

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 8184)

November 8, 2016

To our shareholders:

Shigeo Yamashita,
President and Representative Director
SHIMACHU CO., LTD.
5-1555 Mihashi, Nishi-ku, Saitama City, Saitama

Notice of the 57th Annual General Meeting of Shareholders

You are cordially invited to attend the 57th Annual General Meeting of Shareholders of SHIMACHU CO., LTD. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights in accordance with the instructions below by 6:00 p.m. on Monday, November 28, 2016 (JST).

1. Date and Time Tuesday, November 29, 2016, at 10:00 a.m. (JST)

2. Venue Conference Room, 4th floor of the Company’s head office
5-1555 Mihashi, Nishi-ku, Saitama City, Saitama

3. Purpose of the Meeting

Matters to be reported

The business report and the non-consolidated financial statements for the 57th fiscal year (from September 1, 2015 to August 31, 2016)

Matters to be resolved

Proposal No. 1: Dividends of Surplus

Proposal No. 2: Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

4. Instructions for Exercising Voting Rights

(1) In the case of voting by mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received by 6:00 p.m. on Monday, November 28, 2016 (JST).

(2) In the case of voting via the internet, etc.

If you would exercise your voting rights via the internet, etc., please complete the procedure by 6:00 p.m. on Monday, November 28, 2016 (JST).

-
- Notes:
1. Doors of the venue open at 9:00 a.m.
 2. When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception. In addition, please assist us in conserving resources by bringing with you this notice.
 3. For any revisions to the contents of the reference documents for general meeting of shareholders, the business report or the non-consolidated financial statements, prior to the day of the meeting, we will notify you of the revisions either by mail or via our website (<http://www.shimachu.co.jp/>).
 4. Notice of resolutions, etc. of the 57th Annual General Meeting of Shareholders shall be given by posting the information on our website (<http://www.shimachu.co.jp/>) after the meeting has ended.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Dividends of Surplus

The Company's approach to profit distribution includes our basic policy of continually paying stable dividends while giving comprehensive consideration to factors including trends in business results and dividend payout ratio, in addition to efforts to secure internal reserves for the purpose of increasing corporate value.

In accordance with the above policy, the Company proposes to pay a year-end dividend for the current fiscal year of ¥45 per share. Accordingly, including the interim dividend of ¥35 per share, the annual dividend will be ¥80 per share.

Year-end dividends

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and the total amount
¥45 per common share of the Company
Total ¥2,180,126,835
- (3) Effective date of dividends of surplus
November 30, 2016

Proposal No. 2: Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all eight currently serving Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this meeting. Therefore, the Company proposes to elect eight Directors.

Furthermore, the Audit and Supervisory Committee has expressed the opinion that there are no exceptional matters to be pointed out in regard to this proposal.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the Company	
1	Shigeo Yamashita	President and Representative Director	Reelection Inside Director
2	Toshifumi Demura	Director, General Manager of Corporate Planning Office	Reelection Inside Director
3	Takashi Shimamura	Director, General Manager of General Affairs Department	Reelection Inside Director
4	Shigeyuki Kushida	Director, General Manager of Store Development Department	Reelection Inside Director
5	Takaaki Okano	Director, General Manager of Furniture Sales Division	Reelection Inside Director
6	Koichiro Oshima	Director, General Manager of Home Center Sales Division	Reelection Inside Director
7	Tadahiro Hosokawa	Director, General Manager of Sales Promotion Department	Reelection Inside Director
8	Yumi Ebihara	Outside Director	Reelection Outside Director Independent Officer

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
1	<p>Reelection Inside Director</p> <p>Shigeo Yamashita (February 8, 1954)</p> <p>Attendance to the meetings of the Board of Directors 17/17 (100%)</p>	<p>March 1976 Joined the Company</p> <p>March 1982 Manager of Yokohama Store</p> <p>May 1996 Manager of Furniture Product Department</p> <p>April 1999 General Manager of Furniture Sales Department I</p> <p>June 2000 General Manager of Furniture Sales Division</p> <p>November 2001 Director, General Manager of Furniture Sales Division</p> <p>April 2002 Director, General Manager of New Business Department</p> <p>September 2005 Representative Director of SHIMACHU HOME'S CO., LTD.</p> <p>November 2006 Senior Managing Director of the Company</p> <p>September 2007 President and Representative Director (current position)</p>	8,000
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Shigeo Yamashita has served for many years in the area of sales. Since September 2007, he has served as Representative Director. Utilizing this extensive experience and deep insight, he demonstrates all-round management capabilities. The Company nominates him for reelection as Director based on the belief that while leading the Company through strong leadership, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	
2	<p>Reelection Inside Director</p> <p>Toshifumi Demura (January 28, 1957)</p> <p>Attendance to the meetings of the Board of Directors 17/17 (100%)</p>	<p>March 1979 Joined the Company</p> <p>May 1998 Manager of Accounting Section</p> <p>May 1999 Deputy General Manager of Accounting Department</p> <p>August 1999 Deputy General Manager of General Affairs Department</p> <p>October 2000 General Manager of General Affairs Department</p> <p>November 2001 Director, General Manager of General Affairs Department</p> <p>September 2010 Director, General Manager of Corporate Planning Office</p> <p>September 2011 Director, General Manager of Information System Office</p> <p>July 2015 Director, General Manager of Corporate Planning Office (current position)</p>	9,800
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Toshifumi Demura has served for many years in the areas of accounting and general affairs. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Inside Director</div> Takashi Shimamura (January 22, 1972) Attendance to the meetings of the Board of Directors 17/17 (100%)	February 1998 Joined the Company June 2001 Manager of Kashiwa Store August 2006 General Manager of Furniture Product Department August 2009 General Manager of New Furniture Store Preparation Office May 2010 General Manager of Furniture Sales Division November 2010 Managing Director, General Manager of Furniture Sales Division September 2012 Senior Managing Director, General Manager of Furniture Sales Division March 2013 Senior Managing Director, General Manager of Sales Supervision Division July 2015 Senior Managing Director, Supervision of Sales November 2015 Director, General Manager of Furniture Product Department July 2016 Director, General Manager of General Affairs Department (current position)	1,900
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Takashi Shimamura has served in the areas of sales and products. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
4	<p>Reelection Inside Director Shigeyuki Kushida (January 14, 1969)</p> <p>Attendance to the meetings of the Board of Directors 17/17 (100%)</p>	<p>November 2002 Joined SHIMACHU HOME'S CO., LTD. September 2007 Joined the Company February 2008 General Manager of Home Center Product Department November 2011 Director, Deputy General Manager of Home Center Sales Division September 2012 Managing Director, General Manager of Home Center Sales Division November 2013 Director, General Manager of New Business Department June 2014 Director, General Manager of Home Center Product Department January 2015 Director, General Manager of Product Supervision Department July 2015 Director, General Manager of Home Center Product Department and Sales Planning Office November 2015 Director, General Manager of Home Center Product Department July 2016 Director, General Manager of Store Development Department (current position)</p>	1,100
<p>[Reasons for nomination as candidate for Director] Since joining the Company, Shigeyuki Kushida has served in the areas of sales and products. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>			
5	<p>Reelection Inside Director Takaaki Okano (December 25, 1972)</p> <p>Attendance to the meetings of the Board of Directors 17/17 (100%)</p>	<p>July 2003 Joined SHIMACHU HOME'S CO., LTD. September 2007 Joined the Company August 2009 General Manager of Furniture Sales Department March 2010 General Manager of Furniture Product Department July 2012 General Manager of Human Resources Department September 2013 Executive Officer, General Manager of Human Resources Department November 2014 Director, General Manager of Human Resources Department July 2015 Director, General Manager of Human Resources Department and General Affairs Department September 2015 Director, General Manager of General Affairs Department July 2016 Director, General Manager of Furniture Sales Division (current position)</p>	900
<p>[Reasons for nomination as candidate for Director] Since joining the Company, Takaaki Okano has served in the areas of sales and human resources. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>			

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
6	<p>Reelection Inside Director Koichiro Oshima (August 3, 1969)</p> <p>Attendance to the meetings of the Board of Directors 13/13 (100%)</p>	<p>February 1999 Joined the Company</p> <p>July 2001 Manager of Soka Store</p> <p>January 2006 General Manager of Sales Department II, Home Center Sales Department</p> <p>July 2012 General Manager of Home Center Sales Department</p> <p>February 2013 General Manager of Home Center Reform Department</p> <p>June 2015 General Manager of Home Center Sales Division</p> <p>September 2015 Executive Officer, General Manager of Home Center Sales Division</p> <p>November 2015 Director, General Manager of Home Center Sales Division (current position)</p>	500
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Koichiro Oshima has served in the area of sales. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	
7	<p>Reelection Inside Director Tadahiro Hosokawa (January 24, 1976)</p> <p>Attendance to the meetings of the Board of Directors 13/13 (100%)</p>	<p>October 2003 Joined the Company</p> <p>June 2010 Manager of Soga Store</p> <p>July 2011 General Manager of Furniture Product Department</p> <p>February 2013 General Manager of Furniture Reform Department</p> <p>February 2015 General Manager of Furniture Sales Division</p> <p>September 2015 Executive Officer, General Manager of Furniture Sales Division</p> <p>November 2015 Director, General Manager of Furniture Sales Division</p> <p>July 2016 Director, General Manager of Sales Promotion Department (current position)</p>	0
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Tadahiro Hosokawa has served in the areas of sales and products. The Company nominates him for reelection as Director based on the belief that by utilizing this extensive experience and deep insight in the Company's Board of Directors, he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors.</p>	

Candidate No.	Name (Date of birth)	Career summary, significant concurrent positions outside the Company and position and responsibility in the Company	Number of the Company's shares owned
8	<p>Reelection Outside Director Independent Officer</p> <p>Yumi Ebihara (July 7, 1947)</p> <p>Attendance to the meetings of the Board of Directors 17/17 (100%)</p>	<p>April 1982 Registered as an attorney at law</p> <p>September 1985 Director of Ebihara Law Firm (current position)</p> <p>April 1992 Conciliation Commissioner of Saitama Family Court (current position)</p> <p>April 2008 President of Saitama Bar Association</p> <p>April 2013 Vice President of Japan Federation of Bar Associations</p> <p>November 2014 Outside Director of the Company (current position)</p> <p>[Reasons for nomination as candidate for outside Director] Yumi Ebihara possesses abundant experience and insight as an attorney at law. She is qualified to perform monitoring of the management from an independent standpoint that enables her to think outside the Company's logic and see things from the objective standpoint of the entire corporate society, which includes laws and regulations. The Company nominates her for reelection as outside Director because it judges that her aforementioned qualities will lead to improved transparency and strengthened supervisory function of the Board of Directors. The Company judges that although Yumi Ebihara has no experience in participating in the management of companies, she will be able to execute the duties of outside Director adequately because of the above reasons.</p>	0

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Yumi Ebihara is a candidate for outside Director. She satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company has submitted notification to the aforementioned exchange concerning her appointment as an independent officer. If her reelection is approved, the Company plans to continue to appoint her as an independent officer.
 - At the conclusion of this meeting, Yumi Ebihara's tenure as outside Director of the Company will have been two years.
 - The Company's Articles of Incorporation prescribe that the Company may enter into an agreement with outside Directors to limit the scope of their liability for damages to the Company, so that they are able to fully perform the duties expected of them as outside Directors. Yumi Ebihara, a candidate for outside Director, has entered into such a limited liability agreement with the Company. If her reelection is approved, the Company plans to renew the limited liability agreement with her.
- The main points of the agreement are as follows:
- Directors (excluding Executive Directors, etc.) shall be liable to the Company for damages caused by neglect of his/her duties up to the minimum liability amount provided for under Article 425, paragraph 1 of the Companies Act.
 - The limitation of the liability above shall apply only when Directors (excluding Executive Directors, etc.) acted in good faith and without gross negligence in performing the duties giving rise to said liabilities.