

2 Support Programs of Hokkaido Prefecture for Attracting Companies

(1) Support Measures of Hokkaido Prefecture

Type	Category	Eligible industries	Eligible regions	New facility Expansion	Subsidy conditions • Investment amount • Job creation	Details of subsidy			
						Subsidy amount	Maximum	Maximum total	
Type I	Growth industries	Automotive related manufacturing	Anywhere in Hokkaido (excluding Sapporo City) (Vegetable factories are covered as long as they are inside an industrial park or on industrial land [excluding in Sapporo City])	New facility	500 million yen or more 20 or more	10% of investment	1.5 billion yen *7	2 billion yen (for the same company)	
		Expansion		5% of investment		500 million yen			
		Electrical and electronic equipment manufacturing, pharmaceutical manufacturing, food related industry, vegetable factory, new energy related manufacturing		New facility		10% of investment	1.0 billion yen *7	1.3 billion yen (for the same company)	
		Expansion		5% of investment		300 million yen			
		New energy supply *As long as eligible for municipal assistance		New facility		1.0 billion yen or more 1 or more	5% of investment	100 million yen	—
		Data center operations		New facility		[General] 1.0 billion yen or more 5 or more	10% of investment	[General] 300 million yen [Eco-friendly] 500 million yen	[General] 450 million yen [Eco-friendly] 750 million yen (for the same company)
				Expansion		[Eco-friendly] *5 2.0 billion yen or more 5 or more	5% of investment	[General] 150 million yen [Eco-friendly] 250 million yen	
				New facility		25 million yen or more 5 or more	10% of	300 million yen	
		Expansion		5% of investment					
	Core technology industries	Anywhere in Hokkaido	New facility	(No requirement for investment amount)	Half of rent for one year period	10 million yen	-		
	Relocation of headquarters function		Expansion						
	Development base facilities	Natural science research lab *Limited to those related to growth industries	Anywhere in Hokkaido	New facility	1.0 billion yen or more 5 or more	10% of investment	1.0 billion yen	1.3 billion yen (for the same company)	
				Expansion	500 million yen or more 5 or more researchers	5% of investment	300 million yen		
Advanced logistics related business *Limited to those related to growth industries		Anywhere in Hokkaido (excluding Sapporo City)	New facility	2.0 billion yen or more	10% of investment	1.0 billion yen			
			Expansion	20 or more	5% of investment	300 million yen			

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						Subsidy amount	Maximum	Maximum total
Type II	Municipal coordination promotion fields	Must be eligible for subsidies provided by municipalities to attract companies (designated cluster industry within the applicable area of the Act on the Promotion of Establishment of Enterprises • Manufacturing • Natural science lab • Advanced logistics related business • Data center operations • Software • Information processing and provision services • Call center operations • Vegetable factories	Special measure area *3	New facility Expansion	25 million yen or more 5 or more	4% of investment amount	100 million yen	Investment subsidy 300 million yen (for the same company)
			Area applicable to Act on the Promotion of Establishment of Enterprises (for areas within Sapporo City, limited to new facilities of specially approved businesses) *4	New facility		8% of investment amount if located in a special measure area and it is a new facility applicable to designated cluster industry within the cluster area of the Act on the Promotion of Establishment of Enterprises		
						500,000 yen per new job created (paid from the sixth new job created when six or more new jobs are created)	50 million yen	
			Industrial park (excluding Sapporo City) (limited to manufacturing industry and vegetable factories) (Vegetable factories are covered as long as they are inside an industrial park or on industrial land [excluding in Sapporo City])	New facility		8% of investment	100 million yen	
Expansion	50 million yen or more 5 or more	4% of investment						

*1 : If a subsidy exceeds the investment amount, the subsidy amount shall be made equivalent to the investment amount. Amounts will also be adjusted if a business is receiving other subsidies that exceed the Type II municipal subsidies for the establishment of new business facilities. Subsidies may not be given in cases where it is judged that it will be difficult for the company to stay in business for reasons such as insolvency

*2 : Businesses may receive one type of subsidy from either Type I or Type II.

*3 : "Special measure area" refers to suitable areas designated by regional development laws such as the Act on Promotion of Introduction of Industry into Agricultural Regions. (For details, see the Hokkaido Prefectural Government website or pamphlets, etc.)

*4 : "Specially-approved business operators" refers to new businesses that have received approval from the governor under the stipulations in Article 14-3 or 16-3 of the Act on the Promotion of Establishment of Enterprises and are judged by the governor to be of particularly great economic benefit.

*5 : "Eco-friendly data centers" refers to data centers with facilities recognized by the governor to consume at least 20% less electricity for air conditioning facilities than a

standard data center through the use of natural energy such as snow and ice or solar power

*6 : Subsidies may be issued in installments up to a 10-year period.

*7 : A sliding scale is applied for the upper limit according to increases in employee numbers. This sliding scale is used to set the maximum amount according to the number of new employees.

2 Support Programs of Hokkaido for Attracting Companies

(2) Small and Medium Enterprise Promotion Fund and Financing Program

The Hokkaido Small and Medium Enterprise Promotion Fund was established in order to contribute to the development of Hokkaido's industry and economy by seeking to reinforce the management foundation of small- and medium-sized enterprises in Hokkaido and revitalizing business.

This form of financing for attracting companies is not limited to small- and medium-sized enterprises as up to 800 million yen can be accessed in financing.

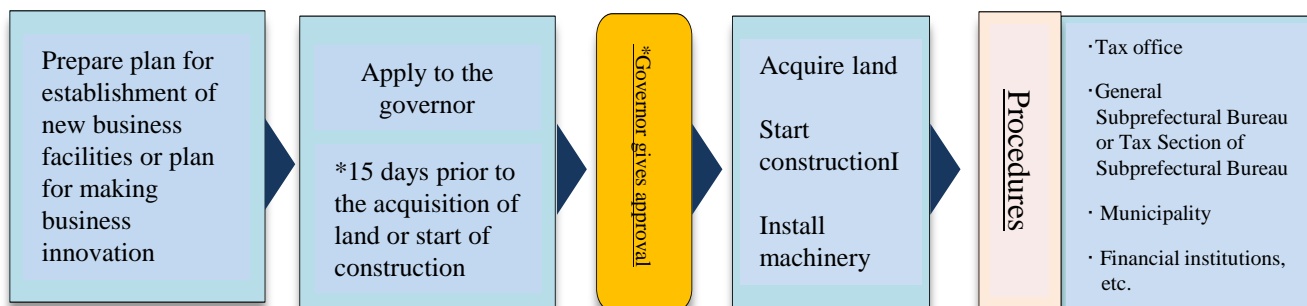
Hokkaido Small and Medium Enterprise Promotion Fund and Financing Program (As of April 1, 2016)

Name of funding	Eligibility	Use of funds	Requirements
Funding specific to life stage (Stage up lending [for attracting companies])	New facilities or expansion of offices in the following industries <ul style="list-style-type: none"> • Manufacturing • Natural science lab (Limited to those related to growth industries) • Advanced logistics related business (Limited to those related to growth industries) • Data center • Information processing and provision service • Call center operations • Vegetable factories • New energy related (supply and manufacturing) 	Capital expenditures	(1) Loan amount 800 million yen or less (2) Interest rate [Fixed rate] 3 years or less 1.2% 5 years or less 1.4% 7 years or less 1.6% 15 years or less 1.8% Variable rate 1.2% (limited to greater than 3 years) (3) Term 15 years or less (with deferment of 2 years or less)

(3) Support Measures under the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc.

Hokkaido Prefecture and relevant municipalities have prepared “basic plans” under the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc. for 18 areas with the approval of the national government. When establishing a new factory or expanding an existing factory that belongs to one of the cluster industries in a cluster zone of these basic plans or when acquiring facilities for business innovation, the company can receive support measures including special depreciation or reduced local taxes (real estate acquisition tax and fixed asset tax), and low interest loans.

Application procedures (workflow)



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Main areas of support

Program	Requirements	Details of support
National tax incentives	<p>Building, etc.: 500 million yen or more (50 million yen or more for agriculture, forestry and fisheries related industries)</p> <p>Machinery purchases: Unit price of 10 million yen or more and 300 million yen or more (Unit price of 5 million yen or more and 40 million yen or more for agriculture, forestry and fisheries industries)</p>	<p>Tax system for promoting the establishment of new business facilities</p> <p>Special repayment program:</p> <p>Buildings 8%</p> <p>Machinery purchases 15%</p>
Local tax incentives	<p>Total acquisition cost of land and buildings: more than 200 million yen (50 million yen or more for agriculture, forestry and fisheries industries)</p> <p>*Eligible land must be directly underneath the applicable building.</p>	<p>Exemption from real estate acquisition tax (Hokkaido tax)</p> <p>Reduced fixed asset tax (Municipality tax: existence and details of measures differ by municipality)</p>
Low interest loans		Low interest loans provided by Japan Finance Corporation
Special Provisions of the Small and Medium-sized Enterprise Credit Insurance Act		Increased insurance limit through a guarantee related to regional industrial clusters

* Requirements for each incentive program differ. Please contact the relevant institution for more details.