



April 18, 2020

AN OPEN LETTER TO SEKISUI HOUSE

“SILENCE OF THE LAMBS”

We, the 11 nominees of the Dissident Board Slate, first wish to express our prayers and wishes for all Sekisui House shareholders and other stakeholders, including the incumbent slate nominees, to stay healthy and safe during this tumultuous crisis caused by the global pandemic.

In light of recent social distancing protocols being imposed on major international cities like Osaka, we requested the Company to be mindful of the timing and location of the 69th Sekisui House annual general meeting of shareholders set to occur on April 23, 2020. We have requested the Company to change the location and date of this meeting in view of the serious health and safety concerns the current meeting date and site pose to our shareholders in exercising their franchise rights. We are alarmed and disappointed that Chairman Toshinori Abe and the incumbent board have turned a deaf ear to our recommendation.

No matter when and where the election meeting is to occur, we wish to underscore why we run as a united Board Slate. This election is a referendum for necessary corporate governance change at Sekisui House that has been independently and unequivocally called for by Glass Lewis and ISS, the international proxy advisory

firms, as well as by the cogent reporting of countless financial reporters through their investigative articles.

While Glass Lewis and ISS together recommended ousting Toshinori Abe (Chairman) and Shiro Inagaki (Vice Chairman) as the main culprits for the dismal governance pervading the Company over the last two years, the proxy advisors saw a mixture of both dissident and incumbent slate nominees as a possible solution to correct the Abe-Inagaki governance failures. We respectfully disagree.

Historic governance precedent demands for a complete replacement of the incumbent board.

The 2012 Olympus scandal is perhaps Japan's greatest corporate governance scandal to date. It involved a £1 billion cover-up led by the company's Chairman and CEO and his complicit board.

Newly appointed CEO, Michael Woodford, was the first foreigner, or gaijin, to run Olympus. By reading the investigative articles of Facta, he became suspicious of recent company transactions that waved red flags of a major cover-up by two key Olympus insiders -- Tsuyoshi Kikukawa (Chairman and CEO) and Hisashi Mori (Deputy President). After Woodford confronted Kikukawa and Mori to no avail, he called a meeting of the whole Olympus board to expose the cover-up. However, Chairman Kikukawa had changed the agenda to be instead a vote to dismiss Woodford. Woodford was summarily ousted by a 15-0 board vote. Woodford recalled that upon the Chairman's cue "all the directors put their arms up. They couldn't have put them up higher."¹

In retrospect, Woodford sees Japan's obsession with politeness and social niceties is partly to blame for the country's fall from the top of the global power tree and the fraud that almost destroyed Olympus. He warns that "[t]here is a disaster in Japan because of these social characteristics – the deference, not being able to question people in authority," he is troubled that. "[i]t was this attitude that almost allowed Olympus's previous bosses to cover up more than £1 billion of fraud."

The 2020 Sekisui House land fraud and cover-up by key incumbent Board insiders bears a striking resemblance to Olympus. The clear lesson learned from Olympus is that the entire board must be replaced for their complicity in being "silenced like lambs" and blindly following the lead of their miscreant shepherds.

Our Dissident Board Slate is comprised of 11 highly qualified and fiercely independent directors who collectively and without qualification have pledged to thoroughly and transparently investigate Sekisui House's land fraud transaction that reveals numerous red flags of money laundering and terrorist/organized crime financing, and to aggressively seek recovery of the \$52 million in funds stolen from our shareholders.

¹ <https://www.theguardian.com/business/2012/nov/23/michael-woodford-olympus-whistleblower>

Additionally, our Slate has pledged to immediately build a model governance foundation at the Company upon which business will thrive. We will encourage all levels of management and workers to make contributions and create an environment seeking to restore high morale at the Company.

This upcoming Thursday, Sekisui House's shareholders will vote for their new Board. Whether our dissident or incumbent slate nominees or some combination thereof become the Board, for the sake of Japanese corporate governance, each elected Board member must behave like a fearless lion by carrying out his or her fiduciary duty to the fullest. We must therefore collectively end the silence of the lambs to Save Sekisui House.

Sincerely yours,

Christopher Douglas Brady

Motohiko Fujiwara

Jiro Iwasaki

Pamela Fennel Jacobs

Hitomi Kato

Yasushi Okada

Terumichi Saeki

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