

January 29, 2016

The Kansai Electric Power Co., Inc.

Reorganization of real estate business within Kansai Electric Power Group

The Kansai Electric Power Co., Inc. (Code: 9503)

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It was decided that our company and six real estate business-related companies within our company's group (Kanden Fudosan Co., Ltd., MID Urban Development Co., Ltd., MID Property Management Co., Ltd., Urban Service Co., Ltd., MID Facility Management Co., Ltd. and KBM Co., Ltd.) should reorganize real estate business into four companies by function such as "development", "building operation", "apartment building management" and "building management", to enhance and streamline the business.

1. Background and purpose of reorganization

In the real estate business within our company's group, there have been several companies including Kanden Fudosan Co., Ltd and MID Urban Development Co., Ltd., which had been playing a leading role and had been operating the business in state of friendly rivalry with each other.

We decided at this time to enhance management foundation by integrating management resources by function and consolidate capital ties of the real estate companies within our company's group.

2. Outline of reorganization

(1) Date when the reorganization comes into effect

April 1, 2016

(2) Scheme of reorganization (see Exhibit "Image of Reorganization")

[1] Enhancement of development function

An absorption-type merger where Kanden Fudosan Co., Ltd. is a surviving company and MID Urban Development Co., Ltd. is an extinct company will take place, and the trade name of the new company will be Kanden Realty & Development Co., Ltd.

The aim is an increase in the market share of housing business in Kansai Area and an expansion of business in the Tokyo Metropolitan District, as well as diversification of assets including not only offices and commercial facilities but also hotels, logistics facilities, data centers, etc. and diversification of the source of earnings such as enhancement of various fee businesses.

[2] Enhancement of building operational function

Building management function will be integrated into MID Property Management Co., Ltd. and the trade name will be changed to Kanden Properties Co., Ltd.

The aim is an expansion of sales outside the group by intensifying customer information and property information, to enhance response to customers' needs.

[3] Enhancement of apartment building management function

The business of apartment building management in Kansai District operated by MID Facility Management Co., Ltd. (splitting company in absorption-type split) will be transferred to Urban Service Co., Ltd. (succeeding company in absorption-type split) whose name will be changed to Kanden Community Co., Ltd.

This aims at expansion of the number of managed apartments by bringing together the knowhow and experience of both companies, to offer higher quality and variety of services.

[4] Enhancement of building management function

An absorption-type merger where MID Facility Management Co., Ltd. is a surviving company and KBM Co., Ltd. is an extinct company will take place and the trade name of the new company will be Kanden Facilities Co., Ltd.

This will steadily enhance nation-wide deployment mainly for office buildings through offering "Total Facility Management" by adding the energy management service that is unique to Kansai Electric Power Group, in addition to knowhow accumulated through power facilities, hospitals and data centers which require high reliability, and large logistics facilities which require speedy operational management.

[5] Consolidation of capital ties

In order to create Kanden Realty and Development Co., Ltd., a company controlling the real estate business within our group for the purpose to ensure swift decision making, etc. in real estate business of the group, shares of real estate business-related companies within the group owned by Kansai Electric Power Co., Inc. will be transferred to Kanden Fudosan Co., Ltd. through an absorption-type split before the above-mentioned reorganization.

Our company's group is challenging, through thoroughgoing improvement of operational efficiency, revitalization of business foundation and reformation to become a competitive group of companies. Through this reorganization, we are aiming to enhance management foundation of respective real estate companies of the group and building up a "Comprehensive Real Estate Business Group" that responds to any and all needs for real estate, by developing a business in which rental, sale and fee businesses are combined in a well-balanced way, mainly in two major metropolitan areas, Kansai District and Tokyo Metropolitan District.

Exhibit 1: Change of trade name of Kanden Fudosan Co., Ltd.

Exhibit 2: Short-form absorption-type split with Kanden Fudosan Co., Ltd.

Exhibit 1: Change of trade name of Kanden Fudosan Co., Ltd.

(1) Reason for change

Please refer to Exhibit 2 (1).

(2) New trade name

Kanden Realty & Development Co., Ltd.

(3) Scheduled date of change

April 1, 2016

Exhibit 2: Short-form absorption-type split with Kanden Fudosan Co., Ltd.

This is to announce that, following a resolution of the boards of directors of both our company and Kanden Fudosan Co., Ltd., a 100% subsidiary of our company, a part of the rights and obligations owned by our company related to our real estate business will be succeeded to by Kanden Fudosan Co., Ltd. through a company split (absorption-type split) (hereinafter referred to as the “Split”), both companies having today executed the agreement of the absorption-type split.

Since the Split is a company split to a 100% subsidiary of our company, disclosable items and contents are partly exempted from disclosure.

This is also to announce that the board of directors of Kanden Fudosan Co. Ltd. resolved today that its trading name should be changed to Kanden Realty & Development Co., Ltd.

(1) Purpose of company split

In order to enhance and streamline real estate business within our company’s group, we intend to consolidate capital ties of the real estate companies within our company’s group, and integrate our subsidiaries by function. The purpose is to transfer a part of the rights and obligations owned by our company pertaining to our real estate business (stocks of real estate companies owned by our company) to Kanden Fudosan Co., Ltd., a core company of our real estate business, through an absorption-type split.

(2) Outline of company split

[1] Schedule of company split

January 29, 2016: Board of directors to approve the agreement on absorption-type split

January 29, 2016: Execution of the agreement on absorption-type split

February 15, 2016: Stockholders’ meeting (only Kanden Fudosan Co., Ltd.)

April 1, 2016: Absorption-type split to come into effect (scheduled).

Note: Since the Split falls under ‘split due to short-form merger’ as stipulated in Item 2, Article 784 of Companies Act, our company will not hold a shareholders’ meeting to approve the split agreement.

[2] Type of company split

This is an absorption-type split where our company is a splitting company and Kanden Fudosan Co., Ltd. is a succeeding company

[3] Particulars of allotment due to company split

For the Split, Kanden Fudosan Co., Ltd., a succeeding company in the absorption-type split, shall make a new issue of 100,000 common shares and allot all of them to our company, a splitting company therein, as the consideration for succeeded rights.

[4] Arrangement concerning share options and corporate bonds with share options due to company split
Not applicable.

[5] Capital increased or decreased due to company split

There will be no change in capital due to the Split.

[6] Rights succeeded to by succeeding company

Assets and rights succeeded to by Kanden Fudosan Co., Ltd. a succeeding company from our company, a splitting company in the Split, are as follows. There is no succeeded-to obligation in the Split.

Shares of MID Urban Development Co., Ltd. 10,261,100 shares

Shares of KBM Co., Ltd. 250 shares

Shares of Urban Service Co., Ltd. 52,500 shares

[7] Perspective of performance of obligation

It is assessed that Kanden Fudosan Co., Ltd. a succeeding company in the absorption-type split, will not cause any problem in its performance of obligation, including after the Split comes into effect.

(3) Outline of parties to company split

	Splitting company	Succeeding company
(1) Company name	Kansai Electric Power Co., Inc.	Kanden Fudosan Co., Ltd.
(2) Location	3-6-16 Nakanoshima, Kita-Ku, Osaka City	6-2-27 Nakanoshima, Kita-Ku, Osaka City
(3) Title and name of authorized representative	Makoto Yagi, President and Director	Tomoaki Nakamori, Representative Director and President
(4) Description of business	Electricity business, heat supply business, telecommunication business, gas supply business, etc.	Ownership, management, purchase and sale, mediation, etc. of real estate
(5) Capital	489,320 million yen	810 Million yen
(6) Date of establishment	May 1, 1951	May 1, 1957
(7) Total number of issued shares	938,733,028 shares	16,200,000 shares
(8) End of accounting period	March 31	March 31
(9) Major shareholders and ratio of shareholding	Osaka City 8.92% Nippon Life Insurance Company 4.53% Kobe City 2.91% Japan Trustee Services Bank, Ltd. (Trust Account) 2.56% The Master Trust Bank of Japan, Ltd. (Trust Account) 2.50%	Kansai Electric Power Co., Inc. 100%

(10) Operating results and financial condition of last fiscal period	Fiscal year ended March 2015 (consolidated)	Fiscal year ended March 2015 (non-consolidated)
Net assets	1,060,219 million yen	103,385 million yen
Total assets	7,743,378 million yen	194,695 million yen
Net assets per share	1,159.53 yen	6,381.83 yen
Sales	3,406,030 million yen	41,186 million yen
Operating income/loss	-78,600 million yen	7,967 million yen
Ordinary income/loss	-113,052 million yen	7,751 million yen
Net income/loss	-148,375 million yen	6,980 million yen
Net income/loss per share	-166.6 yen	430.92 yen

(4) Outline of business unit to be split

[1] Description of business and operating results of business unit to be split

Since only assets are subject to the Split, this is not applicable.

[2] Items and amounts of assets and liabilities to be split

Assets		Liabilities
Item	Book value	
MID Urban Development Co., Ltd. KBM Co., Ltd. Urban Service Co., Ltd.	23,212 million yen	Not applicable

(5) State of affairs after company split

The Split will not cause any change in company name, location, name or title of authorized representative, business description, capital or accounting period.

(6) Future forecast

Influence of the Split on consolidated operating results will be negligible.

Information: Forecast of current term consolidated operating results (announcement made on January 29, 2016) and consolidated operating results of previous term.

	Sale	Operating income	Ordinary income	Net income attributable to parent company shareholder
Forecasted current term consolidated results (Accounting period ending March 2016)	3,300,000 million yen	245,000 million yen	260,000 million yen	150,000 million yen
Consolidated results of previous accounting period (Accounting period ended March 2015)	3,406,030 million yen	-78,600 million yen	-113,052 million yen	-148,375 million yen

Attachment 1: Outline of respective companies

Attachment 2: Outline of new companies

Attachment 3: Image of Reorganization

Attachment 1: Outline of respective companies

Name	Kanden Fudosan Co., Ltd.	MID Urban Development Co., Ltd.	MID Property Management Co., Ltd.
Location	6-2-27 Nakanoshima, Kita-Ku, Osaka City	1-4-4 Douzimahama, Kita-Ku, Osaka City	2-1-61 Shiromi, Chuo-Ku, Osaka City
Title and name of authorized representative	President and Representative Director Tomoaki Nakamori	President and Representative Director Ryoichi Hanai	President and Representative Director Toru Yaoi
Description of business	[1] Housing business [2] Rental business of office buildings, commercial facilities and residences [3] Car park business and others	[1] Housing business [2] Rental business of office buildings and commercial facilities [3] Consulting business relating to real estate business [4] Type II financial instruments business, investment advisory business and agency business pursuant to Financial Instruments and Exchange Act and others	[1] Mediation of rental of real estate (leasing) [2] Tenant management and contract administration associated with rental of real estate [3] Architectural design, supervision, construction work, interior finishing, building repairs, and management relating to these [4] Operational management of halls for rent and conference rooms for rent and others
Capital	810 million yen	100 million yen	25 million yen
Date of establishment	May 1957	April 1999	December 2004
Sales	41,186 million yen	22,065 million yen	1,014 million yen
Number of employees	299	154	36

Note: Figures in this table are as of March 31, 2015.

Name	Urban Service Co., Ltd.	MID Facility Management Co., Ltd.	KBM Co., Ltd.
Location	1-1-21 Kita Horie, Nishi-Ku, Osaka City	1-3-7 Shiromi, Chuo-Ku, Osaka City	1-4-8 Sennichimae, Chuo-Ku, Osaka City
Title and name of authorized representative	Representative Director Isao Kindan	President and Representative Director Akihiro Saito	President and Director Yusuke Sawazaki
Description of business	[1] Apartment building management [2] Design, supervision and contracting of construction [3] Agency business of non-life insurance and others	[1] General management of real estate [2] Operational management of car park [3] Apartment building management [4] Agency business for non-life insurance and others	[1] General management (facilities, cleaning, security, environmental hygiene, design of construction, supervision, etc.) of real estate (building) and others
Capital	36 million yen	100 million yen	50 million yen
Date of establishment	April 1979	March 1974	December 2001
Sales	5,362 million yen (Accounting year ended March 2015)	22,988 million yen (Accounting year ended March 2015)	5,405 million yen (Accounting year ended March 2015)
Number of employees	375	503	158

Note: Figures in this table are as of March 31, 2015.

Attachment 2: Outline of new companies

Name	Kanden Realty & Development Co., Ltd.	Kanden Community Co., Ltd.	Kanden Facilities Co., Ltd.	Kanden Properties Co., Ltd.
Location	6-2-27 Nakanoshima, Kita-Ku, Osaka City	1-1-21 Kita Horie, Nishi-Ku, Osaka City	1-3-7 Shiromi, Chuo-Ku, Osaka City	2-1-61 Shiromi, Chuo-Ku, Osaka City
Title and name of authorized representative	President and Representative Director Tomoaki Nakamori (scheduled)	Representative Director Isao Kindan (scheduled)	President and Representative Director Akihiro Saito (scheduled)	President and Representative Director Toru Yaoi (scheduled)
Capital	810 million yen (Kansai Electric Power Co., Inc. 100%)	36 million yen (Kanden Realty & Development Co., Ltd. 90%, Mori Trust Co., Ltd 10%.)	100 million yen (Kanden Realty & Development Co., Ltd. 100%)	25 million yen (Kanden Realty & Development Co., Ltd. 100%)
Sales	63.2 billion yen	6.1 billion yen	27.5 billion yen	1.0 billion yen

Note: Figures in this table are the accumulated data of the each six companies as of March 31, 2015.

Attachment 3: Image of Reorganization

