



# JR East's Real Estate Development Strategy

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# **1. Overview of Life-style Service Business**

# Major pillars of life-style service business

	<p><b>Retail, drinking/eating establishments</b> Approx. 1,700 shops</p>		<p><b>Office towers</b> 44 buildings</p>
	<p><b>Shopping centers (<i>Ekinaka</i> (inside station) shopping malls)</b> 18 facilities (GRANSTA, ecute, etc.)</p>		<p><b>Fitness clubs</b> 44 facilities</p>
	<p><b>Shopping centers (in station buildings)</b> 175 facilities</p>		<p><b>Advertising</b> Sales: approx. 90 billion yen</p>
	<p><b>Hotels</b> 9,190 rooms</p>		<p><b>Other</b> Regional revitalization, ski resorts, etc.</p>

## History of railway station business



## “Station Renaissance”



## “Station City”



## Kiosk in the station



## Development of “Ekinaka” (space inside the station)



## “Beyond Stations” Concept

1987

2000

# 2005

2007

# 2016

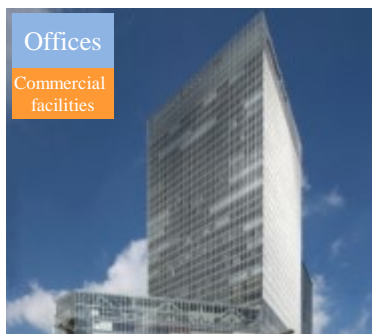
2020



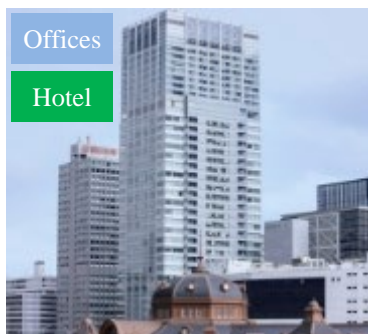
# Initiatives for real-estate development business

Since the establishment of JR East, various initiatives have been promoted to develop office buildings, shopping centers, hotels, etc. mainly in areas directly connected to a station.

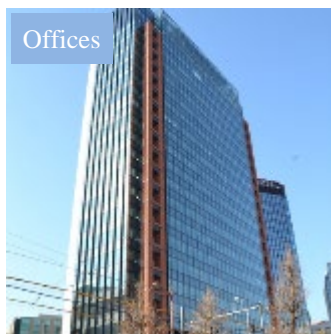
## Major Development Projects



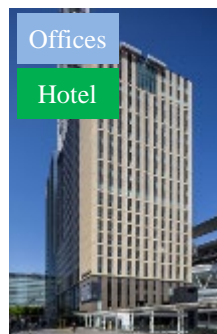
Gran Tokyo North Tower



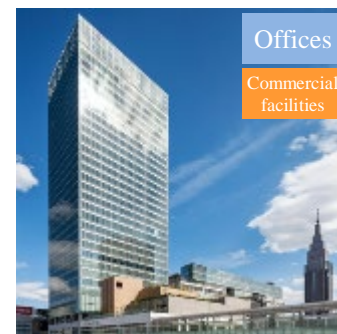
Sapia Tower



JR Kanda Manseibashi Building

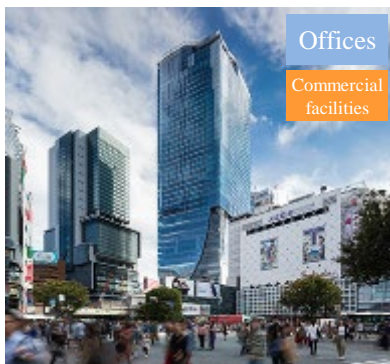


JR Saitama-Shintoshin Building

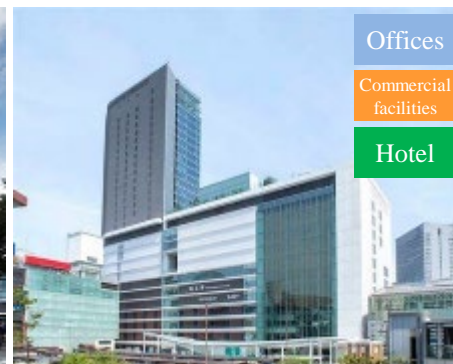


JR SHINJUKU MIRAINA TOWER

## Recent Major Development Projects



Shibuya Scramble Square Phase I (East Building)  
(Operations commenced in November 2019)



JR Yokohama Tower  
(Operations commenced in June 2020)

## Future Development Projects



Shinagawa Development Project

### Shinagawa Development Project

With the aim of realizing town development that has diverse appeal, JR East is working to create a townscape befitting an international exchange hub that will become Japan's new gateway, based on the "Global Gateway Shinagawa" concept.

# Business operation capabilities of Group companies

## Shopping center business

Increasing revenue by further strengthening customer-oriented policy



LUMINE EST Shinjuku



LUMINE Yurakucho



LUMINE Ikebukuro

## Office business

Supporting a new way of working



“STATION WORK”



Workation



“Office cars”  
in Shinkansen

## Hotel business

Creating community-based hotels that provide easy access  
Group companies have received high evaluations in Online Travel Agency (OTA) word of mouth, etc.



The Tokyo Station Hotel



Hotel Metropolitan Sendai East



wanoi



JR-EAST HOTEL METS Sapporo

## Housing business

Promoting the creation of a “proposal-based rental housing complex”



COTONIOR Garden Shin-Kawasaki  
(Town development with encouraging  
interaction among multiple generations)



Lieto Garden Mitaka  
(Renovation)



Lieto Terrace Asutonagamachi  
(Development in regional areas)

## **2. Life-style Service Business Growth Vision (NEXT10)**



# NEXT10 (Life-style Service Business Growth Vision)

Taking on the challenge of shifting our emphasis  
from “station creation” to people-focused “lifestyle creation”



# Four Pillars of NEXT 10

(Toward the fiscal 2025 target: 1,200 billion yen in consolidated operating revenue)

## Migaku (Improve)

—Transformation of station business—

### ■ “Beyond Stations” Concept



## Hiraku (Pioneer)

—Creation of appealing towns/lifestyles—

- Plans to develop large-scale terminal stations and multi-purpose towns
- Development of former Shinagawa depot
- Enhancement of rail line-side value



WATERS takeshiba



JR Yokohama Tower

## Tsunagu (Connect)

—Regional revitalization and promotion of inter-regional exchanges—

- Revitalizing core regional cities in cooperation with local communities
- Dissemination of information on the appeal of regions; Workation, *Hakobyun*

### Workation



Internet reservation & station pickup service of vegetables and seafood



Development of core regional cities



Logistics service utilizing trains “*Hakobyun*”



## Nobiru (Grow)

—Business creation / open innovation—

- Expanding business area in cities and to abroad
- Promoting digital transformation
- Launching new businesses/new services

### The Robot Barista



Hotel abroad (Taiwan)



JRE MALL Car,  
JRE MALL Café

### **3. JR East's Real Estate Development Strategy**

# **3. JR East's Real Estate Development Strategy**

## **(1) Development Projects**

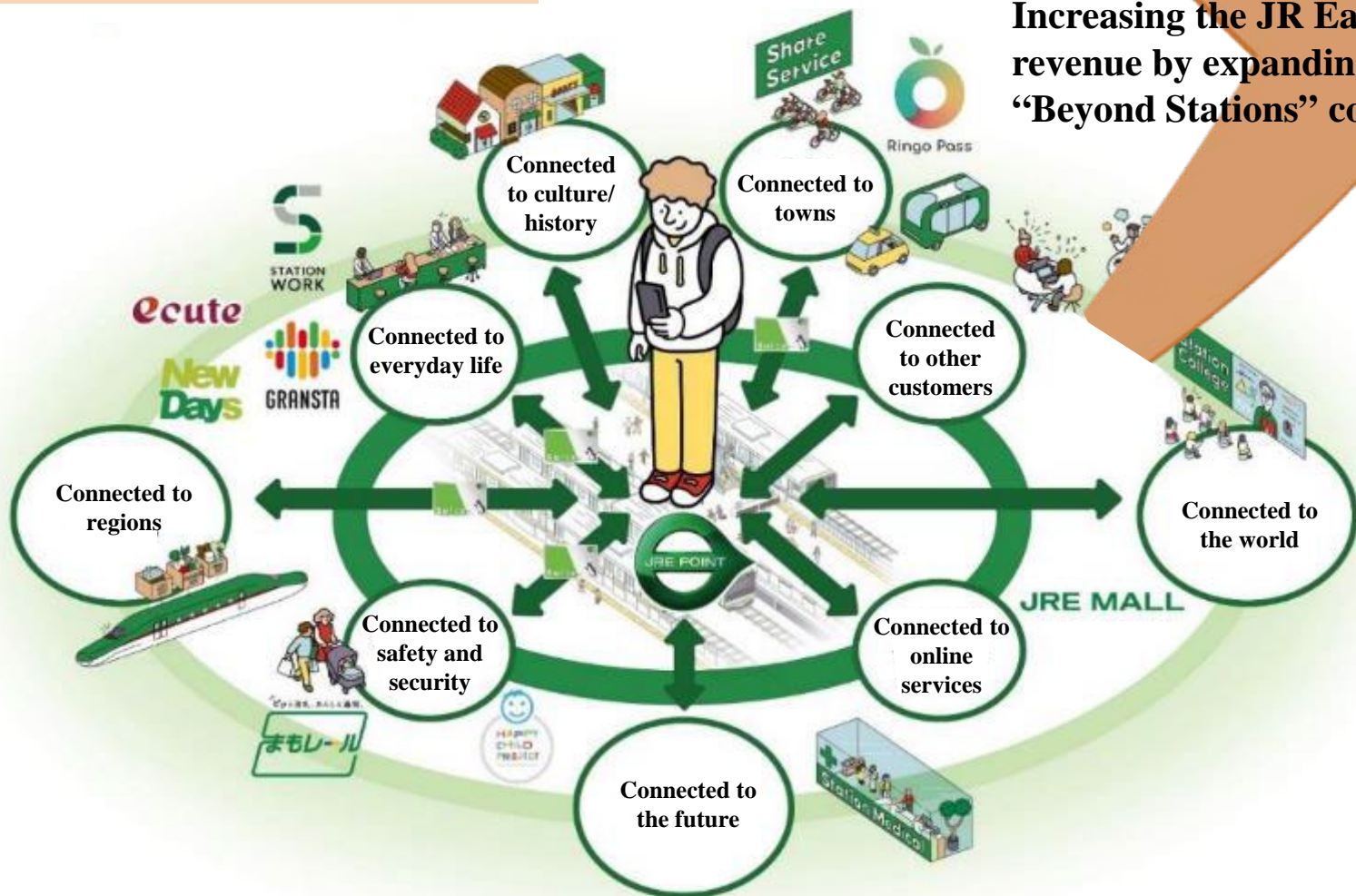
# “Beyond Stations” Concept

[Concept]

Maximize customer experience by transforming railway stations into platforms for “connected lifestyles” in which people, products, and services are interconnected, with *JRE Point* as the core

## Vision of the “Beyond Stations” Concept

Increasing the JR East Group’s revenue by expanding the “Beyond Stations” concept





# Specific initiatives implemented under the “Beyond Stations” concept ①

## Smart health station

Establishment of a hybrid clinic, which combines conventional and online services, on a station platform



## Virtual Akihabara

Virtual reproduction of Akihabara Station



## Station pickup service

Trial service that enables customers to collect their products from Belle Maison at the station



## Robot Barista

Demonstration trial of Singapore's robot barista machine



@ Tokyo Station & Yokohama Station

## Infarm

AI-based indoor vertical farming in collaboration with the German company “Infarm”



# Specific initiatives implemented under the “Beyond Stations” concept ②

## ■ JRE Station College

**JRE STATION**  
カレッジ



- Focuses on **sustainability**, e.g.,  
“new food circulation,”  
“waterfront and environment/  
town development”



## ■ JRE Passport

**BECK'S**  
COFFEE SHOP



生活は  
いふり/を きらく



- Offering **subscription service** for Suica commuter pass users on a trial basis

## ■ JRE MALL Car, JRE MALL Café, OMO store

**Brick-and-mortar shop dedicated to showrooming** of the EC site “JRE MALL”

- Hands-on showroom store “JRE MALL Café”



- Unstaffed showcase-type store “JRE MALL Car”



- A new kind of business that combines a brick-and-mortar shop and a dedicated app







**Transforming the Yamanote Line** -- a railway loop line on the ground (which is rare in the world)  
developed hand-in-hand with the history of modern Tokyo -- from a functional hub for  
transportation and consumption of goods/services to a unique urban place that enriches everyday life  
by organically **connecting diverse, unique towns and people**

*Moving forward with “Beyond Stations” and promoting collaboration with advanced projects inside and outside the company*

Demonstration trials of AR (Augmented Reality) art and virtual reality station building, and creation of new media value



Art exhibition and sale along the Yamanote line  
**YAMANOTE LINE MUSEUM**



*Connecting stations and towns*

Working with local communities to implement projects to encourage people to explore the town



Hands-on experience-based content  
(Experience with things/events)  
**JRE MALL, Tokyo Kando Line × aini**



Artists in residence  
**TOKYO SEEDS PROJECT**

**Disseminating information on the value offered and accumulating such value**

Dissemination of information via Tokyo Kando Line Magazine, Internet and SNS, Tokyo Kando Line trains, stations × culture (HAND!, station piano, etc.)



*Enhancing the differentiation of individual stations*

Creating unique stations that represent and become the pride of local communities



Learning with the local community  
**“Eki Lab niri” at Nishi-Nippori Station (left) and Nishi-Nippori Scramble (right)**



Getting connected to food culture  
**Shin-Okubo Food Lab (K.D.C...)**

*Establishing a major point of exchange*

Creating a connection between people



Getting exposed to art  
**ToMoRow Gallery in Takadanobaba**

# Tokyo Metropolis Project

## Proposal of a new lifestyle [Town development from a global perspective]

In an age of advancing urbanization and global competition among cities, we promote town development with a focus on enhancement and communication of the attractiveness and value of multi-layer and complex metropolitan Tokyo.

### SHINJUKU

(About 50 years have passed since the launch of the project to make Shinjuku a subcenter of Tokyo.)

- Promoting the urban redevelopment of the Shinjuku area, centering on the world's largest terminal station in terms of the number of users
- A super city that accelerates DX (digital transformation)
- Realizing urban management

### SHINAGAWA, TAKESHIBA, ŌIMACHI

(Internationalized Haneda Airport, linear Shinkansen, advanced utilization of waterfront areas)

- Changing the urban structure of the south area of Tokyo
- Creating urban activities that utilize their convenient location

IKEBUKURO

SHINJUKU

TOKYO

TAKESHIBA

SHINAGAWA

OHIMACHI

YOKOHAMA, OHMIYA...

### TOKYO

(Flagship station in Japan)

- Promoting JAPANESE honorable TOD\*
  - Bringing innovation to the concept of railway station
- (\* TOD: Transit-Oriented Development)



#### ■ WATERS takeshiba

- Town development by building a complex facility consisting of hotels, offices, stores, theaters, etc., taking advantage of its being located in a waterfront area

[Outline of the Plan]

Total site area: 23,000 m<sup>2</sup>

Total floor space: approx. 102,600 m<sup>2</sup>

Operations commenced: Fiscal 2020

# Tokyo Metropolis Project

## Development that takes advantage of the characteristics of each area

### ■ Southwest exit area of Shinjuku Station\*

- Forming a multi-layer pedestrian network that connects Shinjuku Station and the town, in tandem with the restructuring and development of the station
- Constructing facilities for fostering the tourism industry and transmission of information, and international standard accommodation facilities

[Outline of the Plan (Overall)]

Total site area: approx. 16,300 m<sup>2</sup>

Total floor space: approx. 291,500 m<sup>2</sup>

Main purposes: stores, accommodation facilities, offices, etc.



### ■ Free passage leading east to west in the south area of Tokyo Station\*

- Forming a circular pedestrian network around Tokyo Station by strengthening exchange and collaboration between the eastern and western areas of the station

[Outline of the Plan ]

Width of road: 8 m

Extended length: approx. 290 m

Scheduled to start operations:  
around 2029



### ■ Hiromachi Area Development Plan (tentative name)\*

- Creating a complex hub with diverse urban functions, traffic plaza, pedestrian network, etc., in collaboration with Shinagawa Ward

[Outline of the Plan (A-1 zone)]

Total site area: approx. 22,340 m<sup>2</sup>

Total floor space: approx. 250,000 m<sup>2</sup>

Main purposes: business, accommodation facilities, residential space, commercial space, etc.



### ■ MEGURO MARC\*

- Developing a complex-type town consisting of an office building, rental housing building, and condominium building
- The office building: scheduled for completion in March 2022  
The rental housing building: scheduled for completion in October 2022

[Outline of the Plan (Overall)]

Total site area: approx. 19,370 m<sup>2</sup>

Total floor space: approx. 94,000 m<sup>2</sup>

Main purposes: offices, residences, etc.



\*Collaborative project with public works by government or with other companies, etc.

\*The outline of the plans is subject to change due to future consideration or negotiations with government.



## The type of “town development” pursued under the Shinagawa Development Project



**A place for experimentation in creating a prosperous lifestyle for the next 100 years**



Various demonstration trials, including those of AI robots and mobility



### [Outline of the Project (Phase I)]

Total site area: approx. 74,000 m<sup>2</sup>

Total floor space: approx. 851,000 m<sup>2</sup>

Main purposes: offices, residences, commercial facilities, hotels, culture creating facilities, convention/conference/business support facilities, etc.

# Regional revitalization and promotion of exchanges

## Town development in core regional cities

### Revitalizing regions by promoting inter-regional exchanges

- Revitalization of core regional cities in full coordination with local communities
- Regional revitalization / enhancement of the attractiveness of individual regions
- Promotion of inter-regional exchanges and an increase in the number of visitors



©JR東日本建築設計



©SATOSI NAGAKAWA

Northern Station Gate Akita



A-FACTORY  
(Aomori)



JR Fruits Park  
(Arahama district in Sendai)



wanoi  
(Kakunodate)



# Revitalization of core regional cities

## Promoting station-centered town development in full coordination with the local community of each region

### ● Akita Station (Akita Prefecture)

- Improve the area around Akita Station, in collaboration with Akita Prefecture and Akita City
- Create a compact city, across generations, to ensure the sustainable prosperity of the area around the station, which serves as the face of the region.



Construction of rental apartments for students



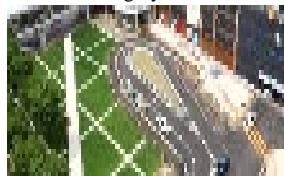
Akita Northern Gate Square



Relocation of Akita Broadcasting System's office



Renewal of the station, making it a hub



Development/improvement of the square in front of the west exit of the station

### ● Iwaki Station (Fukushima Prefecture)

- Comprehensive partnership agreement concluded with Iwaki City in 2019
- Strengthen the functions to attract visitors and tourists by renovating and expanding the existing station building and improving the hotel and the tourist station



Plan for development of the South Exit area of Iwaki Station



Hotel room (image)



Tourist station

### ● Niigata Station (Niigata Prefecture)

- Town development project launched in full coordination with the local community to create a foot traffic route leading from the station to Bandai Square and the town



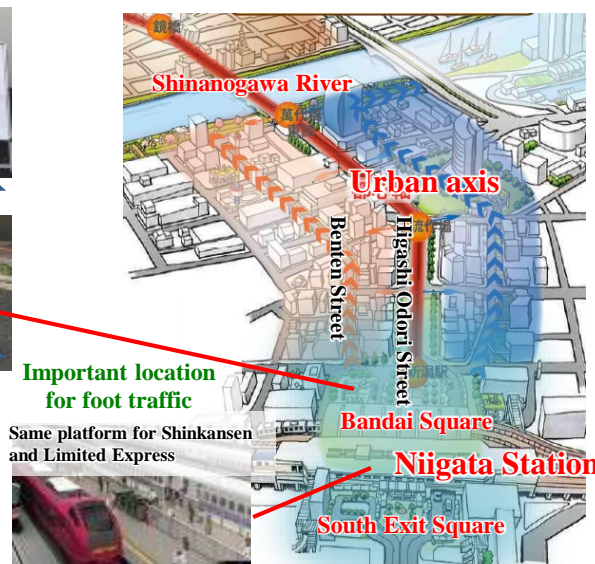
From the square to the town



From the station to the square



Marche near the Bandai exit



### ● Aomori Station (Aomori Prefecture)

- Partner agreement on town development in the area around the station concluded with Aomori Prefecture, Aomori City and the Aomori Chamber of Commerce and Industry in 2018
- Promote the development of a station building accommodating a local hotel and government facilities



Plan for development of the East Exit area of Aomori Station

# Other regional development projects

## ■ March 2022 [Morioka Station]

Apartment housing for regional revitalization “LiViSTA Morioka”: occupancy commenced



## ■ February 2021 [Sendai Station]

JR Sendai East Gate Building: operations commenced



## ■ March 2021 [Nagamachi Station (Sendai City)]

Lieto Terrace Asutonagamachi and Tekute Nagamachi 2: operations commenced



## ■ May 2021 [Akita Station]

Hotel Metropolitan Akita North Wing: operations commenced

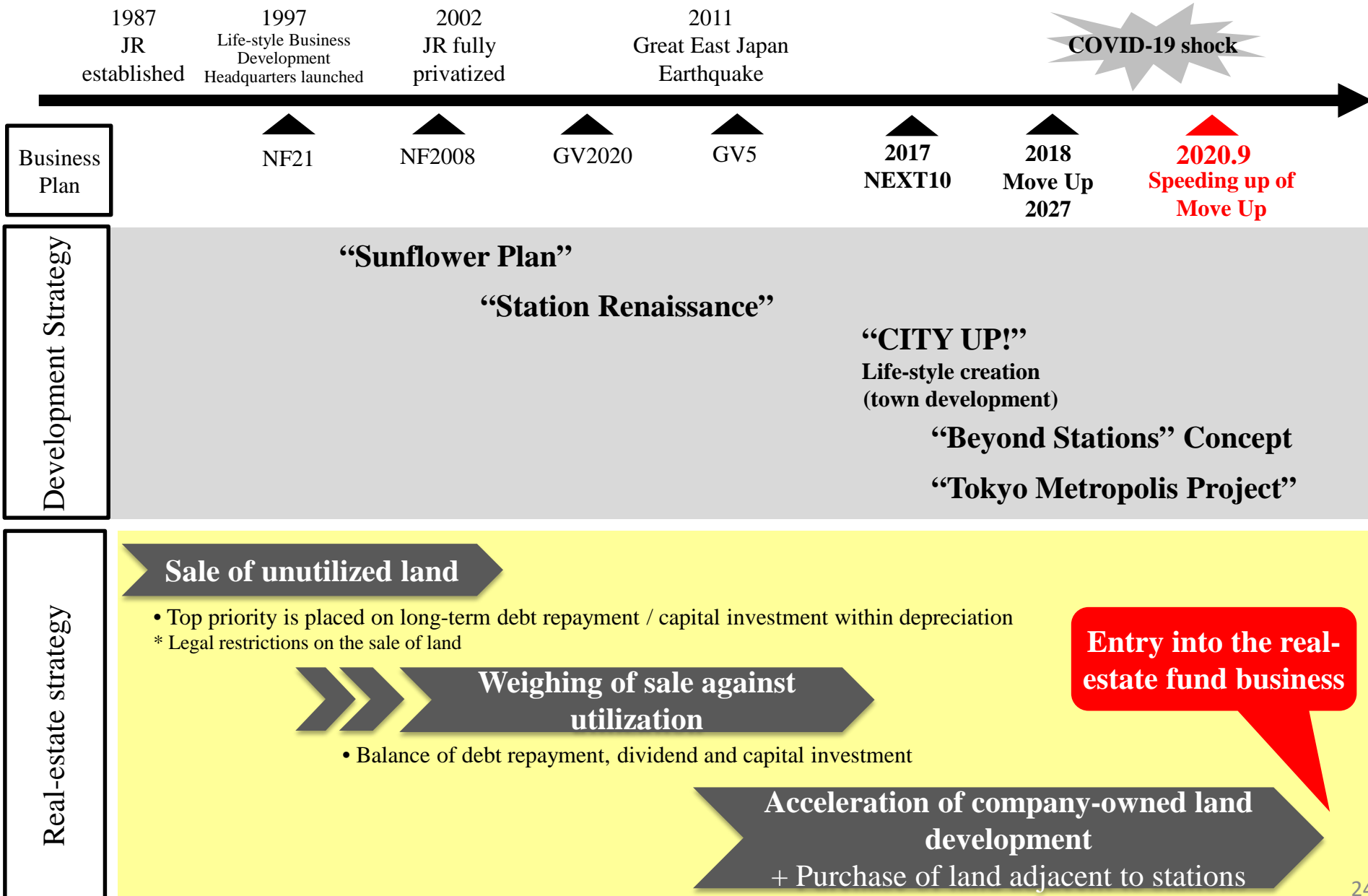


# **3. JR East's Real Estate Development Strategy**

## **(2) Evolution and Acceleration of Real Estate Business**



# History of Real Estate Business



# Creation of development project ①

## Maximizing the potential of company-owned land: “Transferable Development Rights”

The development of GranTokyo and making money for restoration of Tokyo Station building was realized by transferring the unused volume part of Tokyo Station.

### GranTokyo South Tower

Special floor-area ratio: 1,304%  
(Previous ratio: 900%)

### GranTokyo North Tower

Special floor-area ratio: 1,304%  
(Previous ratio: 900%)

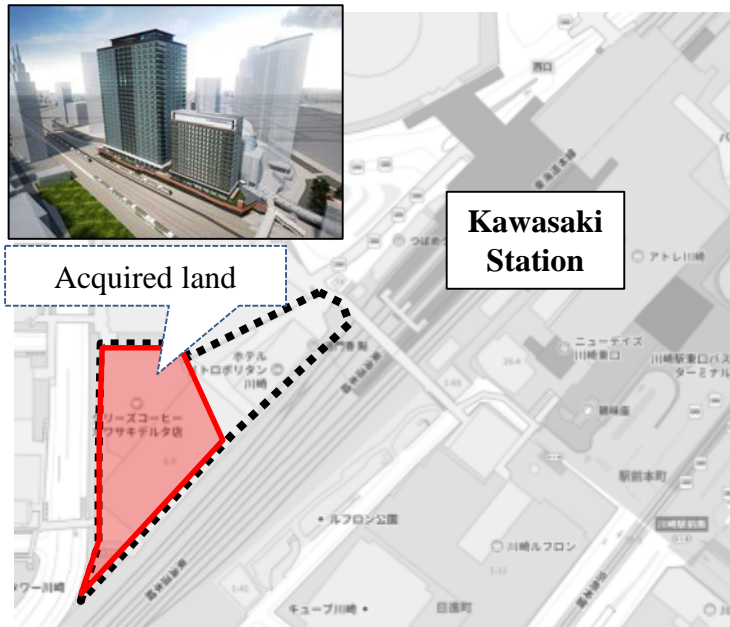


# Creation of development project ②

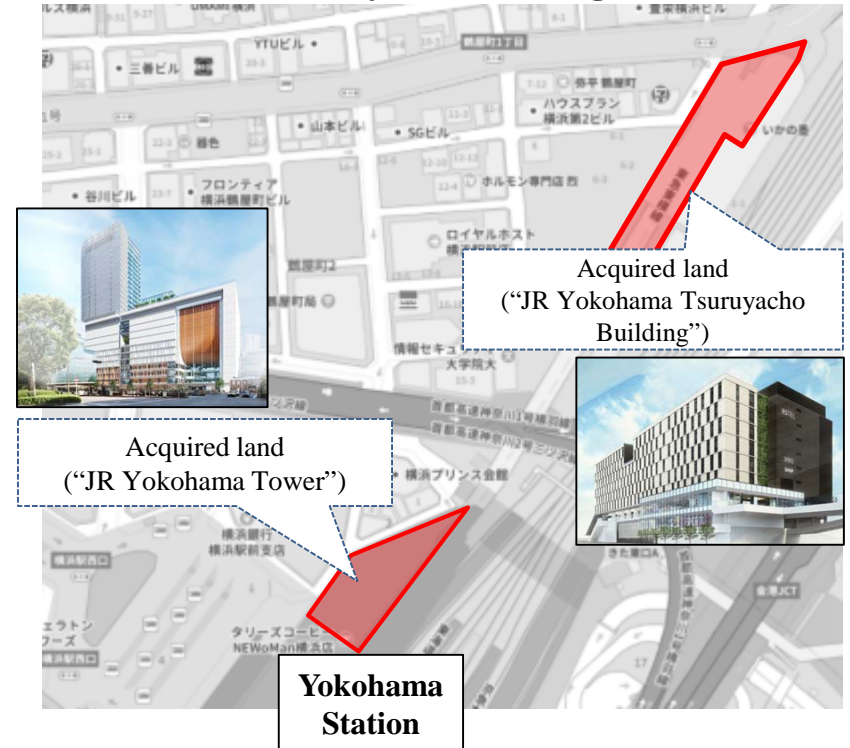
## Examples of real estate acquisition

The value of development was increased by acquiring adjacent areas.

### Kawasaki Station: “KAWASAKI DELTA”

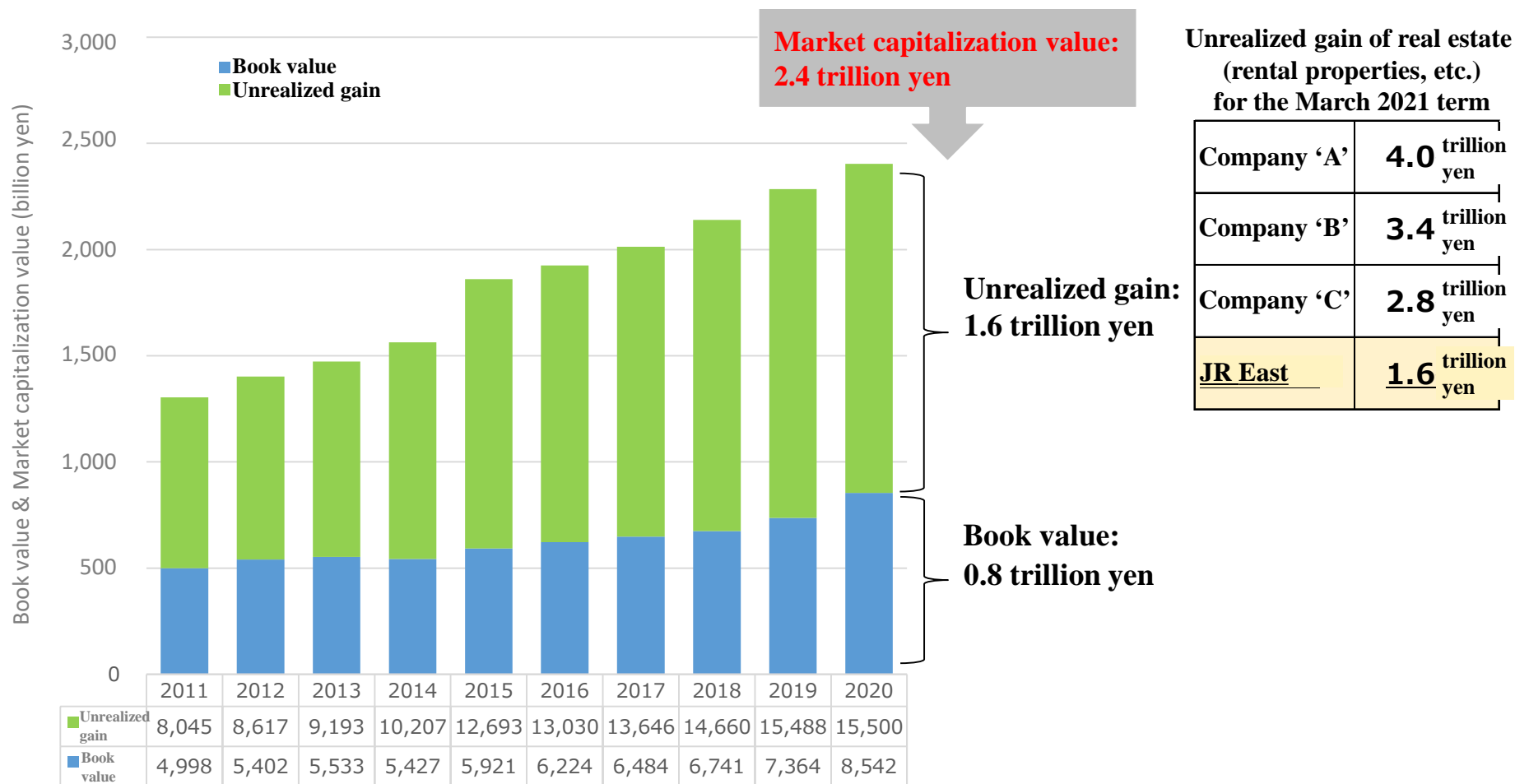


### Yokohama Station: “JR Yokohama Tower” and “JR Yokohama Tsuruyacho Building”



# Changes in the Market Value of Real Estate (rental properties, etc.)

**Potential of JR East = market capitalization value of 2.4 trillion yen /  
unrealized gain of 1.6 trillion yen**



- The development of real estate has been promoted since the inauguration of JR East.  
⇒ Deploying a “long term buy-and-hold business model” by increasing the number of properties (leasing, etc.)

# Speeding up of “Move Up”

JR East Group Management Vision  
**“Move Up” 2027**

Changes in the business environment because of COVID-19

*Speed up  
“Move up” 2027*

**Improve Profitability**

(Rebuild Growth and Innovation Strategies)

**Implement Structural Reform**

(Drastic Strengthening of Management Structure)

**Implement ESG Management**

**Make Safety the Top Priority**

**Ex.**

- “Beyond Stations” Concept
- Real estate fund business

**Establishment of  
JR East Real Estate Management  
Co., Ltd.**



## Reinforcement and speed up of real estate business: “real estate fund business”



JR東日本不動産投資顧問  
JR East Real Estate Asset Management Co., Ltd.

**April 2021: JR East Real Estate Asset Management Co., Ltd. established  
(JR East’s core strategic subsidiary for fund business)**

### ■ Purpose of entry into the real estate fund business

#### (1) Expand the Group’s business opportunities by acquiring outside properties

⇒ Expansion of business domains

We seek to acquire prime properties from outside the Group in order to accelerate the speed of our town development projects and have Group companies manage the newly acquired properties.

#### (2) Ensure sustainable growth by establishing a rotational business model

⇒ Acceleration of business speed

We seek to ensure development profits early and recover our investment by incorporating company-owned properties in the fund.

We also seek to speed up the growth strategy of our business by reinvesting in growing businesses.

#### (3) Strengthen real estate business through asset management business

⇒ Increase in business profitability

We seek to help JR East Real Estate Asset Management Co., Ltd. newly gain asset management fees by expanding our real estate fund.

# Acceleration of town development and lifestyle creation through real estate fund business

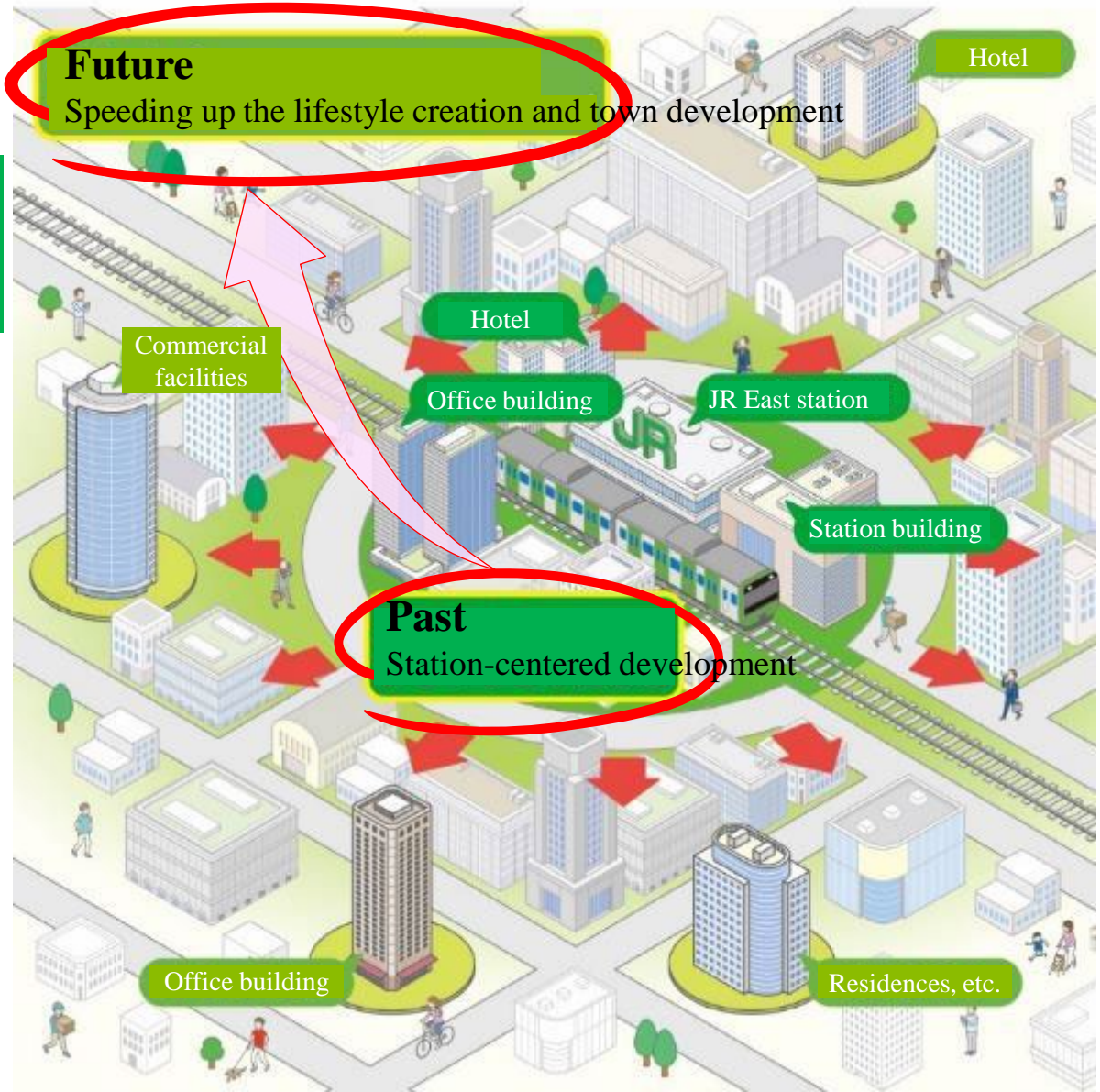
Speeding up “town development and lifestyle creation” by acquiring “outside properties” through real estate fund

**Acquisition of outside prime properties by using real estate fund**

Generating new real estate value by offering development/management know-how  
(Aiming to expand the Group’s business)

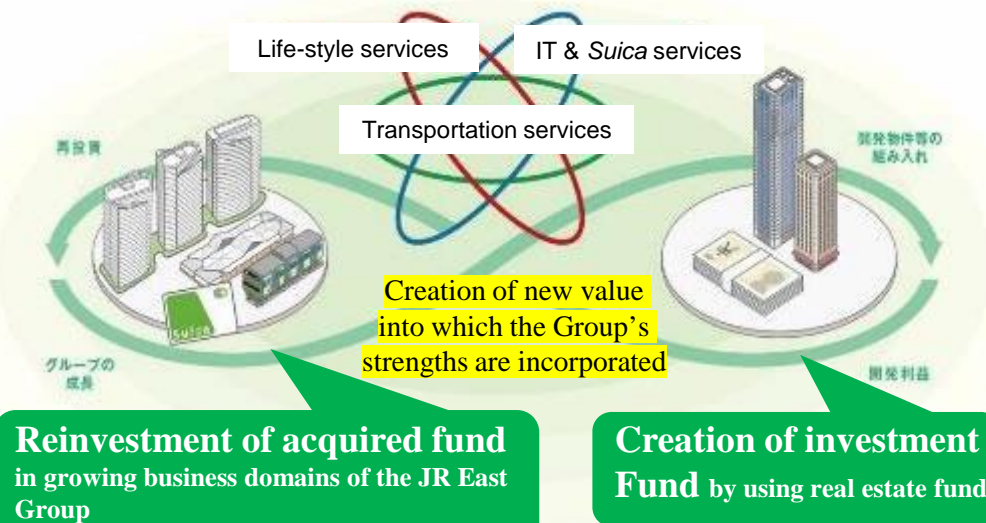


**Speeding up the lifestyle creation and town development we pursue**



# “Rotational business model” in real estate fund business

## Establishment of a “rotational business model”



## Asset liquidation of “JR South Shinjuku Building”

### ■ Start of a rotational business model

Liquidation of a large office building located in the middle of Tokyo in December 2021 (Sold to the fund of JR East Real Estate Asset Management Co., Ltd.)

- Continuing property operation and management by the Group (JR East Building Co., Ltd.)
- Expansion of asset management business (JR East Real Estate Asset Management Co., Ltd.)

JR東日本ニュース



2022年1月31日  
東日本旅客鉄道株式会社

### 不動産事業における「回転型ビジネスモデル」の開始について ～資産流動化によるグループ成長戦略構築とファンド事業拡大～

- 東日本旅客鉄道株式会社（本社：東京都渋谷区、代表取締役社長：深澤 祐二、以下「JR 東日本」）は、JR 東日本不動産投資顧問株式会社（本社：東京都千代田区、代表取締役社長：梅澤 卓也、以下「JAM」）が組成するファンドに対し、JR 東日本が開発したオフィスビル主体の高層複合ビル「JR 南新宿ビル」を売却しました。
- これにより、JR 東日本が標榜する「回転型ビジネスモデル」を、JR 東日本の本業の一つと位置づけて本格的に開始します。不動産ファンドへ JR 東日本グループの開発・所有物件を組み入れ、獲得資金を成長分野へ再投資することで、JR 東日本グループのさらなる成長と資金効率向上を目指します。
- また、JAM では、ファンドを通じた良質な外部不動産の取得も進めており、同社設立後約 9 か月で、運用資産規模が 800 億円を超える見通しです。JR 東日本は、JAM を通じた不動産ファンド事業の推進により、投資エリアの不動産価値の最大化（まちづくり）と地域の皆さまの暮らしを豊かにする社会の実現（くらしづくり）に貢献してまいります。





# Speed up of growth strategy employing a “rotational business model”

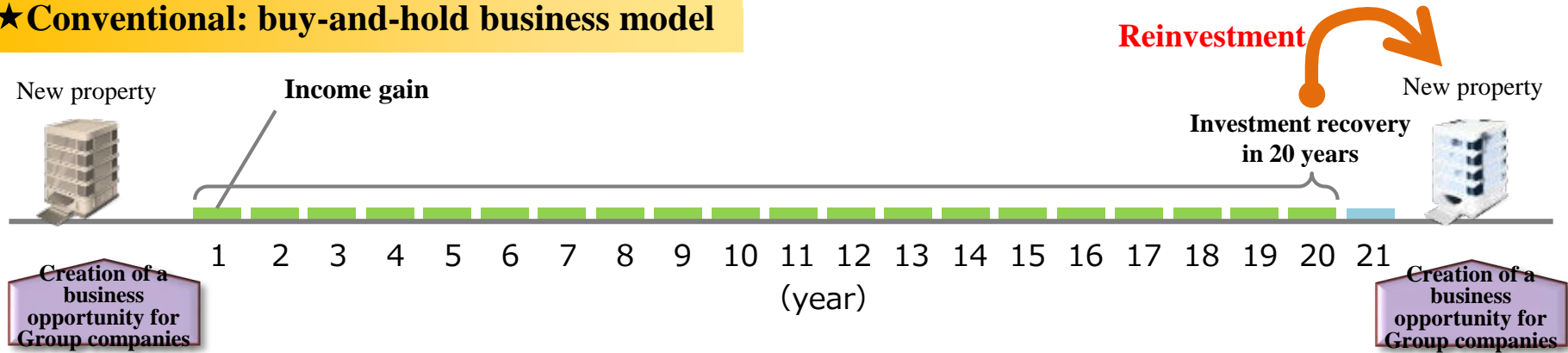
Buy-and-hold  
business model



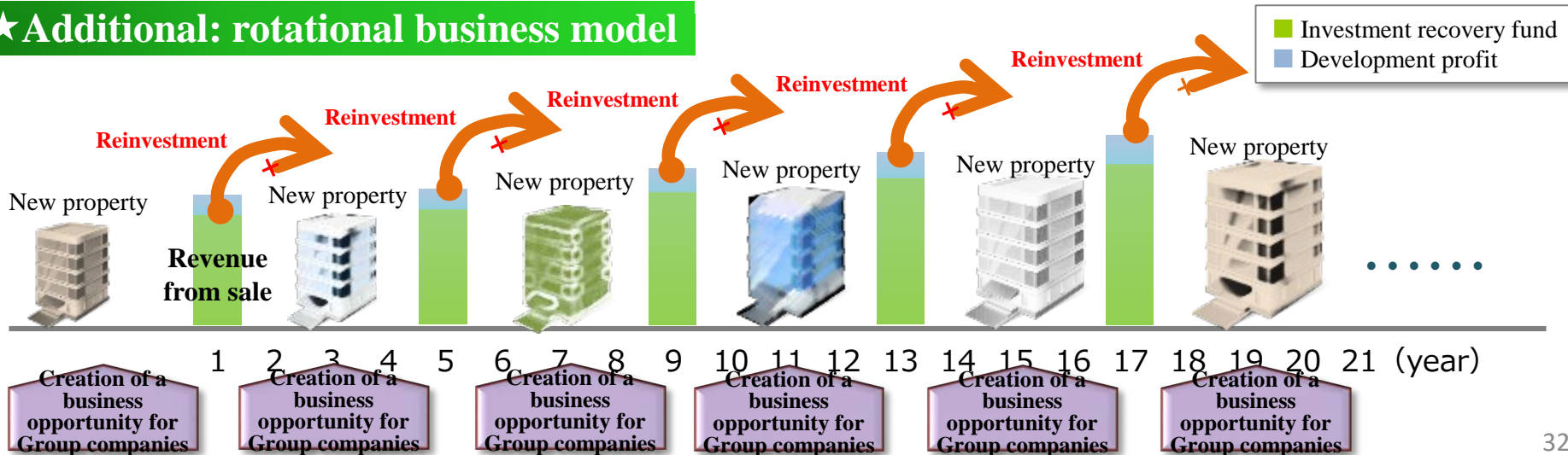
Rotational  
business model

Accelerating the speed of innovative  
changes by strategically using these  
two models

## ★ Conventional: buy-and-hold business model



## ★ Additional: rotational business model





# Image of project expansion and reinvestment destinations based on the “rotational business model”

Town development that has diverse appeal (Tokyo Metropolis Project, etc.)



Shinagawa Development Project



Nakano Station New North Exit,  
Station-Front Area Center Facility  
Development Project \*



Hamamatsucho 2-Chome Area  
4 District Development \*



Shibaura 1-Chome  
Project \*

\*Collaborative project with other companies, etc.

## “Beyond Stations” Concept

JRE Passport ★  
(Subscription service for Suica commuter pass users)



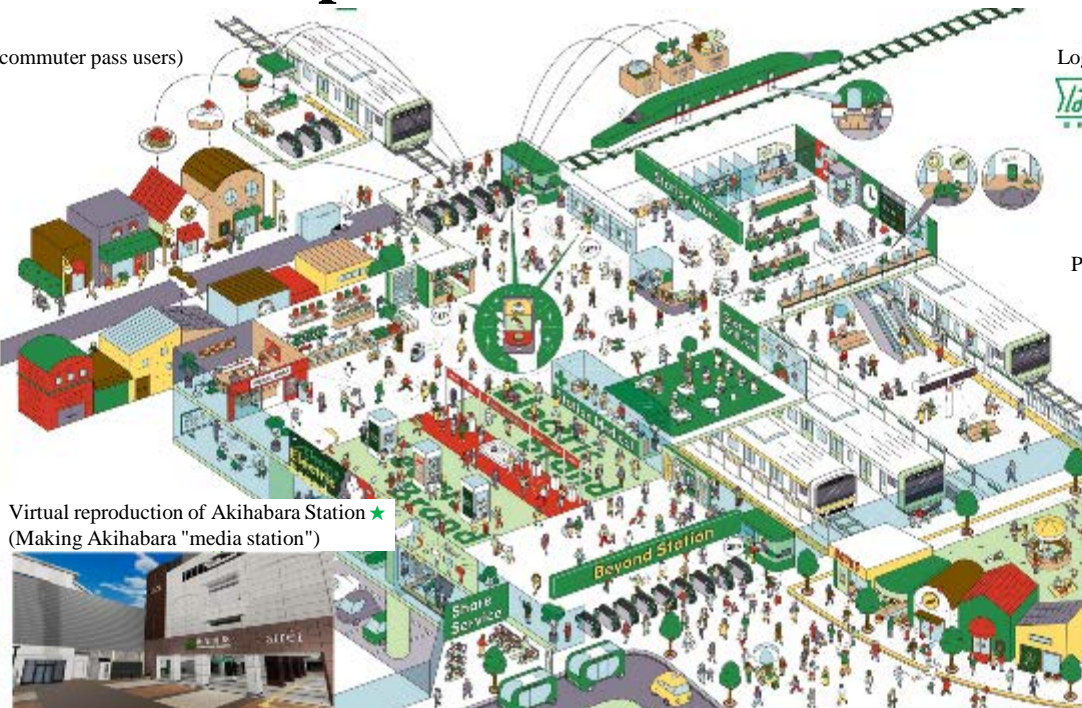
JRE MALL Car / Meet / Café  
(Showrooming locations)



Robot Barista “Ella” ★  
(Co-creation with overseas start-ups)



Virtual reproduction of Akihabara Station ★  
(Making Akihabara “media station”)



Logistics service utilizing trains “Hakobyun”



Pre-opening of “JRE Station College” ★



Station pickup service of  
JRE MALL products ★



★...Demonstration trial phase

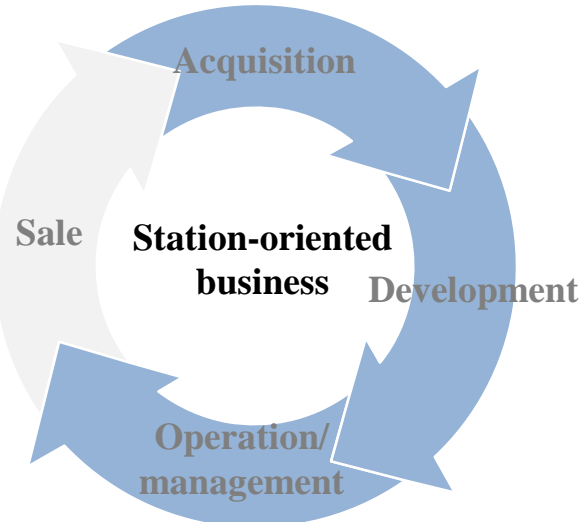
# Expansion and reinforcement of our real estate business by establishing fund business

Establishing a value chain for our real estate business by using real estate fund

## Conventional approach

- Town development centering on the “station”
  - Development of a large terminal station
  - Holding of properties (station buildings, etc.)

Developing business centering on stations and railways  
Accumulation of buy-and-hold business model



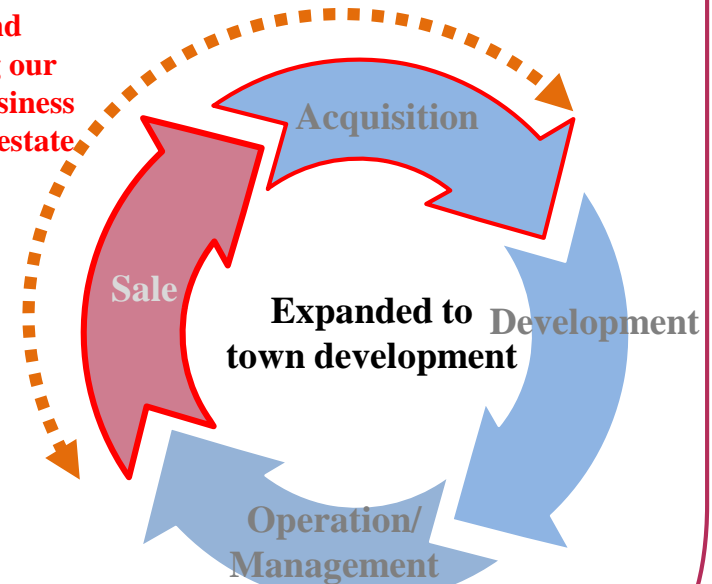
Shifted to

## New real estate business strategy

- Increasing relevant properties (speeding up of town development)
- Creating funds for investment in a growing business  
[Establishment of rotational business]
- Expanding business domains (Expanded to asset management business)

Realizing sustainable growth strategy by establishing a “rotational business”

Expanding and strengthening our real estate business by using real estate fund business





# Increase in the value of properties around the station

Our town development projects serve as a driving force to promote regional revitalization

## Land value around Yokohama Station: +32%<sup>\*1</sup>

(Land value in Kanagawa Prefecture: +14%<sup>\*2</sup>)

\*1: Changes in the average official price of land adjacent to the station (5-1 Yokohama Nishi) for the period from 2018 to 2022

\*2: Changes in the average official land price (commercial land) in the prefecture for the period from 2018 to 2022

### JR Yokohama Tsuruyacho Building



### JR Yokohama Tower



Yokohama Station

## Land value around Akita Station: +4%<sup>\*3</sup>

(Land value in Akita Prefecture: ±0%<sup>\*4</sup>)

\*3: Changes in the average official price of land adjacent to the station (5-1 Akita) for the period from 2018 to 2022

\*4: Changes in the average official land price (commercial land) in the prefecture for the period from 2018 to 2022

### Hotel Metropolitan Akita North Wing



### Topico (Station building)



### Renewal of Akita Station as a tourist station



In 2019, land value increased for the first time in 27 years.



Akita Station

### Akita Northern Gate Square (Sports facilities)



### Rental apartments for students (in front of Akita Station)



# Preparation for early establishment of privately placed REIT (Real Estate Investment Trust)

Promoting preparation for early establishment of REIT with an eye toward the next-step deployment of real estate fund business  
Speeding up the acquisition of outside prime properties and the establishment of a rational business model,  
and pursuing the uniqueness of JR East in creating REIT

## Asset size

