

Corporate Information

Corporate Outline (As of April 30, 2010)

| | |
|----------------------|---|
| Name | Token Corporation |
| Incorporation | July 17, 1976 |
| Capital | ¥4.8 billion |
| Employees | 5,345 (including part-time and contracted employees) |
| Address | Token Headquarters Marunouchi Building, 1-33, 2-chome, Marunouchi, Naka-ku, Nagoya, 460-0002 |
| Principal Businesses | <ul style="list-style-type: none"> • General lease property construction business for landowners (Bridge System) • Commercial lease property construction linking landowners and potential business tenants (Catch system) • Tenant recruitment services for apartments, condominiums, and retail outlets (Home Mate Brokerage System) |

Group Companies (As of April 30, 2010)

Totsu Agency Co., Ltd.
 Token Lease Fund Co., Ltd.
 Totsu Travel Co., Ltd.
 Token TADO Country Co., Ltd. (Token TADO Country Club Nagoya)
 Token Resort Japan Co., Ltd. (Token SHUGA Country Club)
 Shanghai Tohan International Trading Co., Ltd.
 Nasluck Co., Ltd.
 Token Otsudori A Ltd.
 Token Otsudori B Ltd.
 Token Building Management Co., Ltd.
 Token Chikusa Tower Co., Ltd.

Directors (As of July 28, 2010)

| | | |
|--------------------------|---|-------------------|
| President | | Minoru Souda |
| Senior Managing Director | General Manager, Management Administration Department | Morikazu Tauchi |
| Managing Director | General Manager, Sales Department | Yoshitake Souda |
| Managing Director | | Shigeru Kato |
| Director | General Manager, Business Administration Department | Iwao Ishikawa |
| Director | | Shinya Miyamoto |
| Director | | Munehiro Yonemura |
| Corporate Auditor | | Kiyomi Hibi |
| Auditor | | Masahiro Mitsuya |
| Auditor | | Shigeo Aoki |

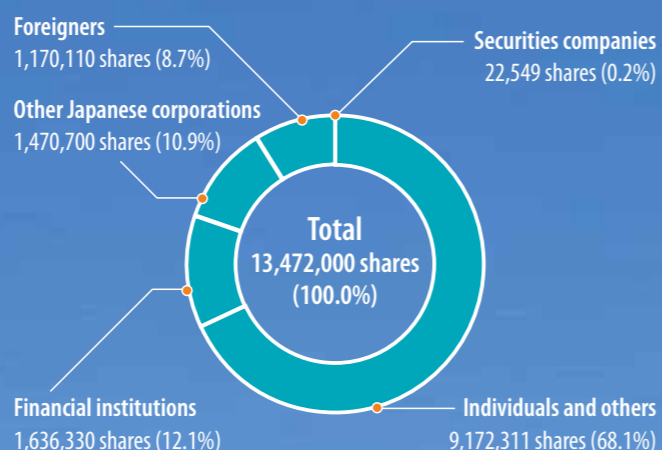
Stock Information (As of April 30, 2010)

| | |
|---|-------------------|
| Number of Shares Authorized | 53,888,000 shares |
| Number of Shares Issued and Outstanding | 13,472,000 shares |
| Number of Shareholders | 19,285 |

• Major Shareholders

| Shareholder | Number of shares held (100 shares) | Ratio of shareholding |
|--|------------------------------------|-----------------------|
| Minoru Souda | 49,504 | 36.7% |
| Tomei Corporation Co., Ltd. | 10,000 | 7.4% |
| BBH for Fidelity Low-Priced Stock Fund | 3,500 | 2.6% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,528 | 1.1% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 1,474 | 1.1% |

• Shareholder Composition by Investor Type (As of April 30, 2010)



BUSINESS REPORT 2010

For the year ended April 30, 2010

Pioneer of land-use business

Head Office

Token Headquarters Marunouchi Building, 1-33, 2-chome, Marunouchi, Naka-ku, Nagoya, 460-0002
 Phone : +81-52-232-8027 Fax : +81-52-232-8061 URL : <http://www.token.co.jp/>

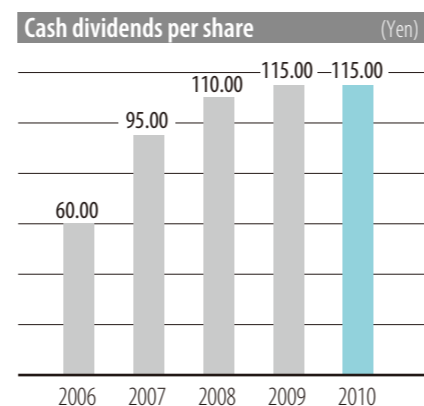
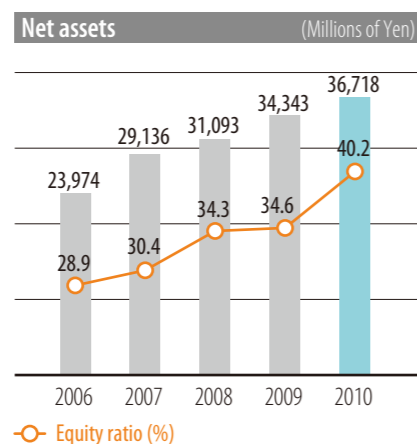
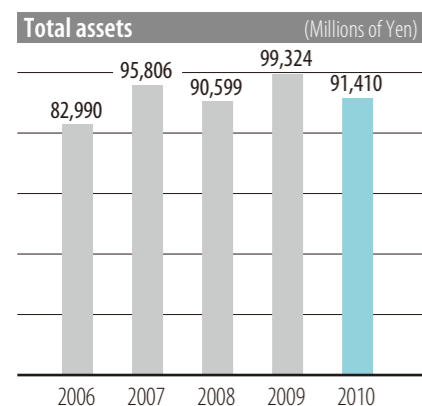
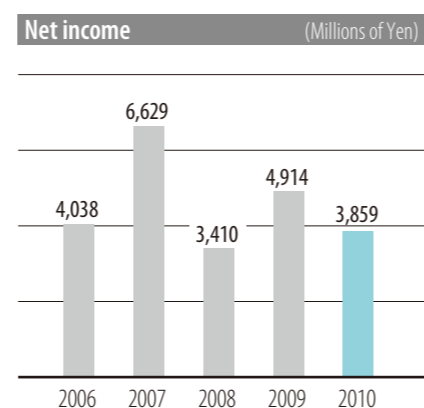
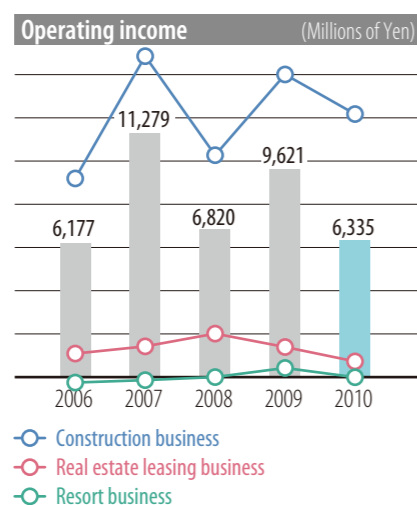
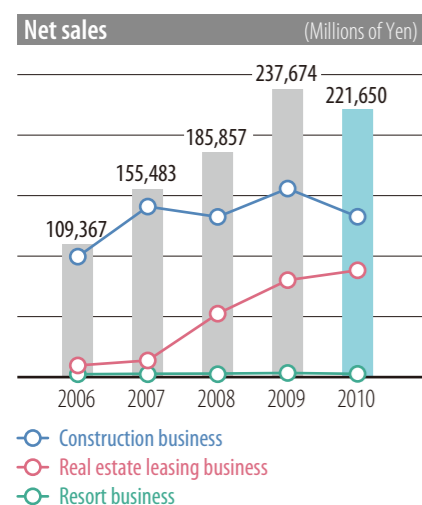
TOKEN CORPORATION



Token Corporation and Consolidated Subsidiaries For the years ended April 30

| | Millions of Yen | | | | | Thousands of U.S. Dollars |
|------------------------------|-----------------|----------|----------|----------|-----------------|---------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2010 |
| For the year: | | | | | | |
| Net sales | 109,367 | 155,483 | 185,857 | 237,674 | 221,650 | 2,356,230 |
| Construction business | 98,601 | 139,947 | 131,422 | 154,822 | 131,530 | 1,398,214 |
| Real estate leasing business | 8,741 | 12,859 | 51,492 | 79,194 | 87,323 | 928,280 |
| Resort business | 1,495 | 1,877 | 2,039 | 2,529 | 1,800 | 19,135 |
| Operating income | 6,177 | 11,279 | 6,820 | 9,621 | 6,335 | 67,346 |
| Construction business | 9,007 | 14,776 | 10,228 | 13,759 | 12,117 | 128,816 |
| Real estate leasing business | 1,294 | 1,692 | 2,397 | 1,656 | 860 | 9,142 |
| Resort business | (310) | (177) | (7) | 497 | (16) | (172) |
| Net income | 4,038 | 6,629 | 3,410 | 4,914 | 3,859 | 41,024 |
| At the year-end: | | | | | | |
| Total assets | 82,990 | 95,806 | 90,599 | 99,324 | 91,410 | 971,731 |
| Net assets | 23,974 | 29,136 | 31,093 | 34,343 | 36,718 | 390,328 |
| Equity ratio (%) | 28.9 | 30.4 | 34.3 | 34.6 | 40.2 | |
| Interest bearing debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Per share data | Yen | | | | | U.S. Dollars |
| Net income | 293.90 | 492.14 | 253.16 | 364.84 | 286.49 | 3.0 |
| Net assets | 1,773.86 | 2,162.52 | 2,307.84 | 2,549.05 | 2,725.38 | 28.9 |
| Cash dividends | 60.00 | 95.00 | 110.00 | 115.00 | 115.00 | 1.2 |

Notes: 1. U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥94.07 to US\$1, the approximate Tokyo foreign exchange market rate as of April 30, 2010.
2. Net sales by business segment excludes inter-segment sales. Operating income includes inter-segment transactions.



Expanding our market share by building brand strength through core business synergies



Minoru Souda
President

Looking back on our 34th term

Our 34th term (the fiscal year ended April 30, 2010) marks a 35-year milestone since the Company's founding. In that time Token Corporation has created an all-around business model that provides the complete know-how needed by landowners to erect and operate rental housing, providing everything from design and construction of buildings to advice concerning administrative procedures at the start of construction, as well as residential brokerage and rental management. Due to decreased volume of completed construction and a drop in new occupancy rates amidst an increasingly severe management environment, however, over the 34th term our net sales were ¥221,650 million (6.7% decrease from the previous fiscal year), operating income was ¥6,335 million (34.2% decrease), ordinary income was ¥7,008 million (31.0% decrease), and net income was ¥3,859 million (21.5% decrease). From these results, we realize the need for measures to further enhance the efficiency of our business model.

Future business development

Securing a foothold for our next leap forward by improving efficiency

Our 34th term financial results have helped us to identify organizational and business efficiencies as the key to success. Our company had maintained growth even after the bursting of the economic bubble, and as such, was not forced into making the same efficiency improvements and cost reductions that other firms had to face. While we adopted IT improvements from an early stage to advance efficiency in our sales division, we let other support divisions expand.

Looking ahead, we plan to transform our operations into a leaner management structure. With clear goals before us, now is our chance to effect improvements. Specifically, we'll focus management resources on our sales division, while we review and optimize personnel structures in support divisions, streamline unprofitable branches, and otherwise advance organizational and business efficiency, securing a solid foothold for our next leap forward.

Strengthening our brokerage functions to further improve occupancy rates

As we pursue greater efficiency, we'll also extend ourselves where needed. Within our business model lie two core areas: our construction business in which we build rental housing on behalf of landowners; and our real estate leasing business in which we act as brokers and managers for rental properties. These two core businesses, focused on lenders and on borrowers, respectively, can be likened to the axes of a vehicle that together support its motion.

At present we're making special efforts toward the borrower's side, i.e., the acquisition of occupants. Occupancy rates remained at historically low levels during our 34th term, leading us to augment our connections with regional real estate firms. In December of 2009 we introduced an online system called Home Mate Room Search, which spurred a considerable improvement in occupancy rates during the last stages of the 34th term.

In addition to such partner networks, we are also bolstering our systems so that we can send information directly to residential candidates. The real estate leasing business is essentially an information business, making the question of how to increase our audience a vital one. As such, we're tackling development of systems that target the information tool of choice for young people, which is of course the mobile phone.

Moreover, we're actively developing branches focused on brokerage, strengthening our directly operated branches in the three main metropolitan areas (Tokyo, Osaka and Aichi) and our franchise branches in other markets.

We expect that building a high occupancy rate through these measures will stimulate demand for land use among the landowners who form the customer base for the construction business, which in turn will spur demand for rental housing construction. In this manner our company will demonstrate new synergies in our business model.

Differentiation through high value-added products that meet needs

With regard to the other axis in our businesses, the construction business, we're advancing numerous product strategies there as well.

Recently, we've brought relatively low-cost products to market that utilize conventional construction methods. These have met with great acceptance, boosting sales accordingly. With improvements in more traditional construction methods, and by using modern building materials, we've created new products that, despite being based on wood, offer the equivalent of Class 2 earthquake resistance while also being resistant to rot and termites. Boasting an attractive price and solid quality, these products are expected to contribute to increased orders.

We are also making strides toward barrier-free housing aimed at our increasingly aged society. Our plans, now in the final stages of development, reach back to the roots of traditional Japanese wooden houses that incorporate features such as senior-friendly sliding doors. We've gone even further in our barrier-free housing to build in universal design ideas that enable anyone, from small children to the elderly, to live safely and comfortably regardless of any disabilities. These products are also slated for addition to our core product lineup.

Turning to regional strategies, we are expanding our focus on suburbs to include the markets in so-called quasi-city areas. Residents' needs are the most diverse in places with a high population, so we've responded by developing products including women-only apartment buildings that meet the demands and tastes of women in terms of design, security, and facilities such as kitchens. By providing high value-added products to meet the various needs of these

high-density population areas, we believe we can further expand our construction business market. Going beyond individuals, many corporations have abandoned company housing or dormitories, which suggests a growing corporate demand for furnished apartments. Rather than building standardized properties, in the future we plan to differentiate ourselves from the competition by providing unique products tailored to residents and communities.

The long-term outlook

Building the Token brand to expand market share

While apprehension lingers over future contraction of the real estate market, we understand that as long as there are people there will be demand for housing. Yet the market cannot continue to expand as it did in the past. The processes of competition and natural selection will occur, so the way that we expand our share of the market will ultimately shape our future growth. The indispensable key in all of this is brand power. That's why we're taking every step to strengthen ourselves in brokerage, as differentiation from the competition in securing tenants will bring us advantage in implementing our construction business strategies.

Although the demand for rental housing construction remains weak, Token's occupancy rate has quickly recovered to its level prior to the Lehman Brothers collapse. We recognize in this the success of our strategies drawing on the two axes of our business model, construction and real estate leasing. Looking ahead, as we promote efficiency to further reveal synergies in our business model, we plan to further build the Token brand and secure greater market share.

We humbly ask all of our shareholders for their continued understanding of and support for our management of the Company.

Key points of future strategies

1. Secure foothold for next leap forward by improving efficiency

- Focusing management resources on sales division
- Increased organizational and business efficiency

2. Strengthen the brokerage functions of our real estate leasing business

- Stronger partner networks with other firms
- Direct communication of information to residency candidates
- Development of branches focused on brokerage
- Ripple effect of improved occupancy rate on construction orders

3. Differentiate through high value-added products

- Market entry with products attractive in both price and quality
- Development of products tailored to residents and communities

4. Market expansion and building of brand power, using both axes of business model

Diversified Product Development



1984: Heavy steel frame construction
Start of Personal Series sales



1986: Reinforced concrete construction
Start of Eve Series sales



1999: Wooden 2x4 construction
Start of Paldea series sales



2001: Senior-oriented heavy steel frame construction (including reinforced concrete)
Start of River Hills sales

Our goal is to maximize added value by creating a business model that captures needs.

Needs of landowners

Want assistance with post-construction management

Want reasonably priced, high-quality buildings with short construction periods

Want assistance securing funds

Want to know how best to utilize available land space

Maximizing added value

| | |
|------|---|
| 2008 | Strengthening of construction production capabilities • <i>Nasluck Co., Ltd. and Token Leava Co., Ltd. merged</i> |
| 2006 | Strengthening of tenant recruitment, brokerage, and rental management capabilities Strengthening of construction production capabilities • <i>Founded Token Building Management Co., Ltd.; acquired Shelulu Kobe Plant</i> |
| 2005 | Strengthening of construction production capabilities • <i>Acquired Nas Stainless Co., Ltd. (name changed in 2007 to Nasluck Co., Ltd.)</i> |
| 2004 | Diversification of management • <i>Founded Token Resort Japan Co., Ltd.</i> |
| 2003 | Diversification of management • <i>Founded Token TADO Country Co., Ltd.</i> |
| 2002 | Strengthening of construction production capabilities • <i>Acquired Izumo Dantani Plant and NK Fukaya Plant</i> |
| 1999 | Strengthening of financial capabilities • <i>Founded Token Lease Fund Co., Ltd.</i> |
| 1998 | Strengthening of construction production functions Business expanded beyond construction to include production of housing equipment and building material packages in our factories • <i>Founded Token Leava Co., Ltd.; Token Leava acquired Chiba Cisco Plant</i> |
| 1994 | Diversification of management • <i>Founded Totsu Travel Co., Ltd.</i> |
| 1990 | Strengthening of PR capabilities • <i>Founded Totsu Agency Co., Ltd.</i> |
| 1974 | Development of land-use business • <i>Founding of company</i> |



2003: Highly earthquake-resistant, strong but light steel frame construction
Start of Shelulu Series sales



2006: Wooden 2x4 construction
Start of Star Terrace Series sales



2009: Seismic mitigation wooden construction method
Start of Liber Wood sales



2009: Women-only apartment buildings
Start of Lady Bell sales (specialty-function product)

Our path in creating our business model

Core business (construction and real estate leasing) strategies

Advancing the organizational reform and strengthened management foundation needed to meet change in a severe market

Undertaking rationalization of inefficient businesses while promoting orders of prime properties

The management environment underlying our 34th term was an exceedingly severe one. With the world economy lingering in recession, new housing starts fell below one million units¹ for the first time in 42 years, while the housing vacancy rate hit an all-time high of 13.1%². In a vicious cycle, financial institutions' unwillingness to lend has put the brakes on landowners' investment aspirations, while worsening unemployment has dulled demand for rental residency.

To address these severe changes in business climate, over the 34th term we have performed aggressive build-up of our branches and sales staff, together with defensive scrapping of support division costs together with the streamlining of branches.

In our 35th term we plan to continue this "build and scrap" strategy, with particular focus on promoting orders of prime properties and rationalizing inefficient businesses. We're returning to a sound corporate constitution and building a robust management foundation able to respond to change.



Resetting sales areas, developing attractive products, and rebuilding brokerage networks: the pillars of our strategy

In our 35th term we plan to focus our energies on the resetting of priority sales areas, on product development, and on the rebuilding of brokerage networks.

To promote orders of prime properties, we are carefully evaluating the selection of sales areas and designating special areas for promotion of orders. We will strategically develop our sales activities in areas with forecast high residency demand and in metropolitan and semi-metropolitan areas.

Along with these specific area strategies, we are augmenting our product capabilities. In development of rental housing products we are emphasizing competitiveness in terms of both profitability and occupancy, as we implement design methods that

cut costs without lowering quality, augment products geared to comfort and the environment, and pursue the creation of attractive products. We are expanding our products among three groupings: "core strategic products" which differentiate us from competitors; "functional strategic products" capturing the particular needs of residents; and "downtown strategic products" pursuing lifestyle convenience in the heart of cities.

Further, we're tackling stronger measures to promote brokerage, with an emphasis on augmenting our brokerage network through partner companies to achieve effective acquisition of occupants. With "mutual prosperity" and "synergies with direct branches" as the key, our 35th term will see us 1) clarifying the partner brokerage request process; and 2) rebuilding our partner brokerage network focused on the sales strategies of the Home Mate sales division.

Housing equipment and building materials business strategies

Implementing sales- and production-focused measures to maximize merger synergies

Shifting strategies to special and direct marketing to expand sales of wooden building materials

Nasluck Co., Ltd. merged with Token Leava Co., Ltd. in November of 2008 to take a new step as an integrated housing equipment and building materials manufacturer. The newly integrated Nasluck Co. began rationalizing its business, carrying out an ongoing process of streamlining offices and branches and reducing costs through sales efficiencies, all with positive results.

To further cement these results in Token's current 35th term (the 33rd term for Nasluck), we have made the bundled sales of plumbing-related products and wooden building material products a pillar of our sales strategy upon which we are steadily increasing earnings.

At the core of this strategy is the Nastopia TLD interior finishing

and equipment unit system line, the SD Series, which consists of products including plumbing, storage units, interior fittings, and finishing materials. By including plumbing-related components in the set, we hope to closely meet customer needs whether in new or renovated properties, generating new sales for our company.

With respect to our sales and marketing plans, we are looking to build upon the dual strategies of securing profits by marketing directly to builders, and securing sales through dedicated marketing to large builders.

Achieving efficiency in the Production Department through improved operating ratio and reduced costs

Efficiency is the major issue for our Production Department. One measure to address efficiency is an

improvement of operating ratio. We are raising the operating ratio in our factories by establishing indicators such as the time required per unit of production, calculations of downtime due to production equipment malfunction, and so on.

We are also tackling cost reduction wherever possible. Through close cooperation, Nasluck and Token are working to raise the accuracy of order information, rethink order lot sizes, hold down cost increases due to rising materials prices, augment inventory management, and much more. In addition, to deal with the unavoidability of held inventory, we are minimizing losses through means such as prompt sale of inventory as outlet products.

In logistics costs, too, we are boosting efficiency by consolidating central and depot warehouses to reduce costs of storage, and reducing transport costs by rethinking delivery routes.

SD Series sales targets

Primary sales targets and spec-work targets for the SD Series are as follows.



¹ Ministry of Land, Infrastructure and Transport, "Report on Survey of Housing Construction Starts Statistics" (2009 statistics)

² Ministry of Internal Affairs and Communications, "2008 Housing and Land Survey"

Basic Concept

We at Token Corporation aim to optimize our company's value by building a responsive and transparent management structure closely tied to our founding spirit and strong management principles.

Corporate Governance

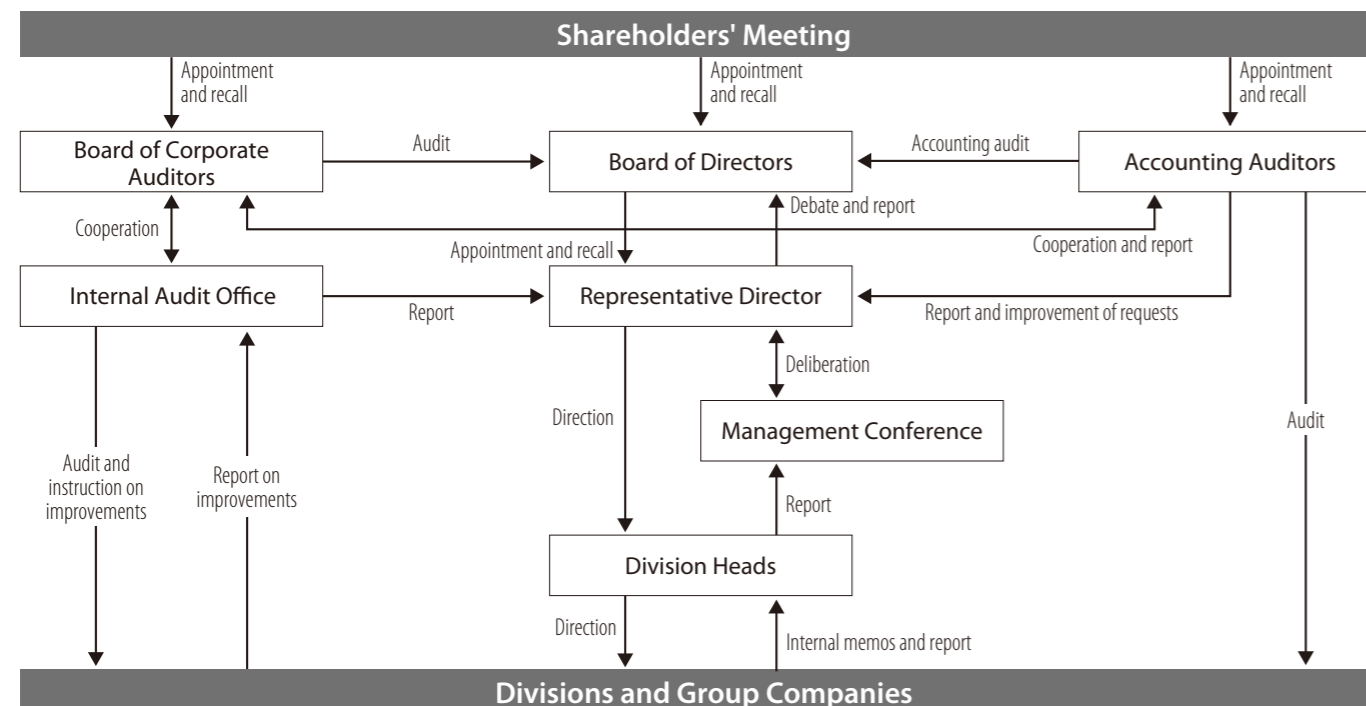
We believe that swift, transparent decision-making and auditing processes help to build society's trust in our company, ensuring that these processes receive a high level of attention and priority.

In addition to our Board of Directors, our bodies for deliberation, decision-making, and reporting on management issues include our Management Conference consisting of executives, division heads, and block leaders; our Business Development Conference, which discusses matters relating to new business; and our Data Strategy Conference. These Conferences meet every other month. We also conduct management instruction meetings on behalf of subsidiaries whenever the need arises.

To meet the needs of our horizontal organization, we have established the Token Risk and Compliance Committee, which prepares internal controls and integrates compliance management across the Group.

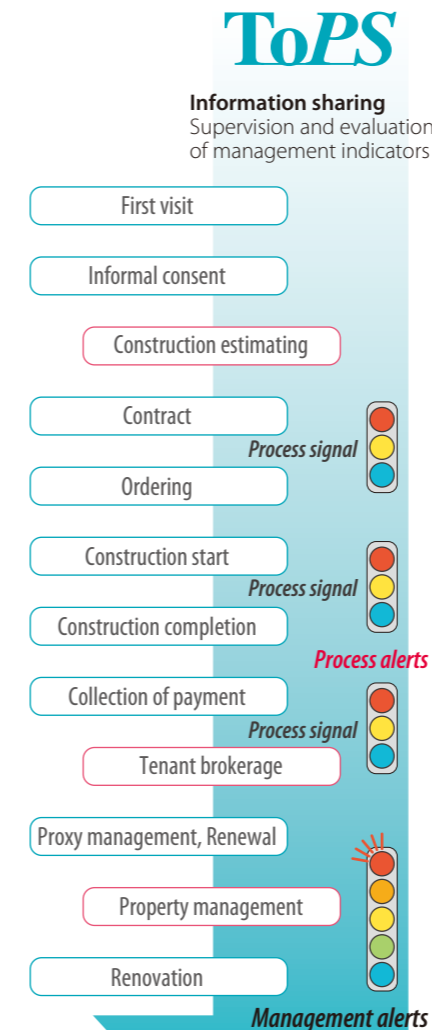
Moreover, our nine-person Internal Audit Office performs regular operational and other audits on behalf of the company and our subsidiaries. The team reports audit results to top management while following up with audited divisions on the status of improvements directed by the results. Accounting audits, meanwhile, are carried out under contract by our chosen outside auditor, Deloitte Touche Tohmatsu (Japan Group). Of the three auditors under our auditor system, two are outside auditors.

Structure for Business Execution and Auditing



Strengthening our management structure through IT strategy

Token Process Management System



Constructing a system aimed at work efficiency

Token Corporation embarked upon IT strategies from an early stage to support our business model covering all stages of business from construction to real estate leasing. Not only do the steps in our business – from sales through receiving orders, design, construction, brokerage, and rental management – cover a long period of time, they also require large amounts of paperwork, including the contracts involved in every process of construction. Maintaining records of contracts and reports is vital to accurately understanding the status of ongoing projects, such as whether contracts have been properly concluded or whether construction projects are proceeding as planned. The trend towards a growing mountain of paper-based reports makes work inefficient, so in order to speed work flow and share information more efficiently we implemented the Token Process Management System (ToPS) in 2002.

ToPS as a risk management system

Through ToPS, we have gained the ability to centrally monitor the status of progress, from the sales stage through to construction and brokerage. The system has not only contributed to work efficiency but has also enabled managers to promptly recognize and respond to any potential disruption such as contract oversights or construction delays. ToPS functions as a system that responds to various risks that may occur in our business.

"Produce" to reduce human error

In the course of carrying out construction projects, our employees must produce a large number of documents. No matter how familiar a process may be, people can at times forget a step in the procedure. To prevent this sort of error, we have embedded our own construction process management system, Produce, into ToPS. By providing direction on required documents in construction processes – from contract preparation to contract signing, construction preparation, progress reporting, and construction management – Produce helps to prevent mistakes. At the same time, the system greatly improves work efficiency by automatically creating process planning charts for construction, and in cooperation with our Assist system even supports the creation of the application and contract documents required for each process. In this way, Produce helps avoid human error in our employees' daily work and contributes to the enforcement of on-site compliance.

Our promotion of an IT strategy is not only a defensive measure to make work more efficient, but is also part of an aggressive strategy to reinforce our management foundations. Ultimately, its goal is to support our management structure and contribute to achieving compliance. In the future we intend to continue advancing our IT strategy while building a more evolved management structure.