

December 22, 2016

## **Joint Ownership of a New LNG Carrier for Delivery of LNG from the U.S. Cameron Project**

### **～ The 4th Joint Ownership of LNG Carrier ～**

Toho Gas Co., Ltd. (“Toho Gas”) announces plans for joint ownership of a new LNG carrier for delivery of LNG from the U.S. Cameron Project (“the Project”). The vessel will be owned by Diamond LNG Shipping 3 Pte. Ltd. (“DLS-3”), a ship-owning joint venture formed between Toho LNG Shipping Co., Ltd. (“TLS”), a 100% subsidiary of Toho Gas, Mitsubishi Corporation (“MC”), Nippon Yusen Kabushiki Kaisha (“NYK”) and Tohoku Electric Power Co., Inc. (“THE”).

In December 2015, MC entered into a Shipbuilding Contract with LNG builder MI LNG Company Limited (\*1) and signed a Heads of Agreement for Time Charter Party (\*2) with its wholly owned subsidiary, Diamond Gas International Pte. Ltd. (“DGI” (\*3)), for the building of the new vessel to transport LNG produced at Cameron. MC set up DLS-3 in May 2016 to serve as the vessel’s ship-owning company, subject to joint ownership of the vessel with TLS, NYK and THE.

Since four companies, joint owners of the vessel, were approved by the relevant authorities and TLS, NYK and THE completed the procedures for their equity participation in DLS-3, the Shipbuilding Contract and the Heads of Agreement for Time Charter Party were transferred from MC to DLS-3.

Toho Gas entered into a sale and purchase agreement with DGI for a purchase of LNG produced at the Project in June 2016. The new vessel, scheduled for delivery in 2019, will be utilized to transport LNG to Toho Gas and THE. Consequently, the vessel will be the 4th joint ownership of LNG carrier owned by Toho Gas Group, following “LNG Flora,” “LNG Vesta” and “Energy Advance.”

We will continue to secure steady transportation of LNG and decrease material costs to ensure stable city gas supply to customers at a competitive price.

< Summary of LNG Carrier Owning Company >

Name	Diamond LNG Shipping 3 Pte. Ltd.
Location	Singapore
Business Purpose	LNG carrier ownership and LNG transportation
Shareholders	TLS : 10% MC : 40% NYK : 40% THE : 10%

< Summary of Shipbuilding Contract >

Shipyard	Mitsubishi Heavy Industries Shipbuilding Co., Ltd. (MHISB) (*4)
Specifications	165,000 m <sup>3</sup> LNG carrier "Sayarigo STaGE" (*5)
Completion	2019 (Scheduled)

【Image of LNG carrier】



Provided: Mitsubishi Heavy Industries Shipbuilding Co., Ltd.

< Summary of Heads of Agreement for Time Charter Party >

Owner	Diamond LNG Shipping 3 Pte. Ltd.
Charterer	Diamond Gas International Pte. Ltd.
Charter Period	Around 19 years from 2019

- \*1 MI LNG is a joint venture company for designing and marketing new LNG carriers established between Mitsubishi Heavy Industries Ltd. ("MHI") (51%) and Imabari Shipbuilding Co. Ltd. (49%) in April 2013.
- \*2 Time Charter is the hiring of a vessel, including the crew, for a specific period of time.
- \*3 DGI is a 100% subsidiary of MC, headquartered in Singapore.
- \*4 MHISB is a shipbuilding company wholly owned by MHI which specializes in building commercial vessels in the Nagasaki district.
- \*5 MHISB's newly designed LNG carriers come with improved fuel efficiency through the adoption of continuous cover over apple-shaped tanks and a hybrid propulsion system that combines highly efficient reheating steam turbines and dual-fuel diesel engines.