

Non-Transportation > Station Space Utilization

|| Overview

Every day, around 17 million people pass through JR East's railway stations, making them the JR East Group's largest business resource. We are maximizing the value of railway stations by accurately identifying ever more diverse customer needs and taking advantage of accumulated expertise to create appealing commercial spaces and develop new store formats and original products.



Commercial Spaces Integrated with Railway Stations: ecute

We are advancing the *Station Renaissance* program to maximize the appeal of railway stations, our largest business resource.

The name of the JR East Group's in-station retail facilities, *ecute*, is an acronym the Group coined to express its goal of redesigning spaces within stations (*eki*, in Japanese) as a *center of universal* appeal for all people to come *together* and *enjoy*. Quality, highly attractive products and services characterize *ecute* facilities, which operate in seven railway stations.

Convenience Stores inside Railway Stations: NewDays (510 stores as of March 31, 2015)

The JR East Group will address the diverse needs of customers using railway stations by taking the fullest advantage of *NewDays* stores' in-station locations when enhancing product and service lineups and developing store formats. For example, we are introducing self-checkout machines so customers can shop more quickly and conveniently. In other efforts to cater to diversifying customer needs, we opened newly designed stores and rolled out freshly brewed coffee *EKI na CAFE* to bolster the product lineup in fiscal 2015.



ecute Ueno



NewDays

Numbers

Railway stations used by more than 100,000 passengers per day:

92 (Fiscal 2015)

Railway stations used by more than 200,000 passengers per day:

38 (Fiscal 2015)

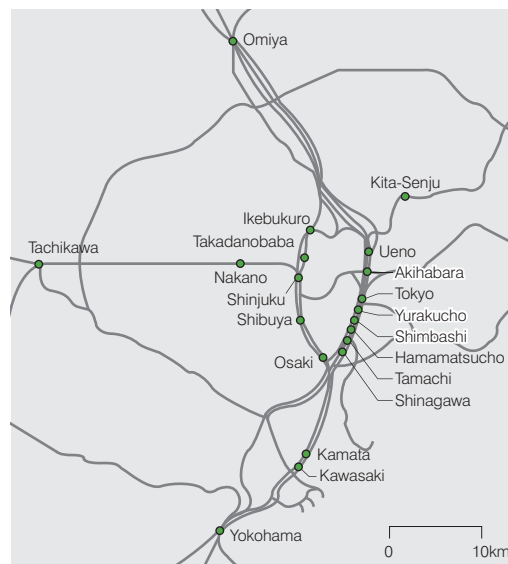
* The number of station users represents twice the number of passengers embarking.

Priority Initiatives

- Maximize the value of railway stations by creating appealing commercial spaces
- Revitalize regional industries

Environment

Top 20 Stations with Large Daily Passenger Use



| Station | Number of Passengers per Day |
|-----------------|------------------------------|
| 1 Shinjuku | 1,496,314 |
| 2 Ikebukuro | 1,099,006 |
| 3 Tokyo | 836,368 |
| 4 Yokohama | 807,810 |
| 5 Shibuya | 743,578 |
| 6 Shinagawa | 684,950 |
| 7 Shimbashi | 507,748 |
| 8 Omiya | 489,112 |
| 9 Akihabara | 482,126 |
| 10 Kawasaki | 408,306 |
| 11 Kita-Senju | 404,830 |
| 12 Takadanobaba | 400,390 |
| 13 Ueno | 364,936 |
| 14 Yurakucho | 330,900 |
| 15 Tachikawa | 320,694 |
| 16 Hamamatsucho | 305,822 |
| 17 Osaki | 291,344 |
| 18 Tamachi | 287,052 |
| 19 Nakano | 281,174 |
| 20 Kamata | 280,580 |

Next-Generation Vending Machines

The JR East Group has begun installing next-generation vending machines featuring advanced marketing functions and touch-panel displays. These machines include dedicated, linked content for those belonging to the *acure* members club, enabling us to deepen communication with customers. We plan to exploit the vending machines' potential as a new sales tool for not only beverages but also a broad range of products.



A next-generation vending machine

Rediscovering the Regions Project

The *Rediscovering the Regions Project* is a JR East Group initiative to revitalize local communities. Specific measures include holding farmers' markets in partnership with regions, commercializing traditional craft-work, and developing processed agricultural products. In fiscal 2015, we held *Sanchoku-Ichi* (farmers' markets) at Ueno Station and other railway stations. Also, in an initiative aimed at the sextic industrialization of agriculture, fishing, and forestry, the JR East Group marketed sweets made from rice flour at *Tokamachi Sukoyaka Factory*.



Sanchoku-Ichi in Ueno Station

Non-Transportation > Shopping Centers & Office Buildings

|| Overview

Concentrating on such railway station buildings as *LUMINE* and *atré*, the JR East Group's shopping center operations make full use of the formidable customer-drawing power of railway stations and the locations nearby to develop a wide variety of shopping centers tailored to the individual characteristics of each area. Similarly, in the development and leasing of office buildings the JR East Group makes the most of its advantages to achieve occupancy and rent levels above industry averages. Such advantages include the exceptional convenience of buildings with direct access to railway stations and high-specification office facilities.



New Shopping Centers

The JR East Group is actively opening new shopping centers in response to changing business conditions and intensifying competition. For example, the Group created an integrated shopping promenade, *nonomichi*, by exploiting space underneath a railway viaduct between Musashi-Sakai and Higashi-Koganei stations on the Chuo Line. Other new shopping centers include *MIDORI Nagano* and *CIAL Sakuragicho*.



MIDORI Nagano

Remodeling

Remodeling is an effective way of keeping shopping centers fresh in the eyes of customers. In fiscal 2015, the JR East Group continued to reenergize existing stores and attract prominent tenants that draw in customers by remodeling *Perie Inage COM SQUARE*, *LUSCA Hiratsuka*, and *CELEO Kofu*.

Tokyo Station City

We have exploited a location next to Tokyo Station to develop *Tokyo Station City*, a large business center with leading-edge, high-performance office facilities that meet the needs of a range of different tenants.



An external view of Tokyo Station City

Numbers

JR East's shopping centers:

154

(as of March 31, 2015)

Shopping centers

Total floor space:

2,030,000 m²

(as of March 31, 2015)

Office buildings

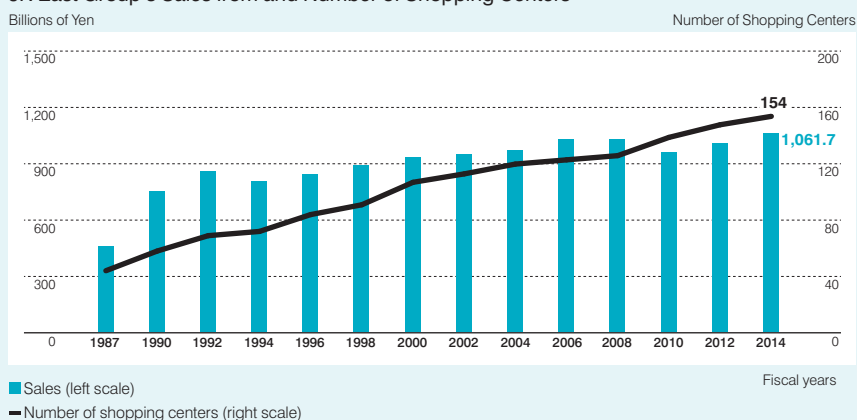
Leased floor space:

280,000 m²

(as of March 31, 2015)

Environment

JR East Group's Sales from and Number of Shopping Centers



Priority Initiatives

- Develop large-scale terminal stations
- Create desirable line-side-area brands

Major Projects Going Forward

| | Opening Date | Total Floor Space (m ²) | Offices | Commercial | Hotel |
|--|--|-------------------------------------|-----------------------------|------------------------------|-------------------|
| | | | (m ²) | facilities (m ²) | (Number of rooms) |
| Shinjuku New South Exit Bldg. (Provisional name) | Spring 2016 | 111,000 | 77,200 | 9,400 | — |
| Main building and facilities of Chiba Station | Fall 2016 to sometime after summer 2018 | 73,800 | — | 57,400 | — |
| Sendai Station East Exit Development | Spring 2016 | 43,000 | — | 41,000 | — |
| | Spring 2017 | 14,000 | — | — | 280 |
| Shibuya Station Development (Joint development with Tokyu Corporation and Tokyo Metro) | FY2020 (East Tower) FY2028 (Central Tower and West Tower) | 276,000 | 73,000 (Leased floor space) | 70,000 (Store floor space) | — |
| Yokohama Station West Exit Bldg. (Provisional name) | 2020 | (Station-front Bldg.) 94,000 | 28,000 | 66,000 | — |
| | | (Tsuruya-cho Bldg.) 24,000 | — | — | — |



Shinjuku New South Exit Bldg. (Provisional name)

Overview

JR East introduced *Suica* as a prepaid fare collection system based on IC cards in November 2001. We launched *Suica* electronic money services in March 2004. The *Suica* card's convenience has earned it strong customer support. Customers can use the card to make purchases from beverage vending machines and at stores inside and outside railway stations.

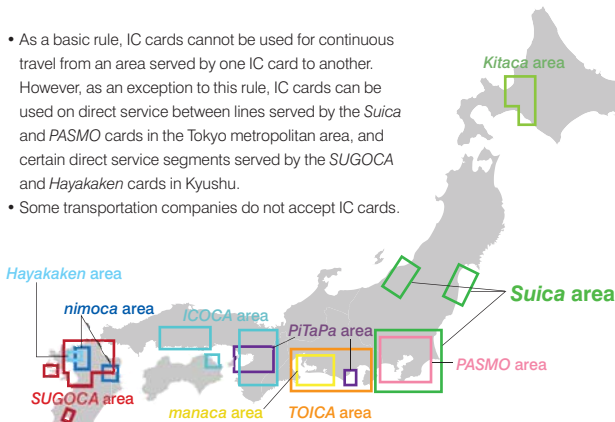


Suica Usage Area

Regarding the *Suica* usage area, efforts to improve customer convenience culminated in the launch of a nationwide mutual service network linking 10 public transportation IC cards*1 in March 2013. To make this network possible, transportation companies abandoned bilateral agreements on mutual usage in favor of a blanket approach. Today, travelers can use *Suica*, or any one of the IC public transportation cards, for most train and bus services—and some other modes of public transportation—in almost every major city in Japan. *Suica* was usable at approximately 4,400 railway stations and for approximately 24,000 bus services nationwide as of March 31, 2015.

*1. *Kitaca*, *PASMO*, *Suica*, *manaca*, *TOICA*, *PiTaPa*, *ICOCA*, *Hayakaken*, *nimoca*, and *SUGOCA*

- As a basic rule, IC cards cannot be used for continuous travel from an area served by one IC card to another. However, as an exception to this rule, IC cards can be used on direct service between lines served by the *Suica* and *PASMO* cards in the Tokyo metropolitan area, and certain direct service segments served by the *SUGOCA* and *Hayakaken* cards in Kyushu.
- Some transportation companies do not accept IC cards.



Nationwide mutual usage service

Suica Electronic Money

Since launching *Suica* electronic money in March 2004, JR East has been expanding business partnerships for the card with the aim of popularizing its usage in a wide variety of settings. We have extended the card's usability beyond in-station stores and vending machines to include convenience stores, shopping centers, and mass retailers of electronics and home appliances outside railway stations. In addition, JR East is broadening *Suica*'s usage environment to include various other aspects of daily life, such as online shopping, domestic in-flight shopping, and home video game consoles.

As a result of these efforts, usage of *Suica* electronic money has grown continually. *Suica* was usable at approximately 290,000 stores, and record daily transactions for public transportation electronic money reached approximately 4.64 million as of March 31, 2015. Targets for record daily transactions for public transportation electronic money are five million transactions by fiscal 2016 and eight million transactions by fiscal 2021.



Convenience store use

Numbers

Suica cards issued:

50.7 million

(as of March 31, 2015)

Public transportation electronic money, record daily transactions:

4.64 million (Highest ever)

(as of March 31, 2015)

Public transportation electronic money, compatible stores:

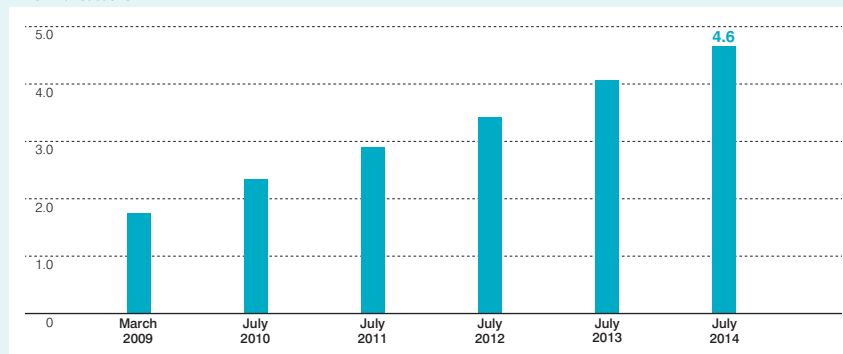
290,000

(as of March 31, 2015)

Environment

Record Daily Transaction Volume of Public Transportation Electronic Money Cards*1

Million Transactions



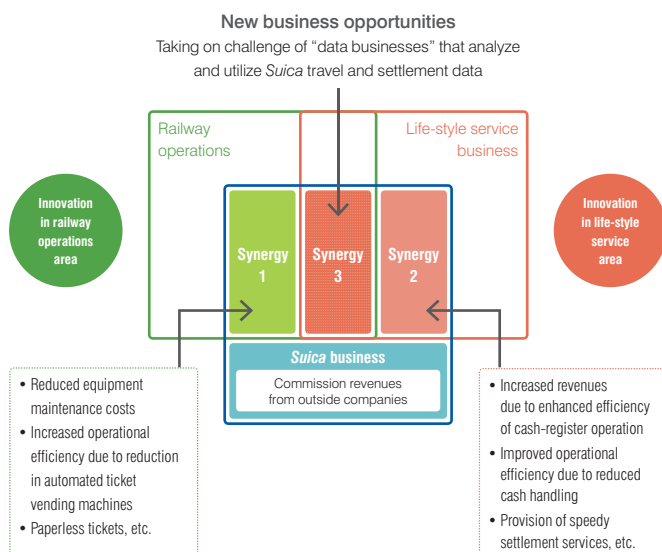
*1. Comprising Kitaca, PASMO, Suica, manaca, TOICA, ICOCA, Hayakaken, nimoca, and SUGOCA

Priority Initiatives

- Enhance convenience as IC railway ticket
- Promote further growth in electronic money business

Synergies between Suica and Non-Suica Businesses

In addition to functioning as an IC railway ticket and as electronic money, Suica has a variety of other functions. This convenience leads to synergy benefits for JR East's non-Suica businesses. For example, increasing use of IC railway tickets is allowing us to remove more automated ticket vending machines, freeing up space in station concourses. Group companies use these spaces to build restaurants or stores or to install in-station VIEW ALTTE ATMs, thereby creating new business opportunities.



Comparison with Other Electronic Money Businesses

In Japan, prepaid electronic money settlements, comprising public transportation electronic money, such as Suica, and retail sector electronic money, surpassed ¥4 trillion in 2013.*2 Moreover, public transportation electronic money accounted for the largest number of settlements as of December 31, 2013.*3

*2. Source: Nihon Keizai Shimbun, morning edition, December 31, 2014

Status of Electronic Money

(As of December 31, 2013)

| | Transaction volume in Dec. 2013 (thousands) | Cumulative cards issued (thousands) | Usable locations |
|-------------------------------------|---|-------------------------------------|------------------|
| WAON | 87,000 | 37,800 | 173,000 |
| Nanaco | 93,500 | 26,950 | 141,700 |
| Edy | 32,000 | 80,000 | 370,000 |
| Public transportation e-money cards | 96,770 | 87,500 | 242,000 |

*3. Source: "Status of Electronic Money," Nikkei Marketing Journal, morning edition, January 27, 2014

Synergies between Suica and non-Suica businesses

Others > Hotel Operations

Overview

Exploiting its network, the JR East Group operates various hotels, ranging from city hotels near railway stations through to relaxing hotels surrounded by nature.

Numbers

Hotels: **45**
Guest rooms: **6,690**

(as of March 31, 2015)

Metropolitan Hotels occupancy:

82.2% (as of March 31, 2015)

HOTEL METS occupancy:

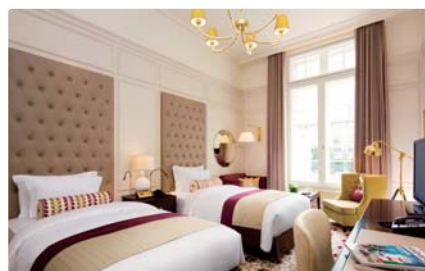
83.5% (as of March 31, 2015)

The Tokyo Station Hotel

First opened in 1915, *The Tokyo Station Hotel* suspended operations in March 2006 while *Tokyo Station Marunouchi Building* underwent restoration. The hotel reopened in October 2012 as a unique leading-edge facility housed in the historically restored splendor of the station building, designated as an Important Cultural Property of Japan.

HOTEL METS

Near railway stations and used mainly for accommodation, *HOTEL METS* hotels are ideal bases for business or tourism. These new-type business hotels have become popular by offering comfortable, reasonably priced rooms with facilities comparable with those of city hotels.



A guestroom in *The Tokyo Station Hotel*



HOTEL METS Niigata

Others > Advertising and Publicity

Overview

The JR East Group uses the railway stations and railcars that serve approximately 17 million people each day as advertising media. We are taking various steps to secure revenues by enhancing the value of these advertising media.

Digitization

The JR East Group is digitizing its advertising media. Mainly in high-foot-traffic areas of major railway stations in the Tokyo metropolitan area, we are installing large, portrait-style *J-AD Vision* LCD displays. At the same time, we are introducing large, landscape-style *J-Spot Vision* LCD displays primarily in gathering areas of regional railway stations. The JR East Group had 429 displays in 53 railway stations as of March 31, 2015. Further, on nine commuter lines the *Train Channel* broadcasts commercials via LCD displays installed above the doorways of new railcars. Also, we provide WiMAX (worldwide interoperability of microwave access) to customers for telecommunications access in railway stations and railcars.



Advertisements on train platform doors



J-AD Vision LCD displays



Train Channel