

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, 2018

To our shareholders:

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

Notice of the 59th Annual General Meeting of Shareholders

You are cordially invited to attend the 59th 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 Wednesday, November 28, 2018 (JST).

- 1. Date and Time** Thursday, November 29, 2018, 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 59th fiscal year (from September 1, 2017 to August 31, 2018)
 - Matters to be resolved**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- 4. Predetermined terms of the exercise of voting rights**
 - (1) If no indication is made in the voting form, the vote shall be deemed as an intention of approval.
 - (2) If you exercise your voting rights in duplicate, both in writing and via the internet, etc., your vote exercised via the internet, etc. shall be treated as valid.
 - (3) If you exercise your voting rights via the internet, etc. multiple times, only the last vote exercised shall be treated as valid.

■ In the case of voting by attending the General Meeting of Shareholders

You are kindly requested to present the enclosed voting form at the reception desk upon arrival.

■ 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 Wednesday, November 28, 2018 (JST).

■ In the case of voting via the internet, etc.

Please complete the procedure by 6:00 p.m. on Wednesday, November 28, 2018 (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 59th 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: Appropriation of Surplus

The Company regards the profit distribution to shareholders as one of our top management priorities and, taking into consideration the business performance of the current fiscal year and future business development while assuming the basic stance of maintaining stable dividends, we carry out profit distribution to shareholders.

In accordance with the above, the Company proposes to pay a year-end dividend for the current fiscal year of ¥40 per share. Accordingly, including the interim dividend of ¥40 per share, the annual dividend will be ¥80 per share.

The Company proposes to reverse and transfer a part of general reserve to retained earnings brought forward, to enable agile capital policy measures such as profit distribution to shareholders in response to changes in the future business environment.

1. Year-end dividends

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and the total amount
¥40 per common share of the Company
Total ¥1,808,342,160
- (3) Effective date of dividends of surplus
November 30, 2018

2. Other appropriation of surplus

- (1) Item of surplus to be decreased and amount of decrease
General reserve ¥20,000,000,000
- (2) Item of surplus to be increased and amount of increase
Retained earnings brought forward ¥20,000,000,000

Proposal No. 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all six Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereafter in this proposal) will expire at the conclusion of this meeting. Therefore, the Company proposes to elect six 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		Attendance to the meetings of the Board of Directors
1	Takaaki Okano	President and Representative Director	Reelection Inside Director	16/16 (100%)
2	Shigeyuki Kushida	Director, General Manager of Development Division	Reelection Inside Director	16/16 (100%)
3	Koichiro Oshima	Director, General Manager of Sales Division	Reelection Inside Director	16/16 (100%)
4	Tadahiro Hosokawa	Director, General Manager of Administration Division	Reelection Inside Director	16/16 (100%)
5	Kazuya Orimoto	Director, General Manager of Corporate Planning Division	Reelection Inside Director	13/13 (100%)
6	Yumi Ebihara	Outside Director	Reelection Outside Director Independent Officer	15/16 (93.7%)

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	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Takaaki Okano (December 25, 1972)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>July 2003 Joined SHIMACHU HOME'S CO., LTD. (currently SHIMACHU CO., LTD)</p> <p>September 2007 Joined the Company</p> <p>August 2009 General Manager of Furniture Sales Department</p> <p>March 2010 General Manager of Furniture Product Department</p> <p>July 2012 General Manager of Human Resources Department</p> <p>September 2013 Executive Officer, General Manager of Human Resources Department</p> <p>November 2014 Director, General Manager of Human Resources Department</p> <p>July 2015 Director, General Manager of Human Resources Department and General Affairs Department</p> <p>September 2015 Director, General Manager of General Affairs Department</p> <p>July 2016 Director, General Manager of Furniture Sales Division</p> <p>March 2017 Director, Executive Manager of Sengawa Store</p> <p>August 2017 Director, General Manager of President's Office</p> <p>November 2017 President and Representative Director (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Takaaki Okano has served in the areas of sales and administration. Since November 2017, 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 he will contribute to strengthening the effectiveness of the decision-making function and the supervisory function of the Board of Directors as a leader who can steer the Company.</p>	1,300

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
2	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Shigeyuki Kushida (January 14, 1969)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (100%)</p>	<p>November 2002 Joined SHIMACHU HOME'S CO., LTD. (currently SHIMACHU CO., LTD)</p> <p>September 2007 Joined the Company</p> <p>February 2008 General Manager of Home Center Product Department</p> <p>November 2011 Director, Deputy General Manager of Home Center Sales Division</p> <p>September 2012 Managing Director, General Manager of Home Center Sales Division</p> <p>November 2013 Director, General Manager of New Business Department</p> <p>June 2014 Director, General Manager of Home Center Product Department</p> <p>January 2015 Director, General Manager of Product Supervision Department</p> <p>July 2015 Director, General Manager of Home Center Product Department and Sales Planning Office</p> <p>November 2015 Director, General Manager of Home Center Product Department</p> <p>July 2016 Director, General Manager of Store Development Department</p> <p>November 2017 Director, General Manager of Development Division (current position)</p>	1,400
<p>[Reasons for nomination as candidate for Director]</p> <p>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>			
3	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Koichiro Oshima (August 3, 1969)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (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</p> <p>August 2017 Director, General Manager of Sales Division (current position)</p>	1,200
<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>			

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	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Tadahiro Hosokawa (January 24, 1976)</p> <p>Attendance to the meetings of the Board of Directors 16/16 (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</p> <p>March 2017 Director, Executive Manager of Higashimurayama Store</p> <p>August 2017 Director, General Manager of General Affairs Department</p> <p>November 2017 Director, General Manager of Administration Division (current position)</p> <p>[Reasons for nomination as candidate for Director] 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>	900
5	<div> <div>Reelection</div> <div>Inside Director</div> </div> <p>Kazuya Orimoto (September 26, 1972)</p> <p>Attendance to the meetings of the Board of Directors 13/13 (100%)</p>	<p>November 1996 Joined the Company</p> <p>January 2005 Manager of Soka Store</p> <p>June 2007 Manager of Accounting Section</p> <p>March 2011 General Manager of Accounting Department</p> <p>July 2016 Executive Officer, General Manager of Accounting Department</p> <p>November 2017 Director, General Manager of Corporate Planning Division (current position)</p> <p>[Reasons for nomination as candidate for Director] Since joining the Company, Kazuya Orimoto has served in the areas of sales and accounting. 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>	1,000

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	<div> <div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Yumi Ebihara (July 7, 1947)</p> <p>Attendance to the meetings of the Board of Directors 15/16 (93.7%)</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 other than serving as outside director, she will be able to execute the duties of outside Director adequately because of the above reasons.</p>	0

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. 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.
 3. At the conclusion of this meeting, Yumi Ebihara's tenure as outside Director of the Company will have been four years.
 4. 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.