

# Station Space Utilization

Top 20 Stations with Large Daily Passenger Use

Station	Number of Passengers per Day	Station	Number of Passengers per Day
1 Shinjuku	1,473,430	11 Kita-Senju	390,520
2 Ikebukuro	1,088,444	12 Kawasaki	370,600
3 Shibuya	806,554	13 Ueno	344,612
4 Yokohama	796,104	14 Yurakucho	324,890
5 Tokyo	763,408	15 Tachikawa	315,034
6 Shinagawa	643,422	16 Hamamatsucho	307,188
7 Shimbashi	489,832	17 Tamachi	298,954
8 Omiya	470,302	18 Kichijoji	276,840
9 Akihabara	453,292	19 Funabashi	269,410
10 Takadanobaba	404,792	20 Kamata	267,496



NorthCourt GranSta Dining Inside the Tokyo Station



The Tokyo Station's KeiyoStreet concourse



Next-generation vending machine

## OVERVIEW

Used by around 17 million passengers a day, the railway stations that JR East operates are its most significant management resource. In those railway stations, JR East operates a wide variety of businesses, including retail outlets and restaurants that provide customers with convenient, comfortable services, and increase its earnings.

JR East has many railway stations with high passenger volumes: 92 railway stations are used by more than 100,000 passengers a day, including 35 railway stations used by more than 200,000 passengers a day as of March 31, 2011. Given those volumes, there is considerable scope for the further development of life-style businesses.

## TOPICS

### STATION RENAISSANCE

JR East is implementing the *Station Renaissance* program to maximize the appeal of its railway stations—JR East's largest management resource. In the year under review, JR East opened *NorthCourt (GranSta Dining)* and *KeiyoStreet* within Tokyo Station and *ecute Ueno* within Ueno Station, and launched the first and second phases of *ecute Shinagawa South* within Shinagawa Station, among others. The Company was also active in renovating existing stores, including *Tokyo Food Bar* inside Akihabara Station and *Dila Nishi-Ogikubo* inside Nishi-Ogikubo Station.

### STEADY OPERATIONS OF ecute

Despite having been affected by the earthquake in March, *ecute* performed steadily. Looking at stores sales, *ecute Omiya* posted ¥9.7 billion, a 1% increase year on year; *ecute Shinagawa* ¥7.3 billion, a 2% increase year on year; and *ecute Tachikawa* ¥5.9 billion, a 1% decrease year on year.

Development of *ecute*

	Omiya	Shinagawa	Tachikawa	Nippori	Tokyo
Beginning of operations	March 2005	October 2005	October 2007 (phase I) October 2008 (phase II)	March 2008 June 2009 (floor space increase)	March 2010
Store space	approx. 2,300 m <sup>2</sup>	approx. 1,600 m <sup>2</sup>	approx. 4,300 m <sup>2</sup>	approx. 380 m <sup>2</sup>	approx. 1,300 m <sup>2</sup>
Main business lines	Delicatessen, confectionary, sundry goods, restaurants, services (76 stores)	Delicatessen, confectionary, sundry goods, restaurants, services (46 stores)	Delicatessen, confectionary, sundry goods, cafes, services, nursery school, clinics, etc. (84 stores)	Delicatessen, confectionary, sundry goods, cafes, etc. (17 stores)	Delicatessen, confectionary, sundry goods, cafes, etc. (31 stores)
FY2011.3 Results	Store sales: ¥9.7 billion (101% year on year)	Store sales: ¥7.3 billion (102% year on year)	Store sales: ¥5.9 billion (99% year on year)	Store sales: ¥1.8 billion	Store sales: ¥3.6 billion



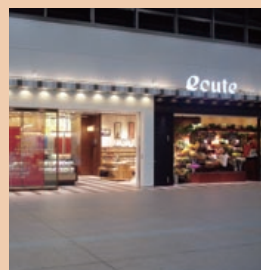
ecute Omiya ▲



ecute Shinagawa ▲



ecute Tachikawa ▲



ecute Nippori ▲



ecute Tokyo ▲

**NEXT-GENERATION VENDING MACHINES**

In the beverage vending machine business, the Company has rolled out “mixed brand” vending machines stocked with the top-selling lines from each beverage maker. As the latest step in a drive to transform the business by making all beverage vending machines “*Suica*-compatible,” JR East has also developed a “next-generation vending machine” utilizing the latest technologies. This highly sophisticated vending machine has revolutionized communication between machine and customer. Featuring a 47-inch touch panel display and sensors that allow it to determine the gender, age and other attributes of the customer, the vending machine has a network-integrated marketing program and function that enables it to switch menu displays based on the aforementioned customer attributes as well as the temperature and time of day. The Company installed the first smart vending machines at Shinagawa Station in August 2010, and has now put into service 49 machines in total, mainly in the Tokyo metropolitan area. The new machines generate roughly double the sales of standard versions, and eventually JR East aims to install around 500 units.

**IN TIE-UP WITH RAILWAY STRATEGY**

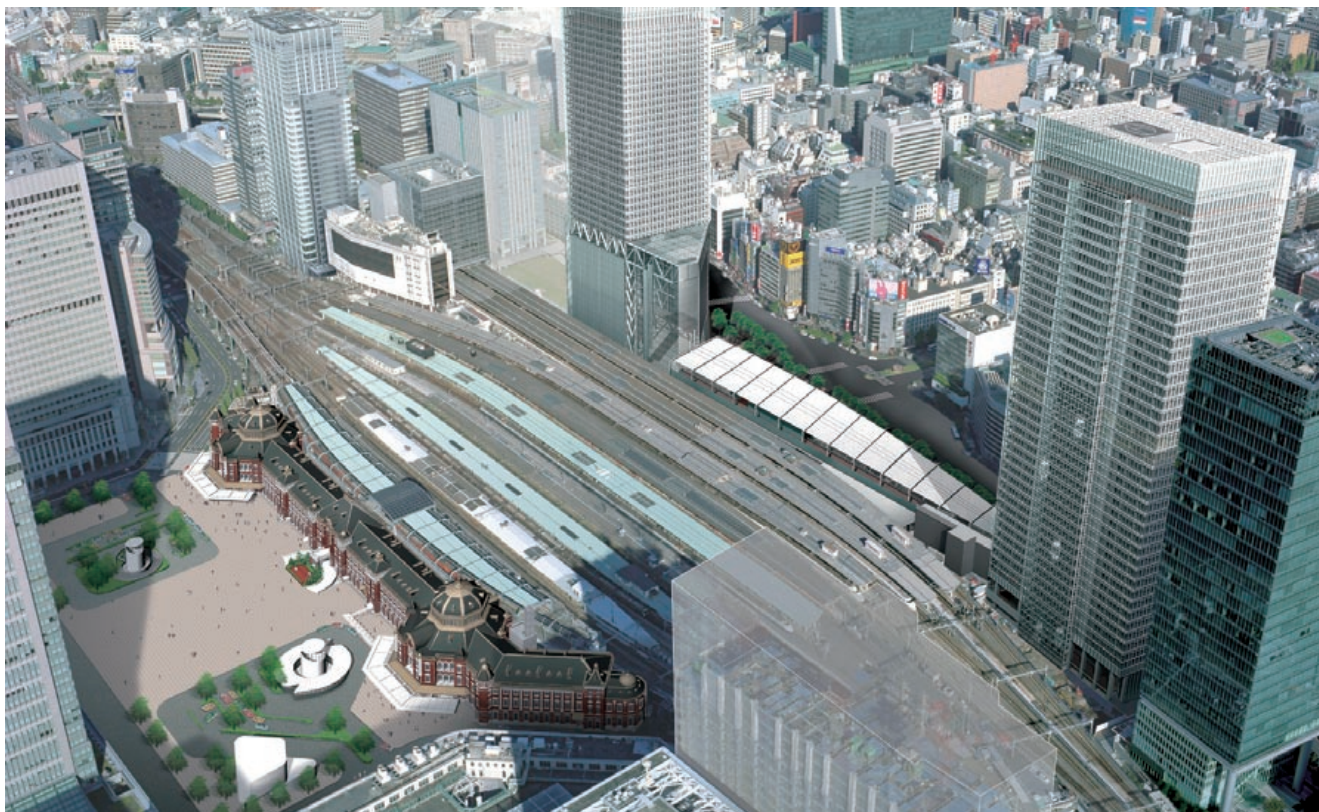
The Station Space Utilization Business is working together with the Railway Business to vigorously promote *ekinaka* (“spaces inside railway stations”), whose users are, after all, the passengers using JR East’s rail services. With the opening of the Tohoku Shinkansen Line extension on December 4, 2010, a new *ekinaka* was created at Shin-Aomori Station and the entire Group pitched in to develop and sell original commemorative boxed lunches and railway goods, finding favor with customers.

**OUTLOOK****STATION RENAISSANCE PROGRAM TO EVOLVE FURTHER**

In the year ended March 31, 2011, the Station Space Utilization segment recorded ¥399.9 billion in operating revenues nearly the same level as that of the year previous, and a 5.9% decline in operating income to ¥31.4 billion. This slightly depressed outcome was due to the rolling power outages and a decline in railway ridership following the Great East Japan Earthquake. Nevertheless, JR East will work continually to enhance the value of the Station Space Utilization business, the attractiveness of its stations, and for earnings expansion in the segment.



## Shopping Centers & Office Buildings



Concept illustration of Tokyo Station City

### OVERVIEW

Concentrating on such railway station buildings as *LUMINE* and *atré*, JR East's shopping center operations make full use of the formidable customer-drawing power of JR East's railway stations and the locations nearby them to develop a wide variety of shopping centers tailored to the individual characteristics of each area.

Also, JR East develops and leases office buildings, focusing on those buildings in highly convenient locations that have direct access to its railway stations. With *Tokyo Station City*, in particular, we leveraged its location next to Tokyo Station—a railway station used by approximately 380,000 passengers a day—to give rise to a large-scale business center involving leading-edge highly functional offices that cater to diverse needs.

As of March 31, 2011, JR East operated 138 shopping centers and 20 office buildings.

### TOPICS

#### NEW SHOPPING CENTERS

In the fiscal year under review, JR East opened *CELEO Hachioji*, *atré Akihabara 1*, *Aomori Shunmi-kan*, *A-FACTORY*, *E'Site Kagohara* and *atré Oimachi 2*, among other shopping facilities. Of these, *Aomori Shunmi-kan* and *A-FACTORY* were opened to coincide with the extension of the Tohoku Shinkansen Line to Shin-Aomori Station, as part of JR East's efforts to collaborate with the local community in invigorating the Aomori area (please see our special feature on page O28). *CELEO Hachioji*, meanwhile, allows shoppers to experience an urban sensibility in a space that is also highly in tune with nature and the environment. In addition to stores supporting consumers' everyday lifestyles, *CELEO Hachioji* also features a station-based nursery school and JR East's first station-based after-school facility to look after children.

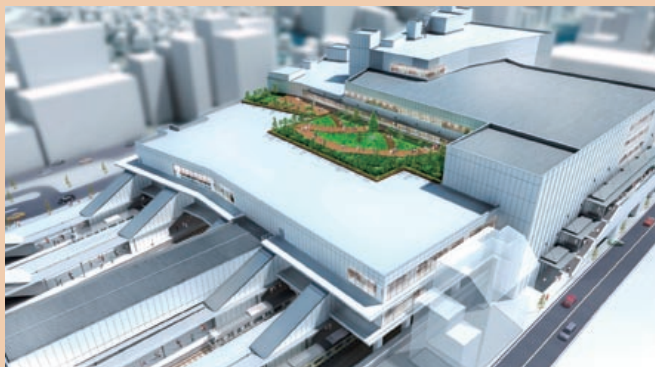
#### REMODELING

In the fiscal year under review, JR East carried out a number of remodeling projects, an effective means of keeping shopping centers fresh in the eyes of customers. The newly refreshed *atré Kichijoji* features 218 shops in total, 37 of which opened after the first stage, followed by 181 after the second stage of remodeling.

The New South Exit to Shinjuku Station



Plan to rebuild Chiba Station and the Main Station Building



CELEO Hachioji



atré Kichijoji



Concept illustration of  
JR South Shinjuku Building  
(provisional name)



Concept illustration of  
Kanda Manseibashi Building  
(provisional name)

Also, in aiming to strengthen its competitiveness, JR East realigned the business operations of Ikebukuro Terminal Building Co., Ltd. This company's shopping center operations were transferred to LUMINE Co., Ltd. and re-launched as *LUMINE Ikebukuro*. Several other shopping centers—including *Morioka FESAN*, *S-PAL (YAMAGATA)*, *Kofu ECLAN*, and *TERMINA2 (Kinshicho)*—had their sales floors refurbished.

## OUTLOOK

### AGGRESSIVE DEVELOPMENT

In fiscal 2011, the Shopping Centers & Office Buildings segment posted a 1.3% year-on-year decrease in operating revenues to ¥232.8 billion, while operating income was down 7.3% to ¥64.2 billion. These declines reflect a widening mood of self-restraint in spending after the Great East Japan Earthquake, in addition to which anticipated problems in power supply during the summer led to measures including the shortening of shopping center operating hours. These problems notwithstanding, JR East still plans to put to full use the formidable customer-drawing power of its railway stations and surrounding areas in its shopping center development. In this vein, the Company plans to open *LUMINE Yurakucho* in fall 2011, while office building operations will move forward with the construction of *JR South Shinjuku Building* (provisional name; due to open in summer 2012) and *Kanda Manseibashi Building* (provisional name; due to come into service in winter 2012).

### LARGE PROJECTS CURRENTLY UNDER WAY

Other large projects are under way which have no scheduled completion date as of yet, but have the potential to regenerate stations and their environs. One such project involves the construction of a new transportation hub at Shinjuku Station, including plans to construct a station building at the New South Exit. The Company will create an artificial deck approximately 1.47 hectares in size above the tracks, on which it will then build a multilevel urban infrastructure facility to enable passengers to transfer more smoothly between trains, express buses, taxis, and private vehicles. At the same time, JR East plans to construct a station building at the New South Exit of Shinjuku Station. Scheduled to open in spring 2016, the building will have two floors below ground, 33 floors above ground, and a total floor space of approximately 110,000 m<sup>2</sup>.

The Company is also rebuilding Chiba Station and the Main Station Building. Specifically, raising the station concourse three floors above the railway tracks will enable the creation of an open-plan, readily recognizable station area befitting the gateway to Chiba's prefectural capital, which has a population of one million. The Company expects that simultaneously rebuilding the station and station building will help invigorate the area around the station by creating appealing commercial spaces that dovetail with the station. Combined, the station and station building will include one underground floor, seven floors above ground, and a total floor space of approximately 70,000 m<sup>2</sup>.



## Others—Advertising and Publicity



The Company's practice is to install multiple displays at a single location, and the array of 44 displays in the central passage at Shinagawa Station is among the largest in Japan.

This combination of multiple LCD displays and 3D advertising content is highly effective in conveying product attributes. In one instance, the array of panels and 3D content made it appear as though golf balls were in orbit toward passers-by from the far end of the passage. Going forward, JR East will continue installing *J-AD Vision* with a view of broadcasting imagery that takes full advantage of the technology.

### MULTI-SCREEN DIGITAL SIGNAGE

In fiscal 2011, the Company installed a multi-screen digital signage display at the Yaesu Central Exit of Tokyo Station. The display is made up of 18 60-inch LCD monitors in an array that is three down and six across, for a total screen size of over 300 inches. This technology puts a whole new face on advertising, in that a variety of content can be displayed on a single video wall.

### TRAIN CHANNEL

The *Train Channel* is an advertising medium that broadcasts video commercials on monitors installed inside railcars. Starting with the Yamanote Line in 2002, JR East has progressively installed the *Train Channel* across its network, mostly recently on the Keiyo Line in July 2010. On the Keiyo Line, the high-speed, large-capacity wireless communication service WiMAX is used to enable content transmission to each railcar.

By upgrading news, weather, and information programming, JR East aims to develop the *Train Channel* into an even more attention-grabbing medium. In the year under review, the Company explored a number of ways to provide information in a timely manner via the *Train Channel*, for example, screening updates from the 2010 FIFA World Cup in South Africa, and showing advertisements in connection with weather forecasts.

### DEVELOPING NEW ADVERTISING MEDIA BY THINKING OUTSIDE THE BOX

Alongside the aforementioned digitization initiatives, JR East is working on several other modes of advertising far removed from conventional posters and signboards. Experiments undertaken in fiscal 2011 included advertising on escalator handrails as well as on the shutters of *ekinaka* (in-station) shops outside of operating hours. Another involved the use of beverage makers' advertising jingles as departure melodies on station platforms.

### OVERVIEW

JR East provides transportation advertising in railway station concourses and in and on railcars, which approximately 17 million people use a day. JR East maintains an overwhelmingly strong position in the business of transportation advertising throughout the Tokyo metropolitan area. To offer but one illustration, JR East's share of this market in the Tokyo Metropolitan area was roughly 50% of actual 2009 advertising billings among all modes of transportation companies.

Susceptibility to economic fluctuations is a characteristic of advertising, and lingering impacts from the earthquake and tsunami's devastation in March have only clouded the outlook further. On the other hand, the development of next-generation technologies and materials is progressing rapidly, and JR East intends to heighten the value of advertising media for advertisers through further digitization and network incorporation.

### TOPICS AND OUTLOOK

#### J-AD VISION

*J-AD Vision* is an advertising medium utilizing large LCD (liquid crystal display) screens. This new medium enables video broadcasting, and through the use of material that varies by time of day and day of the week, offers the ability to advertise goods and services in a timely manner.

## Others—Hotel Operations

Concept illustration of Tokyo Station Hotel



The wedding chapel in Hotel Metropolitan Akita



HOTEL METS Yokohama Tsurumi

### OVERVIEW

JR East operates city, business, and such long-term-stay hotels as *Familio* and *Folkloro*, and has 43 hotels with a total of 6,119 guest rooms as of March 31, 2011.

JR East's mainstay *Metropolitan Hotels* chain consists of city hotels in the Tokyo metropolitan area and near the terminuses of major regional railway stations. In addition to being advantageously located next to railway stations, those hotels provide sophisticated accommodation, dining, and banquet services. Alternately, JR East's *HOTEL METS* business hotels focus on accommodation, offering comfort comparable to city hotels at reasonable prices. Most *HOTEL METS* hotels have either direct access to a railway station or are very close to one.

### TOPICS AND OUTLOOK

#### THE METROPOLITAN HOTELS

The *Metropolitan Hotels* chain comprises 10 hotels and 3,036 guest rooms as of March 31, 2011. In fiscal 2011, JR East vitalized and strengthened the competitiveness of existing facilities by renovating *Hotel Metropolitan Akita* and *Hotel Metropolitan Sendai*, among others. *Metropolitan Hotels* had an occupancy rate of 78.3% in fiscal 2011.

### HOTEL METS

The *HOTEL METS* chain includes 21 hotels and 2,325 guest rooms as of March 31, 2011. As well as targeting business-people, JR East hopes local residents will use those hotels as gathering places and to accommodate their guests. Fiscal 2011 saw the launch of *HOTEL METS Yokohama Tsurumi* in Kanagawa Prefecture and the renovation of *Hotel Mets Shibuya* in Tokyo. JR East will continue to develop the *HOTEL METS* chain primarily in the Tokyo metropolitan area. The *HOTEL METS* chain had an occupancy rate of 77.4% in fiscal 2011.

### FAMILIO AND FOLKLORO

*Familio* and *Folkloro* account for nine hotels and 272 guest rooms as of March 31, 2011. As part of the *Rediscovering the Region Projects*, JR East is taking steps to develop *Folkloro Iwate Towa* as a French-style (auberge) hotel that uses produce from its attached vegetable garden, and *Familio Tateyama* as a hotel themed on sports and activities for enjoying exercise in the great outdoors.

### HOTEL TAKES SHAPE IN TOKYO STATION

At the Marunouchi Exit on the west side of Tokyo Station, JR East is restoring the historic Marunouchi red brick building and developing the open square that it looks onto. JR East plans to open a hotel befitting Japan's flagship railway station inside this important cultural asset in fiscal 2013.