

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

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
("SGX-ST") IN RELATION TO THE ANNOUNCEMENT DATED 1 OCTOBER 2017**

The Board of Directors (the "**Board**") of FSL Trust Management Pte. Ltd., as Trustee-Manager of First Ship Lease Trust ("**FSL Trust**") (the "**Trustee-Manager**") refers to its announcements on:

- (a) 28 April 2017 (the "**28 April Announcement**"), in relation to the term sheet dated 28 April 2017 the "**Term Sheet**") entered into by the Trustee-Manager 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. (together with the Trustee-Manager and FSLAM, the "**FSL Parties**"); and
- (b) 1 October 2017 (the "**1 October Announcement**"), in relation to termination of the Term Sheet,

collectively, the (the "**Previous Announcements**"). Capitalised terms not defined herein shall bear the same meanings ascribed to them in the Previous Announcements.

The Board wishes to respond to the following queries raised by the SGX-ST on 5 October 2017:

Query 1

Please disclose the reasons why the Proposed Transaction did not proceed.

Response: Following the execution of the Term Sheet, the Trustee-Manager consulted with its professional advisers regarding the proposed transaction (as described in the 28 April Announcement) (the "**Proposed Transaction**") and taking into account, inter alia, the input of its advisers and feedback received from certain Unitholders, the Trustee-Manager was of the view that the Proposed Transaction would not be feasible. The Trustee-Manager sought to negotiate terms with Navios. However, as no definitive structure was agreed to, nor definitive documentation executed, prior to the end of the exclusivity period granted under the Term Sheet, the Term Sheet was automatically terminated in accordance with the terms thereof.

The Trustee-Manager is and will be considering all options available, including any further proposals from Navios and/or any other person.

Query 2

As the Proposed Transaction was a material transaction, please reconcile why the termination of the Term Sheet has no material financial impact on the Group.

Response: The Term Sheet was non-binding (save in respect of certain legally binding provisions, including exclusivity and confidentiality) and no definitive and binding agreement has been entered into between the parties in relation to the Proposed Transaction. Accordingly, as no transaction has materialised, there has been no material change to the financial position of FSL Trust and its subsidiaries arising from the termination of the Term Sheet.

Query 3

How will the termination of the Term Sheet affect the financial position of the Company? Please provide basis for the Board's view.

Response:

As stated in the response to Query 2 above, the Board is accordingly of the view that there is no material change to the financial position of FSL Trust and its subsidiaries.

As previously stated, the Trustee-Manager will continue to be proactive in achieving refinancing to ensure the long-term stability of FSL Trust amid the volatility and reduction in vessel values.

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
6 October 2017