Note: If there is any inconsistency or conflict between English and Japanese versions of this information, the Japanese version shall prevail.

(Securities Code 3548)
April 11, 2017

To Shareholders with Voting Rights:

Hiroyuki Murai
Representative Director and President
Baroque Japan Limited
4-7-7 Aobadai, Meguro-ku,
Tokyo, Japan

NOTICE OF THE 18TH ANNUAL SHAREHOLDERS' MEETING

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 18th Annual Shareholders' Meeting of Baroque Japan Limited (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders' Meeting, indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form, and return it so that it is received by 7 p.m. on Tuesday, April 25, 2017 Japan time.

1. **Date and Time:** Wednesday, April 26, 2017 at 10 a.m. Japan time (reception will open at 9 a.m.)

2. **Venue:** B2F Ballroom, Cerulean Tower Tokyu Hotel
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the Company's 18th Term (February 1, 2016 - January 31, 2017) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the Company's 18th Term (February 1, 2016 - January 31, 2017)

Proposals to be resolved:

Proposal No. 1: Reduction of Legal Capital Surplus
Proposal No. 2: Election of Eight (8) Directors
Proposal No. 3: Introduction of Performance-Based Stock Compensation Scheme for Directors

~~~
~~~

(Appendix)

Business Report

(February 1, 2016 - January 31, 2017)

1. Overview of the Company Group

(1) Business in the Fiscal Year under Review

1) Business Progress and Results

During the fiscal year ended January 31, 2017, we saw a recovery of the domestic economy. However, personal spending was weak as the future economy was full of uncertainties.

The general decrease in customer spending and the unstable weather also added to the uncertainties for the casualwear apparel industry.

Under the current business situation, even though the domestic business of the Company experienced a tough environment for same store sales growth and average customer spending, we were able to continue to grow our store number. Furthermore, our ecommerce business also recorded a healthy growth.

We have been consistently improving our supply chain to strengthen our product development, reducing product cost and logistic cost, etc.

Regarding our overseas business, we have been able to continue to expand our joint venture business mainly for MOUSSY in China with Belle International Holdings Limited.

As a result, as at January 31, 2017, we have 358 stores in Japan (direct-operated 263, franchise 95), and 10 stores overseas (direct-operated 2, franchise 8), totaling 368 stores. In addition, we have another 187 stores in China with our joint venture partner Belle International Holdings Limited.

Consolidated turnover is 69,493 million yen (1.1% increase from prior fiscal year), operating profit is 5,368 million yen (10.5% decrease from prior fiscal year), recurring profit is 5,385 million yen (12.3% decrease from prior fiscal year), and net profit is 3,507 million yen (16.9% decrease from prior fiscal year).

(Turnover by Country)

Turnover and composition by country are as follows:

Country	For the fiscal year under review		Year on year (%)
	Turnover (million yen)	Composition (%)	
Japan	62,123	89.4	(1.2)
China	6,077	8.7	29.7
Hong Kong, Others	1,293	1.9	9.9
Total	69,493	100.0	1.1

(Turnover by Domestic Brand)
Turnover and composition by domestic brand are as follows:

Brand	For the fiscal year under review		Year on year (%)
	Turnover (million yen)	Composition (%)	
MOUSSY	10,606	17.1	(4.0)
SLY	5,818	9.4	(12.9)
RODEO CROWNS	8,650	13.9	5.7
rienda	5,043	8.1	(10.2)
AZUL by moussy	24,551	39.5	0.4
ENFÖLD	2,486	4.0	(0.2)
Avan Lily	1,707	2.7	(0.9)
Others	3,259	5.3	20.4
Total	62,123	100.0	(1.2)

2) Capital Investments

During the fiscal year under review, the Company Group made capital investments that amounted to a total of 1,923 million yen. The main investments are as follows:

Rental and guarantee deposits related to new store openings	294 million yen
Investments in store facilities related to new store openings and store renovations	1,084 million yen

3) Financing

The Company was listed on the First Section of the Tokyo Stock Exchange on November 1, 2016, and through a public offering, raised capital of 7,980 million yen in total.

4) Business Transfers, Absorption-Type Splits and Incorporation-Type Splits

Not applicable.

5) Acceptance of Business Transfers from Other Companies

Not applicable.

6) Succession of Rights and Obligations Concerning Businesses of Other Corporations, Etc. due to Absorption-Type Mergers or Absorption-Type Splits

Not applicable.

7) Shares and Other Equity in Other Companies, Acquisition or Disposal of Subscription Rights to Shares, Etc.

Not applicable.

(2) Assets and Income

The assets and income of the Company Group are as follows:

Item	15th term (Year ended January 31, 2014)	16th term (Year ended January 31, 2015)	17th term (Year ended January 31, 2016)	18th term (Year ended January 31, 2017) (Fiscal year under review)
Turnover (million yen)	61,723	62,525	68,769	69,493
Net profit (loss) (million yen)	(590)	(2,340)	4,221	3,507
Earnings (loss) per share (yen)	(3,773.04)	(14,951.27)	134.85	108.37
Total assets (million yen)	24,477	24,018	28,298	38,459
Equity (million yen)	3,519	1,652	5,853	17,002
Net assets per share (yen)	21,138.96	8,521.45	176.30	465.68

(Notes) 1. Earnings (loss) per share is calculated using the average number of outstanding shares for the fiscal year.
2. Net assets per share is calculated using the total number of outstanding shares as of the end of the fiscal year.
3. The Company conducted a 200-for-one stock split of its common stock on August 26, 2016. Earnings per share is calculated based on the number of outstanding shares after the stock split, assuming the stock split occurred at the beginning of the previous fiscal year.

(3) Significant Parent Companies and Subsidiaries

1) Relationship with Parent Companies
Not applicable.

2) Material Subsidiaries
Material subsidiaries of the Company as of the end of the fiscal year under review are as follows:

Company name	Capital	The Company's holding of voting rights	Principal businesses
BAROQUE HK LIMITED	HKD 257,000 thousand	100.0%	Import, export and sale of clothing, etc.
Baroque (Shanghai) Trading Ltd.	HKD 90,600 thousand	100.0% (100.0%)	Handling consigned business operations
BAROQUE CHINA LIMITED	HKD 26,000 thousand	51.0% (51.0%)	Investment company dealing with the business in China
Baroque (Shanghai) Enterprise Development Ltd.	CNY 20,000 thousand	51.0% (51.0%)	Procurement and sale of clothing, etc.
FRAME LIMITED	HKD 1	100.0% (100.0%)	Business development and trademark management
BAROQUE USA LIMITED	USD 1,455 thousand	100.0%	Sale of clothing, etc.

(Note) 1. Figures inside parentheses "( )" in "The Company's holding of voting rights" column refer to the percentages indirectly held by the Company, out of the Company's percentage of voting rights.

(4) Issues to be Addressed

The environment surrounding the Group remains harsh due to intensified sales competition caused by a fall in population, declining birth rate and an aging population, diversified consumption needs, the surge in a price-sensitive mindset among consumers, entry of foreign companies, among other factors. With the rise in labor costs in China, where apparel is primarily produced, and concerns over fluctuation of procurement price due to foreign exchange fluctuation, the environment surrounding the industry continues to be harsh as well.

Under this condition, the Group has formulated a new midterm strategy spanning the four years from the fiscal year ending January 31, 2018 to the fiscal year ending January 31, 2021, and under the slogan of "Global Challenge," the Group will work as one towards achieving the goals set out in the plan.

In the domestic business, we will further enhance sustainable growth and our profitability through the strategic opening of stores in the Tokyo area and areas previously unexplored as well as scrap-and-build of existing stores. Further, through the strengthening of the infrastructure of our ecommerce business and the enhancement of multi-channel marketing, we will accelerate our omni-channel strategy for the expansion of business scale and to boost the ecommerce sales ratio.

In the overseas business, we will aim for a significant growth in profit by actively opening around 60 new stores annually in China. We will also promote a global strategy with an eye to developing businesses in areas such as South America and Southeast Asia, following the opening of stores in North America during this fiscal year.

We will work on our supply chain to further strengthen our profitability by fundamentally reviewing the entire processes of production and logistics for the

improvement of product cost ratio, reduction of logistics cost, etc.

With the above measures, we target turnover of 100,000 million yen, recurring profit of 11,000 million yen, and consolidated recurring profit ratio of 11.0% for the final fiscal year.

In addition, we will fulfill corporate social responsibility and thereby contribute to the development of society as a whole through further commitment to social contribution activities and environmental measures, as well as further improving our brand value, securing and fostering human resources, and reinforcing our internal control system.

We ask for the continued support and guidance of our shareholders.

(5) Principal Businesses (As of January 31, 2017)

The Group consists of the Company and six consolidated subsidiaries of the Company. The Group is mainly engaged in the planning, sales and manufacturing of clothing, etc., principally in the manufacturing and retailing business (SPA*) of clothing, etc. for women.

(Note) SPA is the abbreviation of "Specialty store retailer of Private label Apparel."

(6) Principal Sales Offices and Plants (As of January 31, 2017)

1) Business Offices of the Company

Head office	Meguro-ku, Tokyo
Stores	263 (Direct-operated stores in Japan)

2) Business Offices of Subsidiaries

BAROQUE HK LIMITED	Hong Kong Special Administrative Region, People's Republic of China
Baroque (Shanghai) Trading Ltd.	Shanghai City, People's Republic of China
BAROQUE CHINA LIMITED	Hong Kong Special Administrative Region, People's Republic of China
Baroque (Shanghai) Enterprise Development Ltd.	Shanghai City, People's Republic of China
FRAME LIMITED	Hong Kong Special Administrative Region, People's Republic of China
BAROQUE USA LIMITED	New York City, United States of America

(7) Employees (As of January 31, 2017)

1) Employees of the Company Group

Number of employees	Change from previous fiscal year-end
1,652	+24

2) Employees of the Company

Number of employees	Changes from previous fiscal year-end	Average age	Average service period
1,505 (149)	+18 (−17)	27.6	4 years and 4 months

(Notes) 1. The number of employees refers to the number of full-time employees (excluding employees of the Company assigned to other companies), and the number of temporary staff (part-time employees) in the most recent 12 months is specified in parentheses "( )."

2. The number of temporary staff refers to the average number of part-time employees employed in the most recent 12 months (translated in an eight-hour working day basis). This number excludes the number of dispatched employees.

(8) Principal Lenders (As of January 31, 2017)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	3,290
Mizuho Bank, Ltd.	4,162
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,055
Shinsei Bank, Limited	1,000
Sumitomo Mitsui Trust Bank, Limited	700
Resona Bank, Limited.	350

(Note) To raise working capital efficiently, the Company has concluded a commitment line agreement with Sumitomo Mitsui Banking Corporation.

(9) Other Important Information Concerning the Company Group

Not applicable.

2. Overview of the Company

(1) Shares (As of January 31, 2017)

1) Total number of shares authorized to be issued 120,000,000 shares

2) Total number of outstanding shares 35,503,000 shares

3) Number of shareholders 19,079 persons

4) Major shareholders (10 largest shareholders)

Shareholder name	Status of investment in the Company	
	Number of shares	Shareholding ratio
	shares	%
MUTUAL CROWN LIMITED	7,284,600	20.52
ORIX Corporation	6,815,600	19.20
CDH RUNWAY INVESTMENT (HK) LIMITED	5,242,900	14.77
Hiroyuki Murai	3,550,100	10.00
Japan Trustee Services Bank, Ltd. (Trust Account)	249,300	0.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	160,200	0.45
Qingguang Jin	160,000	0.45
NOMURA PB NOMINEES LIMITED A/C CPB30072 482276	150,000	0.42
Ueda Yagi Tanshi Co., Ltd.	127,100	0.36
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	122,500	0.35

(Note) The shareholding ratio is rounded off to the second decimal place.

(2) Subscription Rights to Shares

1) Subscription Rights to Shares Issued to and Held by Officers of the Company as Compensation for Performance of Duties

(As of January 31, 2017)

		3rd issuance of subscription rights to shares	4th issuance of subscription rights to shares	5th issuance of subscription rights to shares
Date of resolution		March 6, 2008	November 26, 2008	January 14, 2016
Number of subscription rights to shares		480	440	200
Class and number of shares underlying subscription rights to shares		96,000 shares of common stock (200 shares per unit of subscription rights to shares)	88,000 shares of common stock (200 shares per unit of subscription rights to shares)	40,000 shares of common stock (200 shares per unit of subscription rights to shares)
Amount to be paid for subscription rights to shares		No payment required for subscription rights to shares	No payment required for subscription rights to shares	No payment required for subscription rights to shares
Amount of property contributed upon exercise of subscription rights to shares		50,000 yen per unit of subscription rights to shares (500 yen per share)	150,000 yen per unit of subscription rights to shares (750 yen per share)	230,000 yen per unit of subscription right to shares (1,150 yen per share)
Exercise period		March 7, 2010 to March 6, 2018	November 27, 2010 to November 26, 2018	January 15, 2018 to January 14, 2021
Conditions for exercise		Notes 1, 2, 3 and 4	Notes 1, 2 and 3	Notes 1, 2, 3 and 4
Subscription rights to shares held by Executive Officers	Directors (excluding Outside Directors)	Number of units: 480 Number of holders: 2	Number of units: 440 Number of holders: 2	Number of units: 200 Number of holders: 1
	Outside Directors	–	–	–
	Audit & Supervisory Board Members	–	–	–

(Notes) 1. Share subscription right holders can only exercise their subscription rights to shares if the shares received upon exercise of the rights are listed on a financial instruments exchange in Japan.
2. Share subscription right holders must either be a Director, Audit & Supervisory Board Member or employee of the Company when their rights are exercised. However, in the case that certain requirements stipulated in the subscription rights to shares allotment agreement are fulfilled, the rights can be exercised even if the holder has lost their position as a Director, Audit & Supervisory Board Member or employee of the Company.
3. In the event that the share subscription right holder passes away, their successor cannot exercise the subscription rights to shares.
4. These subscriptions rights to shares allow only a partial exercise of the units allotted.

2) Subscription Rights to Shares Issued within the Fiscal Year under review to Employees, etc. as Compensation for Performance of Duties

Not applicable.

3) Other Important Matters Related to Subscription Rights to Shares, etc.

Not applicable.

(3) Company Officers

1) Directors and Audit & Supervisory Board Members (As of January 31, 2017)

Position	Name	Areas of responsibility at the Company and significant concurrent positions
Representative Director and President	Hiroyuki Murai	Chief Executive Officer Director and Chairman, BAROQUE HK LIMITED Representative Director, Baroque (Shanghai) Trading Ltd. Managing Director, BAROQUE CHINA LIMITED Director, BAROQUE CHINA APPARELS LIMITED Director, Baroque (Shanghai) Clothing Ltd. Representative Director, Baroque (Shanghai) Enterprise Development Ltd. Managing Director, FRAME LIMITED Director, BAROQUE USA LIMITED
Representative Director and Vice President	Seiki Nara	Chief Operating Officer and General Manager, Sales Control Division
Director	Hirofumi Yamazaki	Managing Executive Officer and General Manager, Administration Division Director, BAROQUE HK LIMITED Director, Baroque (Shanghai) Trading Ltd. Director, FRAME LIMITED
Director	Baijiao Sheng	Executive Director and CEO, Belle International Holdings Limited Chairman, Shenzhen Leather Association Vice Chairman, China Leather Industry Association Director, Baroque (Shanghai) Clothing Ltd.
Director	Fang Sheng	Executive Director, Belle International Holdings Limited Deputy Chairman, Smile Charity Foundation Adjunct Professor of Innovation and Entrepreneurship, Tongji University Director, BAROQUE CHINA APPARELS LIMITED Representative Director, Baroque (Shanghai) Clothing Ltd. Director, Baroque (Shanghai) Enterprise Development Ltd.
Director	Makoto Inoue	Director and Representative Executive Officer, President and CEO, ORIX Corporation

Position	Name	Areas of responsibility at the Company and significant concurrent positions
Director	Xiaoling Hu	Managing Director, CDH Investments Non-executive Director, Belle International Holdings Limited Director, Beijing Motie Book Co., Limited Director, Midea Group Co. Ltd. Non-executive Director, Dali Foods Group Company Limited
Director	Kyosuke Shinozawa	President, Public Interest Incorporated Foundation Capital Markets Research Institute
Director	Kunihisa Hama	Chairperson, Compliance Committee Outside Audit & Supervisory Board Member, YOMIURI LAND CO., LTD. External Director, NITTO BOSEKI CO., LTD. Outside Director, ENSUIKO SUGAR REFINING CO., LTD.
Full-time Audit & Supervisory Board Member	Yoshiki Yoshida	
Audit & Supervisory Board Member	Teruo Ozaki	President, Teruo Ozaki CPA Office Outside Corporate Auditor, Inui Global Logistics Co., Ltd. Executive Director, ORIX JREIT Inc.
Audit & Supervisory Board Member	Hiroshi Nagayasu	Lawyer, Tozai Sogo Law Office Audit & Supervisory Board Member, Datacard Japan Ltd. Audit & Supervisory Board Member, Janssen Pharmaceutical K.K. Outside Audit & Supervisory Board Member, Sumitomo Riko Company Limited

(Notes)
1. Directors Mr. Baijiao Sheng, Mr. Fang Sheng, Mr. Makoto Inoue, Ms. Xiaoling Hu, Mr. Kyosuke Shinozawa, and Mr. Kunihisa Hama are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Hiroshi Nagayasu are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Company has reported Outside Directors Mr. Kyosuke Shinozawa and Mr. Kunihisa Hama and Outside Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Hiroshi Nagayasu as independent directors to Tokyo Stock Exchange, Inc. as specified by the same exchange.
4. Director Mr. Baijiao Sheng concurrently serves as the Executive Director and CEO of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED.
5. Director Mr. Fang Sheng concurrently serves as the Executive Director of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque (Shanghai) Clothing Ltd., at which he serves as Representative Director is the Company's equity-method associate, and there is a

transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.

6. Director Mr. Makoto Inoue concurrently serves as a Director and Representative Executive Officer, President of ORIX Corporation, a major shareholder of the Company.
7. Director Ms. Xiaoling Hu concurrently serves as the Managing Director of CDH Investments, which indirectly controls a major shareholder of the Company, CDH RUNWAY INVESTMENT (HK) LIMITED.
8. There are no significant transactions or other special relationships between the Company and other corporations at which Outside Directors and Outside Audit & Supervisory Board Members concurrently serve.
9. Mr. Kunihisa Hama resigned from the post of Outside Audit & Supervisory Board Member at the conclusion of the Company's 17th Annual Shareholders' Meeting held on April 25, 2016, and assumed the post of Outside Director on the same date.
10. Mr. Teruo Ozaki resigned from the post of Outside Director at the conclusion of the Company's 17th Annual Shareholders' Meeting held on April 25, 2016 due to expiration of his term of office, and assumed the post of Audit & Supervisory Board Member on the same date.
11. Audit & Supervisory Board Member Mr. Yoshiki Yoshida has years of experience in conducting the internal auditing of corporations, and has considerable knowledge in finance and accounting.
12. Audit & Supervisory Board Member Mr. Teruo Ozaki has years of operational experience in accounting as a certified public accountant, and has considerable knowledge in finance and accounting.

2) Summary of the Liability Limitation Agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each of its Outside Directors, Outside Audit & Supervisory Board Members, and Audit & Supervisory Board Member Mr. Teruo Ozaki, to limit their liability for damages, as stipulated in Article 423, Paragraph 1 of the said Act.

The maximum amount of liability for damages based on the agreement is the amount specified by laws and regulations.

3) Total Compensation to Officers in the Fiscal Year under Review

Category	Number of officers	Amount of compensation, etc. (million yen)
Directors (of which are Outside Directors)	6 (3)	85 (12)
Audit & Supervisory Board Members (of which are Outside Audit & Supervisory Board Members)	4 (3)	21 (13)
Total (of which are Outside officers)	8 (4)	106 (25)

(Notes)
1. The total amount of compensation, etc. to Directors do not include the employee portion of salary paid to Directors who are concurrently serving as employees.
2. In the 12th Annual Shareholders' Meeting held on April 26, 2011, the maximum amount of compensation to Directors in a fiscal year was resolved to be 1,000 million yen (not including the employee portion of salary).
3. In the 10th Annual Shareholders' Meeting held on April 28, 2009, the maximum amount of compensation to Audit & Supervisory Board Members in a fiscal year was resolved to be 50 million yen.
4. Among the Directors, four Directors will not receive any compensation.

4) Outside Officers
Main Activities in the Fiscal Year under Review

Name	Status of participation in meetings and opinions provided
Director Baijiao Sheng	Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on his rich experience and extensive insight acquired mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Fang Sheng	Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on his rich experience and extensive insight acquired mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Makoto Inoue	Participated in 14 out of 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on his rich experience and extensive insight acquired mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Xiaoling Hu	Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on her rich experience and extensive insight acquired mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Kyosuke Shinozawa	Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided advice and suggestions based on his expert operational experience related to international finance and economics, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Kunihisa Hama	Participated in all 15 meetings of the Board of Directors and all 4 meetings of the Audit & Supervisory Board, held during his term of office as an Outside Audit & Supervisory Board Member, for the fiscal year under review; provided opinions based on his rich experience and extensive insight acquired mainly from engaging in the legal industry and legal administration, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.
Audit & Supervisory Board Member Yoshiki Yoshida	Participated in all 15 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions based on his rich experience acquired mainly from engaging in internal auditing of corporations and being a full-time audit & supervisory board member, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; as a Full-time Audit & Supervisory Board Member, he conducts as necessary audits of all aspects of management and business execution of Directors.

Name	Status of participation in meetings and opinions provided
Audit & Supervisory Board Member Teruo Ozaki	Participated in all 3 meetings of the Board of Directors held during his term of office as an Outside Director; provided advice and suggestions from an expert standpoint mainly based on his operational experience in the finance and accounting fields as a certified public accountant, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Audit & Supervisory Board Member Hiroshi Nagayasu	Participated in all 15 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions mainly based on his operational experience in the legal field as a lawyer, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.

(4) Accounting Auditor

1) Name of Accounting Auditor
PricewaterhouseCoopers Aarata LLC
(Note) Effective from July 1, 2016, PwC Aarata Institution changed its name to PricewaterhouseCoopers Aarata LLC following its conversion to a limited liability audit corporation.

2) Compensation, etc.

	Compensation, etc.
Accounting Auditor's compensation, etc., for the fiscal year under review	67 million yen
Cash and other benefits payable by the Company or its subsidiaries to Accounting Auditor	67 million yen

(Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, compensation, etc. for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects the total Accounting Auditor's compensation for the fiscal year under review.
2. The Company's Audit & Supervisory Board agreed to the compensation, etc. to PricewaterhouseCoopers Aarata LLC after verifying the actual number of auditing hours in previous fiscal years, trends in compensation for auditing, and the status of performance of duties by the Accounting Auditor, as well as considering the audit plan for the fiscal year under review and the basis for the calculation of estimated compensation, etc.

3) Description of Non-Audit Services
The Company entrusts non-audit services to the Accounting Auditor and pays compensation for them. Such services refer to the advice and guidance received concerning internal control related to financial reporting, as well as the preparation of the "Letter from Auditor to Lead Underwriting Firm" related to the listing of the Company's shares.

4) Policy Regarding Determination of Dismissal or Nonreappointment of Accounting Auditor
In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the Items of Article 340, Paragraph 1 of the Companies Act, the Company's Audit & Supervisory Board shall dismiss the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Board Members.
In addition to the case above, if an event that affects the eligibility or independence of the Accounting Auditor occurs, and the Accounting Auditor is deemed unable to conduct appropriate audits as a result, the Company's Audit & Supervisory Board shall, via a resolution at an Audit & Supervisory Board meeting, submit the details of a proposal to dismiss or not reappoint the Accounting Auditor to the Shareholders' Meeting.

(5) System to Ensure Proper Business Execution and Operational Status of the System

Overview of System to Ensure Proper Business Execution

The following is an overview of the system defined to ensure that Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation, and other systems defined to ensure operations of the Company are conducted appropriately.

1) System to ensure that Directors, Executive Officers and employees of the Company and its subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation
   a. The Company and its subsidiaries recognize that adhering to laws and regulations, the Articles of Incorporation, and societal norms (compliance) is the basic principle that underlies corporate activities. All Directors, Executive Officers and employees shall work together as one to thoroughly ensure compliance.
   b. The Company shall implement measures to establish and strengthen the compliance system through regular activities of the Compliance Committee.
   c. The Company shall strive for the early discovery of illegal conduct through a whistleblowing system (hotline) entrusted to an external law firm.
   d. The Internal Audit Office shall regularly audit the compliance system whether it is functioning effectively and report the results at Board of Directors meetings.
   e. The Company shall construct a system of appropriate delegation of authority and auditing between Directors, Executive Officers and employees, by ensuring that they execute duties based on regulations on division of authority and on management approval.

2) System for storage and management of information related to the performance of duties of the Company's Directors

   The Company shall construct a system for the appropriate storage and management of information related to business execution as well as proceedings and decisions made at Board of Directors meetings, based on regulations including those regarding the Board of Directors, Executive Officers, document management and the meeting structure.

3) Regulations or any other systems of the Company and its subsidiaries for management of risk of loss
   a. The Board of Directors shall supervise risk management in the Company and its subsidiaries, prevent the occurrence of any event that may significantly affect management, and ensure thorough risk management in every department, through meetings, etc. with the personnel in charge of each department.
   b. The Company shall endeavor to strengthen risk management from a legal perspective, and strengthen the capabilities of human resources in the legal department.
   c. Based on the regulations related to crisis management, etc., the Company shall construct a system that can respond promptly to a situation where a material risk has emerged and the entire Company needs to take action, such as by establishing an emergency headquarter.

4) System to ensure the performance of duties by Directors of the Company and its subsidiaries is efficient
   a. To increase the speed of decision-making by the Board of Directors, the head count of the Company's Board of Directors shall be kept to the minimum, and Board of Directors meetings shall be held flexibly.
   b. By effectively utilizing the executive officer system, the Company shall strengthen the supervising function of the Board of Directors over management, through promoting the delegation of authority related to business execution.
   c. The Company shall adopt a system where the Company and its subsidiaries can make prompt decisions and share necessary information, via meetings conducted by personnel in charge of the departments, in addition to Board of Directors meetings

and Executive Officer meetings.

d. The Company shall create other systems that endeavor to ensure operational efficiency, by implementing measures aimed at the rationalization and digitization of operations.

5) System to ensure proper business execution within the Company Group consisting of the Company and its subsidiaries, and system for reporting on the performance of duties by Directors, etc. of the Company's subsidiaries to the Company

a. The Company shall conduct the management of its subsidiaries based on regulations regarding the management of subsidiaries and associates.

b. The Internal Audit Office shall conduct the audits of the Company and its subsidiaries.

6) Matters related to employees who are to assist duties of the Company's Audit & Supervisory Board Members should they request such employees, independence of such employees from the Directors, and ensuring effectiveness of instructions given to such employees

a. Employees of the Company's Internal Audit Office shall assist in the duties of the Company's Audit & Supervisory Board Members as necessary.

b. The performance evaluation and disciplinary measures of such employees shall be determined by the Company's Audit & Supervisory Board Members.

c. When an employee receives an order necessary for auditing from the Company's Audit & Supervisory Board Members, the employee shall not accept any instructions or orders from the Directors, Executive Officers, etc. regarding the said order.

d. The Company's Directors shall cooperate in creating an environment conducive to auditing, to allow such employees to perform their tasks smoothly.

7) System for the Company's Directors, Executive Officers and employees and its subsidiaries' Directors, Audit & Supervisory Board Members and employees to report to the Company's Audit & Supervisory Board Members, other systems for reports to Audit & Supervisory Board Members, and system to ensure a person who makes such a report will not be treated unfavorably because of the report

a. The Company's Audit & Supervisory Board Members participates in Board of Directors meetings and other important meetings of the Company, as well as meetings with the Directors as necessary, to receive important reports and information about the Company and its subsidiaries.

b. The Company's Directors, Executive Officers and employees, and its subsidiaries' Directors, Audit & Supervisory Board Members and employees will provide to the Company's Audit & Supervisory Board Members any information regarding important matters of the entire Company, the status of compliance, contents of internal auditing, contents of whistleblowing, and other matters deemed necessary by the Audit & Supervisory Board Members, without delay. The Company forbids the unfavorable treatment of a person who makes such a report to the Company's Audit & Supervisory Board Members because of the report.

8) Matters related to policy on advance payment or reimbursement procedures of costs arising from the Company's Audit & Supervisory Board Members' performance of duties, and processing of expenses or obligations arising from the performance of other such duties

When an Audit & Supervisory Board Member of the Company requests advance payment, etc. of costs for the performance of their duties, the request for the expenses or obligations shall be processed swiftly unless the Company deems that the expenses or obligations requested are not necessary for the performance of duties.

9) Other systems to ensure effective audits by the Company's Audit & Supervisory Board Members

a. The Company shall strengthen the auditing system of Audit & Supervisory

Board Members based on the standards for audit by Audit & Supervisory Board Members, etc.

b. Based on the standards for audit by Audit & Supervisory Board Members and regulations regarding internal auditing etc., Audit & Supervisory Board Members shall cooperate with the Internal Audit Office and the Accounting Auditor to conduct effective audits.

c. The Board of Directors shall create an environment that allows Audit & Supervisory Board Members to obtain advice from external experts such as lawyers, certified public accountants and tax accountants as necessary.

10) Basic policy towards elimination of antisocial forces

The Company and its subsidiaries will not have any associations whatsoever with antisocial forces and groups that threaten the order and security of civil society. Furthermore, the Company and its subsidiaries will firmly refuse any requests from such antisocial forces and groups, and maintain a policy of not making any transactions with any corporation, group or individual related to these forces and groups.

11) System to ensure reliability and fairness of financial reporting

In compliance with laws and regulations such as the Financial Instruments and Exchange Act, the Company and its subsidiaries shall continuously develop, operate and evaluate the system for effective and appropriate internal control over financial reporting, in order to ensure the reliability and fairness of financial reporting.

Summary of Operational Status of System to Ensure Proper Business Execution

The following is an overview of the operational status of the system to ensure proper business execution in the fiscal year under review.

1) Compliance system

The Company has a Compliance Committee that consists of external experts and the Company's Directors. As a general rule, the Compliance Committee holds monthly meetings, where activities related to the promotion of compliance are discussed, and compliance issues are identified and tackled. In the fiscal year under review, in order to raise the awareness of compliance among individuals and organizations, the Company regularly implemented eLearning education, as well as an insider trading prevention seminar for all officers and employees in line with the listing of the Company's stocks on the Tokyo Stock Exchange.

2) Performance of duties by Directors

In the fiscal year under review, 15 Board of Directors meetings were held, where decisions, etc. regarding important matters were made, and supervision was carried out to ensure the performance of duties by Directors and employees were in compliance with laws, regulations and the Articles of Incorporation. In addition, through Executive Officer meetings and Department GM meetings, the Company ensures the fairness and efficiency of its operations.

3) Risk management system

The Company has formulated the Risk Management Regulations for an emergency situation where an event causes a material impact on the management of the Company and its subsidiaries, so as to swiftly grasp the situation, respond to it promptly and appropriately, and reduce the impact on management to a minimum. The Risk Management Regulations stipulate the basic policy of responding to an emergency situation, and that an emergency headquarter headed by the President shall be formed if necessary. Activities to be conducted by the emergency headquarter include gathering of information, deciding on emergency measures and instructing action, cause investigation, and deciding the basic policy of the response. Finally, after the implementation of recurrence prevention measures, etc. is verified, the emergency headquarter will be dismissed. Regarding

responses to the press, etc., the General Managers of the Administration Division and the Human Resources and General Affairs Department will be in charge of communication, and ensuring appropriate information management and information provision.

4) Management of subsidiaries and associates

Based on its Authority Regulations and Subsidiaries and Associates Management Regulations, the Company sanctions important matters regarding its subsidiaries and associates, or receives reports from its subsidiaries and associates regarding such matters.

At Board of Directors meetings, the monthly performance of the Group is reported, and progress in terms of the Group's management targets, as well as issues regarding management and corresponding solutions are examined.

5) Performance of duties by Audit & Supervisory Board Members

The Company's Audit & Supervisory Board consists of three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members). Audits by the Audit & Supervisory Board Members are based on the audit policy and implementation plan for the year decided by the Audit & Supervisory Board. Audit & Supervisory Board Members hold meetings at least once a month, exchange opinions with Representative Directors, participate in important meetings including Executive Officer meetings and Compliance Committee meetings, review important documents, investigate important assets, conduct investigation through interviews with business department staff, conduct research on subsidiaries, and cooperate with the Internal Audit Office and the Accounting Auditor to improve the effectiveness and efficiency of audits.

Audit & Supervisory Board Members have meetings with the Internal Audit Office every other month to examine contents of the audits and exchange opinions.

In addition, the Audit & Supervisory Board has quarterly meetings with the Accounting Auditor and the Department Manager of Internal Audit Office to exchange opinions and make efforts in cooperation.

(6) Policy for Deciding Distribution of Surplus, etc.

The Group positions the return of profits to shareholders as one of the most important tasks of management, and has a basic policy of implementing stable dividends while considering the amount of internal reserves necessary to strengthen the financial structure and support active business development. Going forward, from a medium- to long-term perspective, the Company will strive for sustainable growth, enhancing corporate value and increasing shareholder value by investing management resources into business fields where growth is expected.

Furthermore, from the fiscal year ending January 31, 2018, the Company will adopt a basic policy aiming at a stable payout ratio of 30-40%, and we will continue to secure adequate internal reserves to ensure the ongoing expansion and development of the business and strengthen our corporate structure to enable us to cope with changes in the industry and increased business competition.

Consolidated Balance Sheet

(As of January 31, 2017)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
I Current assets	**30,034**	**I Current liabilities**	**12,867**
Cash and cash equivalents	17,309	Trade notes payable	341
Trade and other receivables	6,172	Trade and other payables	4,906
Inventories	5,110	Interest-bearing borrowings	4,373
Consumables	111	Other payables	1,439
Deferred tax assets	547	Accrued expenses	490
Others	783	Current tax payable	845
Provision for doubtful accounts	(1)	Provision for reinstatement costs	32
II Non-current assets	**8,358**	Deposits received	297
1 Property, plant and equipment	**2,038**	Others	139
Buildings and leasehold improvements	1,425		
Land	350	**II Non-current liabilities**	**8,589**
Construction in progress	30	Interest-bearing borrowings	6,184
Others	232	Net defined benefit liability	723
2 Intangible assets	**305**	Provision for reinstatement costs	972
Software	293	Other payables	102
Others	12	Deposits received	567
3 Investments and other assets	**6,013**	Others	39
Investments in and advances to associates	1,820		
Rental deposits	3,471	**Total liabilities**	**21,456**
Deferred tax assets	528	**(Equity)**	
Others	193	**I Shareholders' equity**	**16,551**
III Deferred assets	**66**	**1 Share capital**	**7,904**
Stock delivery expenses	66	**2 Share premium**	**7,901**
		3 Retained earnings	**746**
		II Other reserves	**(18)**
		1 Deferred gains or losses on hedges	**(8)**
		2 Foreign currency translation reserve	**76**
		3 Remeasurements of defined benefit plans	**(87)**
		III Non-controlling interests	**469**
		Total equity	**17,002**
Total assets	**38,459**	**Total liabilities and equities**	**38,459**

(Note) Figures of less than one million are truncated.

Consolidated Income Statement

(February 1, 2016 - January 31, 2017)

(Unit: million yen)

Description	Amount	
Turnover		**69,493**
Cost of goods sold		**30,875**
Gross profit		**38,618**
Selling, general and administrative expenses		**33,249**
Operating profit		**5,368**
Non-operating income		
Interest income	4	
Share of profit of associates	270	
Other income	55	330
Non-operating expenses		
Interest on bank and other loans	121	
Finance charges	30	
Loss on disposals of property, plant and equipment	68	
Loss on foreign exchange	71	
Other expenses	21	313
Recurring profit		**5,385**
Extraordinary income		
Reversal of provision for directors' retirement benefits	129	129
Extraordinary expenses		
Impairment loss	41	41
Profit before taxation		**5,474**
Corporation tax, inhabitants tax and business tax	1,574	
Deferred income tax	220	1,795
Profit for the period		**3,678**
Profit attributable to non-controlling interests		171
Net profit		**3,507**

(Note) Figures of less than one million are truncated.

Consolidated Statement of Changes in Equity

(February 1, 2016 - January 31, 2017)

(Unit: million yen)

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
Balance as of February 1, 2016	3,914	3,911	(2,761)	5,063
Changes during the fiscal year				
Issuance of shares	3,990	3,990		7,980
Net profit			3,507	3,507
Net changes other than shareholders' equity				
Total changes during the fiscal year	3,990	3,990	3,507	11,487
Balance as of January 31, 2017	7,904	7,901	746	16,551

	Other reserves				Non-controlling interests	Total equity
	Deferred gains or losses on hedges	Foreign currency translation reserve	Remeasurements of defined benefit plans	Total other reserves		
Balance as of February 1, 2016	(17)	486	(13)	454	334	5,853
Changes during the fiscal year						
Issuance of shares						7,980
Net profit						3,507
Net changes other than shareholders' equity	9	(409)	(73)	(473)	134	(339)
Total changes during the fiscal year	9	(409)	(73)	(473)	134	11,148
Balance as of January 31, 2017	(8)	76	(87)	(18)	469	17,002

(Note) Figures of less than one million are truncated.

Non-Consolidated Balance Sheet

(As of January 31, 2017)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
I Current assets	**25,977**	**I Current liabilities**	**11,218**
Cash and cash equivalents	16,228	Trade notes payable	341
Trade and other receivables	3,580	Trade and other payables	3,676
Inventories	4,823	Interest-bearing borrowings	4,373
Consumables	111	Other payables	1,164
Prepaid expenses	186	Accrued expenses	488
Deferred tax assets	406	Current tax payable	704
Loans receivable	265	Advances received	57
Others	375	Provision for reinstatement costs	32
Provision for doubtful accounts	(1)	Deposits received	297
		Others	81
II Non-current assets	**9,741**		
1 Property, plant and equipment	**1,810**	**II Non-current liabilities**	**8,452**
Buildings and leasehold improvements	1,262	Interest-bearing borrowings	6,184
Tools, furniture and fixtures	105	Provision for retirement benefits	597
Land	350	Provision for reinstatement costs	961
Construction in progress	30	Other payables	102
Others	61	Deposits received	567
2 Intangible assets	**294**	Others	39
Software	293		
Others	0	**Total liabilities**	**19,671**
3 Investments and other assets	**7,636**	**(Equity)**	
Investments in subsidiaries and associates	3,216	**I Shareholders' equity**	**16,121**
Rental deposits	3,407	**1 Share capital**	**7,904**
Loans receivable	300	**2 Share premium**	**7,901**
Prepaid expenses	191	(1) Legal capital surplus	7,901
Deferred tax assets	520	**3 Retained earnings**	**316**
		(1) Other retained earnings	316
III Deferred assets	**66**	Retained earnings brought forward	316
Stock delivery expenses	66	**II Valuation and translation adjustments**	**(8)**
		1 Deferred gains or losses on hedges	**(8)**
		Total equity	**16,113**
Total assets	**35,785**	**Total liabilities and equities**	**35,785**

(Note) Figures of less than one million are truncated.

Non-Consolidated Income Statement

(February 1, 2016 - January 31, 2017)

(Unit: million yen)

Description	Amount	
Turnover		**62,970**
Cost of goods sold		**26,469**
Gross profit		**36,501**
Selling, general and administrative expenses		**31,498**
Operating profit		**5,002**
Non-operating income		
Interest income	17	
Other income	8	26
Non-operating expenses		
Interest on bank and other loans	121	
Finance charges	29	
Loss on disposals of property, plant and equipment	68	
Loss on foreign exchange	131	
Other expenses	21	372
Recurring profit		**4,655**
Extraordinary income		
Reversal of provision for directors' retirement benefits	129	129
Extraordinary expenses		
Impairment loss	41	41
Profit before taxation		**4,744**
Corporation tax, inhabitants tax and business tax	1,444	
Deferred income tax	225	1,669
Profit for the period		**3,074**

(Note) Figures of less than one million are truncated.

Non-Consolidated Statement of Changes in Equity

(February 1, 2016 - January 31, 2017)

(Unit: million yen)

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance as of February 1, 2016	3,914	3,911	(2,758)	5,067
Changes during the fiscal year				
Issuance of shares	3,990	3,990		7,980
Profit for the period			3,074	3,074
Net changes other than shareholders' equity				
Total changes during the fiscal year	3,990	3,990	3,074	11,054
Balance as of January 31, 2017	7,904	7,901	316	16,121

	Valuation and translation adjustments		Total equity
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of February 1, 2016	(17)	(17)	5,049
Changes during the fiscal year			
Issuance of shares			7,980
Profit for the period			3,074
Net changes other than shareholders' equity	9	9	9
Total changes during the fiscal year	9	9	11,064
Balance as of January 31, 2017	(8)	(8)	16,113

(Note) Figures of less than one million are truncated.

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report
(English Translation*)

March 22, 2017

To the Board of Directors
Baroque Japan Limited

We have audited the accompanying consolidated financial statements of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from February 1, 2016 to January 31, 2017, which consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, pursuant to Article 444, Paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baroque Japan Limited and its consolidated subsidiaries as of January 31, 2017 and their financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

PricewaterhouseCoopers Aarata LLC

Hiroyuki Sawayama, CPA
Designated and Engagement Partner
Yoshihisa Chiyoda, CPA
Designated and Engagement Partner

---

*The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Accounting Auditor's Audit Report on the Non-Consolidated Financial Statements

Independent Auditor's Report
(English Translation*)

March 22, 2017

To the Board of Directors
Baroque Japan Limited

We have audited the non-consolidated financial statements of Baroque Japan Limited (hereinafter referred to as the "Company") for the 18th term from February 1, 2016 to January 31, 2017, which consist of the non-consolidated balance sheet, the non-consolidated income statement, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the supplementary schedules pursuant to Article 436, Paragraph 2-1 of the Companies Act.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and supplementary schedules

referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2017 and its financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

PricewaterhouseCoopers Aarata LLC

Hiroyuki Sawayama, CPA
Designated and Engagement Partner
Yoshihisa Chiyoda, CPA
Designated and Engagement Partner

---

*The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 18th term from February 1, 2016 to January 31, 2017, the Audit & Supervisory Board hereby submits its audit report, which has been prepared upon careful consideration based on the audit reports prepared by each Audit & Supervisory Board Member.

1. Summary of Auditing Methods by the Audit & Supervisory Board Members and Audit & Supervisory Board

(1) The Audit & Supervisory Board established auditing policies, plans, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.

(2) Each Audit & Supervisory Board Member complied with the standards for audit by Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, plans, and other relevant matters, communicated with Directors, the Internal Audit Office, employees, and any other relevant personnel, and made efforts to prepare the environment for information gathering and audit, as well as conducted the audit through the methods described below.

1) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important approval documents and associated information, and inspected the operations and financial positions at the head office and principal stores. With respect to subsidiaries, we communicated with, and gathered information from, Directors, etc. of subsidiaries as well as received reports from subsidiaries on their business as necessary.

2) With respect to the system for ensuring that the performance of duties by the Directors as stated in the Business Report conforms to related laws and regulations and the Articles of Incorporation, and the contents of resolutions of the Board of Directors regarding preparation of a system to ensure the properness of operations of a group of enterprises consisting of a stock company and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, and such a system prepared based on these resolutions (internal control system), we received regular reports from Directors, employees and other relevant personnel regarding the development and operation of the systems, requested explanations as necessary and expressed opinions.

3) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that the systems for ensuring that the performance of duties is being carried out correctly (matters set forth in each Item of Article 131 of the Rules of Corporate Accounting) had been prepared in accordance with the Quality Control Standards for Audit (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the notes to the consolidated financial statements) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the Business Report and the supplementary schedules are in accordance with related laws and regulations, as well as the Articles of Incorporation, and fairly represent the Company's condition.
2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3) In our opinion, the content of the resolutions of the Board of Directors related to the internal control system is fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to the said internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Aarata LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Aarata LLC are fair and reasonable.

March 22, 2017

Audit & Supervisory Board, Baroque Japan Limited

Full-time Audit & Supervisory Board Member	Yoshiki Yoshida
Audit & Supervisory Board Member	Teruo Ozaki
Audit & Supervisory Board Member	Hiroshi Nagayasu

(Note) Full-time Audit & Supervisory Board Member Mr. Yoshiki Yoshida and Audit & Supervisory Board Member Mr. Hiroshi Nagayasu are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

Reference Documents for the Shareholders' Meeting

Proposals and References

Proposal No. 1: Reduction of Legal Capital Surplus

To provide for flexibility and mobility in its future capital policies, the Company proposes to reduce legal capital surplus and transfer the entire amount reduced to other capital surplus pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act.

In addition, there are no changes to the Company's basic policy of paying stable dividends with a payout ratio of 30-40% starting from the fiscal year ending January 31, 2018. The Company will continue to secure adequate internal reserves to ensure the ongoing expansion and development of the business and strengthen our corporate structure to enable us to cope with changes in the industry and increased business competition.

Details of reduction of legal capital surplus:

(1) Amount of legal capital surplus to be reduced
The 7,901,375,000 yen of legal capital surplus will be reduced by 200,000,000 yen, with the said entire amount transferred to other capital surplus. After the reduction, the amount of legal capital surplus will be 7,701,375,000 yen.

(2) Effective date of reduction of legal capital surplus
April 26, 2017

(Note) The above amounts of legal capital surplus before and after the reduction are based on figures as of January 31, 2017.

Proposal No. 2: Election of Eight (8) Directors

The terms of office of all nine (9) Directors currently in office will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the election of eight (8) Directors is proposed.

The candidates for Directors are as follows.

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions	
1	**Hiroyuki Murai** (July 26, 1961) 3,550,100 shares	Aug 1985	Joined Canon Inc.
		Apr 1994	President, KAI LUNG CONSULTANTS LIMITED
		Apr 1995	President, CENTURY GROW LIMITED
		Jul 1997	President, Hong Kong local subsidiary, Japan Air System Co., Ltd. (presently Japan Airlines Co., Ltd.); President, Hong Kong local subsidiary, JAS Trading Co., Ltd. (presently JALUX Inc.)
		Oct 2006	Representative Director and Chairman, Fakedelic Holdings Co., Ltd.
		Jan 2007	Managing Director, BAROQUE HK LIMITED
		Apr 2007	Representative Director, Chairman and President, Fakedelic Holdings Co., Ltd.; Representative Director and Chairman, Baroque Japan Limited (the former BJL)
		Feb 2008	Representative Director, President and Chief Executive Officer, the Company
		May 2009	Representative Director, Baroque (Shanghai) Trading Ltd. (to present)
		May 2013	Representative Director, President, Chief Executive Officer and Chief Operating Officer, the Company
		Sep 2013	Director, BAROQUE CHINA LIMITED; Managing Director (to present); Director, BAROQUE CHINA APPARELS LIMITED (to present); Director, Baroque (Shanghai) Clothing Ltd. (to present)
		Nov 2013	Representative Director, Baroque (Shanghai) Enterprise Development Ltd. (to present)
		Feb 2014	Representative Director, President and Chief Executive Officer, the Company (to present); Managing Director, FRAME LIMITED (to present)
		Feb 2015	Director and Chairman, BAROQUE HK LIMITED (to present)
		Apr 2016	Director, BAROQUE USA LIMITED (to present)
	Reasons for selection as a candidate for Director Mr. Hiroyuki Murai possesses rich expertise in the field of global business, including business in China, and has led the Group since he became the Company's representative, with a focus on expanding the global SPA business. Based on his track record, we request for his election as a Director of the Company.		

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions
2	**Seiki Nara** (December 15, 1958) 100,000 shares	Mar 1981 Joined JUN Co., Ltd. Jul 2002 Joined Fakedelic K.K. Sep 2005 Representative Director Apr 2007 Representative Director, Baroque Japan Limited (the former BJL) Feb 2008 Executive Officer, Chief Operating Officer, the Company Mar 2009 Executive Officer, General Manager, Sales Control Division Apr 2009 Director, Senior Managing Executive Officer, General Manager, Sales Control Division Apr 2010 Director, Senior Executive Officer, Assistant to the President, in charge of Sales Jun 2011 Representative Director and Vice President, Senior Executive Officer, General Manager, Sales Control Division Sep 2012 Representative Director and Vice President, Senior Executive Officer, General Manager, Sales Control Division, and General Manager, MOUSSY Business Department May 2013 Representative Director and Vice President, Senior Executive Officer, General Manager, MOUSSY Business Department Nov 2013 Representative Director and Vice President Feb 2014 Representative Director, Vice President and Chief Operating Officer, and General Manager, Sales Control Division (to present)
	Reasons for selection as a candidate for Director Mr. Seiki Nara has been involved in the fashion industry for many years, and was mainly in charge of promoting the Company's domestic apparel business as a Director. We believe that he can capitalize on his accumulated experience and track record to continue leading the Company's business in Japan. Therefore, we request for his election as a Director.	

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions
3	**Hirofumi Yamazaki** (October 10, 1965) 0 shares	Apr 1990 Joined KURARAY CO., LTD. Jul 2000 Joined transcosmos inc. Apr 2004 General Manager, Administration Division Apr 2005 Joined ZAPPALLAS, INC. Jul 2005 Director, General Manager, Administration Division May 2008 Senior Managing Director Nov 2009 Director Aug 2010 Standing Auditor Jul 2012 Auditor May 2013 General Manager, Human Resources and General Affairs Department, Administration Division, the Company Feb 2014 Executive Officer, Department Manager, Corporate Planning Office and General Manager, Administration Division and General Manager, Human Resources and General Affairs Department May 2015 Director, Managing Executive Officer, Department Manager, Corporate Planning Office and General Manager, Administration Division and General Manager, Human Resources and General Affairs Department and General Manager, Information Systems Department Nov 2015 Director, Managing Executive Officer, General Manager, Administration Division, and Department Manager, Corporate Planning Office, the Company; Director, BAROQUE HK LIMITED (to present); Director, Baroque (Shanghai) Trading Ltd. (to present); Director, FRAME LIMITED (to present) Jan 2016 Managing Executive Officer, General Manager, Administration Division, the Company (to present)
	Reasons for selection as a candidate for Director Mr. Hirofumi Yamazaki has years of experience of leading the administrative department in listed companies. Similarly, in the Company, it was deemed that he is a necessary talent for realizing the goal of raising corporate value in the future. Therefore, we request for his reelection as a Director.	

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">4</td><td>Fang Sheng

(Candidate for Outside Director)

(November 11, 1972)

0 shares</td><td>Nov 1993
Nov 2005

May 2007
May 2011
Dec 2011

Apr 2013

Aug 2013
Sep 2013

Nov 2013</td><td>Shanghai Office, Gulf Semiconductor Ltd.
Regional Manager, Belle International Holdings Limited
Group SVP & Head of Eastern China Region
Executive Director (to present)
Deputy Chairman, Smile Charity Foundation (to present)
Adjunct Professor of Innovation and Entrepreneurship, Tongji University (to present)
Outside Director, the Company (to present)
Director, BAROQUE CHINA APPARELS LIMITED (to present);
Representative Director, Baroque (Shanghai) Clothing Ltd. (to present)
Director, Baroque (Shanghai) Enterprise Development Ltd. (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
In order for Mr. Fang Sheng to utilize his rich experience and extensive insight in corporate management in the management of the Company, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for three years and eight months.</td></tr>
<tr><td rowspan="2">5</td><td>Makoto Inoue

(Candidate for Outside Director)

(October 2, 1952)

0 shares</td><td>Apr 1975

Feb 2005
Jan 2006
Jun 2008

Jan 2009
Jun 2009
Jun 2010

Oct 2010
Jan 2011

Jan 2014

Jun 2014</td><td>Joined Orient Leasing Co., Ltd. (presently ORIX Corporation)
Executive Officer
Corporate Senior Vice President
General Manager, Overseas Business Control Division
General Manager, Global Business Division
Corporate Executive Vice President
Director and Executive Officer and Deputy President
Outside Director, the Company (to present)
Director and Representative Executive Officer, President, and COO, ORIX Corporation
Director and Representative Executive Officer, President, and Co-CEO
Director and Representative Executive Officer, President, and CEO (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
In order for Mr. Makoto Inoue to utilize his rich experience and extensive insight in corporate management in the management of the Company, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for six years and six months.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">6</td><td>Xiaoling Hu

(Candidate for Outside Director)

(August 5, 1970)

0 shares</td><td>Jul 1995
May 1999
Aug 2002

Sep 2005

Apr 2006

Nov 2007

Jul 2010
Aug 2012
Aug 2013
May 2015</td><td>Certified Public Accountant, Arthur Anderson
China International Capital Co. Limited
Managing Director, CDH Investments (to present)
Non-executive Director, Belle International Holdings Limited (to present)
Director, Anhui Yingliu Electromechanical Co., Ltd.
Non-executive Director, SUNAC China Holdings Limited
Director, Beijing Motie Book Co., Ltd. (to present)
Director, Midea Group Co. Ltd. (to present)
Outside Director, the Company (to present)
Non-executive Director, Dali Foods Group Company Limited (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
In order for Ms. Xiaoling Hu to utilize her rich experience and extensive insight in corporate management in the management of the Company, we request for her election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, she will have served as an Outside Director for three years and eight months.</td></tr>
<tr><td rowspan="2">7</td><td>Kyosuke Shinozawa

(Candidate for Outside Director)

(March 1, 1937)

0 shares</td><td>Apr 1960
May 1995
May 1998

Oct 1999

Jun 2001
Jan 2008

Apr 2009</td><td>Joined the Ministry of Finance
Administrative Vice Minister
Governor, The Overseas Economic Cooperation Fund, Japan
Executive Managing Director, Japan Bank for International Cooperation
Governor
President, Incorporated Foundation Capital Markets Research Institute (presently Public Interest Incorporated Foundation Capital Markets Research Institute) (to present)
Outside Director, the Company (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
Mr. Kyosuke Shinozawa has had a long career in the Ministry of Finance and in the field of international finance. In order for him to utilize his rich knowledge, experience, and extensive insight cultivated through his career in the management of the Company, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for eight years.</td></tr>
</table>

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions
8	**Kunihisa Hama** (Candidate for Outside Director) (December 2, 1934) 0 shares	Apr 1959 Appointed as a prosecutor Dec 1991 Director General, Criminal Affairs Bureau, Ministry of Justice Dec 1993 Vice-Minister of Justice Jan 1996 Superintending Prosecutor, Tokyo High Public Prosecutors Office Dec 1997 Registered as a lawyer Jun 1998 Outside Audit & Supervisory Board Member, MIROKU JYOHO SERVICE CO., LTD. Aug 2001 Outside Audit & Supervisory Board Member, YOMIURI LAND CO., LTD. (to present) Jun 2002 Outside Director, Japan Securities Depository Center, Incorporated Dec 2006 Chairperson, Compliance Committee, the Company (to present) Jun 2008 Outside Audit & Supervisory Board Member, YUKI GOSEI KOGYO CO., LTD.; External Director, NITTO BOSEKI CO., LTD. (to present) Jun 2010 Outside Audit & Supervisory Board Member, KAJIMA CORPORATION Aug 2013 Outside Audit & Supervisory Board Member, the Company Apr 2016 Outside Director (to present) Jun 2016 Outside Director, ENSUIKO SUGAR REFINING CO., LTD. (to present)
	Reasons for selection as a candidate for Outside Director Besides capitalizing on his rich experience and extensive insight in the legal field and in legal administration, we also hope Mr. Kunihisa Hama can utilize his experience as the Company's Outside Audit & Supervisory Member and Chairperson of the Company's Compliance Committee in the management of the Company. Accordingly, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for one year.	

(Notes)
1. At the conclusion of this Annual Shareholders' Meeting, Mr. Baijiao Sheng will resign from his position as a Director due to expiration of his term of office.
2. Mr. Fang Sheng is concurrently serving as the Executive Director of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque (Shanghai) Clothing Ltd., at which he serves as Representative Director is the Company's equity method associate, and there is a transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.
3. Mr. Makoto Inoue is concurrently serving as the Director and Representative Executive Officer, President of ORIX Corporation, a major shareholder of the Company.
4. Ms. Xiaoling Hu is concurrently serving as the Managing Director of CDH Investments, which indirectly controls a major shareholder of the Company, CDH RUNWAY INVESTMENT (HK) LIMITED.
5. No significant transactions or other material interest exists between the Company and other corporations at which the other candidates concurrently serve.
6. In accordance with Article 27, Paragraph 2 of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company can enter into an agreement with Outside Directors to limit their liability for damages to the Company within a certain scope. Accordingly, the Company has entered into a liability limitation agreement with Mr. Fang Sheng, Mr. Makoto Inoue, Ms. Xiaoling Hu, Mr. Kyosuke Shinozawa and Mr. Kunihisa Hama, and the Company plans to continue the said agreement with each of them if their reelection is approved.
7. Mr. Kyosuke Shinozawa and Mr. Kunihisa Hama satisfy the requirements for independent directors based on the provisions of Tokyo Stock Exchange, Inc.

Proposal No. 3: Introduction of Performance-Based Stock Compensation Scheme for Directors

1. Reasons for the proposal and justification of reasons

The Company proposes the introduction of a new performance-based stock compensation scheme "Board Benefit Trust" (hereinafter referred to as the "BBT") for Directors of the Company (excluding Outside Directors, hereinafter the same shall apply unless otherwise stated), and requests for the approval of our shareholders.

As detailed in 2. below, the BBT intends to clarify the link between the compensation of Directors and Executive Officers (hereinafter collectively referred to as "Directors, etc.") and the Company's business performance and share value. As a result, besides having an incentive to raise the share price, Directors, etc. are also subject to the risk of a fall in the share price, just as shareholders do. Accordingly, the BBT aims to raise the motivation of Directors, etc. to contribute to improving business performance and increasing corporate value over the medium- to long-term. The Company deems that the abovementioned purpose of the proposal justifies its contents.

This proposal falls under a separate category from the compensation for Directors (including Outside Directors; within 1,000 million yen a year, not including salaries as employees) approved in the 12th Annual Shareholders' Meeting held on April 26, 2011. Accordingly, in order to provide new stock compensation to the Company's Directors, we request for the approval of the calculation methods and contents of the amount of compensation, etc. Also, the Company requests shareholders to entrust the formulation of details of the BBT to the Board of Directors within the scope of 2. below.

Presently, three (3) Directors are eligible for the BBT. If Proposal No. 2 is approved and resolved as originally proposed, three (3) Directors will be eligible to receive the BBT.

2. Calculation methods and contents of the amount of compensation, etc. concerning the BBT

(1) Overview of the BBT

The BBT is a performance-based stock compensation scheme, where the Company's shares are acquired through a trust using monetary funds contributed by the Company (the trust established based on the BBT is hereinafter referred to as the "Trust"), and Directors, etc. receive the Company's shares from the Trust, in accordance with the regulations for officer stock compensation stipulated by the Company. In principle, Directors, etc. will receive the Company's shares when they retire from the position of Directors, etc.

(2) Recipients of the BBT

Directors and Executive Officers (Audit & Supervisory Board Members are not eligible.)

(3) Amount in the Trust

Subject to the approval of this proposal, the Company will introduce the BBT in the three fiscal years from the fiscal year ending January 31, 2018 to the fiscal year ending January 31, 2020 (hereinafter referred to as the "First Receiving Period"; the First Receiving Period and subsequent three-fiscal-year periods will be referred to as "Receiving Periods"), and in subsequent Receiving Periods. In order to deliver the Company's shares, etc. to Directors, etc., the Company will contribute the following amounts of money to the Trust as funds for acquiring the Company's shares.

First, during the establishment of the Trust (planned for June 2017), the Company will contribute an amount equivalent to the estimated funds necessary to respond to the First Receiving Period, and establish the Trust. Since the upper limit to the number of points that can be granted to Directors, etc. based on the BBT is 72,000 points per fiscal year (including 31,000 points for Directors) as stated in (5) below, the Company will contribute an amount of funds reasonably estimated as necessary to acquire 216,000 shares (including 93,000 shares for Directors) to the Trust at its establishment taking into account the closing price of ordinary transactions of the Company's common stock on the Tokyo Stock Exchange immediately preceding the establishment. As a reference, if the closing price of 1,354 yen on March 21, 2017 is applied, the required funds will be 292,464 thousand yen.

Even after the First Receiving Period is over, until the conclusion of the BBT, the Company will reasonably estimate the number of shares necessary for benefit payments to Directors, etc. based on the BBT in each Receiving Period, and

contribute to the Trust additional funds necessary for the Trust's advance acquisition of shares. However, when contributing additional funds, if there are shares of the Company (refers to the shares corresponding to the points granted to Directors, etc., excluding benefits not yet delivered to Directors, etc.) and money (hereinafter referred to as the "remaining shares, etc.") remaining in the assets of the Trust, the remaining shares, etc. will be used to augment the funds for benefits based on the BBT in the next Receiving Period, and the additional funds required for the next Receiving Period will be calculated taking into account the remaining shares, etc.

(4) Acquisition method of the Company's shares and number of shares to be acquired

Using funds contributed by the Company described in (3) above, the Trust will acquire the Company's shares through a market exchange, or via the method of undertaking the Company's disposed treasury stock.

Regarding the First Receiving Period, the Trust will, after its establishment without delay, acquire a maximum of 216,000 shares (including 93,000 shares for Directors) through a market exchange.

(5) Specific calculation method of number of the Company's shares, etc. to be delivered to Directors, etc.

In each fiscal year, Directors, etc. will receive a number of points determined based on their position, extent of goals achievement, etc., in accordance with the regulations for officer stock compensation. The upper limit of the total number of points that can be granted to Directors, etc. in a fiscal year is 72,000 points (including 31,000 points for Directors). This figure was determined by comprehensively considering the current level of compensation paid to officers, trends in the number of Directors, and predictions for the future, etc., and was therefore deemed to be appropriate.

In addition, regarding the points granted to Directors, etc., when delivering the Company's shares as described in (6) below, one point can be exchanged for one share of common stock of the Company (however, after this proposal is approved, if a stock split, gratis allotment of shares or reverse stock split, etc. is conducted on the Company's shares, depending on the ratio, reasonable adjustments will be made to the upper limit of points and points already granted or to the exchange ratio).

In principle, the number of points granted to Directors, etc., which delivery of the Company's shares described in (6) below are based on, is the total number of points granted to the said Director, etc. up until their retirement (the number of points calculated via this method is hereinafter referred to as the "concluded number of points").

(6) Delivery of the Company's shares

When a Director, etc. retires, if requirements for eligibility as stipulated in the regulations for officer stock compensation are met, in principle, the Director, etc. can receive a number of the Company's shares corresponding to the "concluded number of points" determined by the method described in (5) above from the Trust after their retirement by completing designated procedures for the confirmation of recipients.

(7) Calculation method of amount of compensation, etc. to Directors

The amount of compensation, etc. that Directors receive is the total number of points granted to Directors multiplied by the book value per share of the Company's shares held by the Trust (however, if a stock split, gratis allotment of shares or reverse stock split is conducted on the Company's shares, reasonable adjustments will be made depending on the ratio, etc.) when they receive the points. In addition, in accordance with the regulations for officer stock compensation, if it is deemed appropriate for an exception of granting monetary benefits, the amount of monetary benefits will be added to the amount of compensation, etc.

Map of Venue for the Shareholders' Meeting

Venue: B2F Ballroom, Cerulean Tower Tokyu Hotel
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan
Tel: +81-3-3476-3000 (Switchboard of hotel)



Transportation:	JR	Yamanote Line, Saikyo Line, Shōnan Shinjuku Line
	Tokyu Lines	Tokyu Tōyoko Line, Den-en-toshi Line
	Tokyo Metro	Ginza Line, Hanzomon Line, Fukutoshin Line
	Keiō Railway	Inokashira Line
	5-minute walk from the Shibuya Station of each line	

*Please use public transport as no parking lot has been arranged.