

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 CHEMICAL 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 30 August 2021 and further announces that the disposal of the vessel *FSL New York* (the “**Vessel**”) has been completed with the successful delivery of the Vessel to the new owners Haein Shipping Co., Ltd. (the “**Buyer**”), an unaffiliated third party, on 29 September 2021 (the “**Disposal**”).

The gross consideration paid by the Buyer for the Vessel upon delivery was US\$10.0 million, which was arrived at after arm’s lengths negotiations between FSL-9, Inc. (“**FSL-9**”), the subsidiary of the Trust owning the Vessel, and the Buyer on a “willing buyer willing seller” basis, taking 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, 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. On the basis of these considerations, the Board has concluded that the Disposal is expected to 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\$9.5 million on the basis of a sale between a willing seller and a willing buyer, without any charter attached and for cash payment on delivery, as at the valuation date 16 August 2021. The valuation report is available for inspection during normal business hours at the registered office of the Trustee-Manager by prior appointment only, due to and subject to the prevailing COVID-19 restriction orders in Singapore, 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\$9.0 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\$0.3 million (unaudited) and net sales proceeds of approximately US\$9.3 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 2021, 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.	10.0 ⁽¹⁾⁽²⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.	25.2 ⁽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. | 9.7 ⁽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\$9.5 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 2021 (unaudited), being the latest announced consolidated accounts the time of the Disposal, the Group's net asset value was approximately US\$95.1 million as at 30 June 2021.
- (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\$10.0 million (gross).
- (5) The market capitalisation of the Trust of approximately US\$103.3 million (being the US\$ equivalent of S\$139.7 million) is based on a total number of 1,768,057,636 Units in issue as at 30 August 2021 at the volume weighted average price of US\$0.058 (being the US\$ equivalent of S\$0.079) for each Unit transacted on 27 August 2021, 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\$1.3527 to US\$1.00, as obtained from the Monetary Authority of Singapore as at 27 August 2021.

The *pro forma* financial effects of the Disposal on the NTA (per unit) as at 31 December 2020, being the most recently completed financial year, and assuming that the Disposal had been effected on 31 December 2020:

	Before Completion of the Disposal	After Completion of the Disposal
NTA as at 31 December 2020 (US\$'000)	129.564	129,594
Number of units (excluding treasury units) (000's)	1,768,058	1,768,058
NTA per unit (US\$)	0.07	0.07

The *pro forma* financial effects of the Disposal on the earnings (per unit) of the Trust as at 31 December 2020, being the most recently completed financial year, and assuming that the Disposal had been effected on 1 January 2020:

	Before Completion of the Disposal	After Completion of the Disposal
Net profit attributable to the unitholders of the Trust (US\$'000)	6,246	6,245
Number of units (excluding treasury units) (000's)	1,768,058	1,768,058
Net profit per unit (US cents)	0.35	0.35

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
29 September 2021

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.