

Attractive Sectors in Tokyo's Special Zones

Healthcare Sector

According to OECD statistics on health expenditure by country, the healthcare market in Japan ranks third in the world, following the United States and China.

Tokyo has a large number of key institutions conducting Japan's medical treatment and drug-related research and clinical trials such as medical schools, hospitals affiliated to medical schools, and other specialized medical institutions, as well as long-term care and welfare facilities. Accordingly, Tokyo attracts pharmaceutical and medical device companies from around Japan, and this is a large strength of Tokyo. Developing your business in Tokyo will expand your opportunities to partner with these companies and research institutions.

In the Nishinjicho district, which is adjacent to Tokyo Station and very convenient for transportation, the concentration of pharmaceutical companies and related organizations is being leveraged for the establishment of business exchange centers for information exchange and business matchups in the area of life sciences.

ICT Sector

The ICT industry is a leading industry driving the Japanese economy. It is estimated that the ICT market will expand to nearly USD130 billion in 2019. Moreover, with the need to bolster the security of the telecommunications infrastructure and other important infrastructure in Tokyo in preparation for the Tokyo 2020 Olympic and Paralympic Games, it is projected that demands for related products and services will grow.

As many companies have their headquarters and offices located in Tokyo and its vicinity, you will be able to approach companies from various sectors. By advancing into Tokyo, you will expand your opportunities to partner with companies in the same sector and companies in sectors with a high affinity for IoT. Another strong advantage of Tokyo is its rich pool of talent in the software and information processing industries, making it easy to secure the manpower to develop applications and other needs.

*The size of the Japanese market was converted into US dollars based on the rate of JPY120 to the dollar.

Environmental Sector

The environment market is expanding in Japan. In 2013, it was a record-breaking JPY93.2870 trillion. Growth is especially noted in businesses related to global warming measures employing renewable energy, and waste treatment and efficient use of resources.

The Tokyo Metropolitan Government (TMG) introduced the cap-and-trade system from FY 2010, and launched the second phase of this program from FY 2015. Against this backdrop, it is anticipated that demand will expand in office buildings for energy-efficient equipment and other such facilities. The TMG also aims to make Tokyo a smart-energy city, and in addition to such energy-efficient measures, is striving to make energy management more popular and promote the use of renewable energy, and expand the use of hydrogen energy. You can look forward to many business opportunities here.

Sources: OECD "OECD HEALTH DATA" (GLOBAL NOTE website); Jiho Inc. "Pharmaceutical Handbook 2015"; Ministry of Health, Labour, and Welfare website; Tokyo Metropolitan Government "Basic Strategy for Promotion of Industry (2011-2020)"; Tokyo Metropolitan Government "Creating the Future: Long-Term Vision for Tokyo" (2014); Gartner "Gartner Market Databook 1Q15 Update" (2015); IDC "Domestic IT Market by Product: Results up to 4th quarter of 2014, and projections for 2015-2019" (2015); Ministry of Economy, Trade and Industry "2014 Survey of Specified Service Industries"; Ministry of the Environment "Change in Environment Industry Market Size, Employment and Others" (2015); Tokyo Metropolitan Government Bureau of Environment website

FAQ

Q1. What benefits are there for foreign or foreign affiliated companies newly establishing business in the Tokyo's Special Economic Zones?

A1. Those who establish their headquarters/R&D center within Tokyo's Special Zone for Asian Headquarters can receive various support and incentives such as free-consulting service, a subsidy, information on offices that can be rented at half the regular rate, preferential tax treatment and business and living support by the Business Development Center TOKYO. In the Tokyo Area National Strategic Special Zone, companies can receive services such as support facilitating the prompt completion of various filing procedures required when starting a business, provided by the Tokyo One-Stop Business Establishment Center, and help for better understanding of Japan's employment rules and consultation for smooth development of business provided by the Tokyo Employment Consultation Center.

Q3. Can you introduce me to suitable business partners for the development of my business in Tokyo?

A3. The Tokyo Metropolitan Government provides free business management consulting services for foreign companies establishing their headquarters or R&D center in the Special Zone for Asian Headquarters. As a part of such services, we also provide business matchup services. Out of the numerous candidates available, we search for business partners that suit the wishes of the company and arrange meetings.

Q2. What are the procedures that need to be taken to establish a Japanese subsidiary in the Tokyo's Special Economic Zones?

A2. At the Tokyo One-Stop Business Establishment Center, through personalized service provided by staff knowledgeable in administrative procedures and experts, you can promptly complete the various filing procedures required when setting up and launching a business, including those for certification of articles of incorporation, company registration, taxes, social security, and immigration.

In addition, at the Business Development Center TOKYO, located on the same floor, staff fluent in English can introduce you to experts in legal affairs and taxes, and provide advice on office hunting and other matters.

Q4. I would like to apply for the Asian Headquarters subsidy program. What are the procedures for application?

A4. Please contact the TMG before determining the plan to establish an office. Prior consultation on the operation's business plans and other matters is required. After establishment of operations, apply for the subsidy within the same fiscal year.

Note: Certain conditions are required for eligibility. Please see the Tokyo's Special Economic Zones website for details.

TOKYO LEADING THE WORLD IN BUSINESS



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Why Tokyo

With a population of 13.50 million people, Tokyo, the capital of Japan, is a world-leading megalopolis. Its gross metropolitan product is valued at USD 1.1687 trillion (FY 2011), an amount rivaling the GDPs of Mexico and South Korea.

Tokyo has about 2,750 major companies with a capital of 1 billion yen or more. This figure is nearly half of the total number of such companies in Japan. An international business center, Tokyo also ranks top class in the world in number of Fortune Global 500 company headquarters.

Huge market and sophisticated consumers

The Greater Tokyo Area (Tokyo and the adjacent three prefectures) is a huge economy with a population of some 37 million people, which greatly surpasses the populations of major metropolitan areas of the world such as New York and London. According to a study released by the United Nations, this area is projected to retain this position even in 2030. This means companies can benefit from direct access to the world's largest markets now and over the long-term.

Consumers in Japan demand a high level of quality and have a sizable appetite for high valued-added consumer products. Thus, products and services that are successful in Tokyo can be expected to also earn high marks in the global market.



Wealth of potential business partners and highly skilled professionals

Another strong characteristic of Tokyo is its wealth of potential business partners and highly skilled professionals. Tokyo has a large number of companies, universities and research institutions. There are also numerous small and medium-sized companies boasting world-leading technologies. Foreign companies expanding operation to Tokyo can create innovation with business partners in Tokyo, and then expand the business into other parts of Asia and the world. Tokyo makes this type of business plan possible.



Comfortable business environment

Japanese society places great importance on freedom and fairness. This environment will offer invaluable benefits as you build and develop your business. Business operations can be conducted with peace of mind as Japan offers the highest level of protection of intellectual property rights in Asia.

Tokyo has a very convenient transport network. Those establishing offices in Tokyo's special economic zones can conduct business efficiently without needless waste of time.

Haneda Airport, with a greater number of international flights now, can be reached in about 30 minutes by train from the city center, and Narita Airport can be accessed in about one hour by train, making travel to and from your global headquarters extremely convenient.



Sources: Statistics of Tokyo (Tokyo Metropolitan Government website); Cabinet Office "Annual Report on Prefectural Accounts (FY2011)"; Tokyo Metropolitan Government "Industry and Employment in Tokyo - A Graphic Overview 2015"; Fortune Global 500 (2015); United Nations "World Urbanization Prospects: The 2014 Revision"

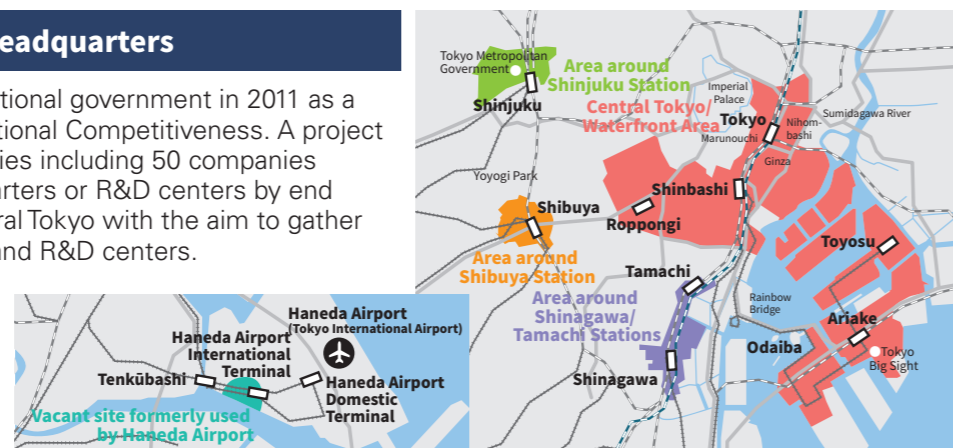
Tokyo's Special Economic Zones

Tokyo Area National Strategic Special Zone

The National Strategic Special Zone is a system advancing comprehensive and focused implementation of regulatory reform in order to strengthen the international competitiveness of industry and promote the formation of a center for international economic activities. Tokyo Metropolis, Kanagawa Prefecture, and Chiba City and Narita City in Chiba Prefecture have been designated as the Tokyo Area by the national government.

Tokyo's Special Zone for Asian Headquarters

This zone received designation by the national government in 2011 as a Comprehensive Special Zone for International Competitiveness. A project to attract more than 500 foreign companies including 50 companies establishing their Asian regional headquarters or R&D centers by end FY2016 is underway in five areas in central Tokyo with the aim to gather even more Asian regional headquarters and R&D centers.



Advantages of the Special Economic Zones

NSSZ Advantages provided within the Tokyo Area National Strategic Special Zone

AHQ Advantages provided within the Special Zone for Asian Headquarters

Tokyo One-Stop Business Establishment Center

Through personalized service provided by staff knowledgeable in administrative procedures and experts, the center helps to facilitate the prompt completion of various filing procedures required when starting a business, including those for certification of articles of incorporation, company registration and notification of incorporation, taxes, social security, and immigration. Furthermore, to meet the needs of companies, the center also offers interpretation and translation services in several languages.

Entire Area of Tokyo Business Development Center TOKYO

Staff members fluent in English provide full services for the development of business within the special zone areas, including consultations concerning business in general such as Japanese business customs and provision of support for the various procedures required from establishment of the company to development of sales channels. The Business Development Center TOKYO also helps foreign company employees and their families in their daily life in Tokyo by providing information concerning matters such as real estate, shopping, healthcare, and education in several languages. The center's desks are located in the Marunouchi and Akasaka districts.

Tokyo Employment Consultation Center

Lawyers and certified social insurance and labor consultants provide consultation on employment and labor issues to startups and companies entering the Japanese market from overseas so they can accurately understand Japanese employment regulations and smoothly expand business.

*The Tokyo One-Stop Business Establishment Center, the Business Development Center TOKYO branch office and the Tokyo Employment Consultation Center are located on the 7th floor of ARK Mori Building in the Akasaka district, Minato Ward. By coming here, you can receive services provided by these three facilities in one stop.

Tax incentives

AHQ Japanese subsidiaries that newly establish their regional headquarters or R&D center in Tokyo's special economic zone* will be eligible to receive one of the two benefits shown at right if they fulfill certain conditions.

*These companies will also be exempt from metropolitan taxes (fixed assets tax, city planning tax, real estate acquisition tax).

NSSZ Companies directly engaged in a designated business in the NSSZ (companies receiving designation by the Minister of State for the National Strategic Special Zones) are eligible for a taxable income deduction of 20% if they fulfill certain conditions.

Reduction of effective corporation tax rate	Current rate	After deduction of taxable income
Companies with capital of over 100 million yen	30.86%	24.69%
Companies with capital up to 100 million yen and subject to a higher than standard tax rate.	34.81%	27.85%

Companies are also eligible to receive one of two benefits shown at right if they purchase machinery, etc., within the special zone.

*Special provisions to the fixed asset tax and for national strategic private sector urban renewal projects can also apply to a company if it fulfills certain conditions.

Special provision to the Immigration Control and Refugee Recognition Act (Immigration Act) concerning the acceptance of foreign entrepreneurs

In order to promote the introduction of management resources from abroad such as talent and technology and funds, if foreign nationals wishing to start up businesses in the special zone receive confirmation by the Tokyo Metropolitan Government on their business startup activities, they can receive "business manager" status of residence for half a year.

Free business consulting services

Free consultation for establishment of a regional headquarters or R&D center within the Special Zone for Asian Headquarters, such as assistance in formulating corporate growth strategies, analyzing market surveys, and finding business partners, will be provided in accordance with companies' needs.

Subsidy program for expenses including recruitment costs

Foreign companies newly establishing their Asian regional headquarters/R&D center in the special economic zone can receive a subsidy of up to one-half of the expenses incurred in setting up business including recruitment cost (maximum JPY 5 million).

Introduction of office space at reduced rates

Serviced offices in the special economic zone may be available to foreign companies and entrepreneurs intending to start up business in Tokyo, or are already doing so, at half the regular rental rate for up to one year. Please note that the number of designated properties is limited.

*This service is offered by our partner, The Executive Centre.

1. Investment tax credit

Buildings, etc. — **6%** deduction
Machinery, etc. — **12%** deduction

2. Special depreciation

Buildings, etc. — **20%** deduction
Machinery, etc. — **40%** deduction

1. Investment tax credit

Buildings, etc. — **8%** deduction
Machinery, etc. — **15%** deduction

2. Special depreciation

Buildings, etc. — **25%** deduction
Machinery, etc. — **50%** deduction

Others

Low interest loans **NSSZ** **AHQ**

Quicker immigration process and simplified documents, relaxation of requirements for acquisition of status of residence, etc. **AHQ**

Expedited patent application reviews and reduction of patent fees **Entire Area of Tokyo**

Reduction of investment procedures, provision of financing support **Entire Area of Tokyo**