



SEWARD & KISSEL LLP

Seward & Kissel advises Poseidon Containers in Strategic Combination with Global Ship Lease

Seward & Kissel's Business Transactions Group *Focusing on the Middle Market*

November 15, 2018 – Global Ship Lease, Inc. (NYSE:GSL), Poseidon Containers Holdings LLC and K&T Marine LLC (together “Poseidon Containers”) announced that they completed a stock-for-stock merger transaction representing a total transaction value of over \$780 million on an asset value basis. Seward & Kissel was pleased to represent Poseidon Containers in this transaction.

The merger will create a leading containership owner focused on mid-sized and smaller vessels. The combined company will have a fleet of 38 vessels with a total capacity of 198,793 TEU and an average fleet age weighted by TEU of 10.7 years.

Seward & Kissel LLP (www.sewkis.com) is a leading New York law firm, originally established in 1890, offering legal advice emphasizing business, financial and commercial law and related litigation. The firm's Business Transactions Group handles middle-market M&A, private equity, venture capital and joint venture transactions involving a wide variety of industries. The firm is ranked as Highly Regarded for Corporate/M&A by Chambers USA and is recommended by The Legal 500 in the middle-market M&A category, stating that Seward & Kissel “advises on market-leading transactions within the industries where the firm has an international reputation, namely investment management and shipping” and “also handles complex middle-market deals in the media industry and international sell-side M&A.”

The parties’ press releases describing this transaction are reproduced below for your information.



Athens, Greece

combined with



London, England

Seward & Kissel acted as counsel to
Poseidon Containers

SEWARD & KISSEL LLP

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GLOBAL SHIP LEASE ANNOUNCES STRATEGIC COMBINATION WITH POSEIDON CONTAINERS

Increases GSL's asset base to over \$1.2 billion on a charter-adjusted basis, brings latest generation new-design high reefer eco-widebeam vessels into the fleet and reduces average fleet age by three years

Doubles fleet size to 38 containerships in undersupplied mid-sized and smaller vessel segments

Reduces leverage, increases scale, and strengthens capabilities to execute growth strategy in attractive asset price environment

LONDON, Oct. 29, 2018 (GLOBE NEWSWIRE) – Global Ship Lease, Inc. (NYSE:GSL) (“GSL” or the “Company”), Poseidon Containers Holdings LLC and K&T Marine LLC (together “Poseidon Containers”) announced today that they have entered into a definitive merger agreement for a stock-for-stock transaction representing a total transaction value of over \$780 million on an asset value basis to create a leading containership charter owner focused on mid-sized and smaller vessels. The combined company will have a fleet of 38 vessels with a total capacity of 198,793 TEU, an average fleet age weighted by TEU of 10.7 years, and contracted revenue of \$528 million as of September 30, 2018.

Michael Gross, Chairman of Global Ship Lease, commented, “We are delighted to announce this transformative strategic transaction creating a market leader with an asset base of more than \$1.2 billion in the mid-sized and smaller containership segments. This is an exciting new chapter for Global Ship Lease, and we believe that this combination and the growth potential that it unlocks will create value for all GSL stakeholders.”

Ian Webber, Chief Executive Officer of Global Ship Lease, added, “This attractive combination is the result of our strategic alternatives review process, enabling Global Ship Lease to double the size of our fleet, diversify and enlarge our portfolio of customers, improve our fleet age profile, reduce leverage, and significantly strengthen our ability to capitalize on compelling growth opportunities. Importantly, we will also benefit from the extensive operational and commercial capabilities that George Youroukos has separately established. This includes Technomar, an established industry leading ship management company with a proven track record of reliability and controlling vessel operating costs, and ConChart, an organization which will materially enhance our commercial coverage.”

S&K advises Poseidon Containers

George Youroukos, Chief Executive Officer of Poseidon Containers, concluded, “By combining the strengths of these two highly complementary organizations, Global Ship Lease will be in a position to achieve significant additional growth and to benefit substantially in a recovering market. The clear disconnect between supportive long-term supply/demand fundamentals and cyclically low asset prices represents a highly compelling opportunity to invest in mid-sized and smaller containerships. With a strong balance sheet, reduced leverage, committed growth capital, an established track record of high-quality operations, and a team with extensive US capital markets experience, we believe that the enhanced and expanded Global Ship Lease will be ideally suited to capture opportunities to achieve profitable growth and create long-term value for all stakeholders.”

Under the terms of the merger agreement, which was unanimously approved by a Special Committee of the Board of Directors and by the Board of Directors of Global Ship Lease, the Company will issue 24.045 million shares of Class A common stock and 0.250 million shares of Series C perpetual preferred stock, which are convertible into an aggregate of 103.642 million shares of Class A common stock. Affiliates of Kelso & Company L.P. will be the sole holder of the convertible preferred stock, which is not entitled to any preferred dividend payments other than those payable to common shareholders and represents approximately 49.2% of the voting power and approximately 56.4% of the economic interest in the Company. In addition, the currently issued and outstanding shares of Class B common stock of the Company will convert to shares of Class A common stock under the terms and conditions of the Company’s articles. The transaction values Global Ship Lease at \$100 million, or \$1.7825 per Class A common share, which is 105% higher than the closing price of \$0.87 for the Class A common shares on October 26, 2018. Upon closing of the transaction, Poseidon Containers will contribute an additional \$227 million in equity value, and as a result, members of Poseidon Containers are expected to own approximately 69.5% of the economic interest of the Company. The merger is expected to reduce the Company’s overall financial leverage to approximately 67% on a loan, net of cash, to charter-adjusted value basis.

George Youroukos will join the combined Company’s Board of Directors as Executive Chairman, leading the management team where Ian Webber will continue as Chief Executive Officer and Tom Lister as Chief Commercial Officer. Tassos Psaropoulos, currently Chief Financial Officer of Poseidon Containers, will join management as Chief Financial Officer. The transaction, which does not require any approvals from the Company’s shareholders, is subject to customary closing conditions and is expected to close in November 2018.

Upon the closing of the transaction, the Board of Directors of Global Ship Lease will be expanded to comprise eight directors, of whom two will be nominated by Poseidon, and three, including two independent directors, will be nominated by GSL. The remaining three independent directors have been selected jointly. Following the closing, CMA CGM will have a right to designate two of the GSL nominees to the Board of Directors for so long as CMA CGM holds at least 10% of the voting power (and one nominee for so long as it holds between 5-10% of the voting power).

Evercore is acting as exclusive financial advisor to the Company and Simpson Thacher & Bartlett LLP and Norton Rose Fulbright LLP are serving as the Company’s legal advisors. Credit Agricole is serving as financial advisor to Poseidon Containers and Seward and Kissel LLP is serving as legal advisor to Poseidon Containers. Skadden, Arps, Slate, Meagher & Flom LLP is serving as legal advisor to Kelso & Company L.P., the majority shareholder in Poseidon Containers.

GLOBAL SHIP LEASE COMPLETES STRATEGIC COMBINATION WITH POSEIDON CONTAINERS AND OPPORTUNISTIC REFINANCINGS OF A PORTION OF POSEIDON CONTAINERS' SECURED DEBT

Doubles fleet size to 38 containerships and expands charter-adjusted fleet value to \$1.3 billion while increasing net asset value per share by 52%

Expands contracted revenue to \$720 million and further reduces leverage as a result of recent chartering and refinancing activity

Increases scale, reduces average fleet age by three years, enhances average vessel specification, and positions the Company to pursue growth and further deleveraging

LONDON, Nov. 15, 2018 (GLOBE NEWSWIRE) -- Global Ship Lease, Inc. (NYSE:GSL) ("GSL" or the "Company"), and Poseidon Containers Holdings LLC and K&T Marine LLC (together "Poseidon Containers"), announced today that they had (i) closed the previously announced stock-for-stock merger between the Company and Poseidon Containers and (ii) opportunistically refinanced \$228.8 million of Poseidon Containers' secured bank debt, crystallizing a debt reduction of \$48.2 million. The combined company will have a fleet of 38 vessels with a total capacity of 198,793 TEU, and, as of September 30, 2018, an average fleet age weighted by TEU of 10.7 years, and with the recently announced new charters, contracted revenue of approximately \$720 million.

Closing of the Merger

All conditions precedent were met and the Company closed on its stock-for-stock merger with Poseidon Containers. Under the terms of the merger agreement, the Company issued 24.045 million shares of Class A common stock and 0.250 million shares of Series C perpetual preferred stock, which are convertible in limited circumstances into an aggregate of 103.642 million shares of Class A common stock. Affiliates of Kelso & Company L.P. are the sole holder of the convertible preferred stock, which is not entitled to any preferred dividend payments other than any dividend which might be payable to common shareholders and represents approximately 49.2% of the voting power and approximately 56.4% of the economic interest in the Company. In aggregate, the owners of Poseidon Containers own approximately 69.5% of the economic interest of the Company. The Board of Directors of Global Ship Lease was expanded to eight directors, of whom two were nominated by Poseidon, and three, including two independent directors, were nominated by GSL. The remaining three independent directors have been selected jointly.

The closing of the merger creates a market leader with an asset base of more than \$1.3 billion, which the Company believes will allow it to capitalize on favorable market fundamentals in the mid-sized and smaller containership segments.

Ian Webber, Chief Executive Officer of Global Ship Lease, commented, "The completion of this transformational merger marks an important milestone in the evolution of Global Ship Lease. This transaction provides us with an attractive portfolio of assets, greatly enhanced financial and strategic flexibility, and preferential access to a highly capable, integrated platform. In addition, the closing of Poseidon Containers' refinancing prior to the closing of this transaction further reduces our pro forma leverage and adds significant net asset value beyond what was contemplated at the time of our original announcement. The additional equity value created through the merger transaction, including the refinancing and the new charters, results in a total net asset value per share increase of 52%, to \$2.58."

George Youroukos, Executive Chairman of Global Ship Lease, concluded, “With a modern, 38-vessel fleet of mid-sized and smaller containerships, we are in a strong position to provide leading liner companies with greater scale and vessel diversity to best meet their exacting needs. Our balance of fixed rate, longer-term charters and short-to-medium-term charters provides us with a solid base of predictable cash flows, while still maintaining exposure to significant cash flow upside in a rising charter market. Driven by supportive market fundamentals and the expanded capabilities and commercial relationships of the enlarged Company, we are confident in the long-term prospects for our newly expanded fleet and believe that GSL is in an excellent position to take advantage of attractive growth opportunities, further reduce leverage, and create lasting value for all stakeholders.”

Opportunistic Refinancing of a Portion of Poseidon Containers’ Secured Bank Debt

Prior to closing the merger, Poseidon Containers opportunistically refinanced \$228.8 million of its secured bank debt that is collateralized by three new eco-design, wide-beam 9,115 TEU vessels. The refinancing achieved a 21% debt reduction of \$48.2 million for no consideration. The new secured credit facility is for \$180.5 million and matures in June 2022.

As a result of the opportunistic refinancing and the previously announced new charters, and based on gross debt and annualized third quarter Adjusted EBITDA, financial leverage will be approximately 4.7 times or 4.2 times based on debt net of cash. Further, the combined Company’s leverage is further reduced to 61% on a loan, net of cash, to charter-adjusted value basis.

Previously Announced New Charters

The Company previously announced that it has entered into the following new charters, materially improving its long-term cash flow visibility:

- Entered into five-year charters with CMA CGM for four 2013-built, 6,927 TEU containerships, *Mary*, *Kristina*, *Katherine* and *Alexandra*. The charters will deliver incremental annualized EBITDA of approximately \$11.0 million compared to third quarter 2018 contracted rates. The new charter for *Mary* commenced recently, and the remaining three new charters will commence upon expiry of their existing charters during the first half of 2019. The new five-year charters are expected to generate total EBITDA of approximately \$135 million over the five-year contract period.
- Entered into a new time charter with ANL, a wholly owned subsidiary of CMA CGM, for the 2003-built, 2,207 TEU containership, *GSL Keta* (formerly *Delmas Keta*). The new charter, commencing on or around November 20, 2018, is for a period of between seven and 10 months (at charterer’s option) at a rate of \$8,450 per day, up from \$7,800 per day under the preceding charter.
- Exercised options to extend the existing charters of the 2002-built, 2,207 TEU *Marie Delmas* and *Kumasi* to CMA CGM through December 31, 2019, at a rate of \$9,800 per day. The Company retains additional options, in its favor, to further extend both charters through 2020.

The Company’s contracted revenue is approximately \$720 million on a combined basis as of September 30, 2018. The enhanced long-term visibility through 2024 from contracted revenue and cash flow from new charters will strengthen GSL’s balance sheet and contribute to further deleveraging, which, together with increased EBITDA, will drive improvements in financial leverage, financial flexibility and refinancing opportunities.

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About Seward & Kissel LLP

Seward & Kissel LLP, founded in 1890, is a leading U.S. law firm with an international reputation for excellence. We have offices in New York City and Washington, D.C.

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