

March 22, 2019

Company name: Tokyo Gas Co., Ltd.
Name of representative: Takashi Uchida, President
(Securities code: 9531, TSE1 & NSE1)
Contact: Takahiro Tomiyama,
General Affairs Group Manager

Notice on Company Split (Simple Absorption-type Company Split)

Tokyo Gas Co., Ltd. (hereinafter referred to as “Tokyo Gas”) hereby announces that the board of directors meeting on March 22, 2019 decided to undertake a simple absorption-type company split, where effective June 1, 2019, Tokyo Gas will transfer to real estate assets mainly used for leasing, and associated real estate business such as development, ownership, maintenance, management, operation, leasing, and sale & purchase (herein after referred to as the “Business”) to Tokyo Gas Urban Development Co., Ltd. (hereinafter referred to as “Tokyo Gas Urban Development”, noting that that the name will be changed to Tokyo Gas Real Estate Co., Ltd. on April 1, 2019).

Of note, the above transaction (hereinafter referred to as the “Company Split”) will be carried out in a simple absorption-type split, involving a consolidated subsidiary. Thus, thus some of disclosure items are omitted in this notice.

1. Purpose

The recent deregulation of electricity and gas retail market has triggered drastic changes in business environment surrounding the Tokyo Gas group. The Company Split is intended to enhance the group’s competitiveness, by transferring to Tokyo Gas Urban Development real estate assets owned by Tokyo Gas which are utilized in the real estate leasing business, etc., integrating real estate ownership and management, and achieving better operational efficiency and external income.

Tokyo Gas continues to expand urban development services, including real estate business, and work towards goals under the “GPS2020” strategy set in 2017.

2. Overview of the Company Split

(1) Schedule

Resolution by the board of directors: March 22, 2019

Company Split agreement date: March 25, 2019 (plan)

Company Split implementation (effective date): June 1, 2019 (plan)

(Note) The Company Split is simple absorption-type defined under Article 784 of the Companies Act. As such, no general shareholders meeting will be held for the resolution of the Company Split.

(2) Method of the Company Split

The Company Split will be carried out in the form of simple absorption-type split, in which Tokyo Gas is the splitting company and Tokyo Gas Urban Development is the succeeding company.

(3) Allotment in relation to the Company Split

Before the Company Split, Tokyo Gas will have all of the outstanding shares of Tokyo Gas Urban Development, thus no share allotment or compensation payment is involved.

(4) Treatment of stock acquisition rights/bonds with stock acquisition rights

Tokyo Gas has no rights issue or bonds with stock acquisition rights.

(5) Reduction in equity capital

There is no change in the amount of equity capital in Tokyo Gas due to the Company Split.

(6) Rights/obligations to be taken over by the succeeding company

Tokyo Gas Urban Development will succeed assets, liabilities, rights and obligations associated with the Business.

(7) Fulfillment of liabilities

There deemed no issue as to Tokyo Gas and Tokyo Gas Urban Development's ability to fulfill their liabilities arising on and after the effective date.

3. Overview of the related parties

	Splitting company	Succeeding company
(1) Name	Tokyo Gas Co., Ltd.	Tokyo Gas Urban Development Co., Ltd.
(2) Address	Kaigan 1-5-20, Mintato-ku, Tokyo	Nishi-shinjuku 3-7-1, Shinjuku-ku, Tokyo
(3) Name of representative	Takashi Uchida, President	Shigeki Akimoto, President
(4) Business	Production, supply & sale of gas, manufacturing & sale of gas appliances and installation work, gas construction, energy services and electricity supply	Management, lease, brokerage of real estate, casualty insurance agency business, etc.
(5) Equity capital	141,844 million yen	11,894 million yen
(6) Foundation	October 1, 1885	May 20, 1953
(7) Outstanding shares	451,355,259 shares	258,300 shares
(8) End of financial year	March 31	March 31
(9) Major shareholders & their shareholding (as of Dec 31, 2018)	Nippon Life Insurance Co. 6.9% The Master Trust Bank of Japan (Trust Account) 5.8% The Dai-ichi Life Insurance Co., Ltd. 5.3% Japan Trustee Services Bank, Ltd. (Trust Account) 4.3%	Tokyo Gas Real Estate Holdings Co., Ltd. 96.8% Tokyo Gas Co., Ltd. 3.2%
(10) Financial position and operating results for the latest financial year (FY2017)		
Net assets	1,148,433 million yen (consolidated)	96,314 million yen
Total assets	2,334,721 million yen (consolidated)	139,767 million yen
Net assets per share	2,487.58 yen(consolidated)	385,184.36 yen
Revenue	1,777,344 million yen (consolidated)	24,314 million yen
Operating income	116,302 million yen (consolidated)	6,659 million yen
Ordinary income	111,546 million yen (consolidated)	6,732 million yen
Net income attributable to owners of the parent	74,987 million yen (consolidated)	4,642 million yen
Net income per share	164.12 yen (consolidated)	18,567.24 yen

4. Overview of business subject to the Company Split

(1) Business profile

Real estate assets for leasing, etc. and associated real estate business such as development, ownership, maintenance, management, operation, leasing and sale & purchase (the “Business”).

(2) Performance of the Business (million yen)

	The Business (a)	FYE3/2018 results (consolidated) (b)	Share (a/b)
Revenue	1,645	1,777,344	0.1%

(3) Assets and liabilities subject to the Company Split (million yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Fixed assets	50,321	Fixed liabilities	5,465
Investment and other assets	378	Current liabilities	247
Current assets	487	Total liabilities	5,712
Total assets	51,187		

(Note) Data as of March 31, 2018. The actual amount of assets and liabilities will be determined by adjusting the above amount in the amount of changes up to the effective date of the Company Split.

5. Post-split status of Tokyo Gas

There will be no change to Tokyo Gas, including name, location, name and title of the representative, business profile and the amount equity capital, and financial year.

6. Outlook

The succeeding company is a consolidated subsidiary of Tokyo Gas, thus the Company Split will not affect the consolidated operational results of Tokyo Gas.