

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

**DISCLOSURE REGARDING THE S\$7,250,000 REDEEMABLE 7% CONVERTIBLE BONDS
- SECOND SUPPLEMENTAL AGREEMENT**

The Board of Directors of FSL Trust Management Pte. Ltd. (as trustee-manager of First Ship Lease Trust) (the “**Trustee-Manager**”) refers to its announcements dated 24 April 2018, 22 May 2018, 25 May 2018 and 5 June 2018 in relation to the Bond Issue (the “**Announcements**”).

All capitalized terms not defined herein shall have the same meaning as set out in the Announcements.

As previously announced, under the Bond Subscription Agreement, the Conversion Price will be subject to adjustment, in accordance with the Terms and Conditions, upon the occurrence of certain adjustment events, including: (a) consolidation, subdivision or reclassification of the number of issued Units; (b) capitalisation of profits or reserves; (c) capital distributions; (d) rights issues of Units or options over Units; (e) rights issues of other securities; (f) issues of Units at less than the current market price; (g) other issues of securities at less than the current market price; (h) modification of rights of conversion attaching to any securities as mentioned in subparagraph (g); and (i) issue, sale or distribution of any securities in connection with an offer by or on behalf of the issuer pursuant to which offer the Unitholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (the “**Adjustment Events**”).

The parties to the Bond Subscription Agreement have entered into a second supplemental agreement dated 26 November 2018 to amend the Bond Subscription Agreement to provide for the adjustment formulas to be applied for the purposes of calculating the adjustments to be made to the Conversion Price on the occurrence of an Adjustment Event. The amended provisions of the Bond Subscription Agreement are set out in the Appendix to this Announcement.

Further announcements will be made by the Trustee-Manager via SGXNET as and when there are any material developments, in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

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

Mr. Efstathios Topouzoglou
Non-Independent Non-Executive Chairman
26 November 2018

Appendix

The following is the extracted text of the new Condition 4.3 of the Terms and Conditions:

4.3 Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events:

4.3.1 Consolidation, Subdivision or Reclassification

If and whenever there shall be an alteration to the number of the Units as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A : is the aggregate number of Units immediately before such alteration; and

B : is the aggregate number of Units immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

4.3.2 Capitalisation of Profits or Reserves

(i) If and whenever the Issuer shall issue any Units credited as fully paid to the holders of the Units (the "**Unitholders**") by way of capitalisation of profits or reserves including Units paid up out of distributable profits or reserves (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A : is the aggregate number of Units immediately before such issue; and

B : is the number of Units immediately after such issue.

Such adjustment shall become effective on the date of issue of such Units or if a record date is fixed therefor, immediately after such record date.

(ii) In the case of an issue of Units by way of a Scrip Dividend where the Current Market Price of such Units on the last Trading Day preceding the date of announcement of the terms of the issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Units by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A : is the aggregate number of Units immediately before such issue;
- B : is the aggregate number of Units issued by way of such Scrip Dividend multiplied by a fraction which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend; and (ii) the denominator is such Current Market Price of the Units issued by way of Scrip Dividend in respect of each existing Unit in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C : is the aggregate number of Units issued by way of such Scrip Dividend.

or by making such other adjustment as an Independent Investment Bank shall certify to the Bondholders is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Units or if a record date is fixed therefor, immediately after such record date.

4.3.3 Capital Distribution

If and whenever the Issuer shall pay or make any Capital Distribution to the Unitholders (save where the Conversion Price falls to be adjusted under **Condition 4.3.2** above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A : is the Current Market Price on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B : is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Unit.

Such adjustment shall become effective on the date that such Capital Distribution is made.

4.3.4 Rights Issues of Units or Options over Units

If and whenever the Issuer shall issue Units to all or substantially all Unitholders as a class by way of rights, or issue or grant to all or substantially all Unitholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Units, in each case at less than the Current Market Price on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A : is the aggregate number of Units immediately before such announcement;
- B : is the number of Units which the aggregate amount (if any) payable for the Units issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Units comprised therein would purchase at such Current Market Price; and
- C : is the aggregate number of Units issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Units or issue or grant of such options, warrants or other rights (as the case may be).

4.3.5 Rights Issues of Other Securities

If and whenever the Issuer shall issue any securities (other than Units or options, warrants or other rights to subscribe for or purchase Units) to all or substantially all Unitholders as a class, by way of rights, or grant to all or substantially all Unitholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase, any securities (other than Units or options, warrants or other rights to subscribe or purchase Units), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A - B}{A}$$

where:

- A : is the Current Market Price on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one Unit.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

4.3.6 Issues at less than Current Market Price

If and whenever the Issuer shall issue (otherwise than as mentioned in **Condition 4.3.4**) any Units wholly for cash (other than Units issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Units) or issue or grant (otherwise as mentioned in **Condition 4.3.4**) options, warrants or other rights to subscribe for or purchase Units in each case at a price per Unit which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A : is the aggregate number of Units immediately before the issue of such additional Units or the grant of such options, warrants or other rights to subscribe for or purchase any Units;
- B : is the number of Units which the aggregate consideration receivable for the issue of such additional Units would purchase at such Current Market Price; and
- C : is the aggregate number of Units immediately after the issue of such additional Units.

References to additional Units in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Units, mean such Units to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Units or, as the case may be, the grant of such options, warrants or other rights.

4.3.7 Other Issues at less than Current Market Price

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this **Condition 4.3.7**, if and whenever the Issuer or any Subsidiary (otherwise than as mentioned in **Conditions 4.3.4, 4.3.5 or 4.3.6** above), or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary), any other company, person or entity of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Units to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Unit which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A : is issue aggregate number of Units immediately before such alteration;
- B : is the number of Units which the aggregate consideration receivable by the Issuer for the Units to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Unit; and
- C : is the maximum number of Units to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto been effected at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

4.3.8 Modification of Rights of Conversion etc.

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in **Condition 4.3.7** (other than in accordance with the terms applicable to such securities) so that the consideration per Unit (for the number of Units available on conversion, exchange or subscription following the modification) is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A : is the aggregate number of Units immediately before such modification;
- B : is the number of Units which the aggregate consideration receivable by the Issuer for the Units to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price; and
- C : is the maximum number of Units to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this **Condition 4.3.8** or **Condition 4.3.7**.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

4.3.9 Other Offers to Unitholders

If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Unitholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under **Conditions 4.3.4, 4.3.5, 4.3.6 or 4.3.7**, in such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A - B}{A}$$

where:

- A : is the Current Market Price of one Unit on the last Trading Day preceding the date on which such issue is publicly announced; and
- B : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one Unit.

Such adjustment shall become effective on the date of issue of the securities.

4.3.10 Other Events

If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this **Condition 4.3**, the Issuer shall at its own expense consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this **Condition 4.3** have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this **Condition 4.3** as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

4.3.11 In these Conditions:

- (a) **"Alternative Stock Exchange"** means at any time, in the case of the Units, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Units are then listed or quoted or dealt in.
- (b) **"Capital Distribution"** means: (i) any distribution of assets *in specie* by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes without limitation an issue of Units or other securities credited as fully or partly paid (other than Units credited as fully paid by way of capitalisation of reserves)); and (ii) any dividend (including any cash or Scrip Dividend) or distribution of any kind by the Issuer for any financial period (whenever paid and however described).
- (c) **"Closing Price"** for the Units for any Trading Day shall be the closing market price quoted for such day by the SGX-ST or, as the case may be, the Alternative Stock Exchange.
- (d) **"Current Market Price"** means, in respect of a Unit at a particular time on a particular date, the volume weighted average prices quoted on the SGX-ST or an Alternative Stock Exchange for one Unit (being a Unit carrying full entitlement to dividend) for the twenty (20) consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said twenty (20) Trading Day period, the Units shall have been quoted ex-dividend and during some other part of that period, the Units shall have been quoted cum-dividend then:
 - (i) if the Units to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Units shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Unit; or
 - (ii) if the Units to be issued in such circumstances rank for the dividend

in question, the quotations on the dates on which the Units shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that if the Units on each of the said twenty (20) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Units to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Unit.

- (e) **"Dividend"** means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of Units or other securities credited as fully or partly paid up) provided that:
 - (i) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Units be, satisfied by the issue or delivery of Units or other property or assets, then, the Dividend in question shall be treated as a Dividend of (a) the cash Dividend so announced or (b) the Current Market Price on the date of announcement of such Dividend, of such Units or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Units elected therefor, regardless of whether any such election is made) if the Current Market Price of such Units or the Fair Market Value of other property or assets is greater than the cash Dividend so announced; and
 - (ii) any issue of Units falling within **Condition 4.3.2** shall be disregarded.
- (f) **"Fair Market Value"** means, with respect to any assets, securities, options, warrants or other rights on any date, the fair market value of that asset, security, option, warrant or other right as determined in good faith by an Independent Investment Bank acting as an expert; provided that (i) the fair market value of a cash Dividend paid or to be paid per Unit shall be the amount of such cash Dividend per Unit determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily Closing Prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.
 - (a) **"Independent Investment Bank"** means a leading bank in Singapore or London or financial advisory firm holding a valid financial adviser's licence under the Financial Advisers Act (Chapter 110 of Singapore) (acting as an expert) selected by the Issuer and approved in writing by the Bondholders.
 - (b) **"Market Capitalisation"** on any date means the product of (i) the Current Market Price and (ii) the total number of Units issued and outstanding on such date.
 - (c) **"Relevant Cash Dividend"** means any cash dividend specifically declared by the Issuer.
 - (d) **"Scrip Dividend"** means any Units issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Unitholders concerned would or could otherwise have received and which would not have

constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under **Condition 4.3.3** in respect of the amount by which the Current Market Price of the Units exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under **Condition 4.3.2(ii)**.

- (e) "**Trading Day**" means a day when the SGX-ST or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no closing price is reported in respect of the relevant Units on the SGX-ST or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

4.3.12 For the purposes of these Conditions:

- (a) On any adjustment, the relevant Conversion Price, shall be rounded down to the nearest tenth of one cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one (1) per cent of the Conversion Price unless the Issuer deems it necessary. Any adjustment not made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment.
- (b) In making any calculation for the purposes of **Conditions 4.3.3 and 4.3.5**, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (i) any consolidation or subdivision of the Units, (ii) issues of Units by way of capitalisation of profits or reserves, or any like or similar event or (iii) the modification of any rights to Dividends of Units.
- (c) Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the Independent Investment Bank to be in its opinion appropriate in order to give such intended result.
- (d) No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Units as referred to in **Condition 4.3.1** or to correct a manifest error.
- (e) The Conversion Price may not be reduced so that, on conversion of Bonds, Units would be issued in a manner and at a value not permitted by applicable law.
- (f) If the Issuer fails to select an Independent Investment Bank for the purposes of **Condition 4.3**, the Bondholders may select such Independent Investment Bank.