

Expansion into New Business Ventures



NAA's objective since privatization in 2004 has been to increase non-aeronautical revenue. As part of that drive, it has established new retailing subsidiaries to expand the group's retail activities and offer our customers higher quality services befitting the nature of Narita Airport as its steps out in a new direction in its evolution.

The first step was the establishment of NAA Retailing Corporation in a joint venture with Japan Airport Terminal Co., Ltd. in May 2004. The new company began trading in July that year and opened a large shopping facility in the South Wing in Terminal 1 when it opened in June 2006. Furthermore, a similar shopping facility was opened in Terminal 2 with the opening of "Narita 5th Avenue" in April 2007. NAA Retailing now operates 42 shops in Narita Airport including duty-free shops, exclusive fashion boutiques and general merchandise shops.

There are two duty-free companies which were established

by NAA in July 2005. NAA & ANA Duty Free Corporation opened shops in Terminal 2, and NAA & JAL DFS Corporation opened shops in the South Wing in Terminal 1 when it opened.

NAA & ANA Duty Free Corporation is a joint venture with All Nippon Airways' ANA Trading Duty Free Co., Ltd. and NAA & JAL DFS Corporation is a joint venture with Japan Airlines' JAL-DFS Co., Ltd. NAA & JAL DFS Corporation operates 1 duty-free shop and 4 exclusive fashion boutiques in Terminal 1 while NAA & ANA Duty Free Corporation operates 2 duty-free shops, 3 exclusive fashion boutiques and a general merchandise shop in Terminal 2.

These new retail companies have been established for the sole purpose of operating duty-free shops, etc. in the airport and were capitalized at 90 million yen each. Collectively, the three companies have a sales target of 33.4 billion yen for fiscal 2008.

Opening of Narita 5th Avenue

Following the grand opening of "narita nakamise" in Terminal 1 on June 2, 2006, NAA opened a similar duty-free exclusive brand mall, "Narita 5th Avenue", in Terminal 2 on April 9, 2007.

The name of the mall is derived from the fact that it is the 5th shopping zone to be introduced in Terminal 2 after the existing zones in the central, northern and southern sections of the Main Building and the Satellite Building, and also portrays an image of sophistication as epitomized by 5th Avenue in New York to arouse a sense of anticipation among customers.

In contrast to the essence of Japanese "Wa" incorporated in "narita nakamise", the entire "Narita 5th Avenue" mall imparts a Western feel and is designed under a "Timeless Modern" concept, to effect a complete transformation from Narita Airport's former image. From the moment customers step foot into the concourse, they find themselves in a totally new world of glamour and sophistication. Moreover, it is the first airport mall to be designed along a curved concourse. This is intended to stimulate curiosity and to draw customers further and further into the mall.

At the heart of the mall are the boutiques by the world-renowned fashion houses such as Hermes, Cartier and

Tiffany & Co., popular among Japanese travelers. The GUCCI and Burberry stores, in particular, are the first duty-free boutiques by these labels at any airport in Japan. The boutiques are a welcome sight to customers who are hesitant about shopping abroad due to language problems as they are manned by Japanese-speaking staff and are stocked with items that are most popular among Japanese customers.

Comprehensive duty-free stores selling cosmetics, alcoholic beverages and tobacco can also be found at the mall as well as the AKIHABARA store, which attracted much attention in "narita nakamise", offering a wide variety of souvenirs to choose from for both Japanese and non-Japanese customers.

As described above, Narita Airport now houses "narita nakamise" in Terminal 1 and "Narita 5th Avenue" in Terminal 2, both of which are elegant large-scale exclusive fashion malls to rival that in any airport in the world in terms of customer satisfaction. NAA hopes that these facilities will provide customers with a choice in considering travel plans and in selecting which terminal to use, and add to the enjoyment of travel so that Narita Airport itself will become one of the customers' travel destinations rather than a mere transit point.



Renovation of Passenger Terminal 1

With the opening of "narita nakamise" and "Narita 5th Avenue", the main activity in the retail expansion program at Narita shifted down a gear but swung into action again with interior refurbishment projects in the New Central Building and the North Wing in Terminal 1. The new "Narita Hokusai Plaza" in the central area of the New Central Building and "Narita North Street" in the North Wing both opened on December 26, 2007.

"Essence of Japan" is the design concept used in the "Narita Hokusai Plaza". The walls are decorated with graphic sheets featuring a collage of *ukiyo*e woodblock prints by Katsushika Hokusai, the world famous Japanese artist from the late 18th/early 19th centuries, whose name is adopted for the plaza. Environmental artwork by Sai Hiroko is displayed in the concept area in the centre. Her work represents a

collaboration of traditional Japanese and contemporary arts. Passengers, and visitors to Japan and transit passengers in particular, are able to experience the spirit and culture of Japan while waiting to board their aircraft.

A Nippon *origami* museum has also opened in "Narita Hokusai Plaza", offering a taste of traditional Japanese culture to visitors to Japan with displays of *origami*. The museum also has class rooms where passengers with time available can experience first hand the culture of Japan and origami and relax in the tranquility of the essence of Japan.

Like "Narita Hokusai Plaza", "Narita North Street" also features the "Essence of Japan" concept with wooden lattice walls and Japanese lanterns suspended overhead radiating soft, subtle light in a theme that seeks to achieve visual brilliance and achieves an interior with an ambience that radiates the genteel sophistication and strength of traditional Japan.

Overview of Directly-Operated Duty Free Shop Management Companies

Company Name	NAA Retailing Corporation	NAA & ANA Trading Duty Free Co., Ltd.	NAA & JAL-DFS Co., Ltd.
Business Activities	<ul style="list-style-type: none"> • Sales of duty free goods • Sales of merchandize 	<ul style="list-style-type: none"> • Sales of duty free goods • Sales of merchandize 	<ul style="list-style-type: none"> • Sales of duty free goods
Capital	JPY90 million (1,800 shares)	JPY90 million (1,800 shares)	JPY90 million (1,800 shares)
Capital Structure	(1) Narita International Airport Corporation JPY60 million (1,200 shares) (2) Japan Airport Terminal Co., Ltd. JPY30 million (600 shares)	(1) Narita International Airport Corporation JPY60 million (1,200 shares) (2) ANA Trading Duty Free Co., Ltd. JPY30 million (600 shares)	(1) Narita International Airport Corporation JPY60 million (1,200 shares) (2) JAL-DFS Co., Ltd. JPY30 million (600 shares)
CEO	Tamio Higurashi	Masamichi Yano	Yukio Goto
No. of Shops	Duty free 7 Exclusive fashion boutiques 12 General retail 21	Duty free 2 Exclusive fashion boutiques 3 General retail 1	Duty free 1 Exclusive fashion boutiques 4