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Report

Evaluation Report on the Integrated Value Generated by Hokkaido Ballpark F Village

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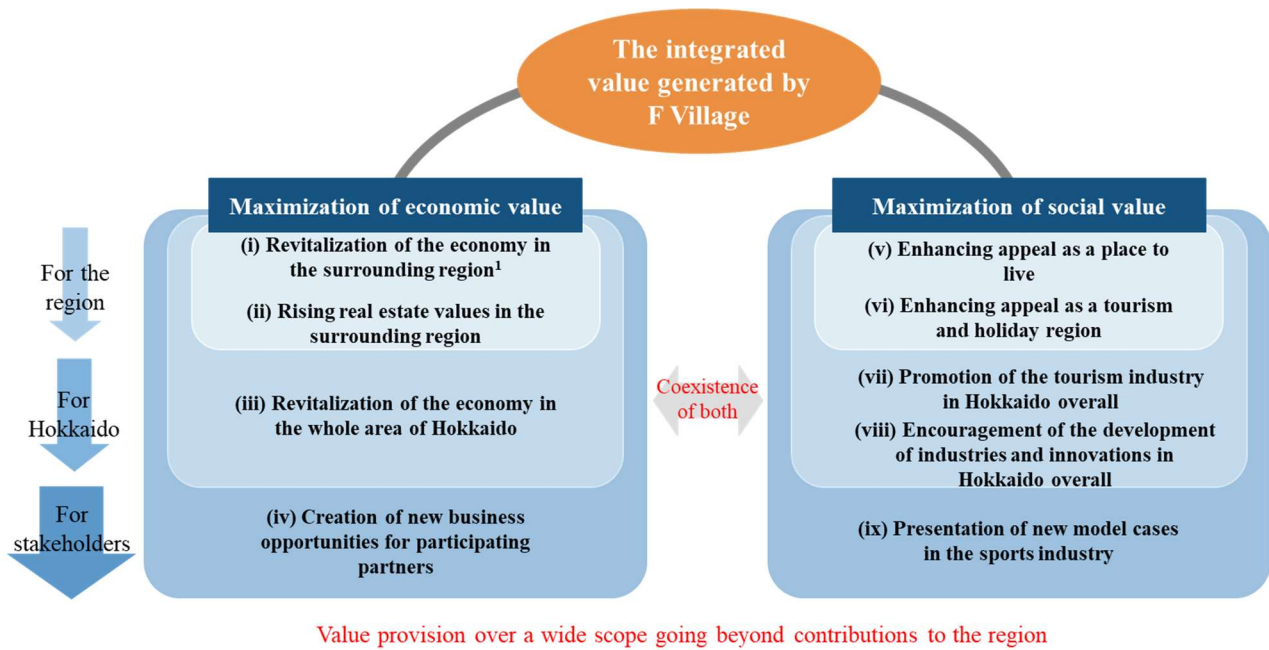
Mitsubishi UFJ Research & Consulting Co., Ltd. cooperated with MUFG Bank, Ltd., Fighters Sports & Entertainment Co., Ltd. ("FSE") and Kitahiroshima City to prepare a report to visualize the integrated value (the concept of combined social value and economic value) that Hokkaido Ballpark F Village ("F Village") generates for the region, Hokkaido, and the related stakeholders. By broadening recognition of the initiatives of F Village and their impact on society and the economy through the release of this report, we expect to become the starting point for further development of the domestic stadium business and, by extension, the sports industry overall. Please refer to the MUFG Bank news release (announced on February 5, 2024) regarding the background to the release of the report.

https://www.bk.mufg.jp/info/pdf/20240205_murc_release.pdf

1. About the integrated value generated by F Village

F Village is expected to realize social value and economic value that coexist. In this report, those two kinds of values are defined as "integrated value." This integrated value is expected to provide value over a wide scope including not only the region surrounding F Village but also Hokkaido and industry overall.

Figure 1: Overall picture of the integrated value generated by F Village



Source: Created by Mitsubishi UFJ Research & Consulting

Note: 1. The value that F Village brings is expected to have effects not only on Kitahiroshima City, where it is located, but also on the wider area including Sapporo area. However, for the purpose of specific estimation, it is limited to Kitahiroshima City, which is the core area.

We created the following list of the integrated values generated by F Village based on the above overall picture of the integrated value. We can conclude that this suggests that F Village is an entity that can create diverse value for both society and the economy.

Figure 2: List of the integrated value generated by F Village

Integrated value generated by F Village			
Economic value		Social value	
For the region	(i) Economic revitalization	Direct economic effects on Kitahiroshima City Over 50 billion yen per year	(v) Enhancing appeal as a place to live Reversal of trend of population decline through living infrastructure development in F Village and surrounding housing development
	(ii) Increase in real estate values	Rate of increase in surrounding land prices Maximum of 150% or more	(vi) Enhancing appeal as a tourism and holiday region Number of visitors to Kitahiroshima City from Hokkaido Approximately 2.5 million per year
For Hokkaido	(iii) Economic revitalization	Economic effects on Hokkaido Approximately 100 billion yen per year	(vii) Promotion of the tourism industry Raising the number of tourists in the whole area of Hokkaido through cooperation with local governments and tour planning
	(iv) Creation of business opportunities	Diverse facilities development based on partnerships	(viii) Encouragement of industrial development and innovations Demonstration of new solutions such as cashless and mobile orders, etc.
For stakeholders			(ix) Model cases in the sports industry Spread of the F Village business model to other regions and facilities

Source: Created by Mitsubishi UFJ Research & Consulting

Note that as a reference we show the breakdown of (i) economic effects on Kitahiroshima City and (iii) economic effects on Hokkaido.

Figure 3: Breakdown of the economic effects

(Unit: million yen)		2019	2020	2021	2022	2023	2023-2032 Total	
(i) Economic effects on Kitahiroshima City	Direct economic effects (total)	7,995	7,213	7,592	8,389	45,222	523,180	
	Direct economic effects (per year)	-	-	-	-	-	52,318	Over 50 billion yen per year
(iii) Economic effects on Hokkaido (including (i))	Direct effect	90,232	11,633	11,986	12,715	56,678	695,730	
	Ripple effect	68,549	7,048	7,245	7,665	31,612	418,751	
	Economic effects (total)	158,782	18,682	19,230	20,380	88,290	1,114,481	
	Economic effects (per year)	-	-	-	-	-	111,448	Approximately 100 billion yen per year

Source: Created by Mitsubishi UFJ Research & Consulting

Note: Due to rounding, the total may not match the sum of the subtotals

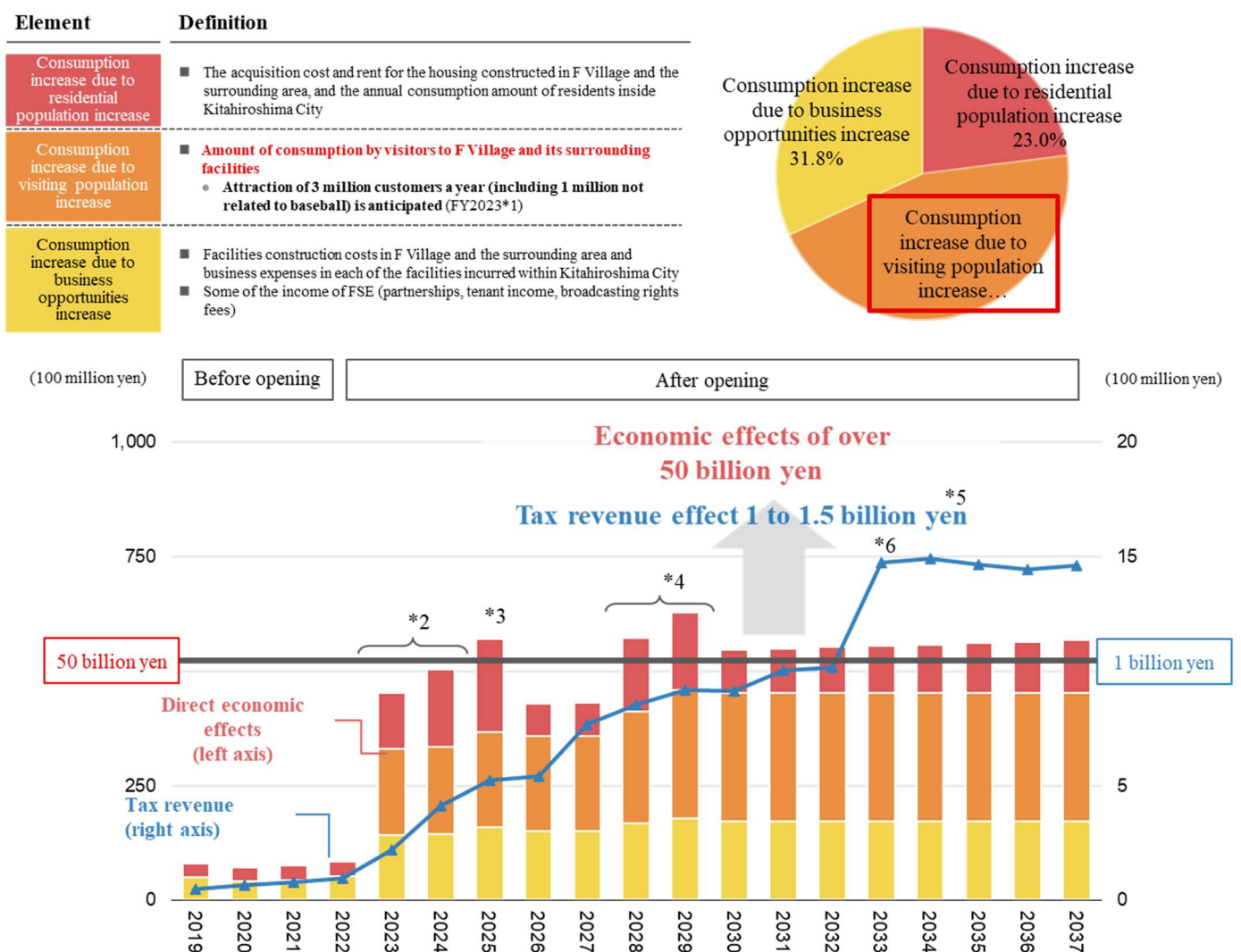
2. Measurement of the integrated value generated by F Village

(1) Integrated value (i): Economic value - Revitalization of the economy in the region surrounding F Village

Regarding the economic effects in the surrounding region (Kitahiroshima City), the three elements of “consumption increase due to residential population increase,” “consumption increase due to visiting population increase” and “consumption increase due to business opportunities increase” can be cited. In particular, consumption increase due to visiting population increase accounts for nearly 50% of the total effects, so the characteristics of F Village, which is meant to have diverse entertainment elements and attract visitors from throughout the country, are clearly evident.

Combining these elements, it is estimated that the economic effects are 50 billion yen per year, a cumulative total of over 500 billion yen over the 10 years after opening, and that the tax revenue increase effects for Kitahiroshima City will be 1 billion to 1.5 billion yen per year. Considering that the FY2022 tax revenue in Kitahiroshima City, excluding local allocation tax, national treasury disbursements, etc., was approximately 8 billion yen, we can conclude that the effect of opening F Village is expected to be an approximate 10% to 15% increase in tax revenue.

Figure 4: Definitions and results of the estimates of the economic effects in the surrounding region*6



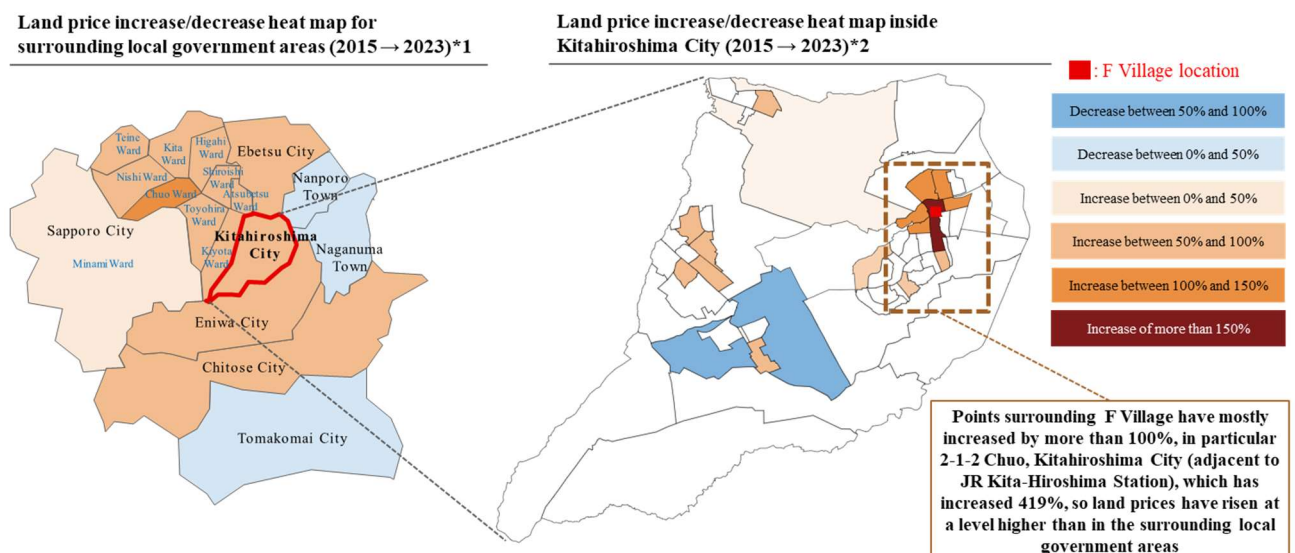
Source: Created by Mitsubishi UFJ Research & Consulting

- Notes:
1. FY2023 refers to the period from April 2023 to March 2024. The same applies to other fiscal years.
 2. Reflects the impact of the housing acquisition cost in residences and senior residences
 3. Reflects the impact of the opening on the Kita-Hiroshima Station west exit area
 4. Reflects the impact of the opening on the Mikazuki area
 5. The tax revenue effects incorporate increases in local resident tax, fixed asset tax, city planning tax, other city taxes (light motor vehicles, use of public baths, tobacco, etc.), and corporate resident tax
 6. Reflects the ending of the tax exemptions for fixed asset tax and city planning tax
 7. Due to rounding, the total may not come to 100%

(2) Integrated value (ii): Economic value - Rising real estate values in the region surrounding F Village

The opening of F Village generated large rises in real estate values in the surrounding region. In the eight years from 2015 to 2023, real estate values rose from about 50% to 100% in Kitahiroshima City, and particularly remarkable rises were seen in the area surrounding Kita-Hiroshima Station, where redevelopment is planned, and in the area surrounding F Village. It is expected that the value of the surrounding real estate will continue to rise as F Village achieves further evolution and the currently-planned development of the surrounding region is materialized.

Figure 5: Land price increase/decrease within the surrounding local government areas and Kitahiroshima City



Source: Created by Mitsubishi UFJ Research & Consulting

- Notes:
1. Color coding by the increase/decrease rate of average land prices in each municipality based on the Land Price Publication and Prefectural Land Price Survey by the Ministry of Land, Infrastructure, Transport and Tourism, (2015, 2023)
 2. Color coding by postal code based on the Land Price Publication and Prefectural Land Price

Survey by the Ministry of Land, Infrastructure, Transport and Tourism, (2015, 2023). The places colored white are points where standard land for measuring land prices does not exist.

(3) Integrated value (iii): Economic value - Revitalization of the economy in the whole area of Hokkaido

Regarding the economic effects generated in the whole area of Hokkaido, the following three elements can be cited.

Direct effect: The total value of goods and services procured in the relevant prefecture among newly-occurring consumption and investment (final demand), such as the consumption amount in the facilities, expenses for the holding of events, building construction costs, etc.

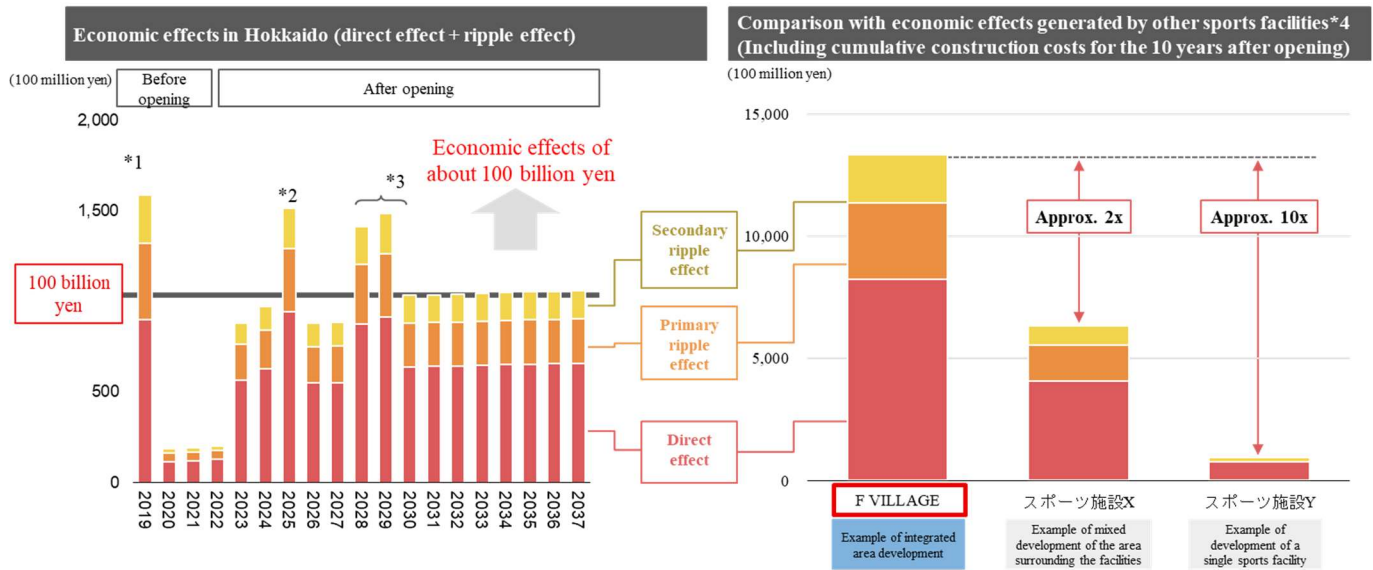
Primary ripple effect: The total value of production activities (ex: logistics costs) to meet the demand for goods and services for which production increases due to the direct effect

Secondary ripple effect: The production value of new goods and services for responding to the portion of the increased employee income due to the production amount of the direct and primary ripple effects, which is spent on consumption activities

Combining these elements, it is estimated that the economic effects in Hokkaido are over 100 billion yen per year. The cumulative total effects over the 10 years after opening are estimated to be approximately 1.2 trillion yen, and this is an unprecedented scale compared to the examples of sports facilities in the past.

The reason we can expect this many economic effects is that F Village is expanding the range of its business, unlike other examples of facilities to date. Specifically, it is being aimed for people to purely enjoy watching sports and also adopt a multipurpose approach involving expanding to entertainment other than sports. It is also going beyond this to co-create new value together with diverse business partners by going as far as developing the surrounding region in ways that integrate work, study, living, and recreation.

Figure 6: Comparison of the economic effects in the whole area of Hokkaido with examples of other sports facilities

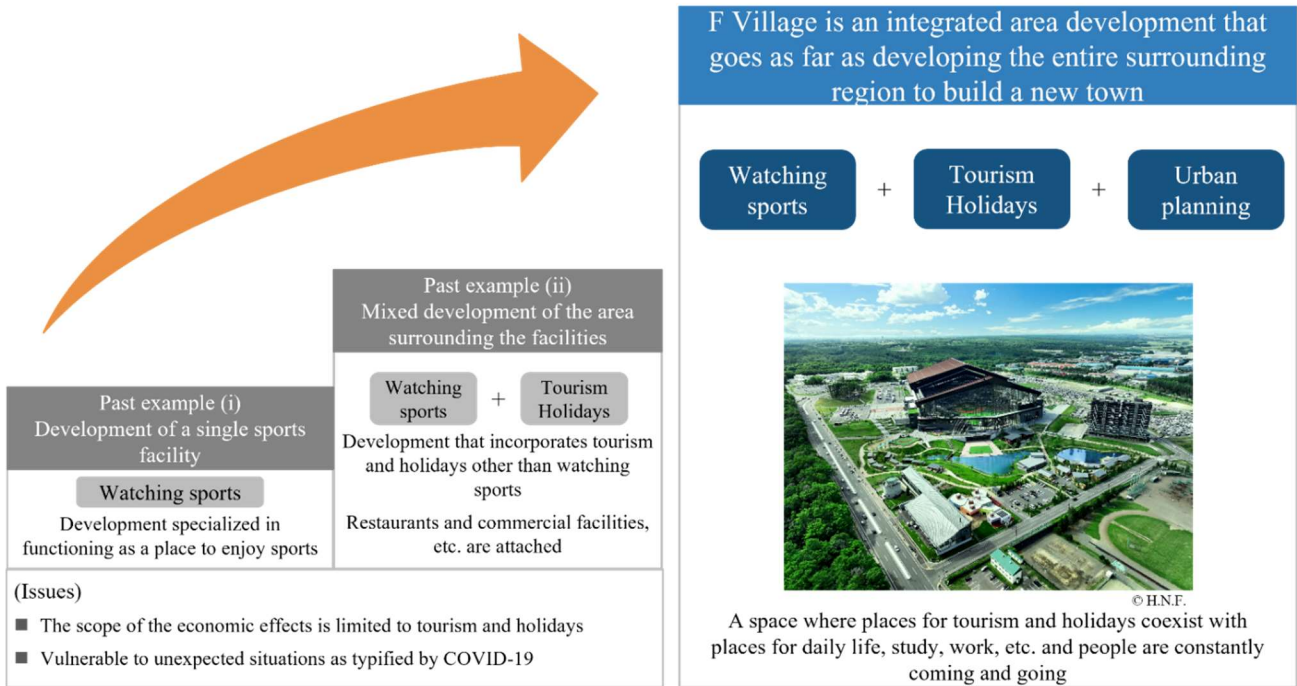


Source: Created by Mitsubishi UFJ Research & Consulting

Note:

1. Reflects the construction costs for F Village
2. Reflects the impact of the opening on the Kita-Hiroshima Station west exit area
3. Reflects the impact of the opening on the Mikazuki area
4. Prepared using a range of publicly-available information. Facility X is calculated by multiplying the economic effects of consumption by visitors in the first fiscal year by 10 and adding the economic effects due to the construction. Only the figure for the sum of the direct and primary ripple effects has been released for Facility Y, so the value for the primary ripple effect is also included in the calculation of the direct effect.

Figure 7: New models embodied by F Village



Source: Created by Mitsubishi UFJ Research & Consulting

(4) Integrated value (iv): Economic value - Creation of new business opportunities for participating partners

In F Village, a variety of co-creation is proceeding with players who have concluded partnerships. Seen from the perspective of our stakeholders, F Village can be understood to be a new field for creating business opportunities. As the partnerships are deepened going forward, more business opportunities are expected for our participating partners.

Figure 8: Examples of new business opportunities through partnerships

The Kubota Agri Front agricultural learning facility has opened inside F Village on a partnership with Kubota Corporation and Hokkaido University



Kubota Corporation

Overview

■ Based on a partnership with Kubota and Hokkaido University, we opened an agricultural learning facility where people can learn about the appeal and possibilities of “food and agriculture” in a fun and delicious way has opened.

A craft beer brewing restaurant "Soratoshiba by Yona Yona Ale" has opened as a joint venture with Yoho Brewing Company



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Overview

■ The world’s first restaurant combining a craft beer brewery and a restaurant, Soratoshiba by Yona Yona Ale, behind the center back screen has opened inside ES CON Field

Introduction of mobilities utilizing clean energy, such as electric buses, etc on a partnership with BYD Japan Company Ltd.



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Overview

■ Through collaboration with BYD Japan and other companies, sustainable vehicles utilizing clean energy have been introduced.
 • Electric buses commenced operating between the bases connecting F Village and JR Kita-Hiroshima Station, etc.

A kids’ area inside ES CON Field has opened on a partnership with BorneLund Corporation



© BorneLund

Overview

■ One of the largest playgrounds for children in Japan (indoor and outdoor) has opened inside ES CON Field

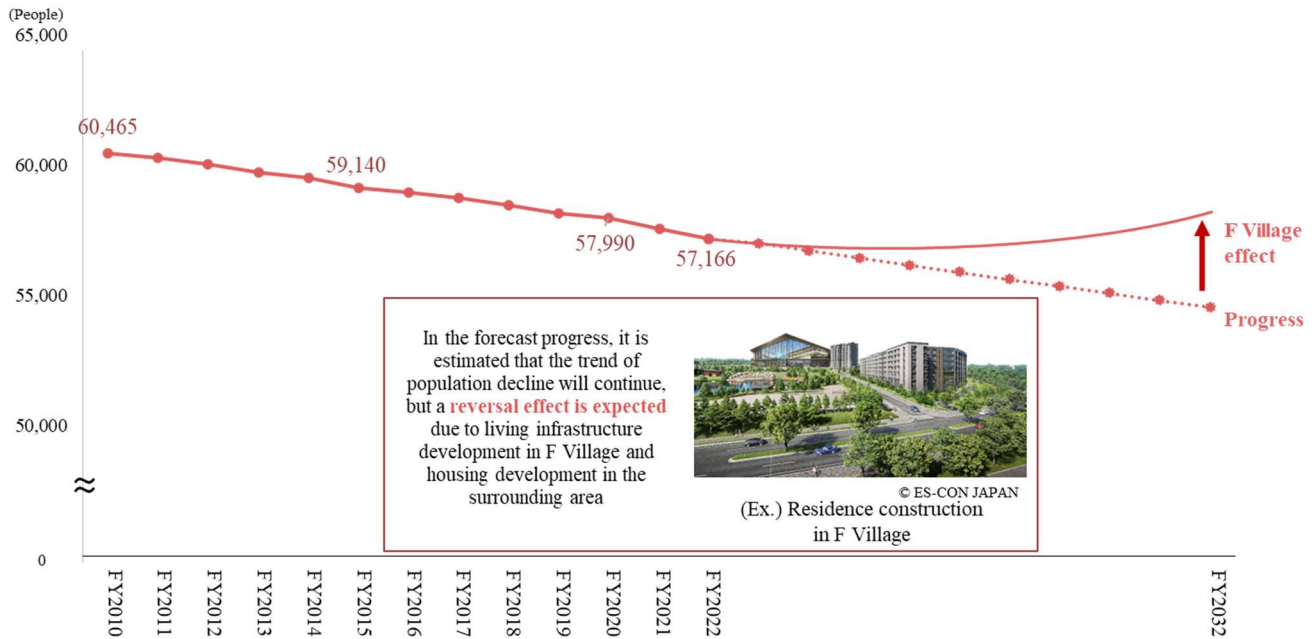
Source: Created by Mitsubishi UFJ Research & Consulting

(5) Integrated value (v): Social value - Enhancing appeal as a place to live

Due to the opening of F Village and the preparations for the opening, in addition to the increase in employment, the number of places to live is increasing due to housing construction, so it is thought that the appeal of this region as a place to live will be enhanced. In F Village and the surrounding areas, there are plans to construct residences and develop living infrastructure, such as universities and medical facilities, etc., so in the future, it is expected that the trend of population decline in Kitahiroshima City will be halted and the population will start to increase again.

According to the Citizen Satisfaction Survey Accompanying the Opening of the Hokkaido Ballpark F Village in 2023, conducted by Kitahiroshima City in November 2023, the items that were seen to have been improved by the opening of F Village were “pride in the region,” “enhancement of companies and industry,” “employment opportunities,” “tourism resources,” etc. On the other hand, there were multiple items that the respondents felt had deteriorated, including “congestion of roads” and “degree of congestion of transportation systems.” In addition, there is sufficient room to explore how F Village can contribute to elements in the city for which resident satisfaction is not presently high, such as the enhancement of “commercial” and “entertainment facilities,” etc. We can conclude that many issues still remain that need to be addressed to enhance the appeal of Kitahiroshima City as a place to live.

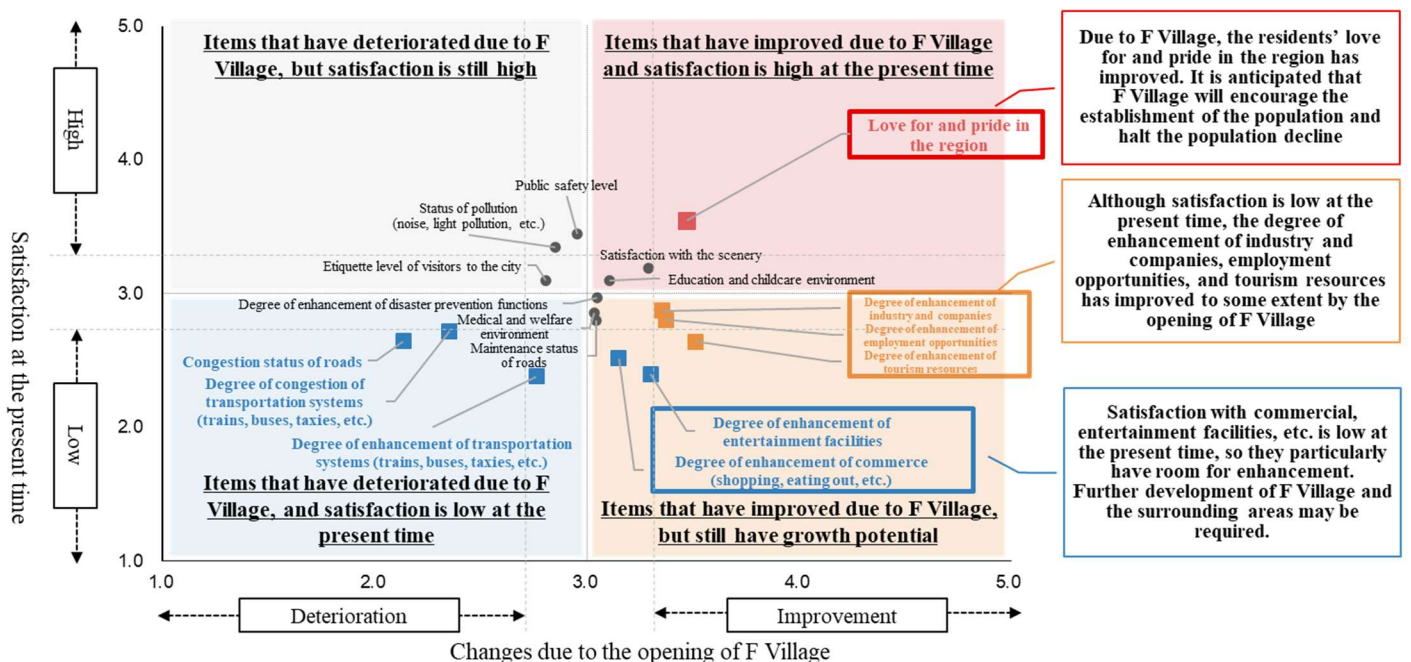
Figure 9: Population trends and forecast for Kitahiroshima City (FY2010-FY2032)



Source: FY2010 to FY2022 results: Created by Mitsubishi UFJ Research & Consulting based on the Kitahiroshima City Residential Basic Book Data, for the same period (as of the end of March each year from 2011 to 2023)

- Notes:
1. FY2022 refers to the period from April 2022 to March 2023. The same applies to other fiscal years.
 2. The data for the permanent population from FY2023 onward (the dotted line) is the forecast value of the previous trend multiplied by the annual average growth rate over the most recent five years

Figure 10: Results of the resident satisfaction survey by Kitahiroshima City

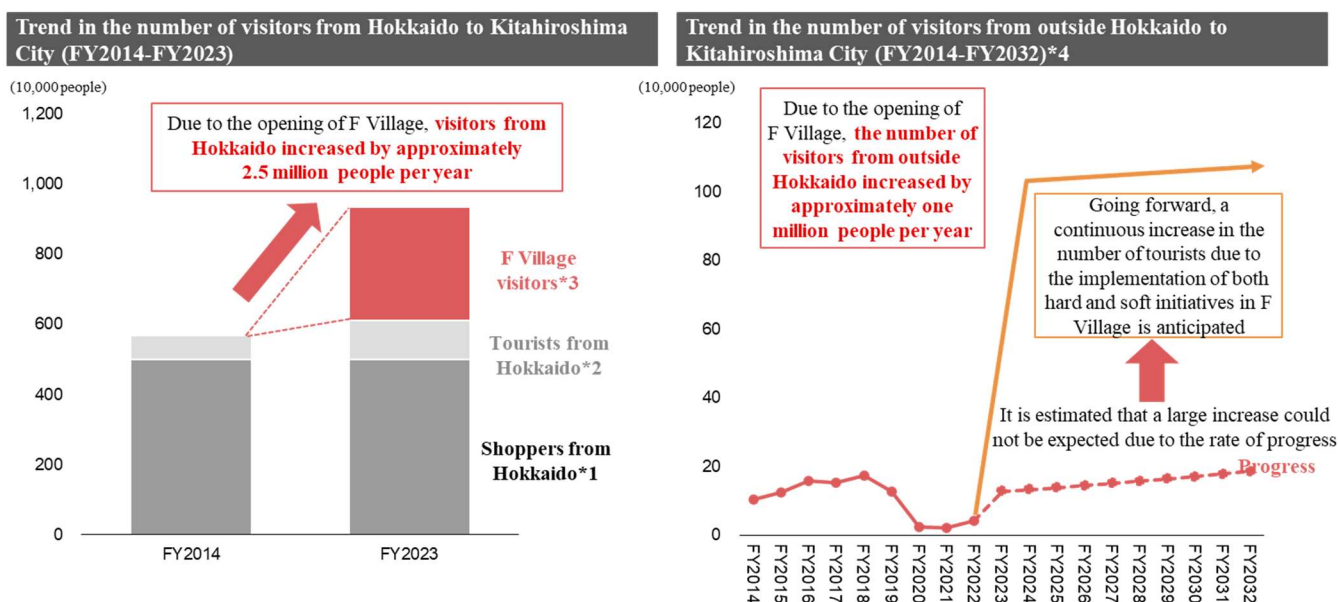


Source: Created by Mitsubishi UFJ Research & Consulting based on the Kitahiroshima City Citizen Satisfaction Survey Accompanying the Opening of the Hokkaido Ballpark F Village in 2023

(6) Integrated value (vi): Social value - Enhancing appeal as a tourism region and holiday region

At F Village, diverse facilities and events that can be enjoyed are being developed, expanded, and enhanced, beyond just baseball entertainment, and the appeal of the surrounding region as a tourism and holiday region is being enhanced. As a result, the number of visitors to Kitahiroshima City in FY2023 is expected to increase by approximately 2.5 million people from Hokkaido and approximately one million people from outside Hokkaido.

Figure 11: Trends and forecast for the number of visitors to Kitahiroshima City (FY2014-FY2032)



Source: 1. Quoted from a Mitsui Fudosan news release (January 21, 2014)

2. and 4. FY2014 to FY2022 results: Created by Mitsubishi UFJ Research & Consulting on the Ishikari Promotion Bureau's Survey on the Number of Incoming Tourists for the same period

3. Quoted from materials provided by FSE

Notes: 1. We consider the expected number of visitors to Mitsui Outlet Park Kitahiroshima, the major commercial facility in the city, in FY2014 to be the number of shoppers in Kitahiroshima City, and assume the same level in FY2023 as well.

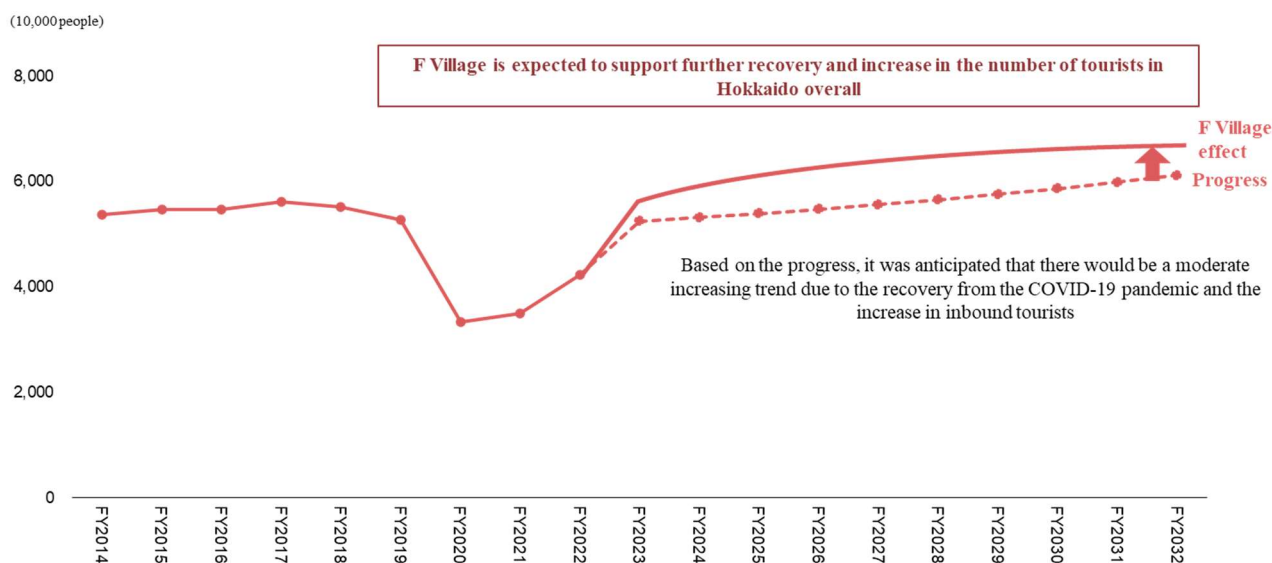
4. We prepared the solid red line based on the number of tourists coming to Kitahiroshima City from outside Hokkaido in the Ishikari Promotion Bureau's Survey on the Number of Incoming Tourists. We estimated the dotted line by assuming recovery in FY2023 to the level of FY2019 (before the COVID-19 pandemic), and subsequently multiplying every year by the annual average growth rate during FY2014-FY2019.

5. FY2023 refers to the period from April 2023 to March 2024. The same applies to other fiscal years.

(7) Integrated value (vii): Social value - Promotion of the tourism industry in Hokkaido overall

At F Village, the enhancement of initiatives involving tours to local government areas outside the surrounding region and to all of Hokkaido is being considered, and this is expected to contribute to the promotion of the tourism industry in Hokkaido overall. That will lead to F Village playing a part in the promotion of the tourism industry in Hokkaido overall.

Figure 12: Tourist trends and forecast for Hokkaido and the effects expected from F Village



Source: FY2014 to FY2022 results: Prepared by this company based on Hokkaido Tourism Bureau, Tourism Promotion Section, Trends in the Number of Incoming Tourists in Hokkaido, for the same period

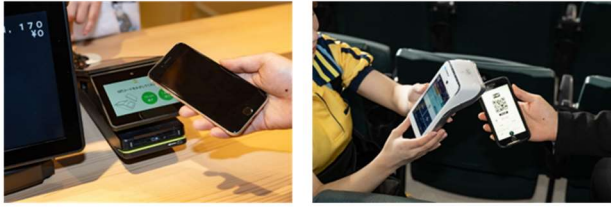
- Notes:
- Concerning the figures for FY2023 onward, we assume that the number of domestic tourists recovers in FY2023 to the same level as FY2019, before the COVID-19 pandemic, and subsequently increases at the pace of 10 years from FY2009 to FY2019. We assume that the number of foreign tourists recovers in FY2023 to 86% of the number in FY2019, the same as the nationwide recovery, and subsequently increases at the same rate as the pace of increase in the number of foreign tourists nationwide (the annual average growth rate between the actual result in 2023 and the government’s target value for the number of foreign tourists in 2030).
 - FY2023 refers to the period from April 2023 to March 2024. The same applies to other fiscal years.

(8) Integrated value (viii): Social value - Encouragement of the development of industries and innovations in Hokkaido overall

Some demonstrations of new solutions and technologies such as cashless and mobile orders in F Village are being seen between companies that have concluded partnerships and FSE. Going forward, the development of new industries and encouragement of innovations in Hokkaido are expected as F Village is utilized as a site for many demonstration experiments, the number of initiatives implemented and the number of participating business operators increases, and the content of the initiatives becomes even more advanced.

Figure 13: Examples of initiatives introducing technologies

Ex.) Adoption of fully cashless payments in ES CON Field*1



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Overview	<ul style="list-style-type: none"> ■ <u>FSE is collaborating with its "official cashless partners," Sumitomo Mitsui Card Company, Limited and Aeon Hokkaido Corporation, to promote the building of a cashless environment</u> <ul style="list-style-type: none"> • Adoption of fully cashless payments in all stores, including food, drink and goods sales inside ES CON Field • Introduction of cashless payments in other areas
Aims	<ul style="list-style-type: none"> ■ <u>Further improvement of the watching experience</u> <ul style="list-style-type: none"> • Shortening of the time taken for payments • As a consequence of the above, eliminate waiting time at the restaurants and goods sales outlets ■ <u>Build a hygienic payment environment by reducing contact opportunities when making payments</u>

Ex.) Introduction of a mobile order service in ES CON Field*2



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Overview	<ul style="list-style-type: none"> ■ <u>FSE has introduced a mobile order service in some of the restaurants inside ES CON Field as a new function of the Hokkaido Ballpark F Village official app</u> <ul style="list-style-type: none"> • It is now possible to order food and drinks from the F Village official app without waiting in a line at a store • Delivery to the spectators' seats is also possible by combining use of this service with the services of different business operators
Aims	<ul style="list-style-type: none"> ■ <u>Further improvement of the watching experience</u> <ul style="list-style-type: none"> • Decrease in the waiting time for restaurants • As a consequence of the above, shorten queues and eliminate crowding at restaurants

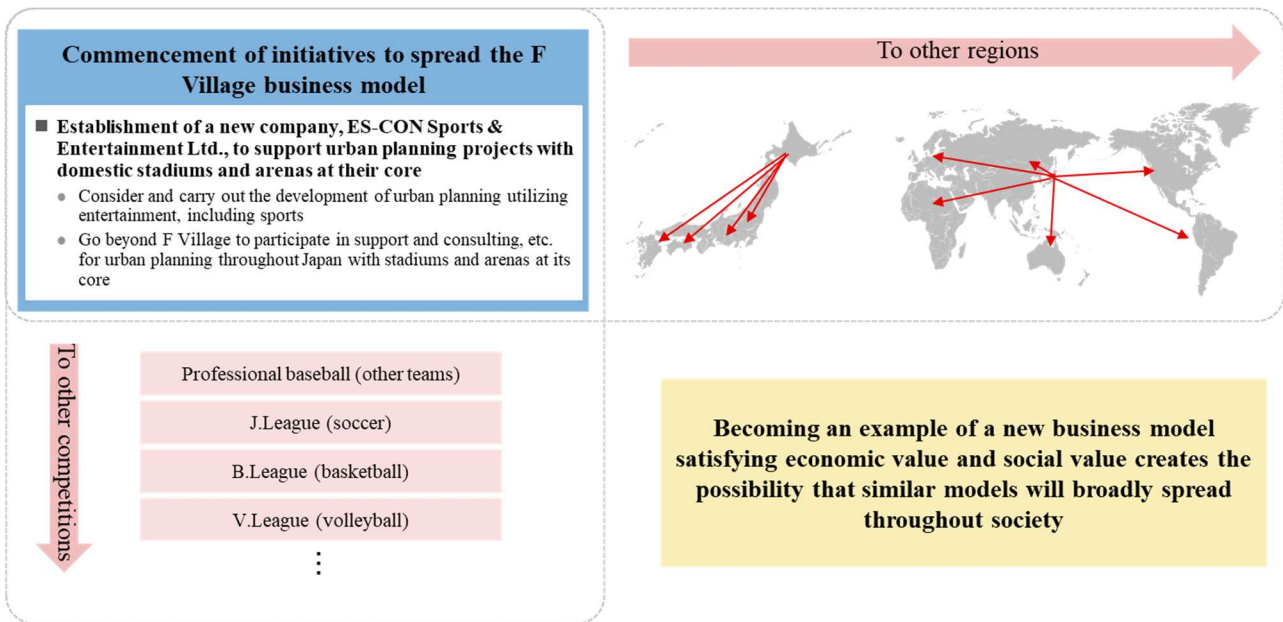
Source: Created by Mitsubishi UFJ Research & Consulting

(9) Integrated value (ix): Social value - Presentation of new model cases in the sports industry

The initiatives of F Village have the potential to show a new business model in the sports business, namely viability as a business through the creation of economic value and social value not depending on the sports content itself.

In December 2023, as an initiative to spread the business model of F Village, FSE announced the establishment of a new company, ES-CON Sports & Entertainment Ltd., to support urban planning with domestic stadiums and arenas at its core. It is an entity that is currently gaining the attention of stadium business operators nationwide, and has the potential to directly raise the domestic stadium business to the next stage through the propagation of specific know-how.

Figure 14: Expectations for the spreading of the F Village model

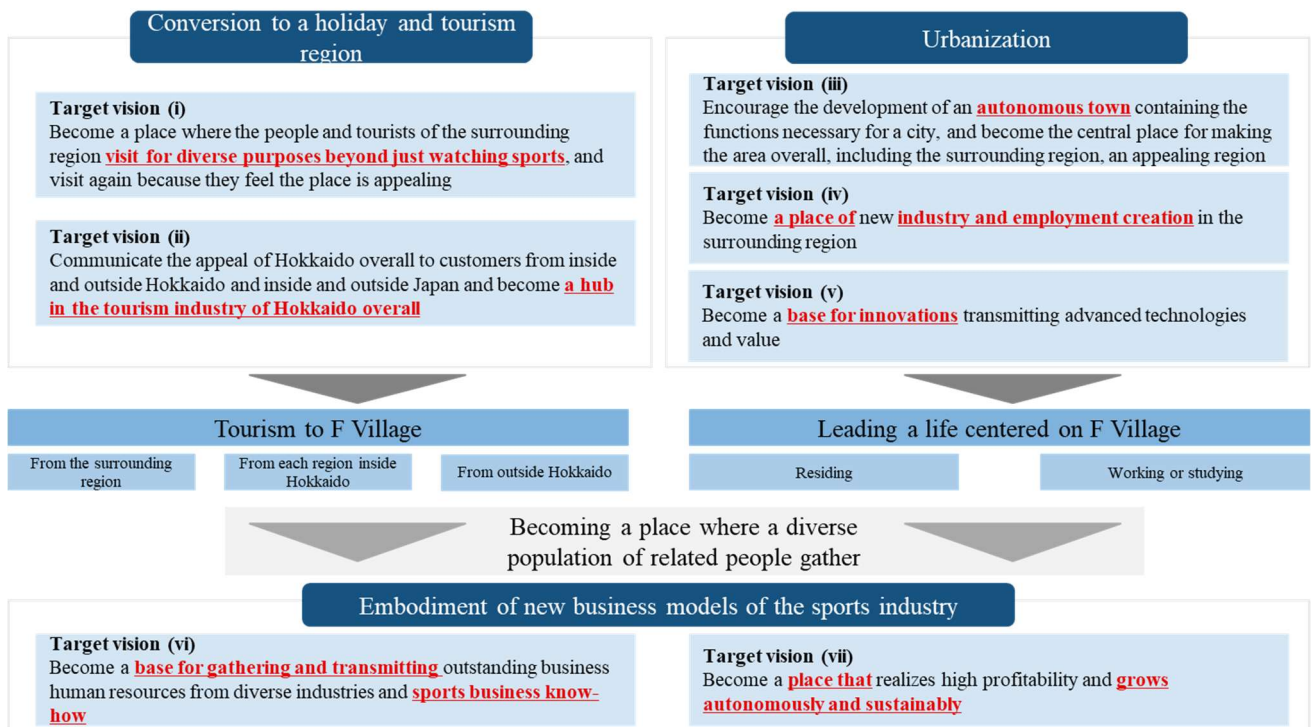


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3. Evaluation of initiatives by FSE for the creation of integrated value

F Village is promoting initiatives oriented toward its target visions for the realization of integrated value, namely “conversion to a holiday and tourism region” and “urbanization” and, as a result, the “embodiment of new business models of the sports industry.”

Figure 15: F Village’s target visions

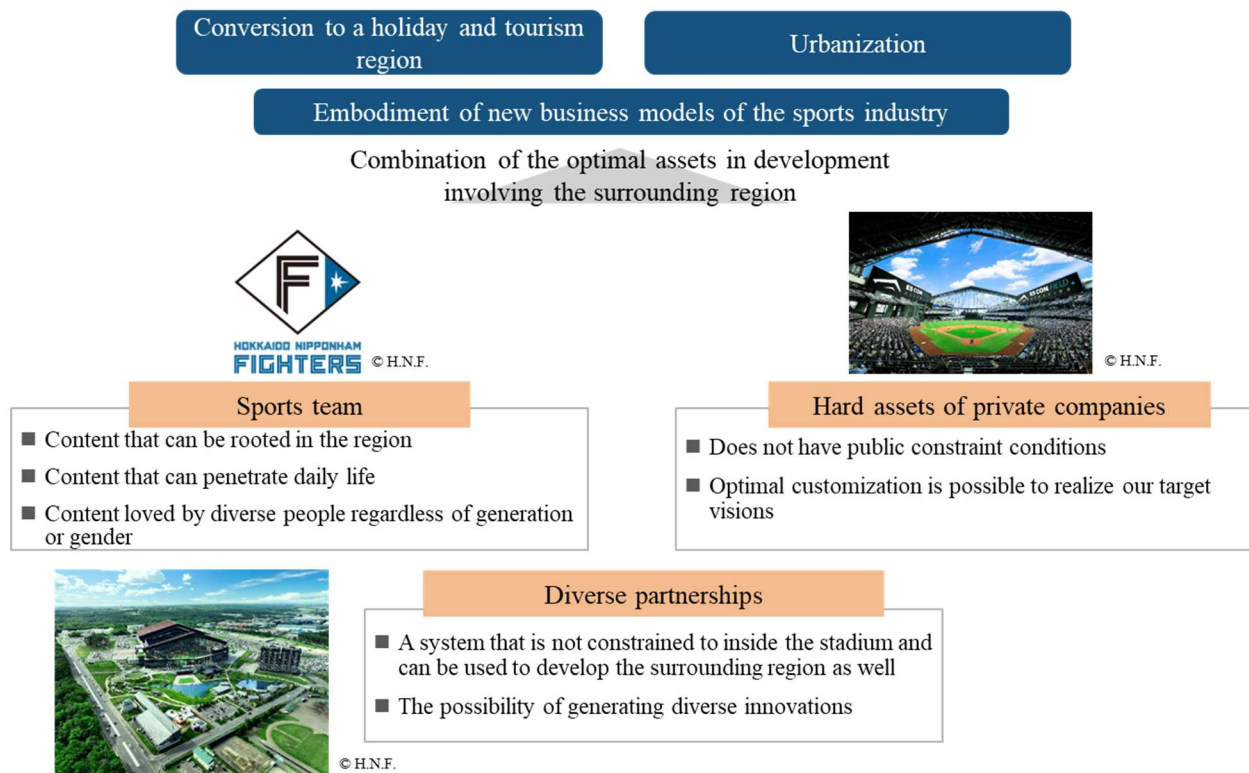


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In order to realize the “conversion to a holiday and tourism region,” “urbanization,” and “embodiment of new business models for sports facilities,” which are the aims of FSE, speedy execution of flexible and agile business activities by private business operators is required. At that time, the assets possessed by FSE, namely “holding a sports team as content” and “privately-held hard assets capable of embodying the appeal of the content to the maximum extent,” will be essential.

Furthermore, FSE is oriented towards realizing the target visions through “diverse partnerships” rather than alone, and this too can become a major driving force for realizing the target visions.

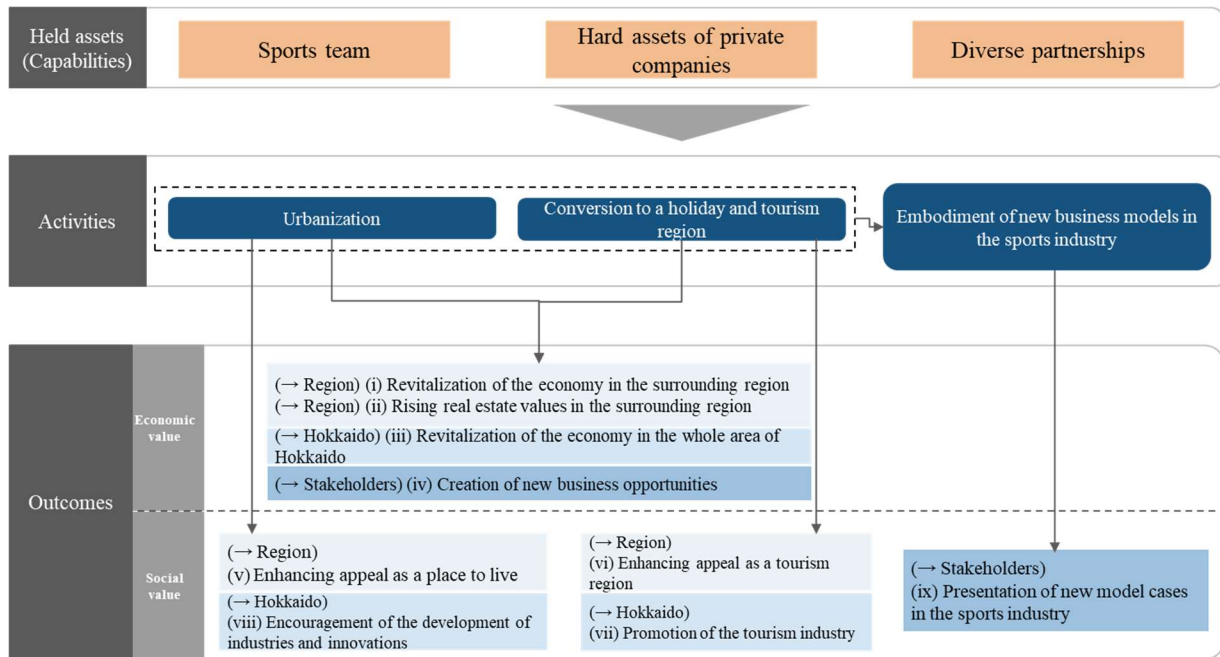
Figure 16: Assets held by FSE



Source: Created by Mitsubishi UFJ Research & Consulting

Based on the above, we expressed this as a logic model that lines up the “held assets,” “activities,” and “outcomes” to show causal relationships. The activities of F Village can be evaluated as having a structure under which its activities and the assets it holds are linked to the outcomes it generates.

Figure 17: Logic model concerning the integrated value generated by F Village



Source: Created by Mitsubishi UFJ Research & Consulting

Note: The numbers (i) to (ix) in the figure correspond to the items of integrated value in Figure 1 “Overall picture of the integrated value generated by F Village.”

4. Issues going forward for the embodiment of integrated value

Going forward, the major issues for FSE to provide the integrated value to which F Village is oriented include, of course, further enhancement of soft and hard aspects, encouragement of innovations through the deepening of relationships with partners, and active external communication. In order to refine F Village into an appealing facility, “co-creation” with companies that have diverse assets and capabilities is essential, rather than FSE creating alone. To date, FSE has announced the conclusion of partnerships with many companies and organizations, but needs to give concrete form to the specific content of “co-creation” and accelerate execution.

Figure 18: Issues for FSE and the partner companies for the embodiment of integrated value

FSE's issues	Enhancement of hard aspects	Expansion and enhancement of the functions necessary for a city (further enhancement of housing, education and welfare facilities, etc.)
		Attraction of cutting-edge industry by establishing innovation centers, etc.
	Enhancement of soft aspects	Enhancement of events that have Hokkaido characteristics and seasonality, etc.
		Construction of an economic zone in the region, including utilization of F Miles, etc.
	Human resources strengthening	Enhancement of tour and participation type events for all of Hokkaido with F Village as a hub
		Diversification of human resources toward the target vision
Issues of related private companies	Communication	External communication and human resources dispatch, and consultation
	Deepening of collaboration	Encouragement of demonstration experiments for innovation utilizing F Village
Issues of related private companies	Strengthening of flow lines	Public transportation systems development and improvement of congestion
		Fostering a sense of togetherness along the flow lines (producing a welcoming mood at transport hubs such as train stations, airports, etc.)
		Enhancement of service performance along the flow lines (restaurants, commercial facilities, etc.)

Source: Created by Mitsubishi UFJ Research & Consulting

In addition, one of the major issues going forward will probably be how to cooperate with the government to enhance the appeal of the area overall, including the flow lines to F Village. For example, the pedestrian walkway from Kita-Hiroshima Station to F Village (the Elfin Road) is bleak and currently lacks a sufficient sense of welcome to visitors.

Figure 19: Issues for local governments and the national government for the embodiment of integrated value

Support from government	Support for population increase (enhancement of measures to encourage immigration, etc.)
	Support for attracting companies (tax breaks, etc.)
Communication	External Communication of the activities and outcomes at F Village
Flow line strengthening	Road maintenance and improvement of congestion
	Fostering a sense of togetherness along the flow lines (maintenance of the Elfin Road, producing a welcoming mood at transport hubs such as airports, etc.)
	Enhancement of service performance along the flow lines (encouragement of the utilization of land along the flow lines, maintenance of toilets and public squares, etc.)

Source: Created by Mitsubishi UFJ Research & Consulting

5. In conclusion

It is anticipated that F Village will achieve further evolution going forward. In that context, it is expected that the integrated value mentioned in this report will be realized.

Going forward, we are going to continue to survey and release reports on the activities of F Village and its progress toward the realization of integrated value.

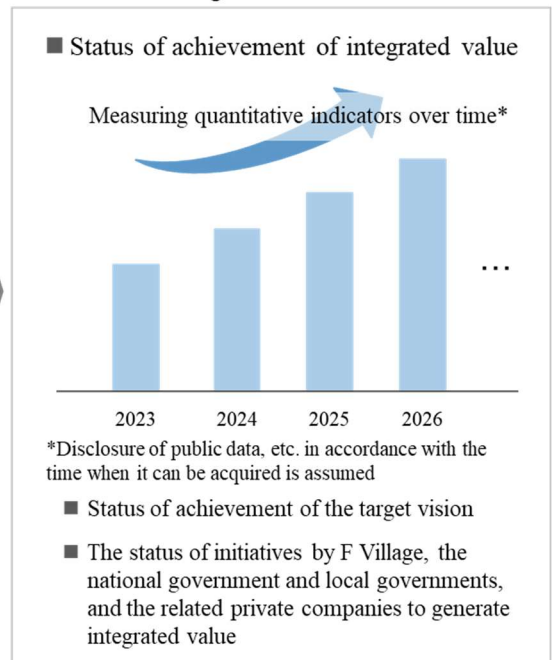
Figure 20: About disclosure going forward

F Village will achieve further evolution going forward



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Continuous reporting about the integrated value that is generated is also assumed



*Disclosure of public data, etc. in accordance with the time when it can be acquired is assumed

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