

Corporate Outline (As of April 30, 2017)

Name	Token Corporation
Incorporation	July 17, 1976
Capital	¥4.8 billion
Employees	6,519 (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, 2017)

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 28, 2017)

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

* denotes Outside Director and Outside Auditors.

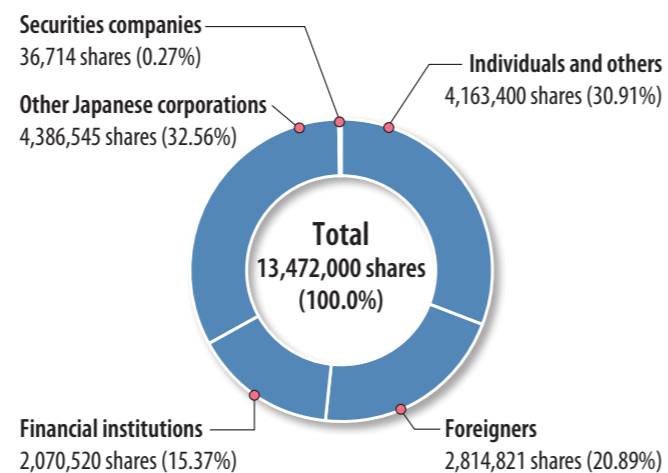
Stock Information (As of April 30, 2017)

Number of Shares Authorized	53,888,000 shares
Number of Shares Issued and Outstanding	13,472,000 shares
Number of Shareholders	25,378

• Major Shareholders

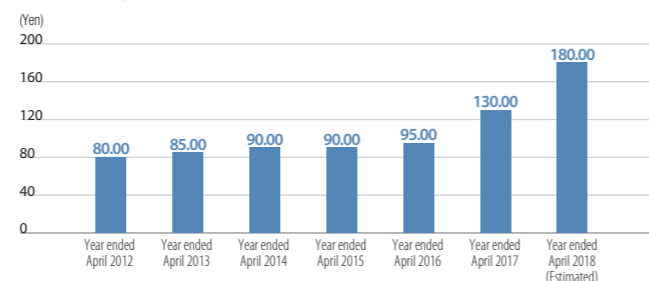
Shareholder	Number of shares held (100 shares)	Ratio of shareholding
Tomei Corporation Co., Ltd.	41,000	30.43%
Minoru Souda	15,464	11.47%
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Sub Portfolio)	6,808	5.05%
Yoshitake Souda	4,040	2.99%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,841	1.36%

• Shareholder Composition by Investor Type (As of April 30, 2017)



Note: Individuals and others includes treasury stock.

• Dividends per Share



BUSINESS REPORT 2017

For the year ended April 30, 2017

Pioneer of land-use business

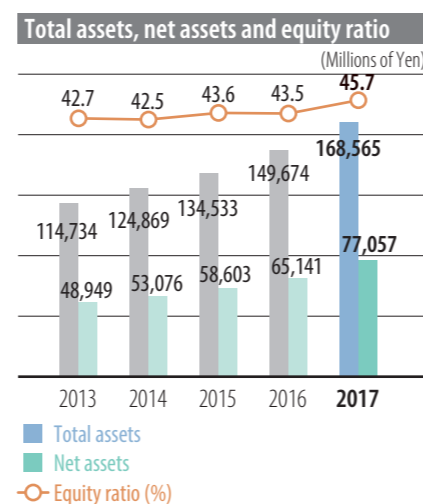
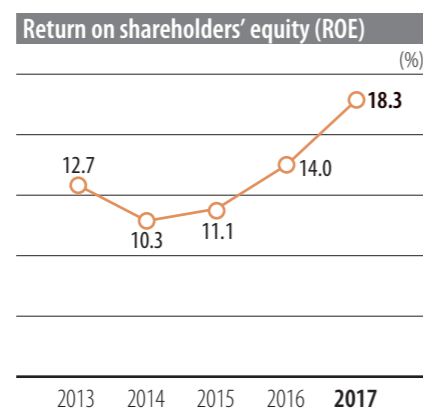
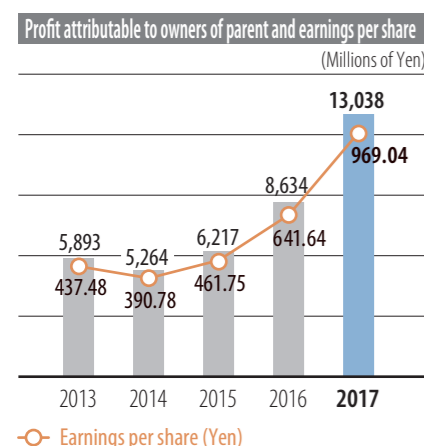
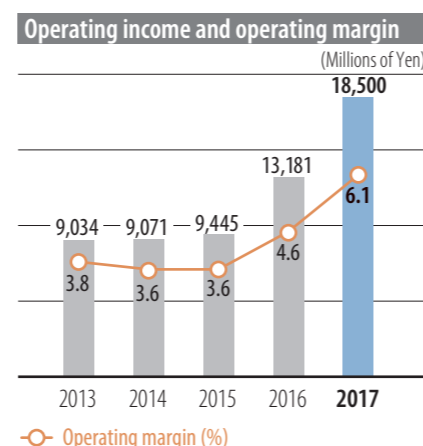
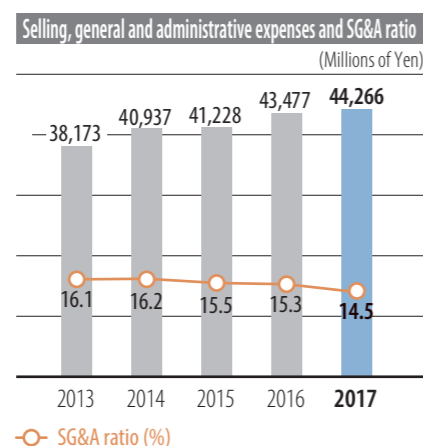
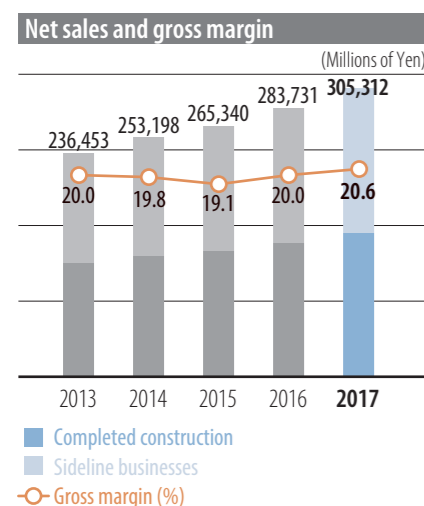
Head Office

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 and Consolidated Subsidiaries
For the years ended April 30

	Millions of Yen					Thousands of U.S. Dollars
	2013	2014	2015	2016	2017	2017
For the year:						
Net sales	236,453	253,198	265,340	283,731	305,312	2,743,398
Completed construction	119,997	127,873	133,122	141,525	153,900	1,382,876
Sideline businesses	116,456	125,325	132,218	142,205	151,412	1,360,522
Gross profit	47,207	50,009	50,674	56,658	62,766	563,993
Selling, general and administrative expenses	38,173	40,937	41,228	43,477	44,266	397,758
Operating income	9,034	9,071	9,445	13,181	18,500	166,234
Ordinary income	9,687	9,541	10,272	13,607	19,038	171,067
Profit attributable to owners of parent	5,893	5,264	6,217	8,634	13,038	117,160
At the year-end:						
Total assets	114,734	124,869	134,533	149,674	168,565	1,514,655
Net assets	48,949	53,076	58,603	65,141	77,057	692,404
Equity ratio (%)	42.7	42.5	43.6	43.5	45.7	
Return on shareholders' equity (ROE)	12.7	10.3	11.1	14.0	18.3	
Per share data:	Yen					U.S. Dollars
Earnings	437.48	390.78	461.75	641.64	969.04	8.7
Net assets	3,633.42	3,940.68	4,353.53	4,840.72	5,726.65	51.4
Cash dividends	85.00	90.00	90.00	95.00	130.00	1.1

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥111.29 to US\$1, the approximate Tokyo foreign exchange market rate as of April 28, 2017.
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.



In the 41st fiscal term, we achieved consolidated net sales of ¥300 billion. Going forward, we will promote new businesses in Japan and overseas as well as company-wide use of IT to realize long-term growth.

Consolidated business performance in the 41st fiscal term: Consolidated net sales exceeded ¥300 billion, and we achieved an increase in revenues for the sixth consecutive term as well as substantial profits growth.

Our consolidated business performance for the 41st fiscal term (the fiscal year ended April 30, 2017) recorded an increase in revenues for the sixth consecutive term as well as substantial profit growth. Net sales were ¥305,312 million (a 7.6% increase from the previous term), exceeding the ¥300 billion we were aiming for. Operating income was ¥18,500 million (a 40.4% increase from the previous term), ordinary income was ¥19,038 million (a 39.9% increase from the previous term), and profit attributable to owners of parent was ¥13,038 million (a 51.0% increase from the previous term). All of these figures were new highs.

We achieved success in areas such as strengthening the construction order management system, increasing orders by working toward internal restructuring involving significant reassignment of personnel and

other measures, cost reductions, and maintaining our high occupancy rate through measures to promote tenant brokerage by expanding the functions of our Facilities Search Home Mate Research.

Unique business model underpins strong business performance: Establishing mechanisms to maintain high occupancy rate

We believe that our strong business performance over the past few years was definitely not achieved overnight and is due to the unique business model we have constructed. We have built a business model that obtains short-term flow-type earnings and long-term stock-type earnings from both facility owners and tenants, and our mechanisms are particularly effective for securing tenants with a degree of certainty. Our occupancy rate as of the end of April 2017 recorded the high level of 98.5%.

Since our founding, we have introduced mechanisms that support leasing business management for facility owners. As a result, we pay rent to facility

owners even when facilities are untenanted. This is an insurance-type mechanism funded by management fees from facility owners. In order to secure tenants with a degree of certainty, we allocate management fees to tenant promotion measures such as making brokerage commission fees free and offering a certain rent-free period. As a result, we have maintained a high occupancy rate since our founding. This has created a positive circle in which we have maintained a high occupancy rate, which in turn enhances our reputation and translates into construction orders for rental properties.



Minoru Souda
President and Chairman

Launching new businesses in Japan and overseas in order to accelerate the pace of growth and realize long-term growth

Nevertheless, we are not satisfied with the status quo. Although we have undoubtedly maintained revenues and profits growth over the past few years, the pace of this growth is modest compared to the pace of growth we experienced between our listing on the market in 1997 and the Lehman Brothers collapse. Going forward, we will launch new businesses in Japan and overseas in order to accelerate the pace of growth and realize long-term growth.

Growing our market share in urban areas: Developing investment condominiums and condominiums with special-purpose functions

In Japan, we will first focus our energy on strategies for urban areas. While we are strong in suburban areas, there is still a large margin for growing our market share in urban areas, and we will go on the offensive in these areas. As our initial move, we will launch an investment



condominium business. Token Corporation will acquire land, design and construct properties, and sell an entire building or a single unit to investors. Investors will be able to lease their investments to obtain rental income. We will be responsible for tenant recruitment and brokerage, and for property management services. There are many investors in urban areas, so the demand will be there.

Further, we will promote the development of competitive condominiums with special-purpose functions as a strategy to also win orders in urban areas for the construction of rental properties, which is our core business. We will also create a dedicated department for this purpose.

Strengthening branch opening strategies: Developing ground-breaking evaluation tools and further tightening up appraisals to support sound long-term management for facility owners

We will once again continue to accelerate the opening of new branches in order to achieve further growth. However, we will continue to open branches under a precise plan. Based on our management policy of not constructing apartment buildings and rental condominiums in areas where there is no residency demand, Token Corporation has always conducted activities to win construction orders following careful appraisals. Going forward, we will tighten up these appraisals even more. We will establish sales promotion areas, sales appraisal areas, and sales restricted areas with reference to indicators such as changes in population, engaging carefully in activities to win construction orders.

We are in the process of developing new, ground-breaking evaluation tools that make full use of IT in order to allow the further tightening up of our appraisals. We are constructing a mechanism that will facilitate access to information that forms the criteria for determining our activities to win orders on a map. We aim to operate the new system during the 42nd fiscal term that is currently underway.

Such precise strategies will translate into support for sound long-term management for facility owners. Token Corporation has always engaged in activities to win orders following careful appraisals, and we will promote the construction of rental properties that can be certain of securing tenants through an even more precise strategy.

Overseas business expansion

Going forward, we also hope to embark on overseas business expansion. Although we are still at the study stage, we are considering starting with small-scale business expansion based on investment condominiums first here as well taking into account such factors as average age of population and the treatment of companies expanding from overseas in countries such as Thailand, Malaysia, and Vietnam.

Promoting company-wide use of IT to realize long-term growth

We have achieved growth steadily over the past few years, and we reached our goal of ¥300 billion for consolidated net sales in the 41st fiscal term. As our new goals over the medium-to-long term, we will aim for first ¥400 billion and then ¥500 billion in consolidated net sales. Company-wide use of IT is what we will focus on most in order to achieve this.

Our Facilities Search Home Mate Research, which allows searching for information on community facilities used in daily life and for rental properties around such facilities, bears important roles in promoting tenant brokerage, and we are currently continuing to construct the system while operating it.

In addition, as mentioned previously, we are promoting the development of new appraisal tools in order to further tighten up appraisals for winning construction orders.

At the same time, we will also promote the use of IT in internal operations in order to establish the foundations for long-term growth. We will fully automate our plants as much as possible in addition to expanding the use of IT more widely in our offices, including our headquarters. Token Corporation has a mass of manuals, rules, and other similar material, which is probably unparalleled in the industry in terms of the number of documents. If these documents can be digitized, we will be able to streamline our operations considerably. We will realize long-term growth by building an organization that harnesses IT.

The support of shareholders is essential for realizing long-term growth. In the 41st fiscal term, we paid an annual dividend of ¥130 per share (¥35 more than in the 40th fiscal term). In the 42nd fiscal term, we currently expect to pay an annual dividend of ¥180 per share (¥50 more than in the 41st fiscal term). We ask all of our shareholders for their continued support in the future.

Embarking on innovative new businesses in Japan and overseas

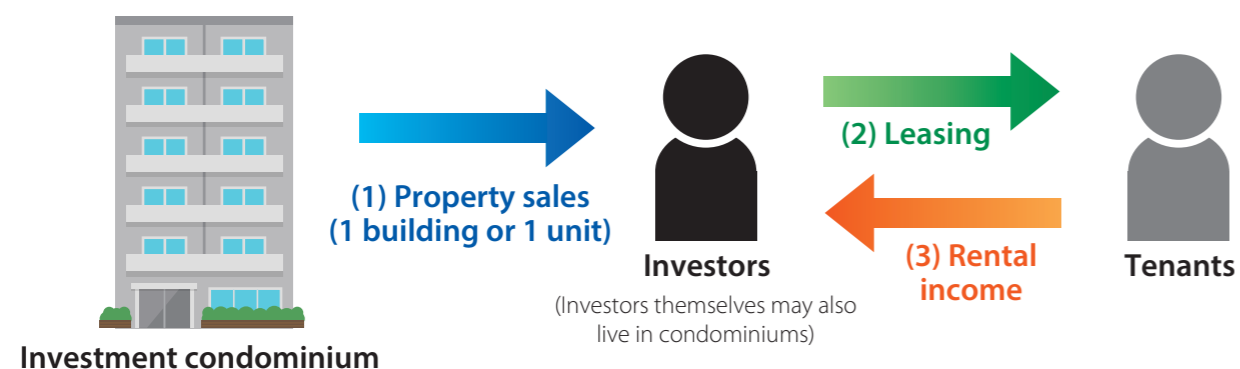
Aiming for ¥400 billion and then ¥500 billion in consolidated net sales in the future

In the 41st fiscal term, we achieved consolidated net sales of ¥300 billion, which was our goal in the past. Going forward, we will aim for ¥400 billion and then ¥500 billion as new sales goals. We will embark on new businesses in Japan and overseas aimed at these goals and realize long-term growth.

Developing investment condominiums

Expanding our market share in urban areas is essential for our further growth. Compared with suburban areas, there is a large margin for growing our market share in urban areas. In order to expand our business based on a long-term perspective in urban areas where there are also many competitors, we will launch an investment condominium business.

This business will sell condominiums targeting individual investors in particular such as salaried workers in addition to corporate and institutional investors. Token Corporation will acquire land, design and construct properties, and sell an entire building or a single unit to investors. Investors will be able to lease their investments to obtain rental income. We will be responsible for tenant recruitment and brokerage, and for property management services, providing investors with support for sound condominium management.



Offensive branch opening strategies

Going on the offensive in the opening of branches aimed at further growth is a key point. Our emphasis for this will be opening branches based on precise planning.

We will select priority areas for opening branches and potential areas for the transfer of branches based on external environment data such as population and new rental housing starts as well as data based on our original research that includes occupancy rates and tenant needs to open branches in and transfer them to appropriate locations.

In transferring branches, we will relocate them to positions that improve the conditions of their location and have billboard potential to implement a proper placement of branches that takes into consideration such factors as the distance between branches and sales efficiency.

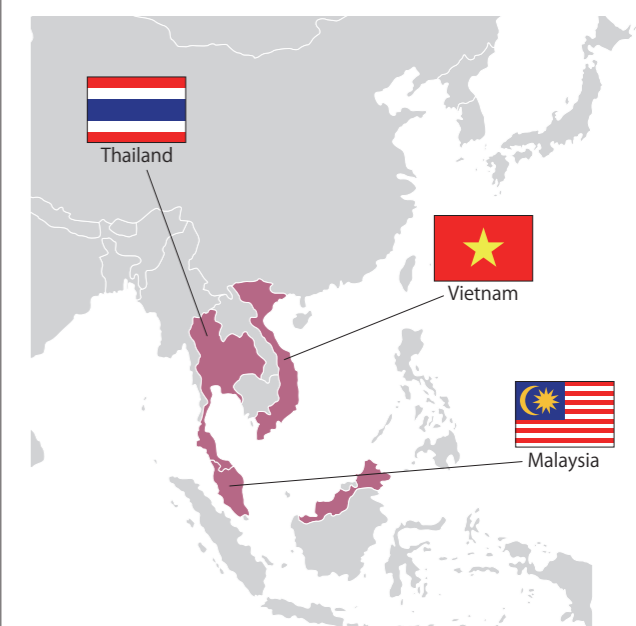
We aim to grow our market share efficiently through these branch opening strategies.

Venturing on overseas business expansion

We intend to launch initiatives to cultivate the rental housing market in Southeast Asia with the aim of building an international revenue base in the future. At present, we have just commenced studies aimed at a full-scale entry into the rental housing market beginning in Thailand, Malaysia, and Vietnam.

We are considering starting with small-scale business based on investment condominiums first and then expanding into the rental housing business.

The total land-use business model, consisting of the construction and the real estate leasing business has been established in Japan by Token Corporation over many years. This business model is believed to present increasing opportunities for leveraging in untapped business areas overseas as various systems such as taxation become established in conjunction with economic development, particularly in Southeast Asia. Going forward, we will promote the establishment of local offices and the development of a business structure.



Mechanisms that support corporate value

Current business model:

Our full range of services diversifies earnings opportunities; circular processes expand and reproduce added value and drive growth

Corporate value improves through the development of our business model

Over the 40 years since our founding, Token Corporation has grown into a company able to offer total services for the use of land, from the construction of apartment buildings and rental condominiums (construction business) to the brokering, management, and operation of these facilities (real estate leasing business). By advancing our business model over the years, we have improved our corporate value.

Characteristic (1): A full range of services

A characteristic of the Token Corporation business model is the ability 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 offer support that includes finding residences, handling move-in procedures, and providing consultation after moving in.

Characteristic (2): Diversification of earnings opportunities

By providing a full range of services, we diversify earnings opportunities and enable flow-type earnings and stock-type earnings from both facility owners and tenants. We earn construction contract revenue (flow-type earnings) and management fee revenue (stock-type earnings) from facility owners, and brokerage commission revenue (flow-type earnings) and rental income (stock-type earnings) from tenants.

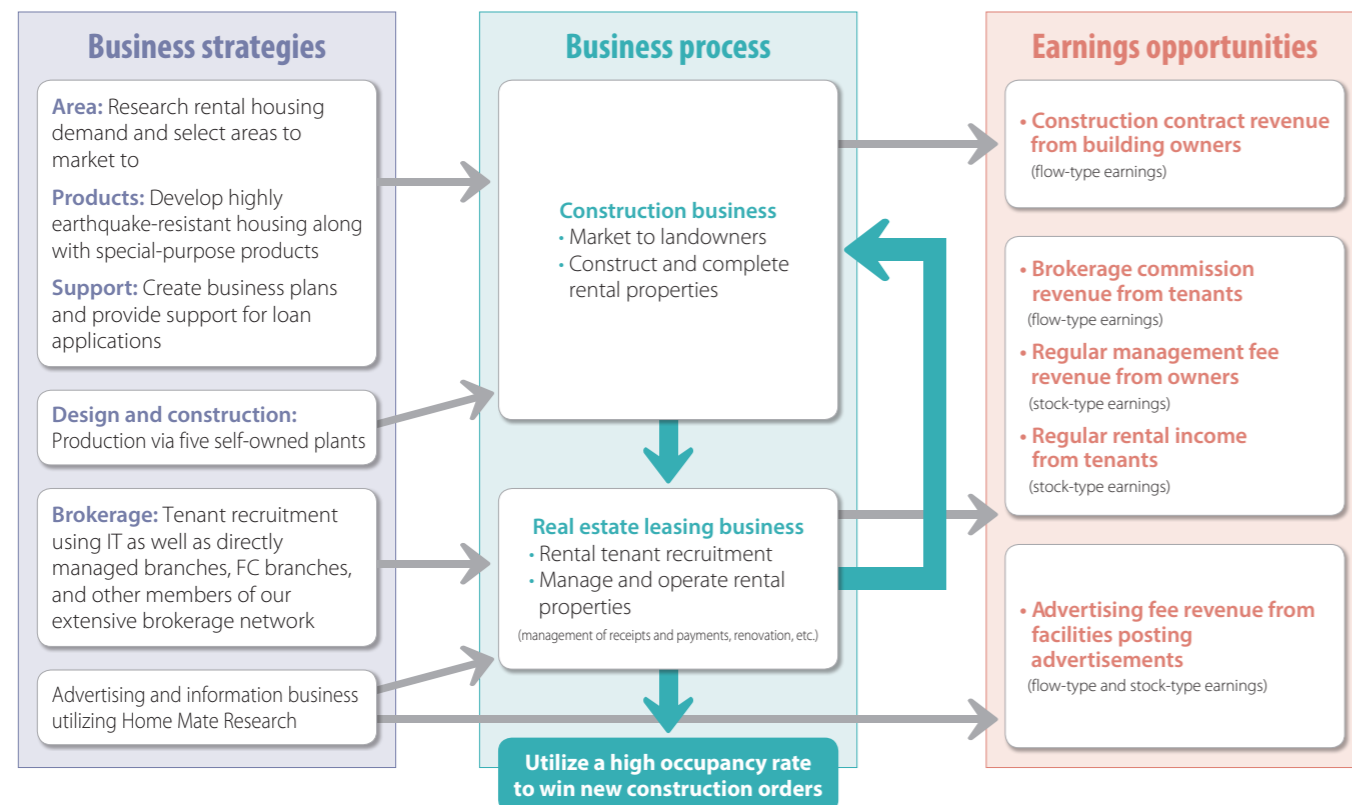
Characteristic (3): Circular processes expand and reproduce added value, and drive growth

Our company enjoys a cycle in which we boast a high occupancy rate obtained by providing a full range of services, which in turn enhances our reputation and leads to new construction orders. Through this business cycle process, the added value we create is expanded and reproduced, driving the growth of our company.

Characteristic (4): Further growth

In addition, through the full-scale rollout of Facilities Search Home Mate Research, which lists information on all manner of facilities, our new advertising and information businesses are moving forward. We aim to bring in advertising revenue from the website and achieve further growth through a synergistic effect with our brokerage business.

Business Model



Management Structure

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.

Management Structure

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.

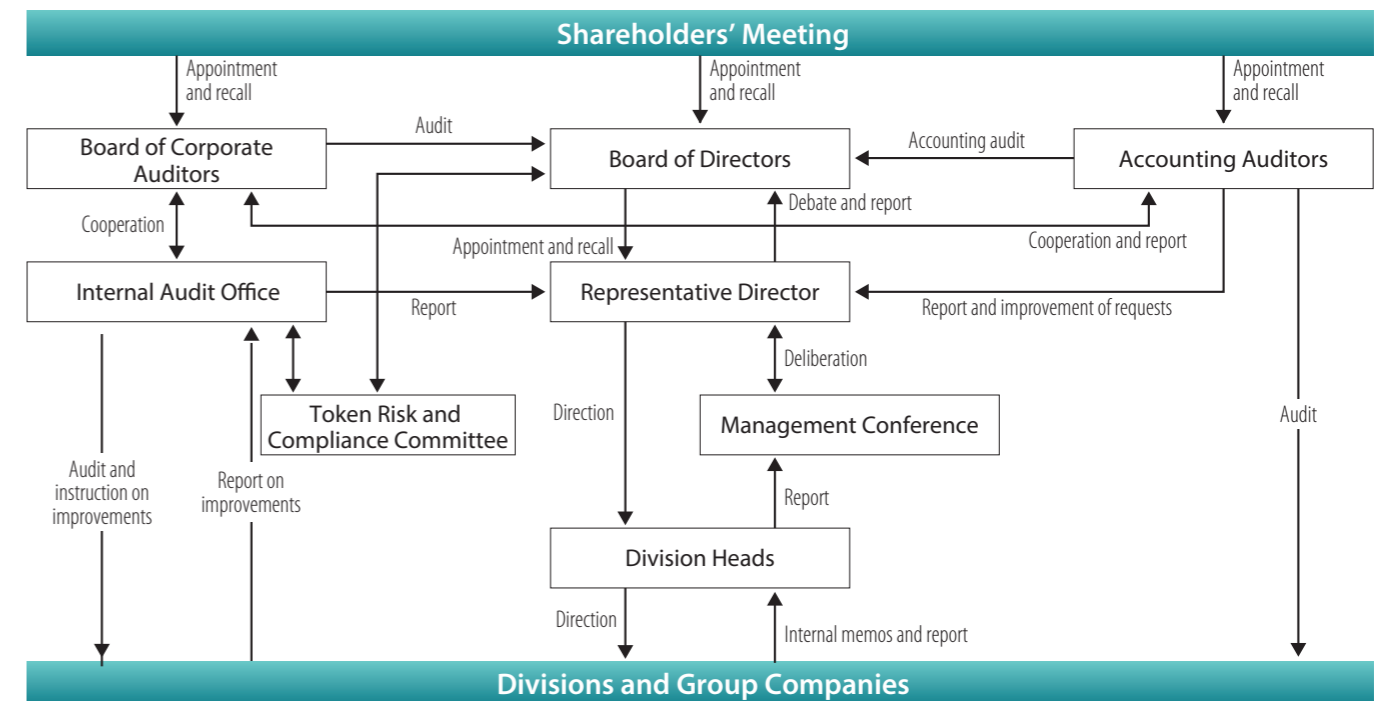
We have the Token Risk and Compliance Committee, which integrates compliance management across the Group.

Moreover, our five-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 four 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 8, 2017)



Specific initiatives on the workplace

Comprehensive process control

Token Corporation works to maintain and improve corporate value even at the workplace level, endeavoring to manage all processes including contracts, design and construction, and facility brokering, management, and operation. Using a unique management system, we centrally manage the status of work progress and manage various risks, including contractual errors and construction delays. We also work to prevent errors, and have built a system for checking all necessary documentation for each process.

Improvement of technologies

The construction products that substantiate our corporate value boast excellent seismic resistance. We have patented these technologies, which provide a high level of performance backed up by the strength of our buildings' frameworks.

In December 2016, we launched sales of the high earthquake resistance steel-framed apartment Shelulu Series, Rococo ModernX, which is fitted with our proprietary seismic frame (patent acquired) as standard. We are also promoting its adoption in earthquake resistant apartments built using our proprietary foundation construction using steel underground beams as we constantly strive to improve our technical capabilities and expand product sales.



Shelulu Series, Rococo ModernX

Quality control and operational safety

Under our quality control for buildings, we have established a robust inspection system to which our construction contractors and our company are committed. We also strive to prevent accidents and ensure safety at worksites in order to prevent construction worker injuries and schedule delays.

Compliance and information management

Token Corporation works to manage all manner of risks through the Token Risk and Compliance Committee, to ensure that we do not lose the confidence of facility owners and tenants.

Specifically, we carefully explain contract details in accordance with manuals to ensure that no misunderstandings occur in the future, and strive to protect and manage personal information through the Personal Information Protection Committee.

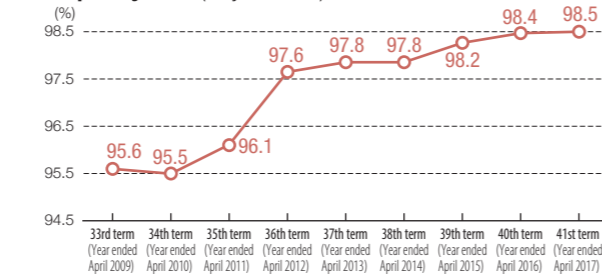
Continually improving corporate value

Token Corporation has constructed a business model that offers total services for the use of land composed of the construction business and the real estate leasing business and obtains flow-type earnings and stock-type earnings from both facility owners and tenants.

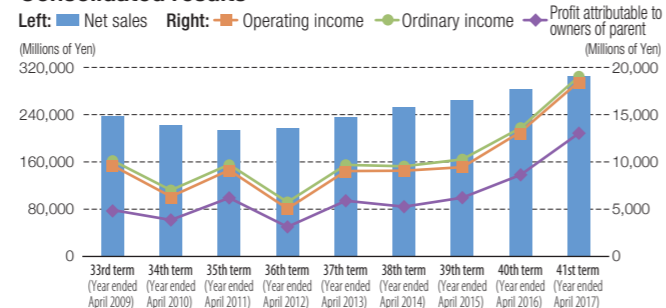
At the same time as promoting a range of business strategies based on this business model, we are also putting efforts into such areas as building our management systems, onsite process control, upgrading our technologies, quality control, and safe operations while striving to continually improve corporate value.

The results of our efforts are shown in our consistently high occupancy rate. In the 41st fiscal term (the fiscal year ended April 30, 2017), the term-end occupancy rate was a high 98.5%, and our consolidated business performance recorded new highs for both sales and profit.

Occupancy rate (at year-end)



Consolidated results



We will continue striving to maintain and improve our total corporate value, and aim for further growth.

Providing a pleasant living environment through development of high-noise-insulating floor TKS-50

Noise from the floor above is a very unpleasant aspect of life in condominium developments. To address this problem, our proprietary high-noise-insulating floor TKS-50 (Token Koshaon Sho-50 System) has the highest level of sound insulating performance for wooden rental apartments, thereby contributing to a pleasant living environment.

The product is an upgraded version of TKS-55, which we launched in 2015, and we began introducing it as an option in high earthquake resistance, wood 2 x 4 rental apartments in January 2017. Its sound insulating performance has been verified by the Japan Testing Center for Construction Materials, a public institution, and we have obtained a patent. In the future, we intend to introduce it for all wood 2 x 4 apartments.

Going forward, we will constantly strive to improve our technological capabilities to differentiate our products.

Achieving the sound insulation properties^{*1} of LH-50^{*2}

Approx. 1.8 times more anti-vibration dampers than TKS-55. Double the floor joists.

*1 LH-50 verified based on results of measurements by Japan Testing Center for Construction Materials, a public institution designated by the Japanese government.

*2 LH-50 is a figure representing the floor noise insulating performance, which is equivalent to a 270mm thick reinforced concrete slab for the sound of footsteps on the floor above (heavy floor impact noise).

RC EuroPure, a high-end urban rental condominium

In September 2017, we launched sales of the RC EuroPure, a high-end urban rental condominium. The RC EuroPure is a high status rental condominium for the urban market based on the concepts of design, security, and quality space.

As a strategic product aimed at differentiation from conventional condominiums using a stylish exterior with European design and luxurious interior finishes, we plan to sell the RC EuroPure primarily in the major metropolitan areas of Tokyo, Osaka, and Nagoya.

By selling competitive condominiums, we aim to expand our share of the urban market, thereby realizing long-term growth.



RC EuroPure