Achievements and future development of Station Renaissance

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l. Non-railway businesses of JR-EAST
1. During the JNR age

Mainly railway business

2. 1987 ~privatization~

non-railway businesses=two sections

Business Development Headquarters  
Affiliated Enterprise Headquarters

integration

3. 1997

Life-style Business Development Headquarters
Environmental changes

1. Fewer children and rapidly ageing population

2. Severer competition with other transport media

3. Returning of residents to the center of Tokyo

The decline is faster than we expected
Basic Approach to Business Development

1. Collaboration of railway and life-style service businesses = two inseparable elements of management

2. Effective utilization of stations and other station-related assets

3. Market to our 16 million passengers per day

4. Enhancing Group company value and achieving higher profitability
Business composition of Life-style Services Business by segment

Breakdown of operating turnover

Turnover: ¥2,542.1 billion

- Transportation: 71%
- Life-style Services Business: 29%
  - Station space-using business: 14%
  - Shopping/office business: 7%
  - Other business: 8%

Year ending in March 2004

Current status

- **Transportation**
  - Turnover: ¥1,798.1 billion

- **Life-style Services Business**
  - Turnover: ¥744.1 billion
  - Station Space Utilization: 366.4
  - Shopping centers & Office buildings: 175.2
  - Other business: 202.5
<Case> Tokyu Corporation

Income from Non-railway Business (by segment)

Breakdown of operating turnover

Turnover: ¥1,223 billion

Transportation: 21%
Non-Railway Business: 79%

Other business: 21%
Hotel business: 9%
Leisure Services business: 7%
Retail business: 30%
Real estate business: 12%

Year ending in March 2004
Business composition of Life-style Services Business by segment

Breakdown of operating turnover

Year ending in March 2004

Turnover: ¥2,542.1billion

- Transportation: 71%
- Life-style Services Business: 29%
- Station space-using business: 14%
- Shopping/office business: 7%
- Other business: 8%

We have to enhance this proportion to the level that is comparable with Tokyu corporation.
Income from Life-style Services Business (by segment)

Breakdown of operating turnover

Turnover: ¥751.3 billion

Station space-using business: 49%

Shopping/office business: 22%

Other business: 29%

Year ending in March 2004

Station space business
Turnover ¥366.4 billion
Retail sales, food & drink in station

Shopping/office business
Turnover ¥175.2 billion
Shopping centers: 119
(Tenant turnover ¥960 billion)
Office buildings: 15
(Rentable area: 104,579㎡)

Other business
Turnover ¥202.5 billion
Hotels: 43 (5,284 rooms)
Advertising: ¥86.4 billion

Current status
**Station Space Using Business KIOSK, NRE, JEF**

- **Turnover:** ¥366.4 billion
- **Operating profit/turnover rate:** 7.4% (March 2004)

**Conventionally,**

**<Recent development>**
- Convenience store: NEWDAYS(372)
- Mujirushi ryohin com KIOSK(18)
- Bookstore: BOOK GARDEN(18)
- Barber shop: QB HOUSE(28)
- Quick massage: Temomin(4)

**Currently,**

* ( ) No. of shops
Shopping and Office Business

<Station Building>

- Sales by Tenants: ¥960 billion
- Operating profit/turnover rate: 26.4%
- 44 group companies

Conventionally,

One station building per station
One station building per company

Currently,

- Flagship station building ⇒ Restructuring (Scrap&Build)
- Composite station building (Commercial facilities/offices)

【Recent development】
⇒ Flagship: Atré(9), LUMINE(13)
⇒ Complex(6): JR Shinagawa East Bldg.

| Atré Ebisu | LUMINE Shinjuku | JR Shinagawa East Building | Atré Shinagawa |
Hotel Business (Others business)

- **Turnover**: ¥43.8 billion
- **19 group companies**

  (March 2004)

- **City Hotel type (11)**
  Hotel Metropolitan, Tokyo Station Hotel, Hotel Edmont, etc

- **Business Hotel type (15)**
  Hotel Mets chain

- **Others (17)**
  Hotel Dream Gate Maihama
  Folklore
  Familio
  etc.

* No. of member hotels / 43
  Total no. of guest rooms / 5284

* ( ) No. of hotels
Advertising and publicity (Other business)

- **Turnover:** ¥86.4 billion  (March 2004)
- **1 operating company and 1 working company**

Traditionally, we have developed posters in stations and railcars, and signboard advertisements.

Currently, we are developing new advertisement media including railcar body advertising, moving-image advertisements in railcars (E231 series) and stickers on automatic ticket gates.

**Traditional media**

**Current media**
ll. Realization of “NEXT STATION”

~ Station Renaissance ~
Today’s theme is “NEXT STATION”

<Focus of presentation>

STATION RENAISSANCE OF JR-EAST
Station Renaissance is a large-scale development.
Development Case

Ueno Station Renaissance
Ueno Station

1. History

- Jury 1883: Operation commenced between Ueno and Kumagaya
- September 1923: Station building burned down during the Great Kanto Earthquake
- April 1932: New station building (current building) completed
- March 1985: Operation of Tohoku Shinkansen started between Ueno and Morioka
- June 1992: Tohoku Shinkansen extended from Ueno to Tokyo

2. Issues

With the exception of Shinkansen facilities, most facilities were constructed between the 1920s and the 1930s – after the Great Kanto Earthquake of 1923.

- Complicated and inconvenient old station facilities
- Overall deterioration and out-dated facilities, with some inefficiently managed
- No fire or earthquake disaster prevention facilities
Station Renaissance – Development Case (Ueno Station)

⇒ Making a customer-friendly station
⇒Creating a customer – friendly station

= Creating an easy-to-use station
Station Renaissance – Development Case (Ueno Station)

Before refurbishment: Front entrance (outside)
Station Renaissance – Development Case (Ueno Station)

After refurbishment: Front entrance (outside)

⇒ Renovation station appropriate for the region
Station Renaissance – Development Case (Ueno Station)

Before refurbishment:
Concourse outside the central ticket gate

The concourse ⇒ gloomy and cluttered
After refurbishment:
Outside the central ticket gate (Grand Concourse)

⇒ We named the area “Grand Concourse”
Station Renaissance – Development Case (Ueno Station)

Before refurbishment: Shinobazu exit underpass

underpass ⇒ gloomy and cluttered
After refurbishment: Shinobazu exit underpass

Station Renaissance – Development Case (Ueno Station)
Station Renaissance – Development Case (Ueno Station)

Refurbishment of Front entrance (inside)
Station Renaissance – Development Case (Ueno Station)

Information services space “Break”

⇒ We established the “Break” information services space
Station Renaissance – Development Case (Ueno Station)

A station with a cultural flavor

- Enjoying time in the station ①
Station Renaissance – Development Case (Ueno Station)

Concert of Tokyo National University of Fine Arts and Music

- Enjoying time in the station②
Birth of the shopping street “atré Ueno”
– Development Case (Ueno Station)–

Development concept
“Fusion of the station and the community; synergy with the community”

Retail area : 6,000m² (retail: 4,000m²; food and beverages: 2,000m²)

No. of tenants : 54 (8 of which are local tenants)

Target group : All station users
⇒ Strategically targeting females in their 20s and 30s living in the Tokyo metropolitan area

Features

○ Nanabangai (Seventh Avenue) — Shopping zone combining the atmospheres of both the new and old towns

○ Retro Building — Food and beverage zone fully utilizing the atmosphere of the classic station building

Operating company : The EKIBIRU Development Co., TOKYO
(Wholly JR East-owned subsidiary)
Station Renaissance — Development Case (Ueno Station)
Birth of the shopping street “atré Ueno”
– Development Case (Ueno Station)

- **Nanabangai (Seventh Avenue)**
  - Retail sales
  - Foods & cafe

atré Ueno
Birth of the shopping street “atré Ueno”
– Development Case (Ueno Station)

■ Retro Building
- Restaurant zone (food and beverages)
- Hard Rock Cafe opened an outlet for the first time in a station
Effects of Ueno Station Development

1. Increase in railway users
2. atré Ueno breaking estimated sales
3. More people shopping and sightseeing in areas around Ueno Station ⇒ shower effect
4. Area revitalization through collaboration with the local community

Co-existence and co-prosperity with local communities and stations to form a harmonious city
We have to consider how to reduce infrastructure development costs.

- Review of how to order
- Review of construction method
- Shortening of construction schedule
Problems of Station Renaissance ②

- Maximizing the special features of each station

Diagram:

- Station
  - Market
  - Location environment
  - History
Ensuring the flexibility of shop change in the shopping space of each station

- Change in customer’s tastes
- Change in competition

Shopping zone
- Quickly
- Timely
- Freely

Changing shops
Problems of Station Renaissance

Overcoming the above problems is needed for • • •

changing from

stations where people simply pass through
to

stations where people gather

and for

Maximizing our business resources
Thank you very much for your kind attention