



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust announces newbuilding agreement for the construction of two LR2 product tankers

Singapore, 13 December 2018 – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”), has announced that two of its subsidiary companies have entered into separate definitive shipbuilding contracts dated 12 December 2018 (the “Agreements”) with COSCO Shipping Heavy Industry (Yangzhou) Co., Ltd. (the “Shipyard”) pursuant to which the Shipyard will construct, sell and deliver in late 2020 and early 2021 respectively two 114,000 dwt scrubber fitted Tier III LR2 product tankers (the “New Vessels”) for an aggregate consideration of US\$97.6 million (the “Newbuilding Acquisition”).

The Newbuilding Acquisition is in the context of the fleet renewal described in FSLT’s announcement on 26 November 2018 (the “Preferential Offering Announcement”) in relation to the proposed pro rata, non-renounceable and non-underwritten preferential offering.

Payment for the New Vessels is in five staggered instalments based on the progress of the construction schedule starting from early 2019 and ending upon their respective deliveries.

The funding for the New Vessels will be partly from funds raised from the preferential offering, partly from the contemplated sale proceeds of ageing vessels from FSLT’s existing fleet and partly by way of bank financing to be arranged closer to their deliveries and expected to be between 50% and 70% of the aggregate consideration, and from surplus operating cash flows.

The New Vessels will be constructed according to latest shipbuilding designs and utilize new technologies focused on fuel consumption optimization and in compliance with upcoming IMO 2020 regulations relating to sulphur emissions. As the New Vessels will be more efficient to operate than vessels in FSLT’s current fleet, while at the same time being able to carry a variety of clean petroleum product cargoes, it is expected that they will be more competitive for chartering to top-tier counterparties at premium charter rates. The New Vessels will also be more attractive

for long-term leases to major petroleum companies. All these are expected to enable FSLT to potentially secure better returns for its unitholders.

Rationale on Newbuilding Acquisition

Mr. Roger Woods, Chief Executive Officer, of FSLTM, said:

“We are pleased to have inked these Agreements in the context of our fleet renewal programme, strengthening our fleet at a time of improving market sentiment, thus preparing the Trust to take advantage of the anticipated recovery in the sector.

The newbuilding orders signal a positive step in positioning FSL for its longer term future.

Significant progress has been made since Prime Group took over control of the Sponsor, including the refinancing of the previous syndicated loan, leveraging on Prime’s shipping connections and efforts to strengthen the Trust’s balance sheet.

We are now laying down the foundations for FSL’s growth aiming to the resumption of distributions.

To this end, the proposed preferential offering presents an opportunity for unit holders to participate in the future of FSL.”

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About First Ship Lease Trust (Bloomberg: FSLT SP; Reuters: FSLT.SI)

First Ship Lease Trust (“FSL Trust” or the “Trust”) is a shipowner and a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 19 modern and high-quality vessels, comprising three containerships, 12 product tankers, two chemical tankers and two crude oil tankers. FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST).

This news release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, changes in operating expenses, trust expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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