

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

ADDITIONAL DISCLOSURES REGARDING THE RECENT DISPOSAL OF VESSELS

FSL Trust Management Pte. Ltd. (the “**Trustee-Manager**”), as trustee-manager of First Ship Lease Trust (the “**Trust**”), wishes to provide the following additional disclosures in relation to the recent vessel disposals by the Trust.

1. INTRODUCTION

Reference is made to:

- (a) The Trust’s announcement dated 4 April 2019 and titled “FSL TRUST COMPLETES DISPOSAL OF PRODUCT TANKER”, referring to the completion of the disposal of the M/T *FSL Hamburg*, a South Korean, 2005-built 47,496 DWT product tanker, upon successful delivery to her buyer.
- (b) The Trust’s announcement dated 23 January 2020 and titled “FSL TRUST COMPLETES DISPOSAL OF PRODUCT TANKERS”, referring to the completion of the disposal of the M/T *FSL Perth* and M/T *FSL Piraeus*, two PRC, 2006-built 109,672 DWT product tankers, upon successful delivery to their buyers.
- (c) The Trust’s announcement dated 24 February 2020 and titled “FSL TRUST ANNOUNCES DISPOSAL OF VESSEL”, referring to the agreement to sell the M/T *FSL Shanghai*, a South Korean, 2007-built 115,000 DWT crude oil tanker, which is deployed under Teekay’s Revenue Sharing Agreement and is expected to be delivered to her buyer before the end of March 2020.
- (d) The Trust’s announcement dated 12 December 2018 and titled “DISCLOSURE REGARDING SIGNING OF SHIPBUILDING CONTRACTS FOR THE CONSTRUCTION OF TWO LR2 PRODUCT TANKERS”, referring among other things, to the Trust’s intention for up to US\$21.3m of the Newbuilding Acquisition to be funded from the sale proceeds of the Contemplated Sales.
- (e) The Trust’s 31 December 2019, 31 December 2018, 31 March 2019 and 30 June 2019 financial statements announced on 5 February 2020, 20 February 2019, 7 May 2019 and 6 August 2019, respectively.

2. FSL HAMBURG, FSL PERTH AND FSL PIRAEUS

- (a) The disposal of the M/T *FSL Hamburg* was completed on 4 April 2019. The vessel was recognized as held for sale on 31 December 2018 once the respective classification criteria were met in accordance to the applicable accounting standards. Accordingly, on 31 December 2018, the vessel’s book value was US\$10.989m and an impairment of US\$6.335m was charged in the three month period then ended. The vessel remained as held for sale on 31 March 2019 with the same book value and was eventually derecognized during the second quarter of 2019, upon successful delivery to her buyers. The Trust then realized a US\$0.038m gain on sale and net sale proceeds of US\$11.027m for the financial year ended 31 December 2019. Part of such sale proceeds were used towards partial repayment of the Trust’s outstanding debt, US\$6.500m is intended to be used towards the Newbuilding Acquisition and the remainder for general corporate purposes.

- (b) The disposals of the M/T *FSL Perth* and M/T *FSL Piraeus* were completed on 23 January 2020. The vessels were recognized as held for sale on 31 December 2019 once the respective classification criteria were met in accordance to the applicable accounting standards. Accordingly, on 31 December 2019, the vessels' aggregate book value was US\$38.877m, after taking an aggregate impairment charge of US\$4.994m, which was charged in the three month period then ended. Both vessels were eventually derecognized during the first quarter of 2020, upon successful delivery to their buyers. The Trust will record a \$0.089m gain on sale and net sale proceeds of US\$38.966m for Q1 2020. Part of such sale proceeds were used towards partial repayment of the Trust's outstanding debt, US\$14.800m is intended to be used towards the Newbuilding Acquisition and the remainder for general corporate purposes.
- (c) With the respective parts of the net proceeds from the disposal of the M/T *FSL Hamburg*, M/T *FSL Perth* and M/T *FSL Piraeus*, the Trust managed to accumulate the amount of up to US\$21.3m that was previously announced as intended to be used towards the Newbuilding Acquisition.
- (d) The above information is summarized in tabular form below:

(figures presented in US\$'000)

Vessel	Book Value pre held for sale classification	Impairment upon held for sale classification	Book Value post held-for-sale classification	Gain / (Loss) on Disposal
FSL Hamburg	17,324	(6,335)	10,989	38
FSL Piraeus & FSL Perth	43,871	(4,994)	38,877	89

Vessel	Net Proceeds	Use of Net Proceeds		
		Debt Prepayment	Intended to be used towards the NewBuilding Acquisitions	General Corporate Purposes
FSL Hamburg	11,027	4,152	6,500	375
FSL Piraeus & FSL Perth	38,966	10,089	14,800	14,077

- (e) The Trust wishes to also clarify that the above mentioned disposals were made in the ordinary course of business and that each of the buyers is a third party that is not related or has any connection or association with the Trust's directors, chief executive officer, trustee-manager or controlling shareholders and their respective associates.

3. FSL SHANGHAI

- (a) The disposal of the M/T *FSL Shanghai*, was agreed in February 2020 and the vessel is expected to be delivered to her buyers before the end of March 2020. The related accounting figures and net proceeds from the disposal, will be calculated in accordance to the applicable accounting standards upon successful completion of the sale and will be announced as soon as practicable thereafter. Part of such sale proceeds will be used for partial repayment of the Trust's outstanding debt and the remainder for general corporate purposes.

- (b)** The Trust wishes to also clarify that the above mentioned disposal was made in the ordinary course of business and that the buyer is a third party that is not related or has any connection or association with the Trust's directors, chief executive officer, trustee-manager or controlling shareholders and their respective associates.

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
19 March 2020