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Stock Code: 9997  
June 12, 2018

To Our Shareholders :

4-2 Miyamoto-cho, Ageo-shi, Saitama-ken  
Belluna Co., Ltd.  
Kiyoshi Yasuno, President and CEO

## Notice of the 42<sup>nd</sup> Annual General Meeting of Shareholders

You are cordially invited to attend the 42<sup>nd</sup> Annual General Meeting of Shareholders of Belluna Co., Ltd. (“the Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing. Please read the attached Reference Documents for the Annual General Meeting of Shareholders and exercise your voting rights by sending the enclosed voting rights form to us by return mail indicating your vote for or against the proposals no later than 5:50 p.m., on June 26, 2018 (Tuesday).

1. Date 10:00 a.m., June 27, 2018 (Wednesday)
2. Place HARICOTS-VERTS (4F), The TOBU Banquet Hall Ageo  
2-1 Miyamoto-cho, Ageo-shi, Saitama-ken
3. Objectives of the Meeting  
Matters to be reported:
  1. Business Report and Consolidated Financial Statements for the 42<sup>nd</sup> fiscal term (from April 1, 2017 to March 31, 2018) and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee.
  2. Non-Consolidated Financial Statements for the 42<sup>nd</sup> fiscal term (from April 1, 2017 to March 31, 2018)Matters to be resolved:
  - Proposal No. 1 Appropriation of surplus
  - Proposal No. 2 Election of six Directors (excluding members of the Audit and Supervisory Committee)
  - Proposal No. 3 Determination of remuneration to be paid to Directors for the purpose of granting restricted shares.

End.

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For those attending, please present the enclosed voting rights exercise form at the reception desk upon arrival at the meeting. In accordance with laws and regulations as well as the provisions in Article 15 of the Company’s Articles of Incorporation, the following items, among documents that should be presented in conjunction with this notice of convocation, are posted on the Company’s website (<http://www.belluna.co.jp/>), and are therefore not stated in this notice of convocation.  
(i) Notes to consolidated financial statements in consolidated financial statements  
(ii) Notes to non-consolidated financial statements in non-consolidated financial statements  
Consolidated financial statements and financial statements audited by the Audit and Supervisory Committee and accounting auditors consist of the documents stated in this notice of convocation, as well as the notes to the consolidated financial statements and the notes to the non-consolidated financial statements posted on the Company’s website.

In the event that revisions are made to the contents of the attached Reference Documents for the Annual General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, notification of such revisions shall be published on the Company's website (<http://www.belluna.co.jp/>).

## Reference Documents for the Annual General Meeting of Shareholders

### Proposal No. 1 Appropriation of surplus

The Company has the following intention with regard to term-end dividends for the 42<sup>nd</sup> fiscal term, after giving full consideration to maintaining stable dividend payments, the Company's performance for the fiscal term, future business developments and other factors.

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allocation of dividend property to be paid to shareholders and total dividend amount  
¥6.25 per share of the Company's common stock  
In this case, total dividend amount shall be ¥607,723,225.
- (3) Date on which the appropriation of surplus goes into effect:  
June 28, 2018

Proposal No. 2 Election of six Directors (excluding members of the Audit and Supervisory Committee)

The terms of office of all the current six Directors (excluding members of the Audit and Supervisory Committee) will expire at the end of the Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect six Directors (excluding members of the Audit and Supervisory Committee).

It has been confirmed that the Audit and Supervisory Committee has no objection to this proposal.

The candidates for the new Directors (excluding members of the Audit and Supervisory Committee) are as follows.

| Candidate number | Name<br>(Date of birth)               | Brief personal history, positions and responsibilities<br>at the Company<br>(Significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of the<br>Company's shares<br>held | Special interest<br>in the Company |
|------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|
| 1                | Kiyoshi Yasuno<br>(December 14, 1944) | June 1977    Founded Yukado Co., Ltd. (present Belluna Co., Ltd.)<br>President, Representative Director of the Company (current position)<br><Significant concurrent positions><br>Representative Director, Granbell Hotel Co., Ltd<br>Representative Director, Friend Stage Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9,934,476 shares                          | Please refer to (Note1) below.     |
| 2                | Yuichiro Yasuno<br>(October 15, 1976) | April 2001    Joined KOKUSAI Securities Co., Ltd. (present Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)<br><br>April 2004    Joined the Company<br>Served at President's Office<br><br>March 2005    General Manager, Executive Corporate Planning Dept.<br><br>June 2009    Director, General Manager, Executive Corporate Planning Dept.<br><br>April 2010    Director in charge of Executive Corporate Planning Dept. and General Manager, Solution Division<br><br>April 2011    Director, Managing Executive Officer, General Manager, New Business and General Manager, Solution Division<br><br>April 2012    Director, Managing Executive Officer, General Manager, Planning Division and General Manager, New Business and General Manager, Solution Division<br><br>April 2013    Director, Managing Executive Officer, General Manager, Marketing Division<br><br>April 2014    Director, Managing Executive Officer, General Manager, Marketing Division, General Manager, Marketing Dept.<br><br>June 2016    Director, Senior Executive Officer, General Manager, Marketing Division, General Manager, Marketing Dept.<br><br>April 2017    Director, Senior Executive Officer, General Manager, Marketing Division, General Manager, Marketing Dept., General Manager, Marketing Promotion Dept.<br><br>April 2018    Director, Senior Executive Officer, General Manager, Marketing Division(current position) | 120,840 shares                            | None                               |

| Candidate number | Name<br>(Date of birth)                | Brief personal history, positions and responsibilities<br>at the Company<br>(Significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of the<br>Company's shares<br>held | Special interest<br>in the Company |
|------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|
| 3                | Junko Shishido<br>(May 22, 1958)       | <p>August 1986    Joined Yukado Co., Ltd. (present Belluna Co., Ltd.)</p> <p>April 1993    Counsellor, Planning Dept. 1</p> <p>April 1996    Advisor, Planning Dept. 1</p> <p>June 1997    Director in charge of planning</p> <p>April 2011    Director, Executive Officer, General Manager of President's Office and in charge of planning (current position)</p> <p>&lt;Significant concurrent positions&gt;<br/>Representative Director, El Dorado Co., Ltd.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 38,648 shares                             | None                               |
| 4                | Masakazu Oikawa<br>(September 8, 1963) | <p>April 1986    Joined Yukado Co., Ltd. (present Belluna Co., Ltd.)<br/>Planning Dept. 2</p> <p>March 1996    Manager, Planning Dept. 2</p> <p>April 2003    Manager, Planning Dept. 9</p> <p>March 2005    General Manager, Planning Division</p> <p>June 2005    Director, General Manager, Planning Division</p> <p>April 2011    Director, Executive Officer, General Manager, Planning Division</p> <p>April 2012    Director, Executive Officer, General Manager, Business Promotion Dept. and General Manager, Planning Division</p> <p>April 2013    Director, Executive Officer, General Manager, Planning Division</p> <p>April 2014    Director, Executive Officer, General Manager, Business Promotion Dept. and General Manager, Planning Division</p> <p>April 2015    Director (current position)</p> <p>&lt;Significant concurrent positions&gt;<br/>Representative Director, Nurse Stage Co., Ltd. (Note2)<br/>Representative Director, Best Thanks Co., Ltd.</p> | 4,336 shares                              | None                               |

| Candidate number | Name<br>(Date of birth)                  | Brief personal history, positions and responsibilities<br>at the Company<br>(Significant concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of the<br>Company's shares<br>held | Special interest<br>in the Company |
|------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|
| 5                | Hideshi Shimokawa<br>(November 12, 1973) | <p>April 1996    Joined the Company<br/>                  Planning Dept. 2</p> <p>April 2007    Manager, Planning Dept. 2</p> <p>January 2010   Deputy General Manager, Planning Division<br/>                  and Division Manager, Planning Dept. 2</p> <p>April 2011    Executive Officer, Deputy General Manager,<br/>                  Planning Division and Division Manager,<br/>                  Planning Dept. 2</p> <p>June 2011    Executive Officer, Deputy General Manager,<br/>                  Planning Division and Division Manager,<br/>                  Planning Dept. 2 and Division Manager, Retail<br/>                  Store Development Business</p> <p>June 2012    Director, Executive Officer, Deputy General<br/>                  Manager, Planning Division and Division<br/>                  Manager, Planning Dept. 2 and Division<br/>                  Manager, Retail Store Development Business</p> <p>April 2013    Director, Executive Officer, Deputy General<br/>                  Manager, Planning Division and Division<br/>                  Manager, Retail Store Development Business</p> <p>April 2014    Director, Executive Officer, General Manager,<br/>                  Retail Store Business</p> <p>April 2018    Director, Executive Officer, General Manager,<br/>                  Corporate Planning Division (current position)</p> <p>&lt;Significant concurrent positions&gt;<br/>Representative Director, Belluna United, Co., Ltd.<br/>Representative Director, Friendly Co., Ltd.</p> | 3,340 shares                              | None                               |
| 6                | Tomohiro Matsuda<br>(February 2, 1972)   | <p>April 1996    Joined NIS Group Co., Ltd.</p> <p>May 2008    Joined the Company<br/>                  Executive Corporate Planning Dept.</p> <p>October 2010   General Manager, Executive Corporate<br/>                  Planning Dept.</p> <p>April 2011    Executive Officer, General Manager,<br/>                  Administration Division</p> <p>April 2013    Executive Officer, General Manager,<br/>                  Administration Division and General Manager,<br/>                  General Affairs Division</p> <p>April 2015    Executive Officer, General Manager,<br/>                  Administration Division</p> <p>June 2015    Director, Executive Officer, General Manager,<br/>                  Administration Division</p> <p>April 2016    Director, Executive Officer, General Manager,<br/>                  Administration Division and General Manager,<br/>                  General Affairs Division (current position)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 4,400 shares                              | None                               |

(Note1) Mr. Kiyoshi Yasuno, a candidate for Director, concurrently serves as Representative Director of Friend Stage Co., Ltd. The Company has transactions with Friend Stage Co., Ltd., including the outsourcing of operations.  
There are no special interests between other candidates and the Company.

(Note2) Infirmiere Co., Ltd. and Nursery Co., Ltd. conducted an absorption-type merger under which it was decided that Infirmiere will continue to operate as the surviving company, and the trade name was changed from Infirmiere Co., Ltd. to Nurse Stage Co., Ltd. on April 1, 2018.

ProposalNo.3 Determination of remuneration to be paid to Directors for the purpose of granting shares with transfer restrictions

During the 39<sup>th</sup> General Meeting of Shareholders held on June 26, 2015, the limit of the annual amount of remuneration paid to Directors (excluding Directors serving as Audit and Supervisory Committee Members) was approved at 200 million yen (however, this amount does not include the employee salaries of Directors who concurrently serve as employees) and the limit of the annual amount of remuneration paid to Directors serving as Audit and Supervisory Committee Members was approved at 30 million yen. The Company hereby proposes to pay remuneration, which is the value outside the above remuneration limits, for the purpose of granting shares with transfer restrictions in order to provide them with an incentive to continuously increase the Company's corporate value and further promote shared value between them and the shareholders.

The annual limit of the total amount of monetary compensation to be paid to Directors for the allotment of shares with transfer restrictions based on this proposal will be 50 million yen for Directors (excluding Directors serving as Audit and Supervisory Committee Members) and 5 million yen for Directors serving as Audit and Supervisory Committee Members. Concrete allotments to Directors (excluding Directors serving as Audit and Supervisory Committee Members) will be determined at a meeting of the Board of Directors, while those for Directors serving as Audit and Supervisory Committee Members will be decided through discussions amongst Directors serving as Audit and Supervisory Committee Members.

The current number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is six. If Proposal No. 2 is approved as proposed, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) will remain six. The current number of Directors serving as Audit and Supervisory Committee Members is three.

(i) Allotment and payment of shares with transfer restrictions

The Company shall provide monetary remuneration claims based on the resolution of a meeting of the Board of Directors. Directors shall pay all monetary remuneration claims arising under this proposal in the form of property contributed in kind, and shall receive common shares of the Company that shall be issued or disposed of by the Company.

The amount to be paid per share shall be determined at a meeting of the Board of Directors to the extent that such amount shall not be particularly favorable to Directors who receive the Company's common shares on the basis of the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before the date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day).

The above monetary remuneration claims shall be provided on the condition that Directors shall agree to the above payment in kind and conclude an agreement on the allotment of shares with transfer restrictions including the details set forth in (iii) below.

(ii) Total number of shares with transfer restrictions

The total number of shares with transfer restrictions allocated to Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be 45,000 and the total number of shares with transfer restrictions allocated to Audit and Supervisory Committee Members shall be 4,500 which shall be the upper limits of the numbers allocated in each fiscal year.

After the date of the resolution of this proposal, however, if a stock split (including the allotment of the Company's common shares without contribution) or reverse stock split is conducted for the Company's common shares, and if the total number of shares with transfer restrictions needs to be adjusted as a consequence of these measures, the Company may adjust such total number of shares with transfer restrictions in a reasonable manner.

(iii) Details of the agreement on the allotment of shares with transfer restrictions

(1) Details of transfer restrictions

With regard to the Company's common shares allocated according to the agreement on the allotment of shares with transfer restrictions (hereinafter called the "Allotted Shares"), no Director shall be allowed to dispose of the Allotted Shares in any manner, including by transfer to third parties, establishment of a pledge or a security interest, transfer in the form of inter vivos gifts or bequests to others, for a period of between three and ten years as specified by the Company's Board of Directors (hereinafter called the "Transfer Restriction Period").

(2) Gratis acquisition of shares with transfer restrictions

Any Director shall be eligible to acquire the Allotted Shares free of charge if such Director retires as a director, executive officer or employee of the Company or its subsidiary before the Transfer Restriction Period expires, except when there are reasons for refusal that the Board of Directors acknowledges as being legitimate.

In addition, such Director shall be eligible to acquire, free of charge, the Allotted Shares whose transfer restrictions are not removed upon the expiration of the Transfer Restriction Period, as specified in (3) below.

(3) Removal of transfer restrictions

The Company shall remove the transfer restrictions for all the Allotted Shares when the Transfer Restriction Period expires on the condition that Director has continued to be a director, executive officer or employee of the Company or its subsidiary during the period in which such Director was expected to provide services. However, if any Director of the Company retires from any of the positions specified in (2) above before the expiration of the Transfer Restriction Period for reasons that the Board of Directors acknowledges as legitimate, as referred to in (2) above, the number of the Allotted Shares whose transfer restrictions will be removed and the timing of the removal of such restrictions shall be reasonably adjusted as required.

(4) Treatment of Organizational Restructuring, etc.

If matters related to organizational restructuring, including those concerning a merger agreement under which the Company will become a non-surviving company, a share exchange agreement under which the Company will be a wholly-owned company, or a relocation plan, among other matters, are approved at a general meeting of the Company's shareholders (or a meeting of the Board of Directors, if the approval by a general meeting of the Company's shareholders is not required with regard to such organizational restructuring), the Company, subject to the resolution of the Board of Directors, shall remove the transfer restrictions for the number of the Allotted Shares reasonably decided in consideration of the period from the start of the Transfer Restriction Period until the date of the approval of such organizational restructuring, ahead of the effective date of such organizational restructuring.

In the above specified case, the Company shall naturally acquire all the Allotted Shares whose restrictions are not yet removed, free of charge, immediately after the said restrictions are removed.

(5) Other matters

Other matters related to the agreement on the allotment of shares with transfer restrictions shall be decided by the Board of Directors.

End