

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

**NON-RENOUNCEABLE PREFERENTIAL OFFERING TO RAISE
GROSS PROCEEDS OF UP TO S\$43.03 MILLION**

1. INTRODUCTION

FSL Trust Management Pte. Ltd., in its capacity as trustee-manager of First Ship Lease Trust (“**FSLT**”, and as trustee-manager of FSLT, the “**Trustee-Manager**”), is proposing a *pro rata*, non-renounceable and non-underwritten preferential offering (the “**Preferential Offering**”) of 956,184,865 new units in FSLT (the “**New Units**”) to raise gross proceeds of up to S\$43.03 million.

2. PRINCIPAL TERMS OF THE PREFERENTIAL OFFERING

- 2.1. Pursuant to the Preferential Offering, the New Units will be offered at the ratio of three (3) Rights Units for every two (2) existing units in FSLT held as at the time and date on which the transfer books and register of unitholders of FSLT (the “**Unitholders**”) will be closed to determine the provisional allotments of New Units to Entitled Unitholders (as defined herein) (the “**Books Closure Date**”).
- 2.2. The Preferential Offering will provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the New Units at an issue price of S\$0.045 per New Unit, which is a discount of 31.8% to the closing price of S\$0.066 per unit in FSLT (“**Unit**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 November 2018, being the last trading day of the Units prior to the announcement of the Preferential Offering.
- 2.3. The Trustee-Manager will be seeking approval from Unitholders for, amongst others, the issuance of the New Units at an extraordinary general meeting of FSLT (“**EGM**”) to be convened.
- 2.4. As the Preferential Offering is made on a non-renounceable basis, the provisional allotment of New Units cannot be renounced in favour of a third party or traded on the SGX-ST. Each entitled Unitholder will be provisionally allotted the New Units under the Preferential Offering on the basis of the unitholdings in FSLT as at the Books Closure Date. In this regard, fractions of a New Unit will be disregarded.
- 2.5. Entitled Unitholders are at liberty to accept or decline their provisional allotment of New Units and are eligible to apply for additional New Units in excess of their provisional allotments under the Preferential Offering (the “**Excess New Units**”). Entitled Unitholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (a) provisional allotments of New Units or (b) eligibility to apply for Excess New Units.
- 2.6. The New Units under the Preferential Offering represented by the provisional allotments of (i) entitled Unitholders who decline or do not accept, in full or in part, their provisional allotments of New Units under the Preferential Offering and/or (ii) ineligible Unitholders, may be issued to satisfy applications for Excess New Units as the Trustee-Manager may, in its absolute discretion, deem fit.
- 2.7. **In the allotment of Excess New Units, preference will be given to rounding of odd lots. Directors of the Trustee-Manager and substantial Unitholders will rank last in priority for the rounding of odd lots and allotment of Excess New Units.**

- 2.8. The terms and conditions of the Preferential Offering are subject to such changes as the Trustee-Manager may in its sole discretion deem fit. The final terms and conditions of the Preferential Offering will be contained in an instruction booklet to be despatched by the Trustee-Manager to entitled Unitholders (the “**Information Booklet**”).

3. **BENEFITS OF THE PREFERENTIAL OFFERING**

The Trustee-Manager believes that the Preferential Offering will provide Unitholders with the following benefits:

- (a) the Preferential Offering will strengthen the financial position and capital base of FSLT, enhancing its financial flexibility to renew its ageing fleet, therefore reducing the age profile and enhancing its commercial attractiveness and marketability;
- (b) the Preferential Offering will increase FSLT’s market capitalization, potentially improving the trading liquidity of the Units after the Preferential Offering; and
- (c) the Preferential Offering will provide the Unitholders with an opportunity to further participate in the equity of FSLT.

4. **COMMITMENT OF THE SPONSOR**

- 4.1. As of the date of this announcement, the Sponsor, directly and through the Trustee-Manager (an indirect wholly-owned subsidiary of the Sponsor), has an aggregate interest in 157,877,631 Units, representing approximately 24.77% of the issued Units.
- 4.2. To demonstrate support for the Preferential Offering, FSL Holdings Pte. Ltd. the (“**Sponsor**”) and the Trustee-Manager (the “**Undertaking Unitholders**”) will provide a conditional undertaking to FSLT dated 26 November 2018 (the “**Sponsor Undertaking**”) pursuant to which they will, *inter alia*, accept, subscribe and pay in full their total *pro rata* allotment of New Units under the Preferential Offering.
- 4.3. The Sponsor Undertaking is conditional upon the following:
- (a) the Preferential Offering, including the allotment and issue of the New Units, being approved by Unitholders at an extraordinary general meeting to be convened (the “**EGM**”); and
 - (b) listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the Preferential Offering) for the listing of and quotation for the New Units on the Main Board of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Sponsor and the Trustee-Manager.
- 4.4. In view of the Sponsor Undertaking, FSLT has decided to proceed with the Preferential Offering on a non-underwritten basis. The Directors are of the reasonable opinion that there is no minimum amount which must be raised from the Preferential Offering.

5. **SIZE OF THE PREFERENTIAL OFFERING AND UNDERTAKING FROM THE CONVERTIBLE BONDHOLDER**

- 5.1. As of the date of this announcement, the total number of issued Units is 637,456,577 Units (excluding treasury units) (the “**Existing Units**”) and there are no outstanding convertible securities issued by FSLT, other than the US\$7,250,000 convertible bonds that were issued to VGO Special Situations I (Luxembourg) S.á r.l. on 21 May 2018 (the “**Convertible Bonds**”).
- 5.2. VGO Special Situations I (Luxembourg) S.á r.l. has undertaken that it will not convert, sell, transfer or assign any of the Convertible Bonds until the earlier of the date the New Units are

allotted and issued pursuant to the Preferential Offering or the date the Preferential Offering is withdrawn.

- 5.3. Assuming that all of the Unitholders subscribe for their *pro rata* allotment of New Units, 956,184,865 New Units will be allotted pursuant to the Preferential Offering, resulting in the total unitholding of the Undertaking Unitholders remaining at approximately 24.77% after the Preferential Offering (the “**Maximum Subscription Scenario**”).
- 5.4. Assuming that (i) none of the Unitholders other than the Undertaking Unitholders subscribes for their *pro rata* allotment of New Units, (ii) the Undertaking Unitholders fully subscribe for their *pro rata* allotment of New Units pursuant to the Sponsor Undertaking, 236,816,446 New Units will be allotted pursuant to the Preferential Offering, resulting in the total unitholding of the Undertaking Unitholders being approximately 45.15% after the Preferential Offering (the “**Minimum Subscription Scenario**”).

6. **WHITEWASH WAIVER AND APPLICATION TO THE SECURITIES INDUSTRY COUNCIL (“SIC”)**

- 6.1. Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (“**Code**”), except with the consent of the SIC, where:
 - (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
 - (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (“**Mandatory Offer**”). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend a Mandatory Offer.

- 6.2. For the purposes of the Code, the Undertaking Unitholders are deemed concert parties. The Undertaking Unitholders together hold an aggregate of 157,877,631 Units, representing approximately 24.77% of the Existing Units. The New Units that may be issued to the Undertaking Unitholders pursuant to the Sponsor Undertaking may result in the Undertaking Unitholders and the parties acting in concert with them incurring an obligation to make a Mandatory Offer, unless Independent Unitholders approve at an EGM to be convened a resolution to waive their rights to receive a Mandatory Offer from the Undertaking Unitholders and the parties acting in concert with them (the “**Whitewash Resolution**”).
- 6.3. The Trustee-Manager will be submitting an application to SIC to seek a waiver of the obligations of the Undertaking Unitholders and their concert parties to make a Mandatory Offer arising from the subscription by the Undertaking Unitholders and their concert parties of the New Units under the Preferential Offering (the “**Whitewash Waiver**”).
- 6.4. The Trustee-Manager has appointed Stirling Coleman Capital Limited as the independent financial adviser (“**IFA**”) to advise the Directors who are considered independent for the purposes of making the recommendation to the Independent Unitholders in relation to the Whitewash Resolution. Further details of the Whitewash Waiver being sought, and the advice of the IFA, will be set out in the Circular (as defined below).

7. USE OF PROCEEDS

- 7.1. In the event of the Maximum Subscription Scenario, the Preferential Offering will raise gross proceeds of approximately S\$43.03 million and net proceeds of approximately S\$42.53 million (after deducting estimated expenses of approximately S\$0.5 million).
- 7.2. In the event of the Minimum Subscription Scenario, the Preferential Offering will raise gross proceeds of approximately S\$10.66 million and net proceeds of approximately S\$10.16 million (after deducting estimated expenses of approximately S\$0.5 million).
- 7.3. FSLT intends to use the net proceeds arising from the issuance of the New Units as set out below (and in the following order of priority):

Use of Proceeds	Percentage of Net Proceeds from Preferential Offering
Fleet renewal	50%-100%
Working capital and general corporate purposes	any balance
Total	100.0%

- 7.4. Fleet renewal will be through the acquisition of new and/or more recent build vessels to meet anticipated market conditions.
- 7.5. Pending the deployment of the net proceeds from the Preferential Offering, the net proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Trustee-Manager may in its sole discretion deem fit. The Trustee-Manager will make periodic announcements on the utilization of the proceeds of the Preferential Offering on SGXNet as and when such funds are materially disbursed.

8. ELIGIBILITY TO PARTICIPATE IN THE PREFERENTIAL OFFERING

8.1. Entitled Unitholders

Entitled Unitholders are Unitholders with Units standing to the credit of their respective securities accounts with The Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date and (a) whose registered addresses with CDP are in Singapore as at the Books Closure Date; or (b) who have at least three market days prior to the Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore.

8.2. Foreign Unitholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries (other than Singapore) where Unitholders may have as their addresses registered with CDP, the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore, and who have not, at least three Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notices and documents at least three market days prior to the Books Closure Date.

For the avoidance of doubt, even if a Unitholder has provided a Singapore address as aforesaid, the offer of New Units under the Preferential Offering to him will be subject to compliance with applicable securities and other laws of the relevant jurisdiction. The Trustee-Manager may in its sole discretion determine whether to allow the participation in the Preferential Offering by Unitholders who are located, resident or with a registered address outside of Singapore, subject to and in compliance with the applicable securities and other laws of the relevant jurisdiction.

8.3. Scaling Down

Depending on the level of subscription for the New Units, the Trustee-Manager may, if necessary, scale down the subscription and/or excess applications for New Units by any of FSLT's Unitholders (if such Unitholder chooses to subscribe for its pro-rata entitlement of New Units and/or apply for Excess New Units) to:

- (a) avoid placing the relevant Unitholder and parties acting in concert with him in the position of incurring a Mandatory Offer obligation under the Code as a result of other Unitholders not taking up their entitlement of New Units fully; or
- (b) avoid the transfer of a controlling interest in FSLT, unless the conditions provided under Rule 803 of the Listing Manual apply.

9. **APPROVALS**

9.1. The Preferential Offering is subject to, *inter alia*, the following conditions:

- (a) the Preferential Offering, including the allotment and issue of the New Units, being approved by Unitholders at the EGM to be convened;
- (b) listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the Preferential Offering) for the listing of and quotation for the New Units on the Main Board of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Sponsor and the Trustee-Manager; and
- (c) all other necessary consents, approvals and waivers required from any person, government whether Singapore or foreign, any department, ministry or agency of any government, financial institution and any other governmental, regulatory, administrative, fiscal, monetary or judicial body and all agreements applicable to the Trustee-Manager, its subsidiaries or associated company and/or applicable laws, rules and regulations for the Preferential Offering and are necessary to implement the transactions contemplated pursuant to the Preferential Offering having been obtained either unconditionally or on conditions satisfactory to the Trustee-Manager acting in the best interests of the Unitholders and not having been withdrawn or revoked,

9.2. The Trustee-Manager will be making an application to the SGX-ST for the permission to deal in, and for the listing and quotation of the New Units on the Main Board of the SGX-ST. An appropriate announcement on the outcome of such application will be made in due course.

9.3. The Information Booklet will be despatched to entitled Unitholders in due course after, *inter alia*, obtaining the listing and quotation notice from the SGX-ST.

10. **EGM**

The Trustee-Manager intends to convene the EGM to seek Unitholders' approval for the Preferential Offering. A circular ("**Circular**") containing further information on the Preferential Offering, together with the notice of EGM, will be despatched to Unitholders in due course.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Save as disclosed above in this announcement, none of the Directors and substantial Unitholders has any interests, direct or indirect, in the Preferential Offering, other than through each of their respective unitholding, direct and/or indirect, in FSLT.

12. GENERAL

Further announcements in relation to the Preferential Offering will be made in due course, as and when appropriate.

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