January 24, 2019

Whom it may concern

Corporate Name: Nippon Yusen Kabushiki Kaisha
Representative: Tadaaki Naito, President
Security Code: 9101
Listings: First Section of the Tokyo and Nagoya stock exchange
Contact: Toru Maruyama
General Manager, IR Group
(Tel. +81 3-3284-5151)

Notice of Gain on Coming Transfer of a Portion of Shares of Our Subsidiary

We have agreed today with Anchor Ship Partners Co., Ltd. (hereinafter referred to as “ASP”) regarding the transfer of 50% of the shares of Yusen Cruise Co., Ltd. (hereinafter referred to as "NYKC"), our consolidated subsidiary, and the joint operation of the cruise business (hereinafter referred to as "this matter"). Accordingly, we expect to record a gain of approximately 8 billion yen in the consolidated financial statements for the year ended March 31, 2019.

1. Background of the present case

We announced our medium-term management plan in March 2018, which consists of three basic strategies: (1) Optimize business portfolio; (2) Secure stable-freight-rate business; and (3) Increase efficiency and create new values. Based on this, we have sought the future of the cruise business to conclude that it is best to develop the cruise business with ASP as a partner in order to further improve ASUKA CRUISE brand and sustain high-quality growth by investment to the cruise business in the future.

2. Outline of Share Transfer

(1) Target subsidiary: Yusen Cruise Co., Ltd.
(2) Assignee: Anchor Ship Partners, Inc. or Special purpose company invested by the investment company operated by ASP
(3) Timing of transfer: Plan by end of March 2019
(4) Transfer ratio: 50 percent
(5) Other : The transfer price shall not be disclosed due to the obligation of confidentiality with the assignee.

3. Effect on income

As a result, in the fourth quarter of the fiscal year ending March 31, 2019, we expect to record a gain on the transfer of shares of approximately 9 billion yen in non-consolidated accounting and approximately 8 billion yen in consolidated accounting. NYKC will be the equity method affiliate.

This matter is included in the consolidated business performance forecast for the full year published on October 31, 2018, and is currently under scrutiny to disclose the full year consolidated business forecast as of the announcement of the financial results for the third quarter of the fiscal year ending March 31, 2019, which is scheduled to be disclosed on the last day of this month.

4. Future plan

We will invest in the cruise business together with ASP and provide high-quality and attractive services while maintaining the traditions of ASUKA that we have cultivated so far.

Our shareholder benefit system (ASUKA CRUISE discount coupons) will not be changed from the current system.

5. Outline of each company

(1) Yusen Cruise Co., Ltd.

Established in 1989 as a wholly owned cruise ship operating company that provides ASUKA CRUISE to the Japanese market. NYKC now operates the cruise ship ASUKA II, which has been ranked number one in the Cruise Specialty Magazine's Cruise of the Year for 26 consecutive years. ASUKA CRUISE offers the hospitality it has chosen for its customers over the long term.

Website: https://www.asukacruise.co.jp

(2) Anchor Ship Partners Co., Ltd.

ASP is a domestic ship investment management company founded in 2007, based on a long-term investment philosophy. ASP’s corporate philosophy is to contribute to the shipping industry, which is Japan's economic infrastructure, and shipping companies including us are chartering vessels of various kinds, including container ships, PCC, and bulker.

Website: https://www.anchor-ship.com