and specific implementation method, description, etc. of self-monitoring to be performed in accordance with the “Core Policies for Self-monitoring for Safety and Security”. This item does not constitute a part of the Master Plan; accordingly, matters to be proposed that are not appropriate for public disclosure shall be written in this item. In this proposal item, the following shall be confirmed: whether the proposal has a high possibility of preventing incidents or accidents from arising; whether it is effective in minimizing damage in the event of a disaster; whether methods of collaborating and coordinating with airport-related business operators and relevant organizations have been examined; whether safety and effectiveness has been sufficiently ensured in the method of education, training and outsourcing with respect of staff engaged in services relating to safety and security; and whether the self-monitoring method, etc. adheres to the “Core Policies for Self-monitoring for Safety and Security” and is adequate in content for fulfilling the Basic Policy.

- (5) In “Emergency Countermeasures (Incidents, Accidents, Disasters, Epidemics, etc.)”, advance measures shall be proposed to smoothly settle any incident, accident, disaster, epidemic, etc. that may hinder the operation of the Airports and promptly restore the facilities by collaborating with local governments, etc. or recover the airport functions by such means as imposing airport closure for a certain period of time in the event of such incident, accident, disaster, epidemic, etc. In this proposal item, the following shall be confirmed: whether a detailed study has been conducted on the occurrence of a specific emergency event; whether effective measures have been proposed to take prompt and appropriate action according to the nature of the emergency, and in the event of an airport closure, restore normal airport functions while minimizing the duration of airport closure and the impact on route networks through collaboration with relevant organizations, etc.

[C2] Proposal for Project Implementation Structure

<<Key Points in Screening>>

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|---|
| <ul style="list-style-type: none"> • Does the organizational structure help facilitate the Project? • Is the SPC’s decision-making process clearly described? Does it give consideration to ensuring governance and timely decision making? • Has a highly effective self-monitoring method been proposed to confirm the compliance with the required standards and the performance of the proposed matters? |
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) “Composition of Capital Contribution to SPC, etc.” is a proposal regarding the capital

contribution to be made when the Applicant establishes a SPC that will serve as the Operating Right Holder. More specifically, the ratio of voting shares and non-voting shares held by each investor into the SPC (Applying Company, Consortium Members and non-voting shareholders) and the exact amount of capital expected to be contributed by each capital investor as at the time of commencement of the first airport operations shall be stated. As the Operating Right Holder's entire voting interest shall be held by the Representative Company or Consortium Members, the ratio of voting rights held by the Representative Company or Consortium Members shall be 100% in total. Indirect capital contribution shall be allowed; however, even in this case, the Applying Company or Consortium Members or companies, etc. controlled by the Applying Company or Consortium Members are required to hold the entire voting interest. In this proposal item, the composition of capital contribution, etc. shall be confirmed as to whether it enables the Applicant and the Operating Right Holder to build an appropriate relationship throughout the project period.

- (2) In "organizational structure", a proposal shall be made on the allocation of roles for each investor into the SPC, and the following shall be confirmed: whether the organizational structure based on this arrangement is adequate for securing the personnel, know-how, etc. needed for the implementation of the diverse Project for the Seven Airports in Hokkaido as a whole; and whether the roles and positioning of the Consortium Members have been clarified from the viewpoint of operating the Seven Airports in Hokkaido in an agile and integrated manner.

In addition, a proposal shall be made on: the group structure of the Operating Right Holder at the time of commencement of all seven airport operations; and organizational chart of the Operating Right Holder and its subsidiaries, etc.; and ideas for the members and roles of the management that will contribute to the integrated operation of the Seven Airports in Hokkaido; allocation of duties; and the structure of collaboration work with contractors and subcontractors with the Operating Right Holder and its subsidiaries. Whether the Operating Right Holder and its subsidiaries are equipped with an internal structure to execute Airport Operating Business and Building Facilities Business in tandem and whether their structure of collaboration with contractors and subcontractors is adequate shall be confirmed. Furthermore, the following shall be confirmed: whether measures are in place to deal with any conflict of interest between persons concerned (e.g., between investors in the Operating Right Holder, between such investors and business operators involved in airport operation); and whether the decision-making process has been clearly indicated, and consideration has been given to ensure governance and timely decision making.

- (3) In "Self-monitoring Method", a proposal shall be made on the method and nature of self-monitoring to be performed by the Operating Right Holder itself or by an external third party

commissioned by the Operating Right Holder for ensuring the compliance with the required standards and the performance of matters proposed by the Applicant. Here, all self-monitoring methods other than those related to safety and security in **[C1] Proposal for Safety and Security** shall be proposed; however, self-monitoring that will be carried out in conjunction with those for safety and security shall be proposed in this item. In this proposal item, monitoring shall be confirmed as to whether its scope is necessary and adequate, and whether the methods and frequency are viable and ensures compliance with required standards and the performance of the proposed matters.

[C3] Proposal for Treatment of Staff

<<Key Points in Screening>>

- Is the proposal on the personnel system for the staff of the operator of the Building Facilities Business and the Four Administrators appropriate giving consideration to their respective existing employment conditions?
- Does the proposal for personnel/employment-related measures for the SPC and its subsidiaries, etc. contribute to the region?
- Are requested numbers and period by job type for staff of the Four Administrators and specific measures for skills hand over consistent?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In “Personnel/Employment-related Measures for SPC and Its Subsidiaries, etc.”, a proposal shall be made on the personnel system, etc. based on the view that it is necessary to maintain appropriate employer-employee relations and work environment to ensure airport safety and revitalize airports among business operators involved in airport operation. In this proposal item, the treatment and personnel system for employees of the operator of the Building Facilities Business and staff of the Four Administrators who have been engaged in the businesses shall be confirmed as to whether consideration has been given to the conditions before the commencement of the Project, especially as to whether the conditions are unfavorable. Whether the proposal will help boost the motivation of all employees to work shall also be confirmed. Considering that the Project is also aimed at regional revitalization, not only personnel/employment measures for employees of the operator of the Building Facilities Business and the staff of the Four Administrators but also personnel/employment measures for employees hired by the Operating Right Holder and its subsidiaries, etc. shall be confirmed as to whether they contribute to the region.
- (2) In “Requested Number and Period by Job Type for Staff of the Four Administrators and Specific Measures for Skills Hand Over”, the following shall be confirmed: whether or not the Applicant has presented in detail, structural enhancement/recruitment/education policies/policies for working in collaboration with personnel dispatched from the Four Administrators/policies for internalizing the work previously undertaken by the staff of the Four

Administrators in each of the following periods: (i) the period until the time of commencement of the first airport operations including the competitive dialogue period, (ii) the period after the commencement of the first airport operations, (iii) the period after the commencement of the operations of all seven airports, and (iv) the period after the staff dispatch from the Four Administrators have ended. In regards to (ii) and (iii), the job type, the number of persons and period of the personnel to be dispatched from the Four Administrators shall be stated in light of discussions with the Four Administrators in the competitive dialogue, specific measures to pass on skills smoothly so as not to hinder airport operations shall be stated under these dispatch conditions. The type of personnel, the number of persons (many vs. few) and the length of the period (long vs. short) shall be outside the scope of evaluation.

D) Collaboration with Local Communities (Individual Part)

[D-CTS through D-MMB] Proposal for Collaboration with Local Stakeholders and Working Together with the Local Communities

<<Key Points in Screening>>

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| <ul style="list-style-type: none"> · In light of [A-CTS through A-MMB], is the proposal for collaborating with local communities contributing to airport growth, and taking into consideration improvement of service quality for airport users (proposals in this item exclude matters concerning the promotion of wide-area tourism)? · Will the proposal have an equal or greater effect than before in working together with the local communities, and does it give due consideration to regions surrounding the airports? |
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<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) “Measures for Collaboration with Local Stakeholders and Working Together with the Local Communities at Each Individual Airport (Excluding Matters Concerning the Promotion of Wide-area Tourism)” shall mean business measures implemented in collaboration with relevant local governments, airlines and diverse business operators such as operators of businesses outside the Airport Site (e.g., travel agencies, tourism organizations, airport access business operators) as well as local residents in regions in the vicinity of individual airports (excluding measures concerning the promotion of wide-area tourism as this shall be covered in other items of the proposal) with the aim of revitalizing airports and improving the convenience for airport users. When an Applicant has been selected as the Preferred Negotiation Right Holder, the proposal made by the Applicant shall become the required standard for the Operating Right Holder. Measures for Collaboration with Local Stakeholders and Working Together with the Local Communities by the parent company, etc. shall be outside the scope of evaluation.
- (2) “Measures for Working Together with the Local Communities” shall mean specific measures for businesses to be conducted to prevent obstacles arising from aircraft noise and operation of aircraft, or to contribute to improvements in the living environment around airports. When an

Applicant has been selected as the Preferred Negotiation Right Holder, the proposal made by the Applicant shall become the required standard for the Operating Right Holder. In this proposal item, the proposed measures shall be confirmed as to whether a sufficient explanation has been provided to prove that its effects are equal to or greater than current efforts and whether such measures give consideration to the regions surrounding the airports.

At airports where the Airport Environment Improvement Foundation currently undertakes measures to work together with the local communities, the effects of the proposed measures shall be confirmed as to whether its effects are equal to or greater than those provided by the Airport Environment Improvement Foundation during the period set forth in the information package (specifics of the businesses are set forth in the information package. However, subsidization of activities to revitalize regions surrounding the airports that correspond to business for promoting airport use shall be excluded as this shall be covered in other items of the proposal) shall be stated.

E) Financial Plan (Overall Part)

[E1] Proposal for Project Plan and Business Continuity

<<Key Points in Screening>>

- Is the plan realistic and reasonable?
- Is the plan consistent with each proposal item?
- Is the proposal specific and effective in terms of risk management measures (including taking out insurance, etc.) to prevent the manifestation of risk events that may have an excessive impact on the management of the SPC?
- Is the proposal specific and effective in terms of business continuity measures to be taken in the event of the manifestation of such risk events?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The Operating Right Holder's project plan (number of passengers, volume of cargo handled, consolidated statement of income/consolidated statement of cash flows/consolidated balance sheet of the seven airports, revenue and expenditure plan of each individual airport), assumptions relating to main proposal items in the project plan, relation with other proposal items, information on personnel, information on investment amount, etc. shall be stated.
- (2) The project plan shall be confirmed as to whether its content is consistent with other proposal items, and whether its content is realistic and reasonable. As the project plan does not constitute an obligation under the Project Agreement, even if the Operating Right Holder fails to realize the project plan, such failure shall not be deemed to be a breach of the Project Agreement.
- (3) In the project plan of each airport, revenue and expenditure that are common among all Seven Airports in Hokkaido shall, in principle, be stated in amounts after being allocated at a ratio based on passenger traffic at each airport in FY2015 (New Chitose Airport 80: Wakkanai

Airport 0.7: Kushiro Airport 2.7: Hakodate Airport 6.9: Asahikawa Airport 4.5: Obihiro Airport 2.4: Memambetsu Airport 2.9). However, if a reasonable method that reflects the actual state of accrual of revenue and expenses and the reasons for allocating such expenses are specified separately, an alternative allocation method may be used.

- (4) Applicants shall bear in mind that the Revenue-Linked Contributions and the Total Amount to be borne by Three Administrators in the project plan must be stated in accordance with the project plan form.
- (5) Among “Measures for Risk Management and Business Continuity of SPC”, measures for risk management shall mean countermeasures to be taken in the event that the occurrence of a risk factor such as a force majeure event exerts a significant negative financial impact temporarily on the Operating Right Holder, and measures for business continuity shall mean measures to maintain airport operation continuity by backup measures such as insurance and establishment of commitment lines by financial institutions as countermeasures to be taken in the event that the Operating Right Holder suffers excessive financial stress, regardless of whether a risk event has occurred. Such measures shall be confirmed as to whether they are specific and effective in content, and whether they help maintain the financial soundness of the SPC.
- (6) Among the measures for risk management, a proposal shall be made on the details of insurance to be taken out as an obligation imposed by the Four Administrators, such as the amount of excess, measures for the portion equivalent to such amount of excess, and measures to be taken when an event subject to excess occurs. Also, in cases where business recovery measures in place of insurance are to be proposed, such measures shall be proposed in this proposal item.

[E2] Fund Raising Plan and Investment Strategy

<<Key Points in Screening>>

- Is the plan for raising funds consistent with the project plan?
- Is the method of fund raising presented realistic and reasonable?
- Is the method of recovering the investments reasonable?
- Is the proposal able to raise funds for the consideration for the Operating Right and the consideration for the acquisition of shares of the operator of the Building Facilities Business without fail?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) In the proposal in “Method of Raising Funds throughout the Project Period”, the method of raising funds for investments throughout the project period shall be confirmed as to whether a realistic and reasonable method has been presented from the viewpoint of soundness and stability of the Project, and whether fund raising is consistent with the project plan.

- (2) In the proposal regarding the "Method of Raising Funds for a) Consideration for the Operating Right (Portion of Lump-sum Operating Right Consideration Payment) and b) Consideration for Acquisition of Shares of the Operator of the Building Facilities Business and Business Assurance of Funds (Including Attachment of Letter of Intent (LOI), etc.)", submission of materials that substantiate the certainty of the method of raising funds for the consideration for the Operating Right (the portion of Lump-sum Operating Right Consideration Payment) and for the acquisition of shares of the operator of the Building Facilities Business shall be required.
- (3) Whether it is possible to pay without fail the consideration for the Operating Right (the portion of Lump-sum Operating Right Consideration Payment) and the consideration for shares of the operator of the Building Facilities Business due to be paid around the same period shall be confirmed, as well as whether there is any risk of delays in the commencement of the Project due to delays in payment. In cases where the payment of the consideration for the Operating Right (the portion of Lump-sum Operating Right Consideration Payment) and the consideration for shares of the operator of the Building Facilities Business is deemed to be extremely uncertain, the score shall be reduced.
- (4) In the proposal of the investment strategy, whether the proposal can minimize the investment amount through the private sector's creative efforts and realize an effective and efficient payback of investment shall be confirmed.

F) Consideration for the Operating Right, etc. (Consideration, etc. Part)

[F1] Amount of Consideration for the Operating Right and Total Amount to be Borne by Three Administrators

<<Key Points in Screening>>

- Is the consideration for the Operating Right proposed as high as possible?
- Does the proposal minimize the total amount to be borne by Three Administrators?

<<Explanation of Key Points in Screening and Notes on Completing Proposal Documents>>

- (1) The amount of consideration for the Operating Right shall be proposed. The SPC to be established by the Second Screening Participant selected as the Preferred Negotiation Right Holder shall pay the consideration for the Operating Right proposed in this proposal item in accordance with the provisions of the Project Agreement concluded with the State.
- (2) Consideration for the Operating Right proposed by an Applicant that is higher in amount shall be rated higher, and the specific scoring method shall be based on the following formula.
The allocated score x (Amount of consideration for the Operating Right proposed by the Applicant/Highest price proposed among all proposals for the consideration for the Operating Right)

* Amount of consideration for the Operating Right proposed by the Applicant and the

highest price proposed among the amount of consideration for the Operating Right proposed by the Applicants shall not include consumption tax or local consumption tax, and the amount resulting from the calculation shall be rounded off to one decimal place.

- (3) The total amount to be borne by Three Administrators shall be evaluated based on the difference between a) the total amount to be borne by Three Administrators (the total amount of “Burden of Costs of Operation (including Replacement Investment of Vehicles, etc.)” and “Burden of Costs of Replacement Investment (excluding Expansion) for the Facilities Subject to the Operating Right (Facilities Subject to the Operation Appointment in the case of Asahikawa Airport and Obihiro Airport; the same shall apply hereinafter)” throughout the entire project period) proposed by the Applicant and b) the upper limit of the amount to be borne by Three Administrators indicated in the Application Guidelines. The difference shall be hereinafter referred to as “Amount of Burden Reduction”. The proposal on the total amount to be borne by Three Administrators shall be made in accordance with the Project Plan Forms. In cases where the “Burden of Costs of Operation (including Replacement Investment of Vehicles, etc.)” becomes unnecessary as a result of improvements in cash flows at each airport due to improvements in operational efficiency and growth of sales by the SPC, the total amount to be borne shall be proposed in such a way that the “Burden of Costs of Replacement Investment (excluding Expansion) for the Facilities Subject to the Operating Right” is mitigated. The proposal on the total amount to be borne by Three Administrators shall be confirmed as to whether it is realistic and reasonable in content, through [E1] and [E2].
- (4) In this proposal item, a higher Amount of Burden Reduction shall be rated higher, and the specific scoring method shall be based on the following formula.

The allocated score x (Proposed Amount of Burden Reduction/Highest Amount of Burden Reduction proposed among all proposals)

* The proposed Amount of Burden Reduction and the highest Amount of Burden Reduction proposed among all proposals shall not include consumption tax or local consumption tax, and the amount resulting from the calculation shall be rounded off to one decimal place.

Appendix 1: Proposal Items in First Screening and Second Screening

Proposal classification	First Screening		Second Screening			
	Overall Part		Overall Part		Individual Part	
A) Executive Plan	[A] Project Concept	<ul style="list-style-type: none"> • Demand Trend Analysis and Project Environment Analysis for All Seven Airports in Hokkaido • Recognition of Issues based on the Analyses • Core Concept and Competitive Positioning of each of the 7 Airports in Hokkaido based on Analyses, Issues and Characteristics of Each Airport throughout the Entire Project Period 	[A1] Strategic Concept	<ul style="list-style-type: none"> • Strategic Concept throughout Entire Project Period for Seven Airports in Hokkaido 	[A-CTS through A-MMB] Strategic Concept	<ul style="list-style-type: none"> • Strategic Concept throughout Entire Project Period for Each Individual Airport
			[A2] Demand Trend Analysis and Project Environment Analysis	<ul style="list-style-type: none"> • Detailed Demand Trend Analysis and Project Environment Analysis for All Seven Airports in Hokkaido • Recognition of Issues based on the Analyses • Strategic Positioning of Each Airport 		
			[A3] Target Figures, etc.	<ul style="list-style-type: none"> • Targets and Target Figures for All Seven Airports in Hokkaido ➢ Target Figures for Passenger Traffic and Cargo Volume ((i)) ➢ Target Figures for Number of Routes ((ii)) ➢ Target Figures for Number of Flights ((iii)) ➢ Target Figures for Aviation Income ((iv)) ➢ Target Figures for Non-aviation Income ((v)) <p>[Relating to (i) through (v) above]</p> <ul style="list-style-type: none"> ✓ Target Figures to be Achieved in Five Years' Time ✓ Target Figures to be Achieved by the End of the Project Period ➢ Target for Service Quality of Airport Users ((vi)) <p>[Relating to (vi) above]</p> <ul style="list-style-type: none"> ✓ Target to be Achieved in Five Years' Time ✓ Target to be Achieved by the End of the Project Period ➢ Performance Indicators for Service Quality of Airport Users ((vii))		<ul style="list-style-type: none"> • Targets and Target Figures for Each Individual Airport ➢ Target Figures for Number of Passengers and Cargo Volume ((i)) ➢ Target Figures for Number of Routes ((ii)) ➢ Target Figures for Number of Flights ((iii)) ➢ Target Figures for Aviation Income ((iv)) ➢ Target Figures for Non-aviation Income ((v)) <p>[Relating to (i) through (v) above]</p> <ul style="list-style-type: none"> ✓ Target Figures to be Achieved in Five Years' Time ✓ Target Figures to be Achieved by the End of the Project Period ➢ Target for Service Quality of Airport Users ((vi)) <p>[Relating to (vi) above]</p> <ul style="list-style-type: none"> ✓ Target to be Achieved in Five Years' Time ✓ Target to be Achieved by the End of the Project Period ➢ Performance Indicators for Service Quality of Airport Users ((vii))

Proposal classification	First Screening		Second Screening			
	Overall Part		Overall Part	Individual Part		
B)Airport Growth	(Development of Route Network and Promotion of Wide-Area Tourism)					
	[B1] Policy for Development of Route Network	<ul style="list-style-type: none"> • Core Policies for Development of Domestic and International Route Networks <ul style="list-style-type: none"> ➢ Core Policies for Attracting Airlines ➢ Core Policies for Landing Fees and Other Fees 	[B1] Proposal for Development of Route Network	<ul style="list-style-type: none"> • Strategy for Development of Domestic and International Route Networks <ul style="list-style-type: none"> ➢ Airline Strategy <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period ➢ Strategy for Landing Fees and Other Fees <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period 	[B1-CTS through B1-MMB] Proposal for Development of Route Network, etc.	<ul style="list-style-type: none"> • Specific Measures for Development of Route Network for Each Individual Airport <ul style="list-style-type: none"> ➢ Measures to Attract Airlines <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period ➢ Measures for Landing Fees and Other Fees <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period
	[B2-1] Policy for Development of Intra Hokkaido Route Network	<ul style="list-style-type: none"> • Core Policies for Development of Intra Hokkaido Route Network <ul style="list-style-type: none"> ➢ Core Policies for Attracting Airlines ➢ Core Policies for Setting Landing Fees and Other Fees 	[B2-1] Proposal for Development of Intra Hokkaido Route Network	<ul style="list-style-type: none"> • Strategy for Development of Intra Hokkaido Route Network <ul style="list-style-type: none"> ➢ Airline Strategy <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period ➢ Strategy for Landing Fees and Other Fees <ul style="list-style-type: none"> ✓ Specific Measures for the Five-year Period ✓ Basic Measures until the End of the Project Period 		<ul style="list-style-type: none"> • Measures to promote the attractiveness of the Region as part of the Promotion of Wide-area Tourism at Each Individual Airport • Measures to Collaborate with Stakeholders Related to the Promotion of Wide-area Tourism at Each Individual Airport
[B2-2] Policy for Promotion of Wide-Area Tourism	<ul style="list-style-type: none"> • Core Policies for Promotion of Wide-Area Tourism as an Airport Operator 	[B2-2] Proposal for Promotion of Wide-Area Tourism	<ul style="list-style-type: none"> • Specific Measures for Promotion of Wide-Area Tourism as an Airport Operator • Measures to Collaborate with Stakeholders Related to the Promotion of Wide-area Tourism as an Airport Operator 			

Proposal classification	First Screening		Second Screening			
	Overall Part		Overall Part	Individual Part		
B) Airport Growth	(Operation of Airport Facilities)					
	[B3] Policy for Operation of Airport Facilities	<ul style="list-style-type: none"> Core Policies for Operation of Airport Facilities throughout the Project Period <ul style="list-style-type: none"> Core Policies for Operation of Airport Facilities Core Policies for Capital Investments in Airport Facilities (Expected Main Investment Targets, Investment Details, Effects of Investment, Scheduled Timing of Investments) 	[B3] Proposal for Operation of Airport Facilities	<ul style="list-style-type: none"> Overall Strategy for Agile and Integrated Operations of Seven Airports in Hokkaido (including Capital Investment Strategy) Specific Operational Measures for Airport Facilities Across All Seven Airports in Hokkaido (including Capital Investment Strategy) Total Amount of Capital Investments for Functional Maintenance and vitalization of Airports 	[B3-CTS through B3-MMB] Proposal for Operation of Airport Facilities	<ul style="list-style-type: none"> Operational Measures for Basic Airport Facilities, Passenger Building Facilities and Cargo Building Facilities at Each Individual Airport (including Investment Measures) <ul style="list-style-type: none"> Specific Measures for the Five-year Period Basic Measures until the End of the Project Period Layout Drawing of Facilities, etc. and Overview of the Facilities at End of Project Period
C) Project Implementation Structure, etc.	[C1] Policy for Safety and Security	<ul style="list-style-type: none"> Core Policies for Ensuring Aviation Safety and Security of the Airport Core Policies for Self-monitoring for Safety and Security Core Policies for Emergency Countermeasures (Incidents, Accidents, Disasters, Epidemics, etc.) 	[C1] Proposal for Safety and Security	<ul style="list-style-type: none"> Core Measures for Safety and Security Core Policies for Self-monitoring for Safety and Security Specific Measures for Ensuring Aviation Safety and Security of the Airport Emergency Countermeasures (Incidents, Accidents, Disasters, Epidemics, etc.) 	-	-
	[C2] Policy for Project Implementation Structure	<ul style="list-style-type: none"> Capital Contribution Ratio and Ratio of Voting Rights of Each Consortium Member (When Indirect Holding of SPC Shares, etc. is Preferred, the Capital Relationship between SPC and Applying Company or Consortium Members in Specific Terms) Profile and Operational Experience of Applying Company/Key Consortium Members SPC's Organizational Structure 	[C2] Proposal for Project Implementation Structure	<ul style="list-style-type: none"> Composition of Capital Contribution to SPC, etc. <ul style="list-style-type: none"> Ratio of Voting Shares and Non-voting Shares Held and Amount of Capital Contributed by Each Capital Investor When Indirect Holding of SPC Shares, etc. is Preferred, Details of the Capital Relationship between SPC and Applying Company or Consortium Members Roles of Applying Company or Consortium Members Organizational Structure <ul style="list-style-type: none"> Organization Chart and Allocation of Duties within the SPC (including its Subsidiaries, etc.) Relationship with Contractors and Subcontractors Self-monitoring Method (Excluding Monitoring Method for Safety and Security) <ul style="list-style-type: none"> Compliance with Required Standards Performance of Matters Proposed by Applicants 	-	-
	-	-	[C3] Proposal for Treatment of Staff	<ul style="list-style-type: none"> Personnel/Employment-related Measures for SPC and Its Subsidiaries, etc. Requested Number, and Period by Job Type for Staff of the Four Administrators and Specific Measures for Skills Hand Over 	-	-

Proposal classification	First Screening		Second Screening			
	Overall Part		Overall Part		Individual Part	
D) Collaboration with Local Communities	-	-	-	-	[D-CTS through D-MMB] Proposal for Collaboration with Local Stakeholders and Working Together with the Local Communities	<ul style="list-style-type: none"> Measures for Collaboration with Local Stakeholders at Each Individual Airport (Excluding Measures Concerning the Promotion of Wide-area Tourism) Measures for Working Together with the Local Communities
E) Financial Plan	[E] Revenue and Expenditure Plan	<ul style="list-style-type: none"> Core Policies for Revenue and Expenditure Plan throughout the Operation Period (Sum of Seven Airports Only) <ul style="list-style-type: none"> Overview of Revenue and Expenditure Plan, Amount to be Borne by Three Administrators Framework of Revenue and Expenditure Plan Policies and Measures for Raising Funds 	[E1] Proposal for Project Plan and Business Continuity	<ul style="list-style-type: none"> Project Plan <ul style="list-style-type: none"> Number of Passengers, Volume of Cargo Handled, Aviation Income, Non-aviation Income Consolidated Statement of Income Consolidated Statement of Cash Flows Consolidated Balance Sheet Revenue and Expenditure Plan of Each Individual Airport Measures for Risk Management and Business Continuity of SPC 	-	-
	-	-	[E2] Fund Raising Plan and Investment Strategy	<ul style="list-style-type: none"> Method of Raising Funds throughout the Project Period Method of Raising Funds for a) Consideration for the Operating Right (Portion of Lump-sum Operating Right Consideration Payment) and b) Consideration for Acquisition of Shares of the Operator of the Building Facilities Business. Assurance of Funds (Including Attachment of Letter of Intent (LOI), etc.) Investment Strategy 	-	-

Proposal classification	First Screening		Second Screening			
Consideration, etc. Part						
F) Consideration	[F] Consideration	Planned Amount of Consideration for the Operating Right	[F1] Amount of	Consideration for the Operating Right	-	-

Proposal classification for the Operating Right, etc.	First Screening		Second Screening			
	Overall Part		Overall Part		Individual Part	
	for the Operating Right and Total Amount to be Borne by Three Administrators	• Total Amount to be Borne by Three Administrators at Three Local Airports	Consideration for the Operating Right, Total Amount to be Borne by Three Administrators	• Total Amount to be Borne by Three Administrators at Three Local Airports	-	-