

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

- (1) **NON-RENOUNCEABLE PREFERENTIAL OFFERING TO RAISE GROSS PROCEEDS OF UP TO S\$43.03 MILLION
- LISTING AND QUOTATION OF THE NEW UNITS**
 - (2) **US\$7,250,000 REDEEMABLE 7% CONVERTIBLE BONDS
- ADJUSTMENT TO THE CONVERSION PRICE**
 - (3) **BRIDGING LOAN FROM THE SPONSOR
- REPAYMENT OF THE BRIDGING LOAN / USE OF PROCEEDS FROM THE PREFERENTIAL OFFERING**
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1. Introduction

FSL Trust Management Pte. Ltd., in its capacity as trustee-manager of First Ship Lease Trust (“**FSL Trust**”, and as trustee-manager of FSL Trust, the “**Trustee-Manager**”) refers to:

- (a) its announcements dated 24 April 2018, 22 May 2018, 25 May 2018, 5 June 2018 and 26 November 2018 in relation to the Convertible Bonds;
- (b) its announcements dated 26 November 2018, 21 March 2019, 27 March 2019, 7 May 2019, 17 May 2019 and 4 June 2019, its circular dated 4 April 2019 (the “**Circular**”) and the instruction booklet dated 21 May 2019 in relation to the Preferential Offering; and
- (c) its announcement dated 8 February 2019 in relation to the Bridging Loan.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Circular.

2. Listing and Quotation of the New Units

Pursuant to the Preferential Offering, an aggregate of 956,184,865 New Units have been issued by FSL Trust on 7 June 2019.

The New Units rank *pari passu* in all respects with the then existing Units, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the New Units.

Following the issue of the New Units, the total number of issued Units in FSL Trust has increased from 637,456,577 Units to 1,593,641,442 Units.

The 956,184,865 New Units will be listed and quoted on the Main Board of the SGX-ST with effect from 9.00 a.m. on 10 June 2019 and trading of the New Units will commence with effect from 9.00 a.m. on the same day.

3. Adjustment to the Conversion Price of the Convertible Bonds

On 21 May 2018, FSL Trust issued US\$7,250,000 in aggregate principal amount of redeemable 7% convertible bonds (which may be converted into Units) to the Bondholder pursuant to the Bond Subscription Agreement. The original Conversion Price was S\$0.07455

As disclosed in the Circular and in accordance with Condition 4.3.4 of the terms and conditions of the Bond Subscription Agreement, the Preferential Offering will result in an adjustment to the Conversion Price. With effect from 7 June 2019, being the date of issue of the New Units pursuant to the Preferential Offering, the Adjusted Conversion Price is S\$0.05644.

The adjustment to the Conversion Price derives from the formula under Condition 4.3.4 of the Bond Subscription Agreement as set out below:

$$\text{Adjusted Conversion Price} = \frac{A + B}{A + C}$$

where:

- A : is 637,456,577, being the aggregate number of Units immediately before the announcement released by the Trustee-Manager on 26 November 2018 in relation to the Preferential Offering (the "**Preferential Offering Announcement**");
- B : is 569,007,126, being the number of Units which the aggregate amount (if any) payable for the Units issued by way of rights and for the total number of Units comprised therein¹ would purchase at the Current Market Price²; and
- C : is 956,184,865, being the aggregate number of New Units issued or, as the case may be, comprised in the issue.

4. Repayment of the Bridging Loan

The Borrowers, each a wholly-owned subsidiary of FSL Trust, entered into a bridging loan agreement dated 7 February 2019 with the Sponsor as lender, and the Trustee-Manager, as guarantor, pursuant to which the Sponsor has agreed to extend a secured, interest-bearing bridging loan of an aggregate principal amount of up to US\$25,000,000 to the Borrowers (the "**Bridging Loan**") for the purpose of partially financing the Newbuilding Acquisition.

As disclosed in the Circular, the Sponsor, FSL Trust and the Borrowers entered into a set-off agreement dated 29 March 2019 pursuant to which, the Sponsor shall be entitled, prior to or at the closing of the Preferential Offering and at its sole discretion, to apply and set off the amounts outstanding under the Bridging Loan against the subscription monies otherwise payable by the Undertaking Unitholders to FSL Trust in respect of their subscription of the New Units and excess New Units pursuant to the Irrevocable Undertaking using a US\$ to S\$ exchange rate as of the subscription date.

The Borrowers had drawn down an aggregate amount of US\$10,000,000 on the Bridging Loan. As of 3 June 2019, the amount outstanding under the Bridging Loan was US\$10,000,000 and the related outstanding accrued interest was US\$223,888 (the "**Outstanding Amounts**").

¹ The aggregate amount payable for the New Units issued under the Preferential Offering is S\$43,028,318.92, being the Issue Price of S\$0.045 for each New Unit multiplied by the 956,184,865 New Units issued under the Preferential Offering.

² The Current Market Price is S\$0.07562. It is calculated in accordance to the Bond Subscription Agreement based on the VWAP quoted on the SGX-ST for one Unit for the twenty (20) consecutive Market Days ending on 26 November 2018, being the Market Day immediately preceding the date of the Preferential Offering Announcement, provided that if no closing price is reported in respect of the Units on the SGX-ST for one or more consecutive Market Days, such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of Market Days.

At the close of the Preferential Offering and in accordance with the set-off agreement, the Sponsor applied and set off the Outstanding Amounts against the respective subscription monies otherwise payable by the Undertaking Unitholders to FSL Trust in respect of part of its subscription of the New Units and excess New Units pursuant to the Preferential Offering.

Consequently, FSL Trust and the Borrowers are discharged from all their obligations under the Bridging Loan and the Outstanding Amounts are deemed to have been repaid. The availability of any undrawn amounts under the Bridging Loan has also been cancelled.

5. Use of Proceeds from Preferential Offering

FSL Trust raised gross proceeds of S\$43.03 million from the Preferential Offering, of which an aggregate amount of S\$14.01 million (approximately US\$10.22 million, based on a US\$ to S\$ exchange rate of US\$1: S\$1.3707) was set-off against the Outstanding Amounts pursuant to the set-off arrangement.

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
7 June 2019