

FSL TRUST MANAGEMENT PTE. LTD.
(As Trustee-Manager of First Ship Lease Trust)
(Company Registration No. 200702265R)
(Incorporated in Singapore)

EXECUTION OF TERM SHEET WITH NAVIOS MARITIME HOLDINGS INC.

1. INTRODUCTION

The Board of Directors of FSL Trust Management Pte. Ltd., as Trustee-Manager of First Ship Lease Trust (the “**Trustee-Manager**”), wishes to announce that it has on 28 April 2017 entered into a term sheet (the “**Term Sheet**”) with (i) Navios Maritime Holdings Inc. for itself and/or for its affiliates (“**Navios**”), (ii) FSL Asset Management Pte. Ltd. (“**FSLAM**”), and (iii) FSL Holdings Pte. Ltd. (“**FSL Holdings**”).

Navios Maritime Holdings Inc. currently controls a diversified fleet of over 170 vessels including dry bulk and container vessels as well as crude and product tankers. Navios also holds a majority stake in Navios South American Logistics, a logistics business consisting of a transshipment port/storage facility in Uruguay for grain and mineral commodities as well as a barge and cabotage business for wet and dry products.

The Term Sheet constitutes non-legally binding obligations as between the parties (save in respect of certain legally binding provisions, including exclusivity and confidentiality) and is subject to the negotiation and execution of definitive agreements, which will set out the terms in respect of the various aspects of the Proposed Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

Under the Term Sheet, the Proposed Transaction comprises:

- (a) the acquisition by Navios from FSL Holdings of 154,430,600 units (the “**FSL Sale Units**”) in First Ship Lease Trust (“**FSL Trust**”), representing approximately 24.23% of the total number of issued units in FSL Trust as at the date hereof, for a consideration of US\$20.0 million;
- (b) the acquisition by Navios from FSL Holdings of all of the issued and paid-up shares of FSLAM (the “**FSLAM Sale Shares**”); and
- (c) a US\$20.0 million second priority mortgage convertible loan from Navios to First Ship Lease Trust (the “**Navios Convertible Loan**”). The interest-bearing Navios Convertible Loan is intended to be for one-year period, with the proceeds used solely to pay down the existing mortgage debt and other loan facilities of FSL Trust or as part of the refinancing of the same. The Navios Convertible Loan shall be convertible into such number of units in FSL Trust as when aggregated with the FSL Sale Units will total at least 50.1% of the total number of issued units in the FSL Trust on a fully diluted and as converted basis (the “**Conversion Units**”). The number of Conversion Units to be issued may be subject to increase depending on working capital changes of FSL Trust at closing as compared to 31 December 2016.

3. CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

The Proposed Transaction shall be subject to certain conditions precedent, including:

- (a) the grant by the Securities Industry Council to Navios and its concert parties of a waiver of their obligation under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) to make a mandatory take-over offer for all the units in FSL Trust (the “**Whitewash Waiver**”) and approval of FSL Trust’s independent unitholders of the Whitewash Waiver;
- (b) all approvals for the Proposed Transaction being granted by relevant third parties;
- (c) restructuring of the existing mortgage debt and other loan facilities of FSL Trust in a manner satisfactory to Navios and the Trustee-Manager; and
- (d) the release of any security over the FSL Sale Units and/or the FSLAM Sale Shares.

4. EXCLUSIVITY

The Parties have agreed to negotiate exclusively with each other with a view to executing the definitive agreements for the Proposed Transaction by 30 September 2017.

5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

The controlling unitholder of FSL Trust is HSH Nordbank AG. HSH Nordbank is the holding company of Godan GMBH, which in turn wholly-owns FSL Holdings. As part of the Proposed Transaction, FSL Holdings intends to dispose of the FSL Sale Units and the FSLAM Sale Shares.

Mr Timothy James Reid, who is the Non-Independent Non-Executive Chairman of the Trustee Manager, is also a director of FSLAM and FSL Holdings.

Save (i) as disclosed in this announcement, and (ii) for their respective unitholdings, if any, in FSL Trust, none of the Directors of the Trustee-Manager or controlling unitholders of FSL Trust has any interest, direct or indirect, in the Proposed Transaction.

6. DOCUMENT FOR INSPECTION

A copy of the Term Sheet is available for inspection during normal business hours at the Trustee-Manager’s registered office at 9 Temasek Boulevard #19-03, Suntec Tower Two, Singapore 038989 for a period of three (3) months from the date of this announcement.

7. CAUTION IN TRADING

Unitholders are advised to exercise caution in trading their units as there is no certainty or assurance as at the date of this announcement that the definitive agreements will be entered into, the terms and conditions of the Proposed Transaction will not differ from that set out in the Term Sheet, or that the Proposed Transaction will be completed.

Unitholders are advised to read this announcement and any further announcements by the Trustee-Manager carefully. Unitholders should consult their stock brokers, bank managers,

solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board
FSL Trust Management Pte. Ltd.
(Company registration no. 200702265R)
as Trustee-Manager of First Ship Lease Trust

Michael Gray
Lead Independent Director
28 April 2017