

# NON-TRANSPORTATION



**A** Marunouchizaka Area (Tokyo Station)



**C** A newly opened Fruit Gathering store in ecute Shinagawa



**B** Matsuri (Tokyo Station) featuring boxed lunches from stations throughout Japan



**D** ecute Tokyo



**F** Sanchoku-Ichi in Ueno Station

## Station Space Utilization

### OVERVIEW

Every day some 17 million people pass through JR East's railway stations, which make them the largest business resource of the JR East Group. The Company is currently conducting new initiatives to maximize the value of its stations. New in-station development and new formats are being implemented to improve customer convenience and enhance profitability. JR East is also drawing on accumulated expertise to make renovations and update its existing retail zones into more appealing spaces.

JR East has many railway stations with high passenger volumes: 91 railway stations are used by more than 100,000 passengers a day, including 36 railway stations used by more than 200,000 passengers a day as of March 31, 2013. Given those volumes, there is considerable scope for the further development of the Group's life-style service business.

### TOPICS

#### Station Renaissance

JR East is implementing the *Station Renaissance* program to maximize the appeal of railway stations as the largest business resource at its disposal.

In fiscal 2013, JR East opened the *Marunouchizaka Area* as a new addition to *GranSta* in Tokyo Station. Another zone named *CentralStreet*, in the central concourse on the ground floor, was launched to coincide with the grand re-opening of historic Tokyo Station *Marunouchi Building*. Meanwhile, the Group also worked to strengthen the competitiveness of existing retail facilities. This included the major renewal of an entire zone in *ecute Shinagawa*.

**ABC**

#### Development of ecute

JR East's *ecute* in-station shopping zones feature high-quality products and services with strong market appeal. These zones merge retail stores with railway stations, and were a pioneering concept in Station Space Utilization for portraying the uniqueness of JR East's stations. The number of *ecute* shopping zones has increased to eight stations, with the Group company that manages them continuing to expand.

**D**

#### Development of Beverage Vending

JR East began introducing next-generation vending machines in April 2008. As of December 2012, more than 500 machines had been installed.

Moreover, in 2009, the Group began equipping those vending machines with intelligent cash register terminals. These terminals, accepting payment with *Suica*, have grown into a network for collecting point-of-sales (POS) data. The marketing information from this network is now being analyzed and put to use by JR East in selecting the items stocked in vending machines, and for developing new beverages from the perspective of customers.

#### Revitalization of Existing Retail Venues

Existing retail venues in Station Space Utilization are being revitalized through the renewal of product offerings and store formats, and by boosting customer convenience with the active introduction of *Suica*.

Station Space Utilization retail operations reached a milestone in November 2012 when the number of *NEWDAYS* convenience stores in stations surpassed 500. Looking ahead, JR East will strengthen the brand power of *NEWDAYS* by upgrading the chain's logistics and merchandise flow. Meanwhile, the Group

TOP 20 STATIONS WITH LARGE DAILY PASSENGER USE



Station	Number of Passengers per Day
1 Shinjuku	1,485,666
2 Ikebukuro	1,101,512
3 Shibuya	824,018
4 Tokyo	804,554
5 Yokohama	801,310
6 Shinagawa	659,358
7 Shimbashi	501,364
8 Omiya	480,286
9 Akihabara	468,374
10 Takadanobaba	403,530
11 Kita-Senju	397,248
12 Kawasaki	376,386
13 Ueno	367,222
14 Yurakucho	329,858
15 Tachikawa	314,936
16 Hamamatsucho	306,208
17 Tamachi	291,448
18 Kichijoji	276,966
19 Osaki	276,622
20 Kamata	271,336



will leverage IT to garner marketing information for use in developing new merchandise and opening more stores.

JR East will also strengthen and diversify the segment's in-station restaurant business around a franchise of fast food operations that include *Irorian Kiraku* (Japanese noodle restaurants), *Beck's Coffee Shop* (coffee shop) and *Becker's* (hamburger chain). **E**

**Rediscovering the Region Projects**

*Rediscovering the Region Projects* are a vital component of JR East's strategy for breathing life into the local communities the Group serves.

JR East invigorates regions through a strategy of strengthening collaboration with local communities to facilitate joint efforts in

coming up with new ideas. These efforts entail raising the profile of local products, and such tourism resources as traditional culture and festivals. At the same time, they leverage the unique characteristics of railways, and the advantages of JR East's sales channels in the Tokyo metropolitan area.

Visible initiatives include hosting *Sanchoku-Ichi* (farmers' markets) in collaboration with local communities in the Tokyo metropolitan area, the operation of *NOMONO* shops featuring locally grown and processed foods, and the development of processed agricultural products. In fiscal 2013, JR East used the *Sanchoku-Ichi* held in Ueno, Akihabara and Omiya among other stations to showcase the appeal of various regions in eastern Japan. **F**

**Evolution of the Station Renaissance Program**

Looking ahead, JR East will enhance the competitive strength and expand earnings of the Station Space Utilization segment by applying its *Station Renaissance* program in stations including Oyama and Kichijoji. In the meantime, the Group will hold more *Sanchoku-Ichi*, open a second *NOMONO* shop, and contribute to the sextic industrialization of agriculture, fishing and forestry. All such initiatives will be geared toward helping the local communities the Group serves to develop industries.

These are but some of the ways JR East remains dedicated to promoting the *Station Renaissance* program and raising the appeal of its railway stations.

**D DEVELOPMENT OF ECUTE**

	Omiya	Shinagawa	Tachikawa	Nippori	Tokyo	Ueno	Shinagawa South	Akabane
Beginning of operations	Mar. 2005	Oct. 2005	Oct. 2007 (phase I) Oct. 2008 (phase II)	Mar. 2008 Jun. 2009 (floor space increase)	Mar. 2010	Dec. 2010 (phase I) Mar. 2011 (phase II)	Dec. 2010 (phase I) Feb. 2011 (phase II) Apr. 2011 (phase III) May 2011 (phase IV)	Mar. 2011 (phase I) Jul. 2011 (phase II) Aug. 2011 (phase III) Sep. 2011 (phase IV)
Store space	2,300 m <sup>2</sup>	1,600 m <sup>2</sup>	4,300 m <sup>2</sup>	380 m <sup>2</sup>	1,300 m <sup>2</sup>	4,800 m <sup>2</sup>	1,800 m <sup>2</sup>	2,000 m <sup>2</sup>
Number of shops	78	52	92	18	31	78	39	54
FY2013.3 Results (YoY, %)	¥10.1 billion (100.8%)	¥6.1 billion (99.1%)	¥5.9 billion (100.6%)	¥1.8 billion (100.9%)	¥4.0 billion (112.3%)	¥11.1 billion (107.9%)	¥10.2 billion (104.5%)	¥5.1 billion (132.1%)



A) nonowa Nishi-Kokubunji



C) CELEO Hachioji North Wing



D) JR Minami Shinjuku Building



B) atrévie Higashi-Nakano



E) JR Kanda Manseibashi Building



F) S-PAL Fukushima

## Shopping Centers & Office Buildings

### 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 its railway stations and the locations nearby to develop a wide variety of shopping centers tailored to the individual characteristics of each area.

In developing and leasing office buildings, the Group also makes the most of its advantages, such as the exceptional convenience of properties with direct access to railway stations, and high-grade office facility

specifications to achieve occupancy rates and rent levels that are higher than the industry average. With *Tokyo Station City*, in particular, the Shopping Centers & Office Buildings segment leveraged the development's location next to Tokyo Station—a railway station used by approximately 400,000 passengers a day—to develop a large-scale business center with cutting-edge, high-performance office facilities to meet diverse tenant needs.

As of March 31, 2013, JR East operated 148 shopping centers and 23 office buildings.

### TOPICS

#### New Shopping Centers

JR East is actively opening new shopping facilities to keep pace with a changing external business environment and intensifying competition. One example of this is the segment's *Chuo Line Mall* vision for development between Mitaka and Tachikawa stations on the Chuo Line. In the first shopping facility under this vision, *nonowa Nishi-Kokubunji*, the segment sought to breathe life back into the interior of a railway station used daily by commuters, by applying the concept of a booming frontier town from the American West. Apart from that, the segment opened *atrévie*

*Higashi-Nakano*, *CELEO Hachioji North Wing*, and *CIAL Tsurumi* during the fiscal year under review, and also saw the completion of *GranTokyo North Tower Phase II*.

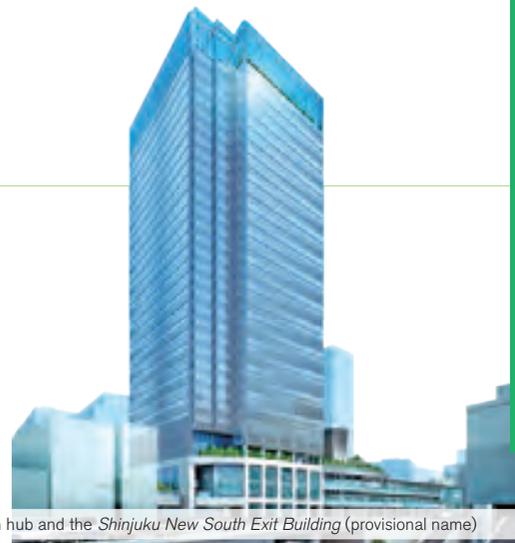
Among the office buildings the segment opened in the past fiscal year were *JR Minami Shinjuku Building* and *JR Kanda Manseibashi Building*. Looking ahead, JR East will continue developing office buildings from the viewpoint of prospective tenants. To flexibly address their needs, the Group will develop buildings designed to withstand earthquakes, provide emergency power, and accommodate people if they have difficulty getting home in the event of a disaster. Environmental issues will be addressed, primarily by reducing CO<sub>2</sub> emissions of the buildings, and by fitting them with energy-saving facilities and equipment. **ABCDE**

#### Remodeling

Remodeling is an effective means of keeping shopping centers fresh in the eyes of customers. In fiscal 2013, JR East carried out numerous remodeling projects, including for *S-PAL Fukushima* and *Shapo Ichikawa*, to reenergize existing stores and attract prominent tenants that can draw in customers. **F**



G > JR Ōtsuka Minamiguchi Building



I > Development of the Shinjuku transportation hub and the Shinjuku New South Exit Building (provisional name)



H > GranRoof



J > Plan to reconstruct Chiba Station and its main station building

## OUTLOOK

### Aggressive Development

It is JR East's policy to continue taking advantage of the exceptional capability of its stations to draw customers, and locations around those stations, in developing shopping centers and office buildings going forward. At *Tokyo Station City*, the Shopping Centers & Office Buildings segment plans to construct *GranRoof*; a covered pedestrian deck with shopping facilities connecting the *GranTokyo North Tower* with the *GranTokyo South Tower*. The segment also plans to promote the construction of the *JR Ōtsuka Minamiguchi Building* (provisional name), a shopping center and office complex scheduled to open in fall 2013, among other buildings. **GH >**

### Large Projects Currently Under Way

There are also other large projects under way that have no scheduled completion date as yet, but have the potential to regenerate stations and their environs.

In conjunction with the Ministry of Land, Infrastructure, Transport and Tourism, JR East is creating a new transportation hub at Shinjuku Station. The Group 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, highway buses, taxis, and private vehicles. Currently, the structure for the upper levels is being built. At the same time, JR East plans to construct the *Shinjuku New South Exit Building* (provisional name). This building will have two floors below ground, 33 floors above ground, and a total floor space of approximately 110,000 m<sup>2</sup>. Preliminary construction work is now under way, and both the new station building and transportation hub are due for completion in spring 2016.

JR East is also reconstructing Chiba Station and its main station building. Raising the station concourse above the railway tracks on an artificial deck will enable the creation of an airy and readily recognizable station area befitting the gateway to Chiba's prefectural capital with a population of one million. JR East expects that simultaneously rebuilding the station and the antiquated and cramped station building will help invigorate the area around the station by enabling the Group to develop attractive businesses that dovetail with the new station complex. The main construction began in October 2011, and currently the old station building is undergoing

demolition and the artificial deck is being built. The new station complex will be opened in stages from 2016 through 2018. Combined, the new 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>.

Other building projects JR East will develop together with local communities include the redevelopment of Yokohama Station and Shibuya Station. **II >**



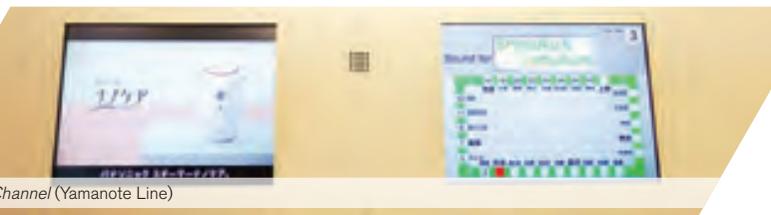
A Exterior of the *The Tokyo Station Hotel*



C MARU-VISION: The north dome of Tokyo Station Marunouchi Building



B The hotel's Atrium guest lounge makes use of the historic building's attic space.



D Train Channel (Yamanote Line)

## Others

### Hotel Operations

The JR East Group operates 44 hotels in the JR-EAST HOTELS network with a total of 6,403 guest rooms as of March 31, 2013.

The network'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, these hotels provide sophisticated accommodation, dining, and banquet services (10 hotels with 3,035 guestrooms at an occupancy averaging 85.4%).

Meanwhile, JR East's *HOTEL METS* business hotels focus on accommodation at reasonable prices, with comfort comparable to a city hotel. Most *HOTEL METS* hotels have either direct access to a railway station or are very close to one (22 hotels with 2,485 guestrooms at an occupancy averaging 80.3%).

### The Tokyo Station Hotel

The *Tokyo Station Hotel*, which first opened in 1915, was closed in March 2006 while Tokyo Station *Marunouchi Building* underwent restoration and preservation. JR East reopened this hotel on October 2012 as a cutting-edge

facility like no other, housed in the historically restored splendor of the station building which has been designated an Important Cultural Property of Japan.

The hotel occupies 20,800 m<sup>2</sup> of total floor space from the second floor underground on up through the fourth floor above ground of this building. Classic guestrooms are a roomy 40 m<sup>2</sup>. Apart from that, the hotel features spacious suites directly overlooking the Imperial Palace, and maisonette guestrooms offering the privacy of two separate living-room and bedroom floors. There are also guestrooms encircling the two vaulted domes at the north and south ends, which have come to symbolize Tokyo Station *Marunouchi Building* (the hotel has 150 guestrooms in all). **AB**

### Advertising and Publicity

The stations and railcars that serve approximately 17 million people each day are JR East's most precious business asset. The Group generates sizeable ancillary revenues utilizing those assets as advertising media. Advertising and Publicity is a business quintessentially affected by ups and downs in the economy, which was in a recovery phase for the most part during the fiscal year ended March 31, 2013.

### Advertising Media Development Integral to Grand Design

In JR East's Advertising and Publicity business, advertising proposals are a proactive and integral part of station improvement and construction work from the start. Advertising is part of the grand design from the planning stage, and this ensures that the spaces within stations lead to an expansion in the Group's Advertising and Publicity business. During the past fiscal year, new digital signage was installed inside the north and south domes of Tokyo Station *Marunouchi Building*, the stairway down from the building's central gates to the Sobu Line, and the passageway above the line. **C**

### Digitization

JR East's advertising media has been digitized using *J-AD Vision* large-size LCD displays, which have been installed in major stations throughout Tokyo. As of March 31, 2013, 326 of these screens were installed in 41 stations. Another way in which JR East has digitized advertising is *Train Channel*, an advertising medium installed above the doorways of its new commuter railcars. Used for broadcasting advertising content on-board, *Train Channel* has been deployed in commuter trains on the Yamanote, Chuo, Keihin-Tohoku and Keiyo lines, and will be deployed in stages on the Saikyo Line starting summer 2013. **D**



A) Ticket gate use

C) Vending machine use



B) Convenience store use



Suica

View Card with commuter pass function

Tie-up with financial institutions, airlines and retail chains

D) Credit Card + Suica

## Suica

### OVERVIEW

JR East introduced *Suica* in November 2001 as a fare collection system based on an IC card for replacing magnetically coded tickets. *Suica* is a reusable debit card that can be charged repeatedly with cash and credit prepayments and enables users to board local trains with a touch of a scanner on automatic ticket gates at either end of the journey.

JR East began *Suica* electronic money services in March 2004. At the same time, JR East has been expanding the usage of *Suica* electronic money to *Suica*-compatible vending machines and stores inside and outside stations. The card has won the support of customers for the convenience it offers. As such, issuance of *Suica* stood at 42.47 million cards as of March 31, 2013.

A)

### TOPICS

#### Expanded Usage Area of *Suica*

Since the service was introduced to the Tokyo metropolitan area in November 2001, usability of *Suica* has been expanded to the Company's services in the Sendai and Niigata areas. At the same time, JR East has worked to establish an environment enabling the use of *Suica* throughout major cities in Japan. To this end, the Group has spearheaded the promotion of a mutual usage service among IC cards of different transportation companies. These efforts to improve customer convenience culminated in the launch of a nationwide mutual service network linking 10 different IC cards in March 2013. To make this network possible, transportation companies abandoned bilateral agreements on mutual usage in favor of a blanket approach. Travelers can now use *Suica* or any one of the IC transportation cards they own to ride most trains, buses or some other mode of public transportation in almost any major city in Japan. As of March 31, 2013, *Suica* was usable at 4,365 stations and on approximately 21,000 buses nationwide.

B)

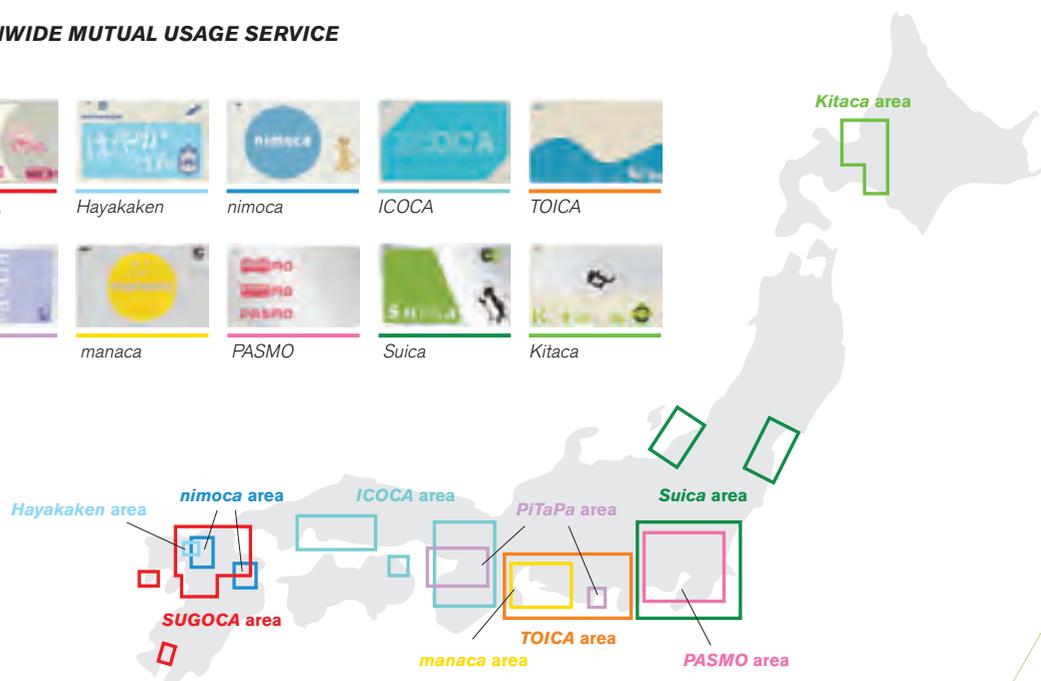
#### *Suica* Electronic Money

Since launching the electronic money service of *Suica* 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. Beyond the stores and vending machines inside railway stations, usability of the card has been extended outside the stations to convenience stores and shopping centers, as well as mass retailers of electronics and home appliances. In addition, JR East is working to broaden the environment of *Suica*'s usage to the settlement of internet shopping accounts and various other aspects of daily life. Numerous means JR East employs to promote the card's use include *Suica Point Club*, which awards users with points usable for charging *Suica*.

As a result of these efforts, usage of *Suica* electronic money has continually grown to the point where the cards were accepted at approximately 205,910 retail locations and turned over a record 3.4 million transactions a day, approximately, as of March 31, 2013.

CD)

NATIONWIDE MUTUAL USAGE SERVICE



- 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.

**Mobile Suica**

*Mobile Suica* is an application which enables mobile phones equipped with a special microchip to host the card. In addition to all of the card's convenient functions, this mobile application provides various services using the telecommunications and display functions of mobile phones. For example, the *Mobile Suica Limited Express Ticket* service enables customers to use their mobile phones to book and purchase reserved-seat tickets on the Shinkansen online, and to board the train ticket-free. Membership in this service numbered roughly 3.11 million individuals as of March 31, 2013.

**Other Services**

Other *Suica*-related services include *Suica Internet Service*, a service that was launched in response to rapid expansion of the Internet. *Suica Internet Service* enables users to charge their *Suica* cards on the web, as well as use the cards for the settlement of internet

shopping accounts. Another service that caters to a wide range of customer needs is *View Card with Suica*, which integrates *Suica* with the credit card functions of the Group's *View Card* as well as various other multifunctional IC cards integrating *Suica* with company and student identification cards.

**OUTLOOK**

**Enhance *Suica*'s Convenience as an IC Railway Ticket**

Aiming to expand *Suica* services throughout the railway network, JR East will promote the introduction of *Suica* at stations in regional areas serving large numbers of customers from the Tokyo metropolitan area. Also, the Company will promote the switch to a fare and charge structure leveraging the features of IC railway tickets, with the view to making this structure easier to understand and use by customers.

**Further Growth in the Electronic Money Business**

The Group will promote the expansion of electronic money to large chain stores and compatible stores in new domains closely tied to daily life. This will entail reducing the cost of introducing electronic money through the use of thin clients\* and other means.

\* A device that enables the concentration of all primary functions related to settlement on a central server. Thin clients enable retail establishments to reduce the cost of introducing electronic money services.

**New Business Initiatives**

In the fiscal year ending March 31, 2014, JR East has launched an information business utilizing data about consumption patterns according to customer attributes and other information, as marketing data. This information will be based on data obtained from *Suica*. This business will be applied initially in fields contributing to service improvements at JR East and its Group companies.