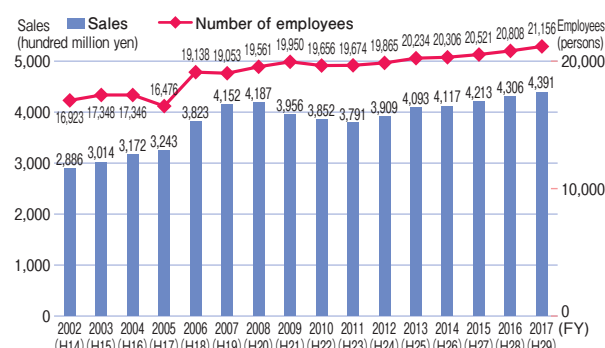


IT-related Industries Concentrated in "Sapporo Valley" Becoming Major Industry in Hokkaido

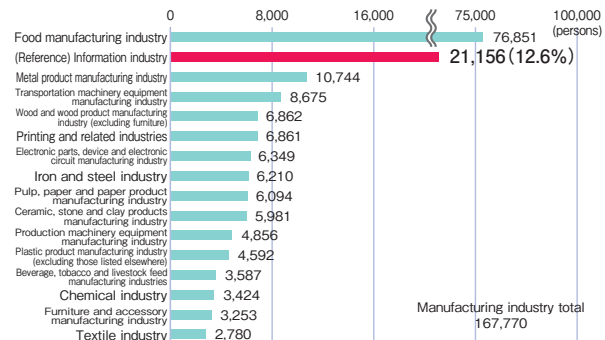
IT Becoming a Major Industry

According to "Hokkaido IT Report 2018," published by the Hokkaido Information and Communication Technology Association, Hokkaido's IT industry's sales for that year totaled 439.1 billion yen, marking 5 consecutive years of sales exceeding 400 billion yen. It is Hokkaido's second largest source of manufacturing employment after the food production industry, accounting for 12.6% of all manufacturing jobs in Hokkaido.

■IT Becoming a Major Industry



Comparison of number of employees in Hokkaido's information industry and number of employees in Hokkaido's manufacturing industries



Source: 2017 Report on Confirmed Industrial Statistics (Hokkaido Report) (Hokkaido Government)

An Account of Business and Life in Hokkaido from a Company that Relocated for HR and Risk Diversification Reasons

The INTAGE group is Japan's leading market research company. It has the world's 10th greatest sales in the market research field, and has offices in the USA, China, Hong Kong, South Korea, Thailand, Vietnam, India, Singapore and Indonesia.

INTAGE, the backbone of the group, opened an Internet-based market research office in Sapporo, Hokkaido in July 2015 for the following reasons:

1. The pool of information-industry personnel in Sapporo
2. To diversify risk in case of natural disasters

The office was relocated in July 2018 to expand INTAGE's business in Sapporo.

The floor space has been increased and more workers are being hired.

Local staff are accompanied by transfers from Tokyo and people who are making a "U-turn" (return to their hometown from major cities), "I-turn" (move to Hokkaido from elsewhere in Japan) or "J-turn" (return to Hokkaido from elsewhere), providing new perspectives and synergistic effects.

Despite the cold winters, workers have experienced no discomfort, reporting that the offices are warmer than those they left behind in Tokyo thanks to excellent heating and insulation, and that road heating has made many of Sapporo's sidewalks easy to walk on.

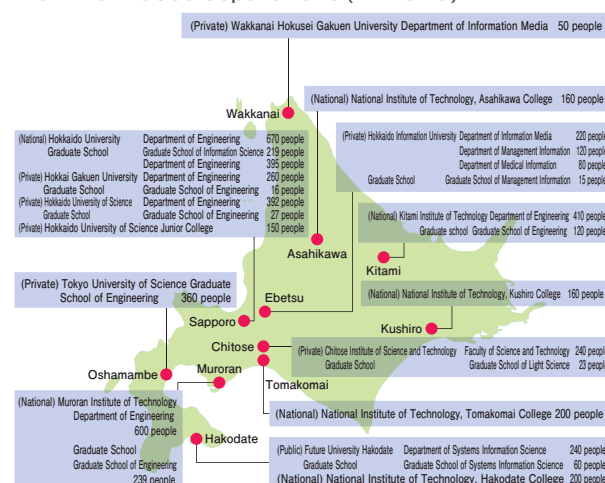
INTAGE Inc. (Sapporo Branch)



Engineering and Information Universities Supporting IT-Related Industry

Hokkaido has 10 universities, 1 junior college, and 4 technical high schools with engineering or informatics departments in 11 municipalities (10 cities and 1 town). The enrollment capacity is around 5,600 people, with many highly skilled personnel graduating from these courses each year.

■Universities, etc. in Hokkaido with an engineering or informatics department (FY2018)



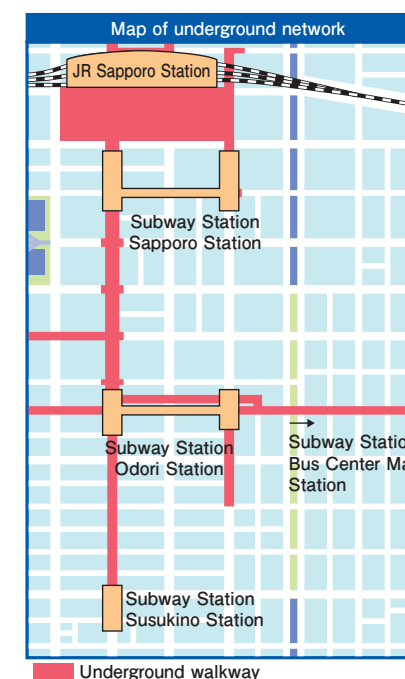
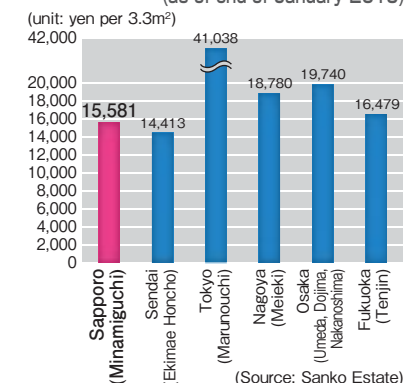
*The number of people shown is the enrollment capacity.
*The figure for the Oshamambe Campus of the Tokyo University of Science is for the first year only.
(Source: Private Schools Division, Legal Affairs and Corporations Bureau, Department of General Affairs, Hokkaido Government)

A Growing Industrial Support Services Industry

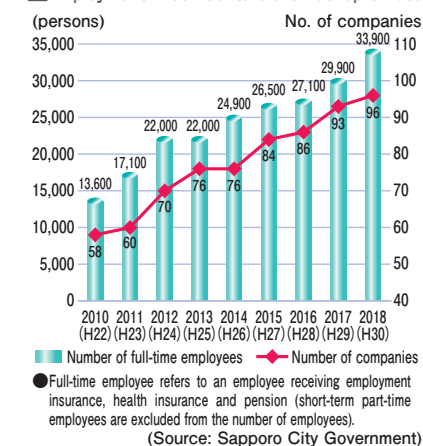
Ideal Conditions Such as Lower Office Rent and Easier Recruitment than Major Japanese Cities

An increasing number of companies have been establishing call centers or offices for some head office functions in Hokkaido in recent years, particularly in Sapporo. Wages and office rent are lower than in major Japanese cities and there is a low risk of a disaster occurring in both Hokkaido and regions such as the Tokyo metropolitan area at the same time, making it an ideal location. Hokkaido is also ideal for companies considering a location for a call center, as the Japanese spoken in Hokkaido is similar to standard Japanese, with no strong dialect. There are now 96 call centers and backup offices in Sapporo, with 33,900 employees.

■Comparison of Office Rent (as of end of January 2019)



■Employment in Call Centers and Backup Offices



■Number of Call Centers (as of July 2018)

1	Hokkaido	99
2	Okinawa	98
3	Fukuoka	74
4	Miyazaki	51
5	Miyagi	44
6	Aomori	38
7	Niigata	17
8	Kumamoto	16
9	Nagasaki	15
10	Saga	15

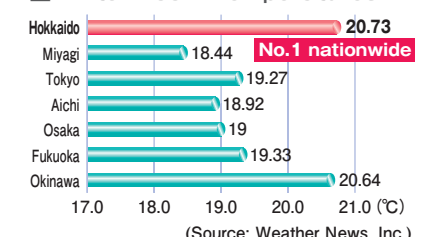
*Excludes Tokyo, Kyoto, Osaka, Saitama and Aichi (RIC TELECOM: Call Centers White Paper 2018)

An Easy Commute and a Comfortable Office Environment in Sapporo

There are various forms of convenient public transport to Sapporo Station from the outlying suburbs. There is also a 1,700m underground passage running north to south from the office district around Sapporo Station to Susukino, allowing door-to-door commuting that will not be affected by weather.

The winter room temperature is the warmest in Japan and summer temperatures are cool. Your employees will be able to work in a warm and comfortable workplace even in winter.

■Winter Room Temperatures



Underground walkway opened in March 2011



Hokkaido Attracting Attention as a Backup Base for Head Office Functions

Aflac (Sapporo)

After the Great East Japan Earthquake, AFLAC reviewed their business continuity plan and decided to diversify risk by dispersing their operations, setting up a new office in Sapporo for part of their system development department (contract management, sales support, corporate functions, contact center, etc.) They decided to set up a Sapporo System Development Office after various location promotion efforts by the Hokkaido Prefectural Government and Sapporo City Government, who worked with agencies such as Hello Work to provide information on life in Hokkaido and the personnel that the company could hope to employ. The Sapporo System Development Office was opened on April 1, 2016. It is staffed with a combination of existing employees transferred from Tokyo and new employees hired locally, and is designed so that AFLAC can continue to carry out the system development operations necessary for continuity of the business in the event that the system development department in the Tokyo area cannot function due to situations such as natural disasters.

Health and Longevity-related Industries

Increasing Cluster of Health and Longevity-related Businesses as a Result of Hokkaido's Favorable Conditions

Pharmaceutical, Medical Equipment and Bio-Related Companies Expanding into Hokkaido

An increasing number of health and longevity-related companies from other prefectures have chosen Hokkaido as a business location in recent years for reasons such as the increasing concentration of medical universities, the low risk of a disaster occurring in both Hokkaido and regions such as the Tokyo metropolitan area at the same time, and the abundance of agricultural, forestry and marine products that are expected to be used as functional ingredients. Hokkaido is aiming to create an industry cluster from core industries such as food-related industries and the tourism industry, along with the health and longevity field, a growing manufacturing industry in Hokkaido. To encourage Hokkaido companies to enter these industries and encourage relevant companies outside Hokkaido to set up business facilities here, we are providing information on promising research by Hokkaido medical universities and promoting the technical capabilities of Hokkaido manufacturers that have entered health and longevity-related industries.

Health and Longevity-related Companies that Have Expanded into Hokkaido in Recent Years

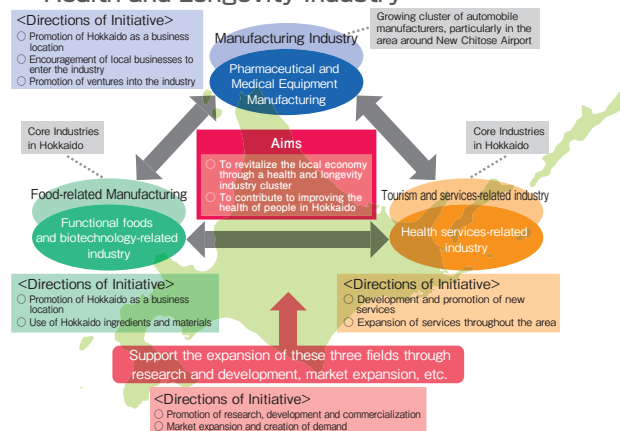
Years in operation	Company	Field	Head office	Location (municipality)
2008 (H20)	Shionogi & Co., Ltd.	Pharmaceutical	Osaka	Sapporo
2010 (H22)	TSUMURA & CO.	Pharmaceutical	Tokyo	Yubari
2013 (H25)	Hamari Chemicals, Ltd.	Pharmaceutical	Osaka	Chitose
2013 (H25)	NSK	Functional Foods	Aichi	Kitami
2014 (H26)	Cokey Co., Ltd.	Functional Foods	Tokyo	Hakodate
2015 (H27)	Nihon Unisys, Ltd.	Medical equipment	Tokyo	Kitahiroshima
2016 (H28)	Nakakita Yakuhin Co., Ltd.	Pharmaceutical	Aichi	Kitahiroshima
2016 (H28)	Nipro Corporation	Pharmaceutical	Osaka	Sapporo
2017 (H29)	Natural Science Co., Ltd.	Cosmetics	Tokyo	Shiraoi

Example of a Health and Longevity-related Company Located in Hokkaido (Nakakita Yakuhin Co., Ltd.)

Nakakita Yakuhin Co., Ltd. (head office: Aichi) is a general pharmaceutical company with a history spanning 290 years. They carry out a wide range of operations related to medical and medicinal products, from production to wholesale, distribution and customer support. They built a new factory in Kitahiroshima, a city located between downtown Sapporo and New Chitose Airport, due to a need for risk diversification and the abundant, high-quality groundwater in the area. The factory mainly produces oral liquid medicine. Their corporate activities are closely linked to the community, including recruitment at Hokkaido's universities and technical colleges and production of medicinal wine with Hokkaido wine as the main ingredient.



Basic Principles for Promoting Hokkaido's Health and Longevity Industry



Wide range of functional materials and research opportunities

•Functional materials dictionary (pictured left)

This resource details the characteristics of Hokkaido's abundant food materials and medicinal plants.

•Collection of Health and Medical Research Opportunities (pictured right)

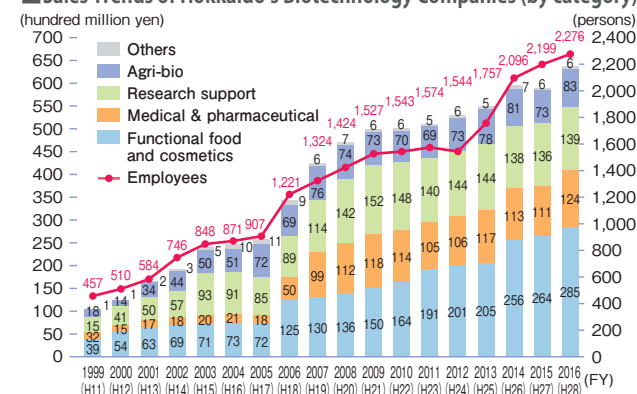
This resource describes research opportunities in fields related to health and medicine, from pharmaceuticals and medical devices to functional materials, at institutes such as Hokkaido's medical universities.



Backing Steady Growth of Bio Industries Using Hokkaido Ingredients and Materials

According to the Hokkaido Bio Report 2017 from the Hokkaido Bureau of Economy, Trade and Industry (METI Hokkaido), Hokkaido's bio industry achieved sales of 63.8 billion yen in the 2016 fiscal year - an increase of 8.1% on the previous year and over six times greater than sales 17 years ago. Its employment numbers have also more than quadrupled in that time, with 2,276 employees today (an increase of 3.5% on the previous year). The industry has thus become a major source of employment and support for the local economy. It offers particularly great possibilities for the functional food industry thanks to Hokkaido's abundant agricultural and marine resources and food research cluster. Much high-profile research and development is being carried out by Hokkaido's companies and other relevant organizations for purposes such as utilization of Hokkaido's original food function display system. Created in 2013 and known affectionately as "Healthy Do," the system is the only food function certification system in Japan and is used by local government bodies nationwide.

Sales Trends of Hokkaido's Biotechnology Companies (by category)



The Clinical Study of Food: Ebetsu Model (Hokkaido Information University)

The Clinical Study of Food: Ebetsu Model operated by Hokkaido Information University is a system unmatched by almost any other system in the world. Scientific intervention testing on food safety and functionality is conducted in cooperation with the community, enabling efficient, low-cost testing. Ebetsu has a prolific crop and livestock farming industry and is designated as a food zone due to its agglomeration of testing and research institutes and universities, providing the ideal conditions for research and development of functional foods. An ongoing testing framework has been put in place and is maintained by volunteers, including members of the community. The system is also designed so that it can be used by small and medium companies.



Industrial Base

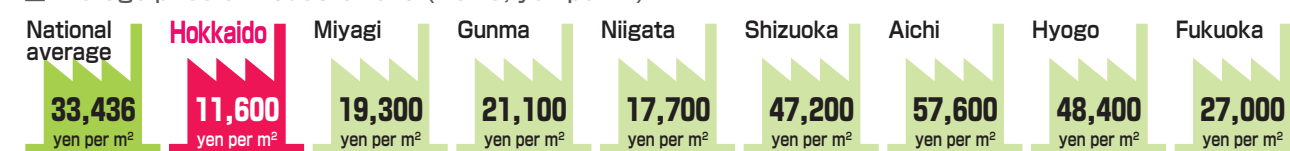
Industrial Complexes for New Business Activities

Draw cards include low costs and diverse industrial complexes

Hokkaido's industrial land prices are extremely low, among the lowest in Japan. Land is for sale in 102 industrial complexes in Hokkaido.

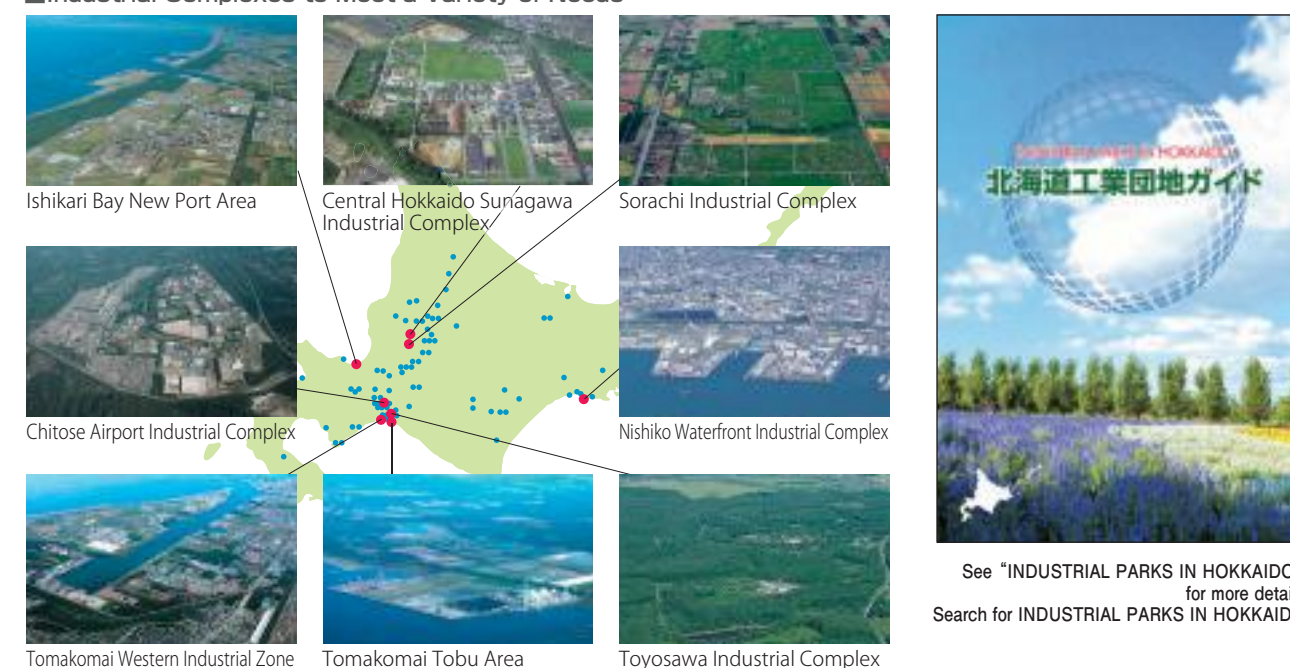
There are industrial complexes in various locations throughout Hokkaido. A total of 14,876ha of land is used for purposes such as factories, with 5,837ha for sale. (As of May 2018)

Average price of industrial land (2018, yen per m²)



(Source: Ministry of Land, Infrastructure, Transport and Tourism)

Industrial Complexes to Meet a Variety of Needs



See "INDUSTRIAL PARKS IN HOKKAIDO" for more details.
Search for INDUSTRIAL PARKS IN HOKKAIDO.

Main Industrial Complexes in Hokkaido (*complexes with over 20ha of land for sale) (As of May 2018)

Industrial Complex	Location	Size of Potential Industrial Sites (ha)		Sale Price (yen/㎡)	
			For Sale	Lowest	Highest
Tomakomai Tobu Area	Tomakomai, Abira, Atsuma	5,500.0	4,478.0	9,000	15,000
Ishikari Bay New Port Area	Ishikari, Otaru	1,210.6	145.8	12,000	15,000
Sorachi Industrial Complex	Bibai, Naie	247.3	109.9	690 (*420 for large lots)	1,070(*630 for large lots)
Chitose Vivi World	Chitose	108.4	80.9	9,000	
Akenokita Industrial Complex	Tomakomai	131.1	65.5	10,300 (average unit price)	
Utonai Housing/Commercial Complex	Tomakomai	65.8	58.8	15,500～	
Tomakomai Western Industrial Zone	Tomakomai	1,155.8	55.7	9,300～	
Chitose Airport Industrial Complex	Chitose	214.4	45.1	9,000	
New Chitose Airport Logistics Center	Chitose	33.6	33.6	14,000～21,000	
Central Hokkaido Sunagawa Industrial Complex	Sunagawa	74.8	26.9	2,000～	
Minami Sorachi Distribution Complex	Iwamizawa	35.1	24.6	11,500 (average unit price)	
Hirosato Industrial Complex	Fukagawa	49.2	24.3	Consultation available	
Chitose Delivery Complex	Chitose	30.2	23.9	15,000	20,000

Main industrial complexes where groundwater can be supplied (unit: m³/day)

Municipality	Industrial Complex	Volume of Accessible Groundwater
Memuro	No. 5 Industrial Complex	8,800
Ebetsu	RTN Park	8,000
Chitose	Chitose Airport Industrial Complex	8,000
Chitose	Chitose Delivery Complex	4,000
Chitose	No. 4 Industrial Complex	3,500
Date	Nagawa Industrial Complex	2,500
Chitose	Vivi World	2,000
Kitami	Kitami Industrial Complex	1,500
Shibetsu	Ekinan Industrial Complex	1,440
Sunagawa	Central Hokkaido Sunagawa Industrial Complex	1,226
Kitami	High-Tech Park	1,200
Chitose	Science Park	1,000
Chitose	Neshikoshi Business Complex	1,000

(Extracted from complexes for sale where over 1,000 m³ of groundwater per day can be obtained)

