

Company's Opinion regarding the Proxy Advisory Company's Report
On the Agenda of the 69th Ordinary General Meeting of Shareholders

Dear Sir or Madam,

It has come to our attention that the proxy advisory company Institutional Shareholder Services, Inc. ("ISS") has issued the voting recommendation report regarding the agenda of the 69th Ordinary General Meeting of Shareholders of Sekisui House, Ltd.(the "Company") to be held on April 23, 2020,

In this report, ISS has recommended voting "FOR" 10 candidates proposed in the Company's Proposal No. 3 (Election of 12 directors), and ISS also has recommended voting "AGAINST" 9 candidates proposed in the Shareholder's Proposal No. 8 (Election of 11 directors). As a result, we understand that ISS's recommendation **generally endorses the views of the Board of Directors of the Company over the views of the Proposed Shareholders.**

Furthermore, this report notes "without presenting a roadmap, replacing the entire board at this time, particularly when the company has demonstrated favorable financial and stock price performance, would only work to detriment of shareholder value. (Note that the dissident group recently announced a "Mid-Term Management Plan" but it appears to be crafted hastily after management argued that the dissident has no management plan.)". We accept that ISS is praise for our current management team that achieved record-high results in the most recent fiscal year ended January, 2020.

In addition, ISS appreciates to a certain degree for the governance reforms that we have been working on since the current management team began in 2018 and, in this Ordinary General Meeting of Shareholders, for the shortening of the term of office of Directors to one year and the increase of Independent Outside Directors ratio up to 1/3.

On the other hand, there are some of disagreement with our views and misunderstandings of facts, which we would like to explain the Company's Opinion below for shareholders to reference in exercising their voting rights.

Our Views on ISS's recommendations

< Proposal No. 3 Election of Directors: Reasons that ISS recommends voting against Item 3.1 Toshinori Abe and Item 3.2 Shiro Inagaki >

- Taking into consideration that the appropriate size of the Board of Directors is 12 and the balance between the total board size and the number of outside directors, it is necessary to create vacancies for the two Shareholder's candidates for whom ISS recommends.
- There remain concerns about the Company's governance and disclosure practices, and the Company's candidates should be held particularly responsible.

<Our View>

Balance between the total Board of Directors size and the number of Outside Directors

Although recognizing that the Articles of Incorporation of the Company has no ceiling on the number of Directors, in order to recommend for the two Shareholder's candidates, ISS recommends against Items 3.1 and 3.2 stating that if all of the Company's candidates were to be elected the number of

Directors would exceed the appropriate size for the Board of Directors, and that an increase in number of Outside Directors is favorable.

However, ISS highly evaluates the Company's long-term corporate performance and that total shareholder return (TSR) over the past one to five years of the Company has demonstrated mostly better performance than its industry peers and the TOPIX index. The achievements of record-high results in the most recent fiscal year are the results of the efforts of our current management team united as one, with Mr. Abe and Mr. Inagaki leading the way. Moreover, we believe that the contributions of Mr. Abe and Mr. Inagaki will continue to be necessary to promote the Fifth Medium-Term Management Plan for the further growth of the Company's Group.

Therefore, **based on the Company's performance and the contributions of Mr. Abe and Mr. Inagaki to it, we believe ISS is in error making a recommendation to vote against both candidates in negative reasoning regarding the necessity to create vacancies on the Board of Directors.**

From the perspective of enhancing the corporate value of the Company and the common interests of shareholders, we believe that the Company's proposal, which the core members, including Mr. Abe and Mr. Inagaki, of the current management team continue to organize the Board of Directors and the proportion of Outside Directors of the Board is to be raised up to one-third, is considered to be the best option.

Disclosure Practices : Regarding the Investigation Report on the Problems with the Purchase of the Land for Condominiums

ISS cites the lack of disclosure of the investigation report as a matter of concern regarding the Company's disclosure practices as one of the reasons for recommendations to vote against.

In "3. Opinions about the responsibility for the Problems and proposals for countermeasures from the committee for investigation and countermeasures" on page 2 of "Report of Summary of Development of the Problems with the Purchase of the Land for Condominiums" which we disclosed on March 6, 2018, **we clearly disclosed important information**, directly citing the investigation report stating that "the President [Abe] (at the time) owes a substantial ethical responsibility as the chief management of the Company's business for his failure to appropriately recognize the overview of the transaction and the material risk relating thereto."

In addition to these press releases, we have disclosed as much information as possible on the background of the incident, the cause of the incident, the location of responsibility, the content of the disposition, and measures to prevent a recurrence. The reason why the Company has not published the full investigation report is concerns about counterfeiting of the incident, the confidentiality of criminal investigations and the protection of personal privacy. There is no concealment of important information, as suggested by the proposed shareholders, and our disclosure practices are appropriate. We believe it is wrong to come to the conclusion, not taking into account our concerns as noted above, that our disclosure is inappropriate based only on the fact that the full investigation report has not been released.

Moreover, criminal litigation is still pending for the criminals in this case (including those of whose existence we were not aware of at the time) and we will discuss ways to further fulfill our accountability when the case is approximately closed.

Governance: Shortening the Term of Office of Directors to one year

Although ISS gave high marks for the shortening of the term of office of Directors to one year at this Ordinary General Meeting of Shareholders, they also stated the Company is tactically instituting the shortening of the term of office of Directors to create an appearance of improving governance.

However, the above interpretation of ISS is untrue, and we have no such intentions as insinuated above. In regards to shortening the term of office of Directors, we made a decision on policy to change the Articles of Incorporation at the meeting of the Board of Directors held September 5, 2019 and made a timely disclosure on the same date (“Notice Regarding Decision on Policy for Shortening of the Term of Office of Directors and Abolishment of the Executive Advisor System”). Therefore, the change has nothing to do with the Shareholder’s Proposals which were made in February 2020, and it is a pure initiative as part of our governance reforms.

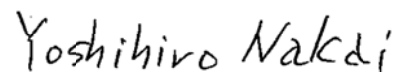
In the Fifth Medium-Term Management Plan, which ends in the fiscal year ending January, 2023, we recognize continual governance reforms an important matter. We judge that the most appropriate management team for us is the Company’s candidates including Mr. Abe and Mr. Inagaki who have led our governance reforms since 2018.

As noted above, we recognize that the ISS recommendations report generally endorses the Company’s Proposals. However, we also believe that there are some of significant disagreement with our views and wrong judgments.

In addition, although ISS recommends for Items 8.1 Election of Christopher Douglas Brady and Item 8.5 Jiro Iwasaki of Proposal No.8 Election of Directors the shareholders proposed, the Company believes that these endorsements were wrong judgments as a result of misunderstandings of facts and disagreement with our view as described above.

We ask that shareholders prudently exercise their voting rights, fully taking into consideration the information contained in the Notice of the 69th Ordinary General Meeting of Shareholders, the Company’s press releases, and the supplementary explanations as described above.

Sincerely yours,



Yoshihiro Nakai
President & Representative Director
Sekisui House, Ltd.