

For Immediate Release

September 21, 2017
LIXIL Corporation

LIXIL and TEPCO Energy Partner Establish Joint Venture to Promote Eco-Friendly Net Zero Energy Houses (ZEH)

LIXIL TEPCO Smart Partners to offer first-of-its-kind service in Japan

Tokyo, Japan – LIXIL Corporation (LIXIL) and TEPCO Energy Partner, Incorporated (TEPCO EP) have established a joint venture company, LIXIL TEPCO Smart Partners, Inc., to promote the building of eco-friendly net zero energy houses (ZEH)¹ in Japan. Business operations will begin on October 1, 2017.

The joint venture company will launch a new packaged service that provides photovoltaic power generation systems and electric power retail services for consumers who buy LIXIL housing materials and products for ZEH, including high-performance windows, doors, and building structures. This type of service is the first of its kind in Japan.



LIXIL TEPCO Smart Partners, Inc. logo

¹ A Net Zero Energy House (ZEH) is a house with net zero annual primary energy consumption, achieved by enhancing the efficiency of thermal insulation and equipment (energy conservation), and generating energy through photovoltaic power generation systems and other means (energy creation).

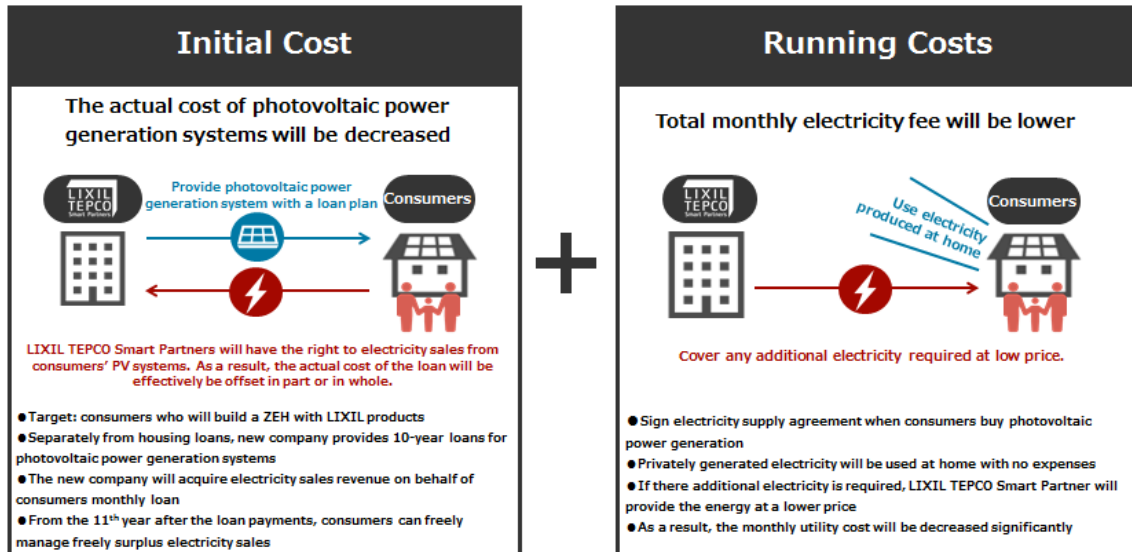
While energy conservation efforts in Japan are progressing, household energy consumption continues to rise. The Japanese government has set a goal for more than half of all newly-constructed detached houses to be ZEH by 2020, and almost all newly-built houses by 2030. However, ZEH accounted for only about 4.3%² of newly built detached houses in fiscal 2016, indicating a low rate of adoption.

Aiming to create comfortable and healthy living spaces and supporting efforts to curb global warming, LIXIL and TEPCO EP began discussions in June 2017 on how they can use their respective strengths to provide new products and services that promote the wider adoption of ZEH. As a result of these discussions, LIXIL and TEPCO EP will combine their resources and know-how to establish a business model that minimizes the higher construction costs for ZEH, one of the main issues limiting their adoption. This includes leveraging LIXIL's rich lineup of materials and fixtures for homes - from windows with high thermal insulation to water-conserving toilets and photovoltaic power generation systems - and TEPCO EP's wide-ranging expertise and technologies, which it has developed through providing energy-related services to approximately 20 million customers, primarily in Tokyo and the surrounding Kanto region.

Through the new joint venture company, LIXIL and TEPCO EP will provide a wide range of services to customers who are considering building a new house. This includes providing loans payable in installments for photovoltaic power generation systems to customers building a ZEH equipped with designated LIXIL products. As part of this model, the customer will assign the right to sell electricity generated by the photovoltaic system to the new joint venture company. The value of the electricity sold will, in turn, offset the customer's monthly loan installments in whole or in part. Through this business model, the initial cost of the customer's solar power system when purchasing a ZEH will be reduced. In addition, the new joint venture company will also provide grid-sourced electricity at lower cost to homes where designated LIXIL products have been installed, further promoting the adoption of ZEH.

Through LIXIL TEPCO Smart Partners, LIXIL and TEPCO EP will promote the adoption of ZEH, creating comfortable and healthy living spaces, and support efforts to curb global warming.

² Calculated based on the documents from Sustainable Open Innovation Initiative and Ministry of Land, Infrastructure and Transport



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Attachment: Summary of the New Joint Venture Company

Name	LIXIL TEPCO Smart Partners Inc.
Head Office	FUJISAKI KAMEIDO Higashiguchi Bldg., 8F 6-57-20 Kameido, Koto-ku, Tokyo
Representative	Hide Kashiwagi
Established	September 1, 2017
Capitalization	JPY 450 million
Investment Ratio	LIXIL: 60%, TEPCO Energy Partner: 40%
Business Outline	Electric power retail business, sales of photovoltaic power generation systems

Name	LIXIL Corporation
Head Office	Kasumigaseki Building, 36F 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo
Representative	Kinya Seto
Established	October 1, 2001
Capitalization	JPY 34.6 billion
Business Outline	Manufacture and sale of construction materials and equipment, and related services

Name	TEPCO Energy Partner, Incorporated
Head Office	New Pier Takeshiba North Tower 1-11-1 Kaigan, Minato-ku, Tokyo
Representative	Toshihiro Kawasaki
Established	April 1, 2015 (Name changed on April 1, 2016)
Capitalization	JPY 10.0 billion
Business Outline	Electric power retail business, gas business