Translation of the Japanese press release

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Notice Concerning Basic Dividend Policy

JAFCO Co., Ltd. has announced that its Board of Directors approved a resolution at the board meeting on March 8, 2017 concerning the basic policy on dividends of surplus as shown below.

1. New Basic Dividend Policy

JAFCO, which primarily focuses on private equity investment, works to provide continuous shareholder returns in a more flexible manner.

As an indicator to demonstrate our positive approach, we have set the target of dividend payout ratio to 3% of shareholders' equity (initial and term-end average value) from the current fiscal year ending March 31, 2017.

We will maintain solid equity capital and financial base that underpin the continuity of our private equity investment business, and build an investment structure and a profit base that allow us to adapt to any operating environment. We aim to ensure a good balance between the levels of shareholders' equity and return to shareholders based on the above indicator.

2. Reason

Private equity investment, in particular venture capital investment on which we focus, involves a high level of risk as we invest in companies whose business base has yet been established. It is difficult to achieve consistent and stable profits because we need to assess the business potential and deliver growth on an individual deal basis. Further, the sales prices of portfolio securities are greatly impacted by stock market fluctuations and growth potential of each company.

JAFCO was in a very difficult situation for several years following the financial crisis, but large capital gains between 2013 and 2015 resulting from our highly selective, intensive investment strategy have allowed us to build a solid financial base. To achieve higher performance, we are shifting investment focus onto startup and early-stage companies and strengthening our approach to future entrepreneurs. Given the rapidly changing and constantly volatile environment, it is becoming increasingly important to secure a financial base that enables a stable and sustainable business.

Under the above circumstances, we have set a standard for continuous dividend payments at 3% of shareholders' equity (initial and term-end average value). Dividends for the current fiscal year based on the new basic policy will be announced at the time of the announcement of financial results for the year ending March 31, 2017.