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TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Code No. 3167 Tokyo Stock Exchange First Section)

To whom it may concern

Commencement of Construction of “OTS House”, Base for Achieving Complete Self-sufficiency in Water/Electricity and Creating Near-Future Housing Environment/Services

TOKAI Holdings Corporation (Headquarters: Shizuoka City, Shizuoka Prefecture; President & CEO: Katsuhiko Tokita) and its four subsidiaries, namely, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI GAS CORPORATION, and TOKAI Cable Network Corporation (hereinafter collectively referred to as the “TOKAI Group”), will start construction of the “OTS House,” a base for the development, verification, demonstration, and presentation of near-future housing and life-related services, in Shimada City, Shizuoka Prefecture.

1. Outline

The TOKAI Group provides a wide range of life infrastructure services that are essential to people’s daily lives such as gas, the Internet, cable television (“CATV”), Aqua (bottled water delivery), and electricity. In the area of the living environment, the TOKAI Group engages in the housing and renovation businesses, while expanding the Total Life Concierge (“TLC”) concept, which provides comprehensive support to customers’ lives.

In addition to expanding various services, the TOKAI Group has been focusing on considering a house with functions required in the current and near-future social environment.

The TOKAI Group has been considering a near-future vision and advancement of various housing equipment and services such as building structure, lifelines, including electricity, water for domestic use, and gas as well as broadcasting/communications. Going forward, the TOKAI Group will develop the OTS House as a base for the concrete consideration, development, verification, and demonstration of such equipment and services to create new businesses and products in the future.

2. Background/purpose of development of the OTS House

The start of Feed-in Tariffs for renewable energy and the occurrence of major natural disasters, such as the Great East Japan Earthquake and the Kumamoto Earthquake, have caused major changes in the energy environment in Japan and people’s awareness of lifelines. In addition to the introduction of renewable energy aimed at saving energy and reducing CO₂ emissions, a series of efforts have been activated to increase efficiency through local production for local consumption of energy and to improve infrastructure security. Meanwhile, major infrastructure improvements require large-scale investments, as well as the creation and long-term demonstration and verification of networks and communities including residential estate.

The main purpose of the OTS House is to create equipment and services that realize energy saving,

effective use of distributed energy, and infrastructure security through self-sufficiency in a detached house regardless of new construction or a pre-existing house.

3. Basic concept of OTS House

The OTS House will achieve complete self-sufficiency in electricity and water, which are vital to human life, in order to realize a house that ensures a normal life even in the face of power and water outages.

In addition, the OTS House will offer all services under a one-stop, one-contract, and one-call center model by combining liquefied petroleum gas (LP gas), whose resilience against natural disasters as a form of distributed energy has once again come under the spotlight after the Great East Japan Earthquake and the Kumamoto Earthquake, with the Group's life infrastructure services, including telecommunications, broadcasting, Aqua, and security, and leading-edge communication and broadcasting technologies. The OTS House will protect people's lives with full maintenance support.

With complete self-sufficiency in electricity and water for domestic use, residents can benefit from zero cost electricity and water supply services. A family of four can save approximately 140,000 yen*1/year. In addition, using the TOKAI Group's life infrastructure services, TLC members can earn up to 18,000 points*2. The OTS House is also friendly to family budgets.

Going forward, the TOKAI Group aims to create products and services, in order to achieve houses where people can live a safe, secure, and convenient life and those that protect residents by simply living in them while responding to various current and near-future social environmental factors.

*1: Calculation of electricity, water, and LP gas fees based on simulations by TOKAI Holdings Corporation

*2: Calculated based on average fees for the use of LP gas, the Internet, CATV, "Tasty Water Delivered to your Door," security, and "LIBMO" low-cost mobile service

4. Areas to pursue commercialization through OTS House

(1) Energy

The OTS House will ensure an environment to achieve complete self-sufficiency in electricity needed for daily life by evolving an energy-saving house. In addition, the OTS House aims to create an environment enabling people to live a perfectly normal life even in the face of blackouts and outages of city gas (piped natural gas) supply by introducing LP gas, whose resilience against natural disasters as a form of distributed energy has once again come under the spotlight.

(2) Water for domestic use

A family of four is said to require 800 to 900 liters of water a day for domestic use in normal circumstances. The OTS House will achieve complete self-sufficiency in water for domestic use with leading-edge storage and filtration systems using rain as the source of water.

(3) Information communications/broadcasting

The importance of communication and spending time with one's family is increasing further amid a shift toward the nuclear family and among dual-earner and child-rearing households. The OTS House will develop and verify communication services using leading-edge information communication technologies and broadcasting services for families to enjoy.

(4) Other life-related services

In addition to energy, communications, and broadcasting, the OTS House will endeavor to create and advance infrastructure services supporting people's lives along with added services. To provide seamless

services, the TOKAI Group will install a group-wide call center aimed at providing services under a one-stop model and offering a safe, convenient, and economical life.

5. Future plans for the OTS House

It is planned to complete building construction works of the OTS House by the end of July 2017. After completing construction and initial verification of equipment and services which are to be under demonstration from the beginning, a public viewing and presentation of verification details will start in October 2017.

After the public viewing, various events will be organized including tours to introduce equipment enabling complete self-sufficiency in energy and water for domestic use, as well as leading-edge functions aimed at creating future services. In addition, guests will be invited to visit and stay overnight to experience life in the OTS House. Detailed information will be disclosed in a timely manner when details are decided.

6. Overview of OTS House construction

Location: 1-2-6 Baranooka, Shimada-shi, Shizuoka

Site area: 228.91m² (69.24 tsubo)

Total floor area: 137.88 m² (41.70 tsubo) (wooden skeleton structure, two-story)

7. Conceptual image of OTS House construction



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