

Tosu Premium Outlets, Chelsea Japan Co., Ltd.

Chelsea Japan Co., Ltd. is a joint venture between a U.S. outlet developer, Chelsea Property Group, Mitsubishi Estate Co., Ltd. and Sojitz Corporation. Chelsea Japan focuses on developing, owning and managing outlet shopping centers in Japan. Seven outlet shopping centers are operated in Japan as of the end of 2008.



Company Profile	
● President and Representative Director	Toshihide Yoshimura
● Location	Yayoigaoka 8-1 Tosu City, Saga
● TEL	+81-942-87-7370
● URL	http://www.premiumoutlets.co.jp
● Established	March 2004
● Form of business organization	Joint venture between Chelsea Property Group (U.S.), Mitsubishi Estate Co., Ltd. and Sojitz Corporation
● Capital	¥ 499 million
● Number of employees	14 (about 1,000 if tenant employees are included)
● Description of business	Operation of Tosu Premium Outlets

Reasons for Starting Business in Kyushu

- Target primary market population achieved
 - When considering the location for an outlet shopping center in western Japan (Hiroshima and to the west), Tosu, which is a junction of the Kyushu Expressway and expected to attract customers from extensive areas, was the only site that met our requirements for the location, that is, the place with a primary market (areas accessible within 90 minutes by car) population of 6 million or more.

Business Conditions

- Tosu Premium Outlets opened in March 2004 and its floor area was expanded in December 2007. The gross floor area since expansion is 27,100 m² and the number of stores is 121. Sales after expansion are favorable with a year-on-year increase of 140 percent and even if an increase for the expanded floor area is excluded, it still shows a 10 percent increase.
- Customers visit Tosu Premium Outlets from extensive areas—Hiroshima to the east and Kagoshima to the South. Due to the effect of changing our advertising strategy to effective ways of attracting customers in the Kyushu region and tour participants, in 2008 the number of parked cars grew by 120 percent from the previous year.
- The customer segment of Tosu Premium Outlets has steadily changed. Thanks to the expanding recognition of the concept of the outlet, customers who want luxury brand items and customers who visit Tosu Premium Outlets with their families have increased.
- Tosu Premium Outlets has the strength of the cooperation of Chelsea Property Group, Mitsubishi Estate Co., Ltd. and Sojitz Corporation thus making it possible to enable stores to be opened using their various channels, and has achieved a strong lineup of one-of-a-kind stores. Even in recession, consumers have an appetite for shopping and there are still salable products.
- While the parking area has a capacity of 2,300 cars, the number of cars visiting is 7,000 on a weekend. In order to ease stress due to traffic congestion, we are working together with the municipalities and collaborating with public transport.

Future Prospects

- Attracting overseas customers
 - As the domestic market is diminishing, attracting overseas customers is an issue for the future. Until October 2008, the number of customers from South Korea had increased tenfold from the previous year; however, due to the decline in the value of the won, since November, it has dipped. In order to attract customers, brochures written in English, Hangul and Chinese are available. In addition, we will encourage the authority concerned to improve access from the Port of Hakata and other issues.
- To become more attractive outlets
 - In order to maintain freshness, we will replace stores regularly and preserve the views of the buildings because they themselves can be scenic resources. Furthermore, we will reinforce our store lineup by encouraging one-of-a-kind stores to open and work on raising the levels of store staff by conducting training for improvement in skills.



