

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

FSL TRUST COMPLETES DISPOSAL OF ONE PRODUCT TANKER

The Board of Directors (the “**Board**”) of FSL Trust Management Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”) of First Ship Lease Trust (the “**Trust**”), refers to its announcement dated 25 August 2022 and further announces that the disposal of the vessel *FSL Singapore* (the “**Vessel**”) has been completed with the successful delivery of the Vessel to the new owners Waterside International Maritime Inc. (the “**Buyer**”), an unaffiliated third party, on 25 October 2022 (the “**Disposal**”).

The gross consideration paid by the Buyer for the Vessel upon delivery was US\$17.65 million, which was arrived at after arm’s lengths negotiations between FSL-19 Pte. Ltd., the subsidiary of the Trust that owned the Vessel, and the Buyer on a “willing buyer willing seller” basis. Having taken into consideration the prevailing and expected charter market environment and earnings prospects for the Vessel, the capital expenditure for the upcoming dry-docking for special survey of the Vessel and the installation of a mandatory ballast water treatment system, (new) environmental regulations, the Vessel’s expected economic life and residual value, and the supply and demand for vessels of the same type and with similar specifications in the sale and purchase market, the Board concluded that the Disposal would be value accretive and more beneficial to the Trust and its unitholders than keeping the Vessel in the portfolio of the Trust.

In determining the adequacy of the gross consideration for the Disposal, the Trustee-Manager also took into account the valuation of the Vessel which it obtained from a reputable, independent third party ship-broker who valued the Vessel at US\$16.5 million on the basis of a charter free sale with prompt delivery between a willing seller and a willing buyer, as at the valuation date 13 October 2022. The valuation report is available for inspection during normal business hours at the registered office of the Trustee-Manager by prior appointment only for 3 months from the date of this announcement.

The net book value and the net tangible asset (“**NTA**”) value of the Vessel upon Disposal was approximately US\$11.7 million (unaudited). After taking into consideration the cost of the Disposal (including brokerage commissions and legal fees), the Trust realised a net gain of approximately US\$5.0 million (unaudited) and net sales proceeds of approximately US\$16.7 million (unaudited), which are intended to be used for general corporate purposes of the Trust.

Based on the last announced unaudited consolidated financial statements of the Trust and its subsidiaries (the “**Group**”) for the financial period ended 30 June 2022, the relative figures for the Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	24.1 ⁽¹⁾⁽²⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.	83.0 ⁽³⁾

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| (c) | The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. | 19.9 ⁽⁴⁾⁽⁵⁾ |
| (d) | The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount. | Not applicable |

Notes:

- (1) Rule 1003(b) of the Listing Manual provides that in any acquisition or disposal of assets other than shares, the value will be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets. Based on the valuation obtained by the Trustee-Manager, the market value of the Vessel is US\$16.5 million.
- (2) "Net assets" means total assets less total liabilities. Based on the consolidated financial statements of the Group for the financial period ending 30 June 2022 (unaudited), being the latest announced consolidated accounts the time of the Disposal, the Group's net asset value was approximately US\$68.4 million as at 30 June 2022.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the consideration for the Disposal of US\$17.65 million (gross).
- (5) The market capitalisation of the Trust of approximately US\$88.7 million (being the US\$ equivalent of S\$123.8 million) is based on a total number of 1,768,057,636 Units in issue as at 25 August 2022 at the volume weighted average price of US\$0.05 (being the US\$ equivalent of S\$0.07) for each Unit transacted on 24 August 2022, being the trading day preceding the date on which the signing of the agreement to sell the Vessel was announced. The exchange rate used in this footnote is S\$1.3955 to US\$1.00, as obtained from the Monetary Authority of Singapore as at 24 August 2022.

When aggregated with prior disposals during the last 12 months (namely, the disposal of *FSL New York* in September 2021, the disposal of *FSL Hong Kong* in June 2022 and the disposal of *FSL London* in July 2022), the aggregated relative figures computed in accordance with Rule 1006 (a) of the Listing Manual exceed 50%. The Trustee-Manager has applied to SGX-ST to waive the requirement to seek prior unitholders' approval for the Disposal as the Trustee-Manager is of the opinion that a) the time required to obtain prior unitholder approval is too long for an orderly sale of the Vessel in an arm's length transaction in the sale and purchase market, and b) the public disclosure of sensitive information, such as the net asset value and the net income of the asset to be disposed or the gain (or loss) from the disposal, to obtain prior unitholders' approval before completion of the Disposal would be severely value destructive to the Trust as it would provide prospective buyers important information and bargaining power in negotiations and, hence, reduces the Trustee-Manager's ability to maximise the disposal price. SGX-ST has granted a temporary, asset specific waiver as per Rule 107 of the Listing Manual (the "**Waiver**") based on the following conditions:

- (a) announcement of the waiver;

- (b) the waiver not to be in contravention with any laws and regulations governing the Trust and its construction;
- (c) the disposal price not to be less than 90% of the valuation the Trustee-Manager obtained from an independent third party ship-broker; and
- (d) disclosure of all information required under Rules 1010, 1011, 1012, 1013, and 1014 of the Listing Manual upon completion of the disposal of each vessel.

The conditions of the Waiver have been satisfied.

The *pro forma* financial effects of the Disposal on the NTA (per unit) as at 31 December 2021, being the most recently completed financial year, and assuming that the Disposal had been effected on 31 December 2021:

	Before Completion of the Disposal	After Completion of the Disposal
NTA as at 31 December 2021 (US\$'000)	66,160	70,992
Number of units (excluding treasury units) (000's)	1,768,058	1,768,058
NTA per unit (US\$)	0.04	0.04

The *pro forma* financial effects of the Disposal on the earnings (per unit) of the Trust as at 31 December 2021, being the most recently completed financial year, and assuming that the Disposal had been effected on 1 January 2021:

	Before Completion of the Disposal	After Completion of the Disposal
Net profit attributable to the unitholders of the Trust (US\$'000)	(1,522)	6,104
Number of units (excluding treasury units) (000's)	1,768,058	1,768,058
Net profit per unit (US cents)	(0.09)	0.345

Note: The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Trust and/or the Group upon completion of the Disposal. No representation is made as to the actual future results and/or financial position of the Trust and/or the Group.

No person is proposed to be appointed as a director of the Trustee-Manager in connection with the Disposal and no service contracts in relation thereto have been or are proposed to be entered into by the Trustee-Manager. None of the directors of the Trustee-Manager or controlling unitholders of the Trust has any interest, direct or indirect, in the Disposal, save for their respective unitholdings in the Trust (if any) and/or shareholdings in the Trustee-Manager (if any).

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 October 2022

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this announcement are or may be forward looking statements. Forward-looking statements include but are not limited to, those using words such as “expect”, “seek”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Trustee-Manager and the Trust’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the date of this announcement. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Unitholders and investors should not place undue reliance on such forward-looking statements, and neither the Trustee-Manager nor the Trust undertakes any obligation to update publicly or revise any forward-looking statements for any reasons, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.