

Corporate Information

Corporate Outline (As of April 30, 2015)

Name	Token Corporation
Incorporation	July 17, 1976
Capital	¥4.8 billion
Employees	6,256 (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, 2015)

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 Building Management Co., Ltd.

Directors and Auditors (As of July 29, 2015)

President and Chairman		Minoru Souda
Managing Director	Head, Sales Department	Yoshitake Souda
Managing Director	General Manager, Business Supervision Department/ in charge of Business Administration Department	Noboru Hanabusa
Managing Director	in charge of construction and Nasluck	Munehiro Yonemura
Director *		Michihiro Shida
Corporate Auditor		Kiyomi Hibi
Auditor *		Masahiro Mitsuya
Auditor *		Akemi Kitamura

* denotes Outside Director and Outside Auditors.

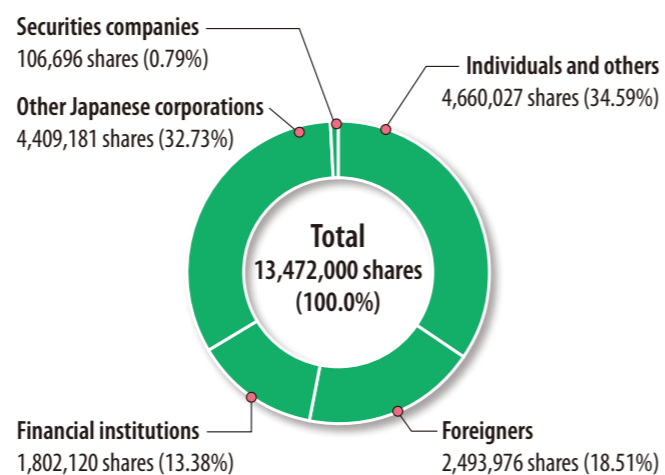
Stock Information (As of April 30, 2015)

Number of Shares Authorized	53,888,000 shares
Number of Shares Issued and Outstanding	13,472,000 shares
Number of Shareholders	26,666

• Major Shareholders

Shareholder	Number of shares held (100 shares)	Ratio of shareholding
Tomei Corporation Co., Ltd.	41,000	30.43%
Minoru Souda	15,464	11.47%
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Sub Portfolio)	9,505	7.05%
Yoshitake Souda	4,040	2.99%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,395	1.03%

• Shareholder Composition by Investor Type (As of April 30, 2015)



Note: Individuals and others includes treasury stock.

Pioneer of land-use business



BUSINESS REPORT 2015

For the year ended April 30, 2015

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/>

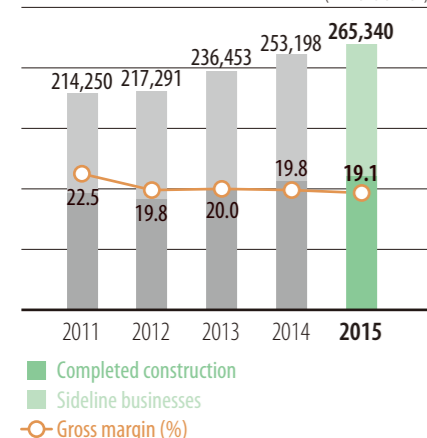


Token Corporation and Consolidated Subsidiaries
For the years ended April 30

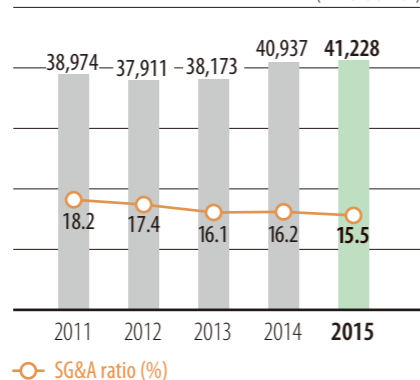
	Millions of Yen					Thousands of U.S. Dollars
	2011	2012	2013	2014	2015	2015
For the year:						
Net sales	214,250	217,291	236,453	253,198	265,340	2,229,751
Completed construction	115,850	109,506	119,997	127,873	133,122	1,118,672
Sideline businesses	98,400	107,784	116,456	125,325	132,218	1,111,078
Gross profit	48,111	42,968	47,207	50,009	50,674	425,832
Selling, general and administrative expenses	38,974	37,911	38,173	40,937	41,228	346,455
Operating income	9,137	5,057	9,034	9,071	9,445	79,376
Ordinary income	9,731	5,745	9,687	9,541	10,272	86,323
Net income	6,197	3,127	5,893	5,264	6,217	52,244
At the year-end:						
Total assets	101,707	104,868	114,734	124,869	134,533	1,130,532
Net assets	41,865	43,931	48,949	53,076	58,603	492,462
Equity ratio (%)	41.2	41.9	42.7	42.5	43.6	
Interest-bearing debt	0	0	0	0	0	0
Per share data:	Yen					U.S. Dollars
Net income	460.07	232.19	437.48	390.78	461.75	3.8
Net assets	3,107.46	3,260.84	3,633.42	3,940.68	4,353.53	36.5
Cash dividends	80.00	80.00	85.00	90.00	90.00	0.7

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥119.00 to US\$1, the approximate Tokyo foreign exchange market rate as of April 30, 2015.
2. Net sales of completed construction refers to net sales by the construction business.
3. Net sales of sideline businesses refers to net sales by the real estate leasing business, resort business, and other businesses.

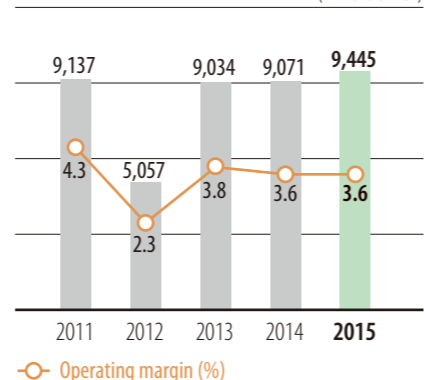
Net sales and gross margin
(Millions of Yen)



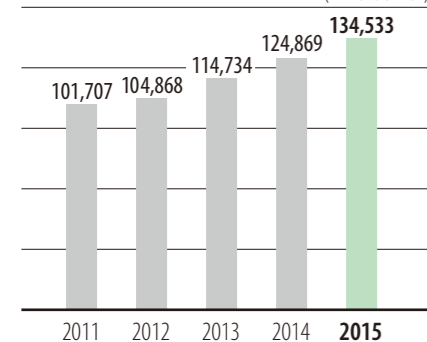
Selling, general and administrative expenses and SG&A ratio
(Millions of Yen)



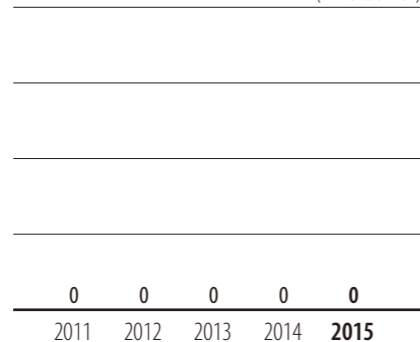
Operating income and operating margin
(Millions of Yen)



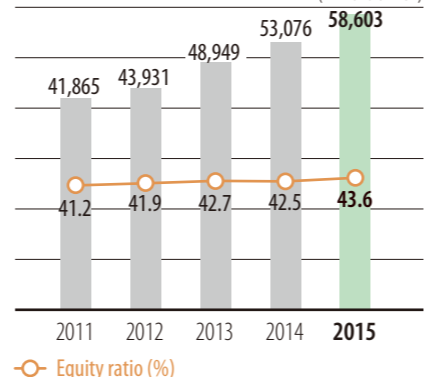
Total assets
(Millions of Yen)



Interest-bearing debt
(Millions of Yen)



Net assets and equity ratio
(Millions of Yen)



With major management reforms having been successful, we at long last shift to offensive management strategies. Sights are set on medium- to long-term growth through large-scale investment in new and existing businesses.

Looking back on the 39th fiscal term marking the 40th anniversary of our founding:
The gradual entrenchment of major management reforms has generated increased revenues and profits and brought Token's end-of-term occupancy rate to its highest level in years

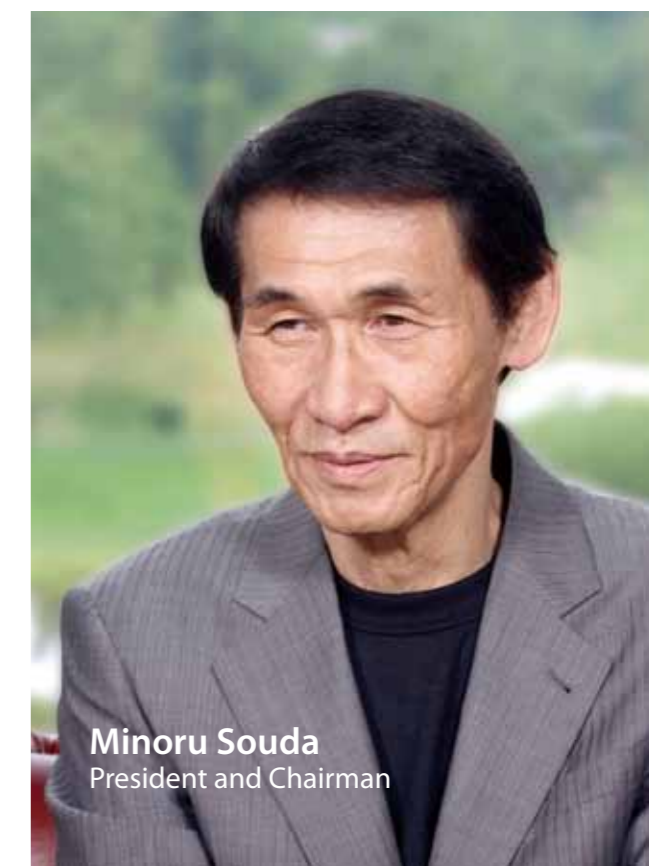
In September 2014, during its 39th fiscal term (the fiscal year ended April 30, 2015), Token Corporation celebrated the 40th anniversary of its founding, a watershed moment for the company. Regarding consolidated business performance, Token Corporation saw a rise in the volume of completed construction in the construction business even as the number of new housing starts in the overall market declined year over year. With rising labor costs and material prices that remain high, the gross profit margin for completed construction dropped but was offset by an increase in volume of completed construction, which resulted in an increase in operating income.

In the real estate leasing business, rental income from tenants saw a boost from an increase in managed properties. Expansion and improvement of Facilities Search Home Mate Research functions improved our brokerage business competitiveness, resulting in a 98.2% occupancy rate for the fiscal year ended April 30, 2015, the highest level since the Lehman Brothers collapse in 2008.

Net sales rose 4.8% year on year to ¥265,340 million, a new high for the company and the fourth consecutive increase. Operating income increased 4.1% year on year to ¥9,445 million, ordinary income grew 7.7% to ¥10,272 million, and net income jumped 18.1% to ¥6,217 million. From such results, it is clear that the goal to make Token Corporation a leaner company since the Lehman Brothers collapse has been achieved through the gradual entrenchment of major management reforms.

Shifting at long last to offensive management strategies and towards large-scale investment in new business

Token Corporation knows that it can achieve even better results than in the 39th term. Over the past several years, a defensive management approach focused on trimming the fat and avoiding the opening of new branches has prevented the Company from demonstrating its full capabilities. But the results have put us in a comfortable financial standing, the groundwork has been laid for major growth, and we are finally ready to focus on offensive management strategies. We will once again focus intently on opening new branches and expanding into new business in peripheral fields. Efforts will also be centered on enhancing our advertising and information business.



Minoru Souda
President and Chairman



Branch opening strategies and an emphasis on efficiency

The past several years have seen the company refrain from opening new branches in line with our defensive management strategy. However, we will now make a return to such initiatives in order to exercise the company's full capabilities. To this end, we will engage in branch opening strategies that emphasize efficiency based on data accumulated through our defensive management operations. Through analyses of market data and Token Corporation business performance data, we will examine lease demand and give thought to the ideal locations and nature of branch operations. The Business Supervision Department, which was established as part of the head office in 2010 to determine the viability of construction orders, will help improve the accuracy of branch opening strategies by researching and reviewing them.

Expanding business to curb costs

By speeding up efforts to open new branches, Token Corporation is working to expand its business. We will also be controlling costs by improving efficiency made possible through business expansion. Construction labor costs and material prices are on the rise, and increasing order quantity is key to controlling these things.



We have taken steps to improve production capacity, including renovating Nasluck's NK Fukaya Plant and deploying new robots at the Chiba Cisco Plant. Efforts going forward will focus on extending plant uptime in order to increase production volume. We will be working to cut costs by achieving a large volume of orders, with the goal of expanding the plant's operating rate by 20% and construction business sales by 50%.

Foray into new business: upscale rental condominiums

In the construction business, recent years have seen Token Corporation focused on getting construction orders in urban areas, and we will be establishing a new and significant pillar to support our urban-oriented strategy. Part of this will be investing up to ¥20 billion in the construction of upscale rental condominiums in urban areas. Costs will be covered by funds on hand, not loans. Following on the completion of Chikusa Tower Hills in 2007 in Nagoya City's Chikusa Ward, construction is scheduled to start for Sakae Tower Hills (name pending; to be built in Nagoya City's Naka Ward) in 2016. We are also planning the construction of an upscale rental condominium in Marunouchi in Nagoya City's Naka Ward.

Foray into new business: rental condominiums with attached owner's residences

In addition to this, Token Corporation's urban-oriented strategy will focus on getting orders for rental condominiums with attached owner's residences from landowners in commercial districts. Despite the high floor-area ratio of urban areas, there are many places where buildings that make the most of this advantage could be built. Furthermore, due to a decrease in the inheritance tax exemption effective January 1, 2015, more people in urban areas will become subject to

inheritance tax, thereby prompting higher demand for rental property construction as an inheritance tax reduction strategy. In order to take advantage of increased interest in tax reduction strategies and stable income from owners of land with high floor-area ratios in commercial districts in urban areas such as Tokyo, Osaka, and Nagoya, Token Corporation will be ramping up efforts to sell rental condominiums with attached owner's residences that offer high floor-area ratios while establishing this business as a major revenue pillar.

Acquiring tenants through Home Mate Research and strengthening our advertising and information business

Token Corporation's business consists of construction business and real estate leasing business. As strategies that pertain to building the kinds of rental properties so far discussed will not be enough, we will need to formulate strategies that involve acquiring more tenants while maintaining and improving the occupancy rate. Facilities Search Home Mate Research will be playing a larger role in this regard. Launched in 2012 as a site allowing users to search for information about all manner of community facilities used in daily life, the site also allows users to search for properties with shops and company facilities as the starting point rather than with train stations as the starting point, as is the case with traditional sites of this nature. Since its launch, we have upgraded and expanded its functions, visitor numbers have grown, and the site has been a major contributor to differentiating us from other companies. We have also registered a patent for this "search rental properties based on facility" function. We will be further improving these functions and making our presence felt in order to expand tenant numbers. Getting more users to engage in paid information posting will also help strengthen our advertising and information business.

Maintaining mutually beneficial relations with stakeholders to achieve sustainable growth

Major management reforms undertaken since the Lehman Brothers collapse have become gradually entrenched, and we are now focused on carrying out offensive management strategies. However, such strategies will need to have permanency if we are to achieve our goal of being a company that achieves sustainable growth for the medium- to long-term.

What Token Corporation has valued above all else in conducting the growth strategies so far discussed has been the relationship with its stakeholders. Token Corporation's job does not end with the building of rental properties. We sign long-term agreements with building owners, viewing them as lifelong customers. We will continue to engage in the construction and management of rental properties that property owners and tenants will welcome with joy.

We have also elected a new outside director as a further means to strengthen the business base aimed at achieving sustainable growth and to ensure confidence in the company.

Token Corporation aims to carry out growth strategies, improve corporate value through management centered on stakeholders, and return profits to shareholders and investors. Through such actions, we seek to maintain mutually beneficial relationships with stakeholders and achieve sustainable growth.

We humbly request the continued support of all of our shareholders as we carry out our growth strategies.



Initiatives aimed at improving corporate value

The wellspring of corporate value: a business model that creates diverse profit opportunities by providing a full range of services

<Wellspring of corporate value>

Throughout our 40 years as a company, our business has involved everything from the construction of apartment buildings and rental condominiums (construction business) to the brokering, management, and operation of these facilities (real estate leasing business). These efforts have improved our corporate value and allowed us to grow as a company that provides a full range of land-use services. The wellspring of our corporate value lies in the business model we have spent years developing.

<Characteristic (1): A full range of services>

The primary characteristic of the Token Corporation business model is being able to provide all manner of services to both facility owners and tenants. For facility owners, we see to design, construction, clerical procedures, tenant recruitment, and facility operation and management, while for tenants we provide support that includes finding residences, handling move-in procedures, and providing consultation after they move in.

<Characteristic (2): Circularity>

By providing a full range of services, Token Corporation achieves high occupancy rates and uses this strong reputation to win more construction orders, resulting in a positive circle of growth.

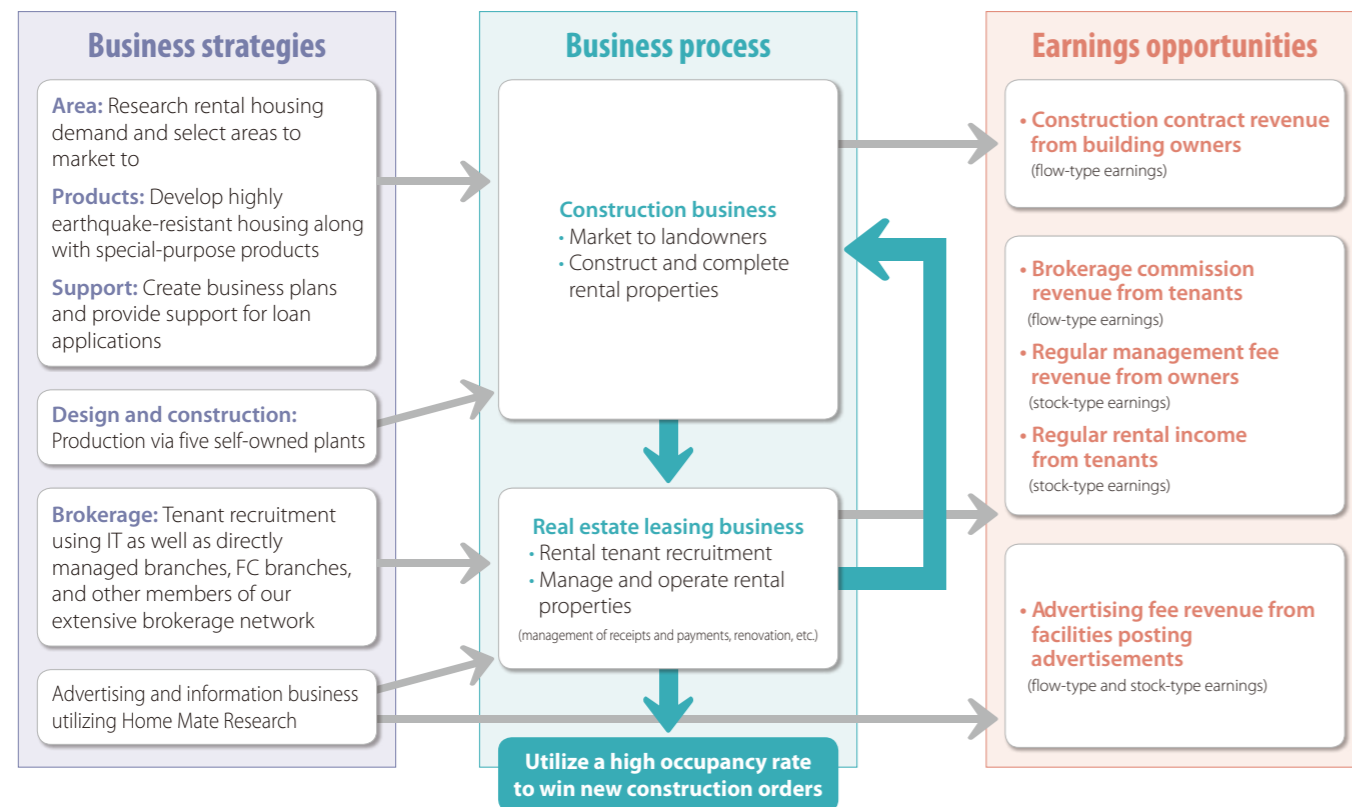
<Characteristic (3): Diversification of earnings opportunities>

Providing a full range of services diversifies Token Corporation's earnings opportunities, allowing us to bring in flow-type earnings and stock-type earnings from both facility owners and tenants.

<Characteristic (4): Further growth>

In our advertising and information business, we are engaged in a new venture that involves actively promoting our Facility Search Home Mate Research site, which provides information on all manner of facilities. This site aims to bring in advertising revenue and achieve a synergistic effect with our brokerage business.

Business Model

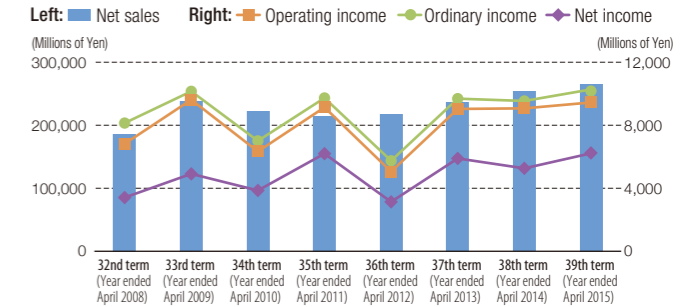


Major management reforms as an initiative aimed at improving corporate value amid adversity

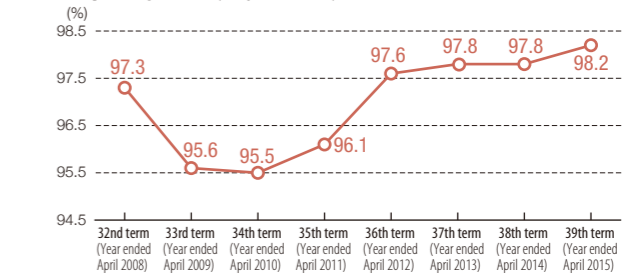
Token Corporation has built up its business model over the many years since its founding, achieving growth along the way. This process has seen the company confront many hardships, one of the most serious of which was the Lehman Brothers collapse of 2008.

Since then, Token Corporation has made concentrated efforts towards large-scale management reform—the first such reforms since its founding. What followed was postponed opening of new branches, the closure of loss-making sites, cost-cutting, making materials ordering more efficient, optimal deployment of employees, putting a greater focus on urban-oriented sales, selecting areas for activities to win construction orders, bolstering our brokerage network, and utilizing IT. These efforts bore fruit, increasing new orders for rental properties, restoring the occupancy rate and keeping it high, and improving business performance.

Consolidated results



Occupancy rate (at year end)



Workplace-level initiatives to help maintain and improve corporate value

<Comprehensive process control>

Token Corporation works to maintain and improve corporate value at the workplace level, practicing thorough risk management for processes involving contracts, design and construction, and facility brokering, management, and operation. Using our own management system, we centrally manage the status of operations pertaining to everything from sales to construction and brokering, and manage a variety of risks that include contractual errors and construction delays. We also build systems for checking all necessary documentation for each process while working to prevent mistakes.

<Improvement of technologies>

To support the fact that our construction products are what substantiate our corporate value, our products boast excellent seismic resistance. We have patented this technology, which provides a high level of performance backed up by the strength of our buildings' frameworks. It is through daily efforts to further improve technologies such as these that helps improve our corporate value.

<Quality control and operational safety>

Token Corporation works with its construction contractors to ensure flawless quality control for the buildings it constructs.

We have a robust inspection system in place that allows for systematic and effective monitoring at the workplace level.

We also strive to prevent accidents and ensure construction worksite safety in order to prevent construction worker injuries and schedule delays.

<Compliance and information management>

The biggest risk for us is losing the confidence of building owners and tenants. To avoid this, we undertake the management of all risk through the Token Risk and Compliance Committee. Its specific functions include carefully explaining contract details in accordance with independently drafted manuals to ensure no misunderstandings occur in the future, and protecting and managing personal information where applicable through the Personal Information Protection Committee.

Through these, we aim to continue maintaining and improving our overall corporate value and achieve further growth.



Steering towards offensive management by boldly engaging in new business under a new focus

Liberal investment of funds on hand to expand into upscale rental condominium business

Major management reforms over the last few years have put in place a base for orienting corporate management away from defense and towards offense. As a new business that might rightfully be called a symbol of these efforts, we will be investing in upscale rental condominiums with up to ¥20 billion in funds on hand.

We have built upscale rental condominiums in the past, but on this occasion, we have decided to move into this business in a bold and serious fashion after rolling out urban-oriented strategies conducted as part of our major management reforms.

Looking to the immediate future, we will begin the construction of Sakae Tower Hills (name pending) in Nagoya City's Naka Ward in 2016, with construction to be completed between 2018 and 2019. The building is going up on the former site of the Herald Plaza movie theater, an area 3,095 m² in size. The building will have 28 floors above ground with some 160 rooms. Monthly rents will range from ¥150,000 to ¥200,000, with a few renting for ¥1 million and above. The lower floors will serve as office space and showrooms for Token Corporation.

We are also planning the construction of an upscale rental condominium in the Marunouchi region of Nagoya City's Naka Ward.



Sakae Tower Hills (name pending)

A project that capitalizes on the advantages of the location: rental condominiums with attached owner's residences

As part of measures to promote our urban-oriented strategy, we are targeting land owners in urban commercial districts with solutions that involve the building of rental condominiums with attached owner's residences which capitalize on the advantages of their locations.

Floor-area ratios are high in buildings in urban commercial districts, but many buildings in these areas are not taking full advantage. Some housing is even left vacant. This is because doing so means paying only 1/6 of the fixed property tax that would be required for an empty lot.

To the people that own land on which such buildings sit, we promote rebuilding (the USE Project), which utilizes a Token Corporation original urban land utilization system (the Urban Area Redevelopment Floor-Area Ratio Utilization System). As building options, we offer properties with a range of special-purpose functions, including rental condominiums with attached owner's residences as well as tsunami evacuation condominiums and rental housing for those raising children. Through this, we give landowners the opportunity to make effective use of the advantages offered by the location.

Legal revisions made effective January 1, 2015 have resulted in more people in urban areas needing to pay new inheritance taxes, the effect of which is increasing interest in rental property construction as a means to lower the tax burden. The USE Project allows landowners to secure stable income and reduce their tax burden by managing rental condominiums. The project also mitigates the social problem of housing vacancies.



RC Univaly

Rolling out new business in peripheral fields

<Giving customers multiple options>
Leading our efforts to expand into new business is the new development of fields peripheral to existing core business.

As far as multiple options we provide with respect to fields peripheral to construction business, for urban areas we provide the option of constructing rental properties or allowing Token Corporation to purchase the land. Purchased land is used for our residential property sales business or our directly managed rental condominium management business.

Utilizing these kinds of new methods allow us to flesh out our business portfolio.

<Residential property sales business>
Token Corporation was involved in the subdivided lot sales business for some time after its founding, but later withdrew. When rebooting our subdivided lot sales business, we will aim for it to account for 10% of net sales. We are also planning a business involving the renting out of unsold condominiums. Such a move would effectively complement and create synergy with our existing core business.

<Member-exclusive resort hotels>
October 2015 will see the opening of the Hotel Tado Onsen Residence New Annex, a member-exclusive resort hotel that employs a time-share system. The hotel has been built on

the grounds of Token TADO Country Club Nagoya in Kuwana City, Mie Prefecture, and is a venture aimed at expanding the Token Group's golf and resort business. An eight-story building, the annex features 13 rooms with usage rights that can be purchased for 30 years. Memberships have been selling well since the beginning.



Hotel Tado Onsen Residence New Annex



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, block leaders, and others, and our Data Strategy Conference. The Management Conference meets every other month while the Data Strategy Conference meets as required. We also conduct management instruction meetings on behalf of subsidiaries whenever the need arises.

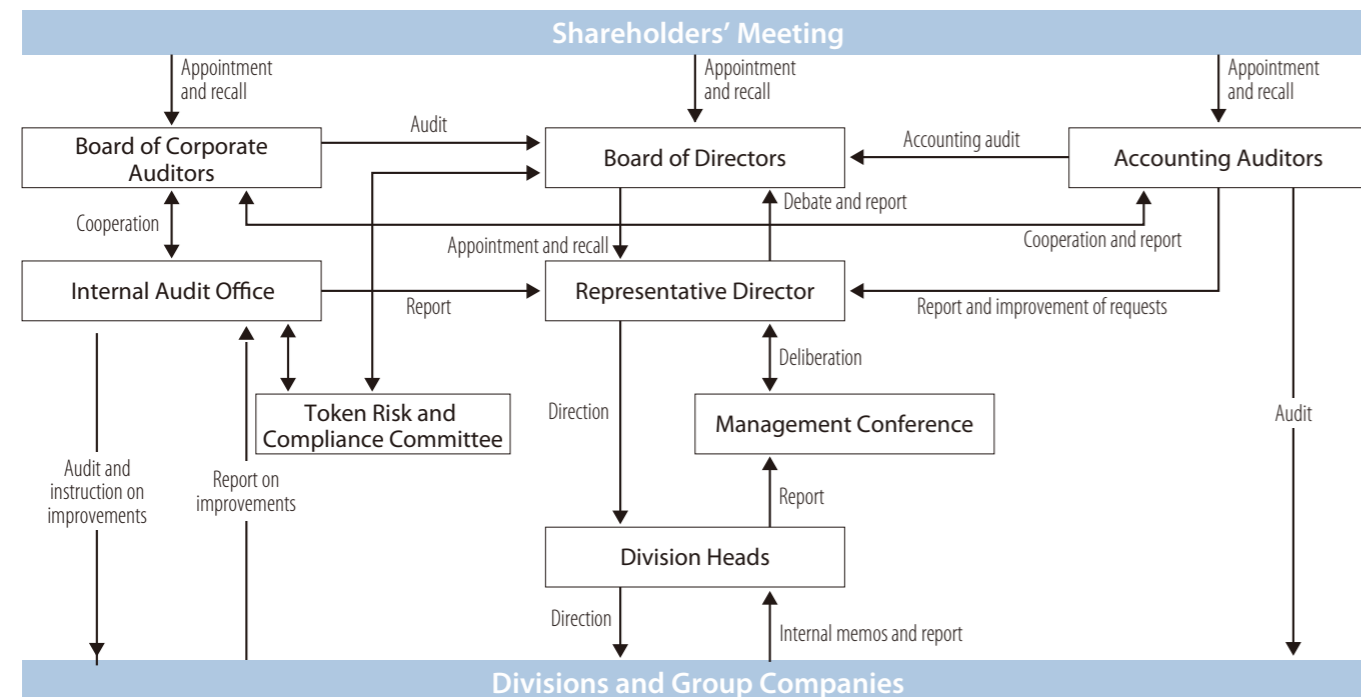
We have the Token Risk and Compliance Committee, which integrates compliance management across the Group.

Moreover, our six-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).

Token Corporation employs a corporate auditor system. One of our five directors is an outside director, and two of three auditors are outside auditors. The outside director worked as the representative director of another stock company, and one of the outside auditors is a certified tax accountant while the other is a certified lawyer. The current system is used as it has been deemed effective in allowing these three outside officers to perform management oversight functions concerning corporate management practices, accounting, and law, among other areas.

Structure for Business Execution and Auditing

(As of August 3, 2015)



Ensuring in-room safety with earthquake-resistant wall cabinets

Token Corporation's construction products offer sturdy frames and superior earthquake resistance. Yet even the most earthquake-resistant building cannot stop in-room furniture from toppling over. To ensure in-room safety, Token Group company Nasluck has developed and begun selling earthquake-resistant wall cabinets that attach to walls.

Large furniture generally requires using anti-tip measures to ensure earthquake safety, but such measures can, when not done properly, fail to improve safety while blemishing room aesthetics.

However, because Nasluck's earthquake-resistant wall cabinets are fastened to walls, there is no fear of them falling over. In addition, improved fittings ensure that cabinets' doors and drawers do not open on their own, also ensuring room aesthetics are not compromised.

A product that has passed strict earthquake resistance testing and is capable of withstanding earthquakes of magnitudes up to 9, these cabinets help ensure residents' safety and peace of mind. These products are also sold to builders and other outside vendors, and are used in Token Corporation rental properties.



Earthquake-resistant wall cabinets

Opening soon: Hotel Tado Onsen Residence New Annex, a member-exclusive resort hotel



Hotel Tado Onsen Residence New Annex

Member-exclusive resort hotel, Hotel Tado Onsen Residence New Annex, will be opening in the Token TADO Country Club Nagoya in October 2015, providing guests with the next level in golf enjoyment.

Based on the concept of "a golf resort that provides the ultimate in comfort," every room has an indoor bath with natural hot spring water and the facility features an indoor hot spring pool as well as a sauna, fitness center, reception room, and golf training area among its many amenities.

Memberships have seen brisk sales from the start, and continue to sell even now. Rooms are purchased on a time-share basis, with 12 people to a room and each able to stay 30 days a year per room. Paying the initiation fee grants users access to the facility for 30 years.