



First Ship Lease Trust

Tenth Annual General Meeting

28 April 2017

2016: Year in review

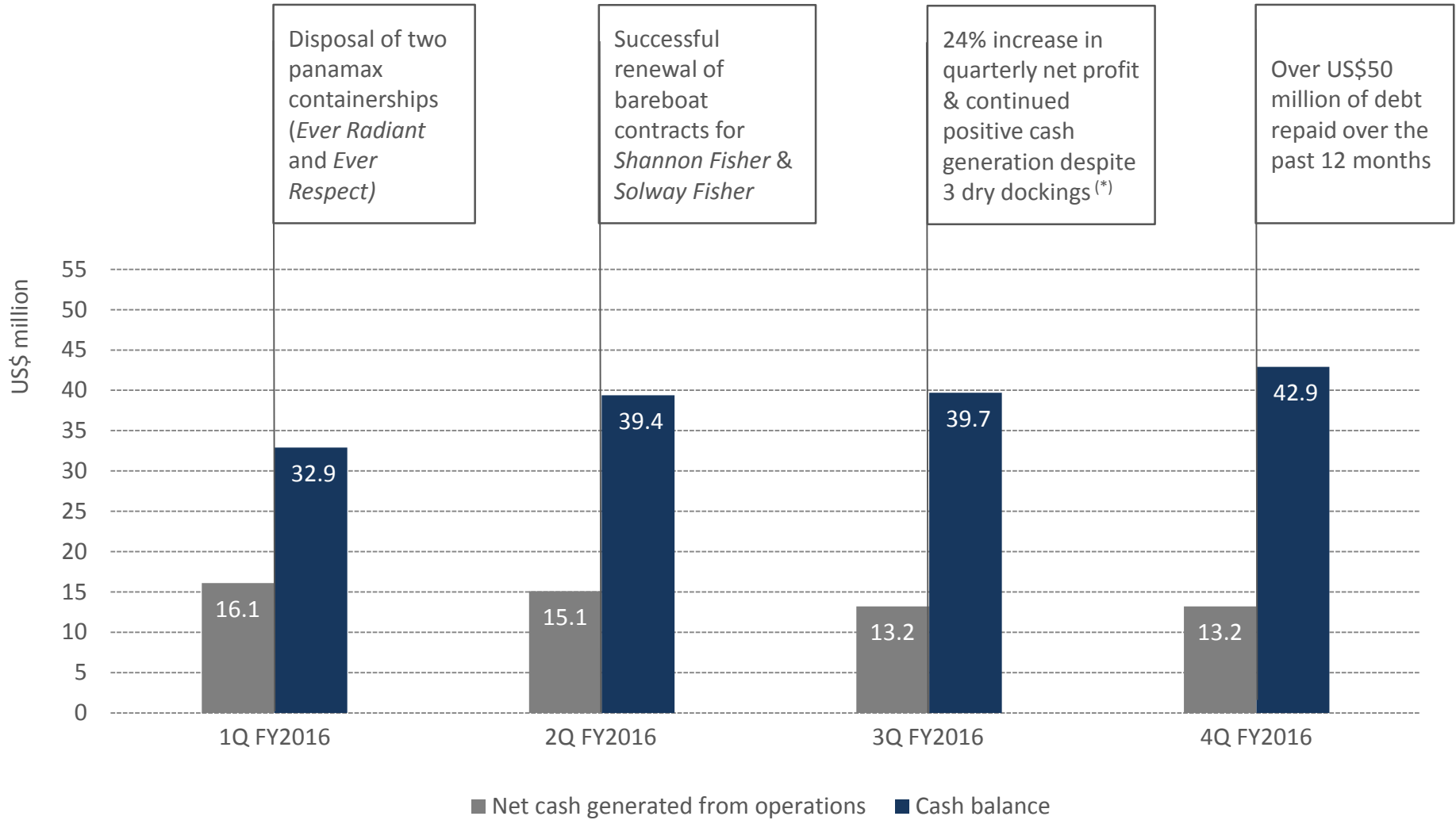
Operational performance

Recent developments

Summary

Questions & Answers

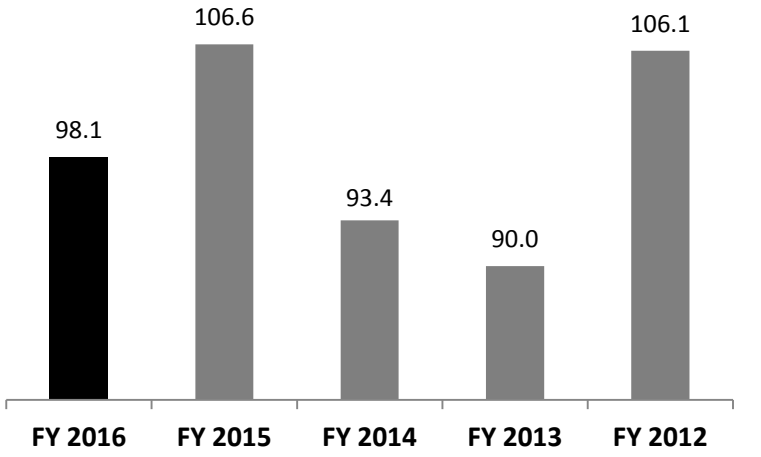
2016: Key milestones



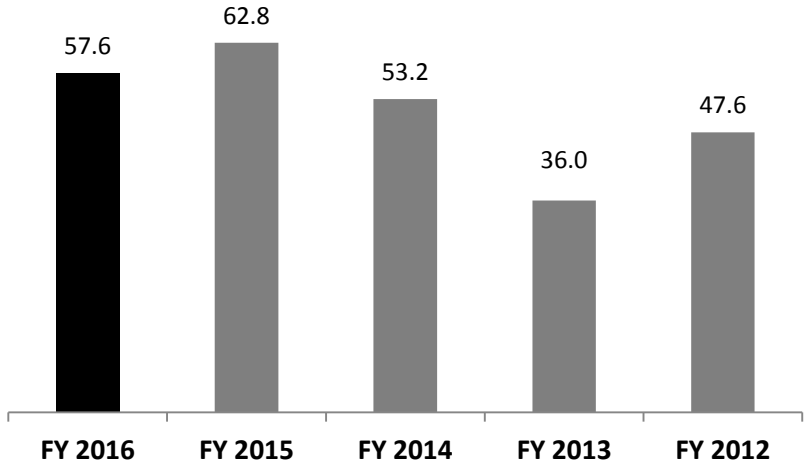
(*) Chemical tankers - *FSL New York*, *FSL London* and *FSL Tokyo* were dry-docked in 3Q FY2016

2016: Financial highlights

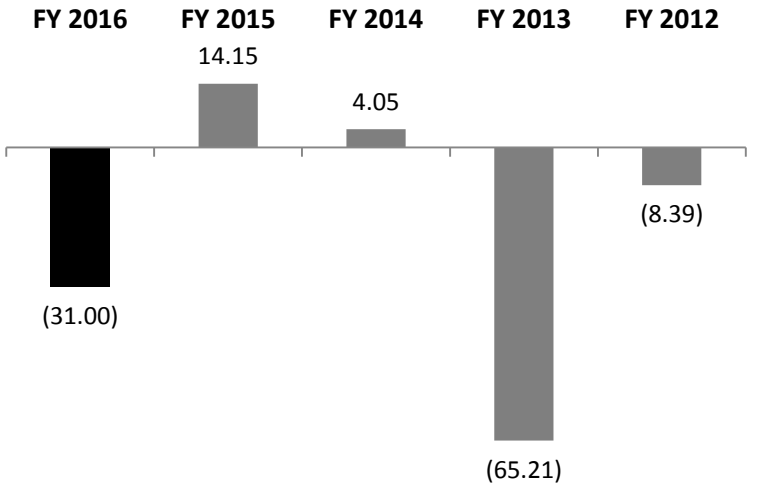
Revenue



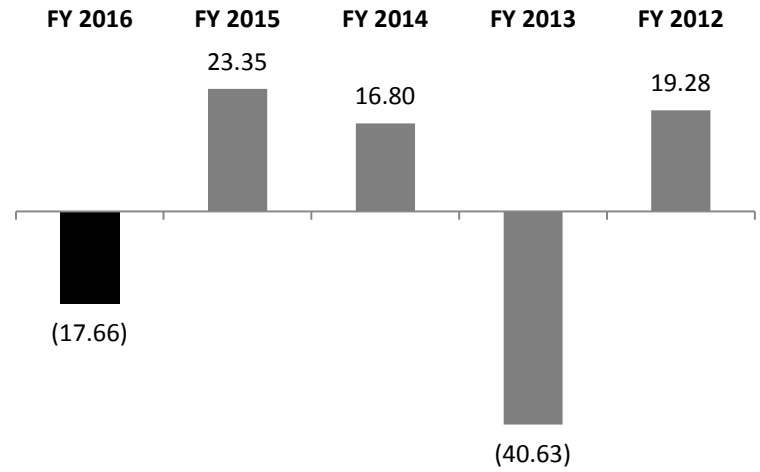
Net cash generated from operations



Profit / (Loss) for the year



Results from operating activities



(US\$ million)

2016: Gearing, Bank Debt and Value-to-Loan

- Bank debt has been reduced from US\$425 million in June 2013 to US\$192 million as at March 2017
- Bank debt by December 2017 will be further reduced to US\$171 million by two scheduled quarterly US\$10.7 million repayments in June and September
- Gearing ratio has improved from 57.6% in FY2012 to 47.3% in FY2016
- VTL remains within Lender Covenant of 125% despite vessel valuations declining considerably during 2016 and 2017 to date

Unit price performance

Unit Price Performance Over The 3-Year Period



**Previous 3 Years
(27/04/2014 – 27/04/2017)**

Open (SG cts)	10.3
High (SG cts)	19.3
Low (SG cts)	8.1
Close (SG cts)	10.3
Average Daily Traded Volume (Units)	706,652

Source: Bloomberg (27 April 2017)

Refinancing

- Refinancing is a priority of the Trustee-Manager
- Fleet now has an average age of 10 years
 - Raising finance is more straightforward on newer tonnage
 - Repayment schedules often shorter on older vessels
 - But fleet is well employed and producing solid cash flows
- Efforts to reduce outstanding loan balance and ensure no covenant breach
 - Prepayment of US\$8 million from sale of two panamax containerships in January 2016
 - Prepayment of US\$20 million under the Syndicated Loan Facility in March 2017
 - FSL Osaka pledged to lenders in March 2017
- Discussions with potential lenders (new and current) are ongoing

Enhanced share issue mandate

- On 13 March 2017, SGX announced that it would allow companies to seek a general mandate for an issue of pro-rata renounceable rights shares of up to 100% of share capital
 - This is up from 50% previously

- The Enhanced Rights Issue Limit is in the interests of the Trust and its unitholders
 - Allows the Trust to raise funds expediently for expansion activities or working capital
 - Be more responsive to global developments in a volatile and uncertain industry landscape

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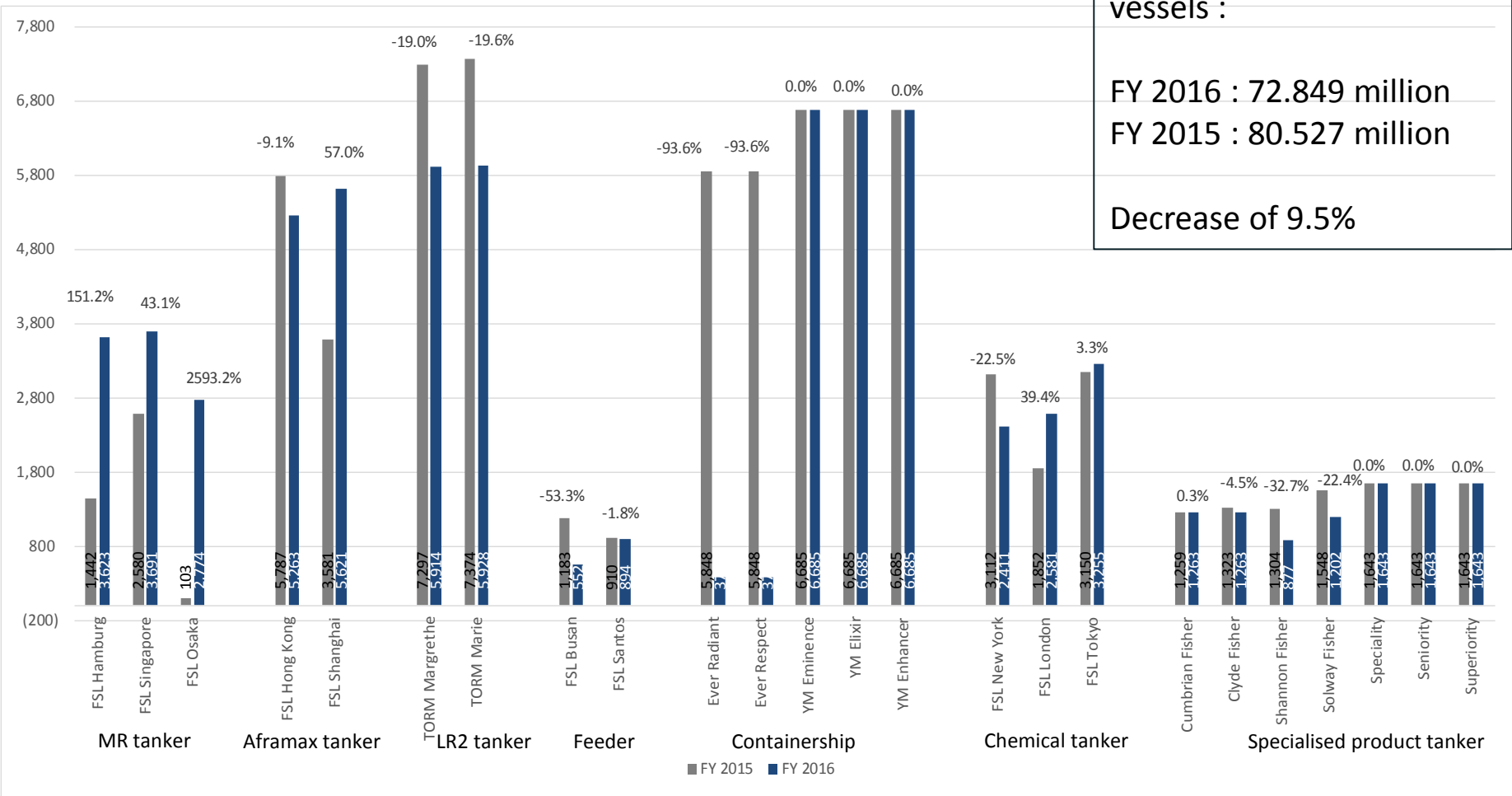
Questions & Answers

2016 vs 2015 BBCE revenue

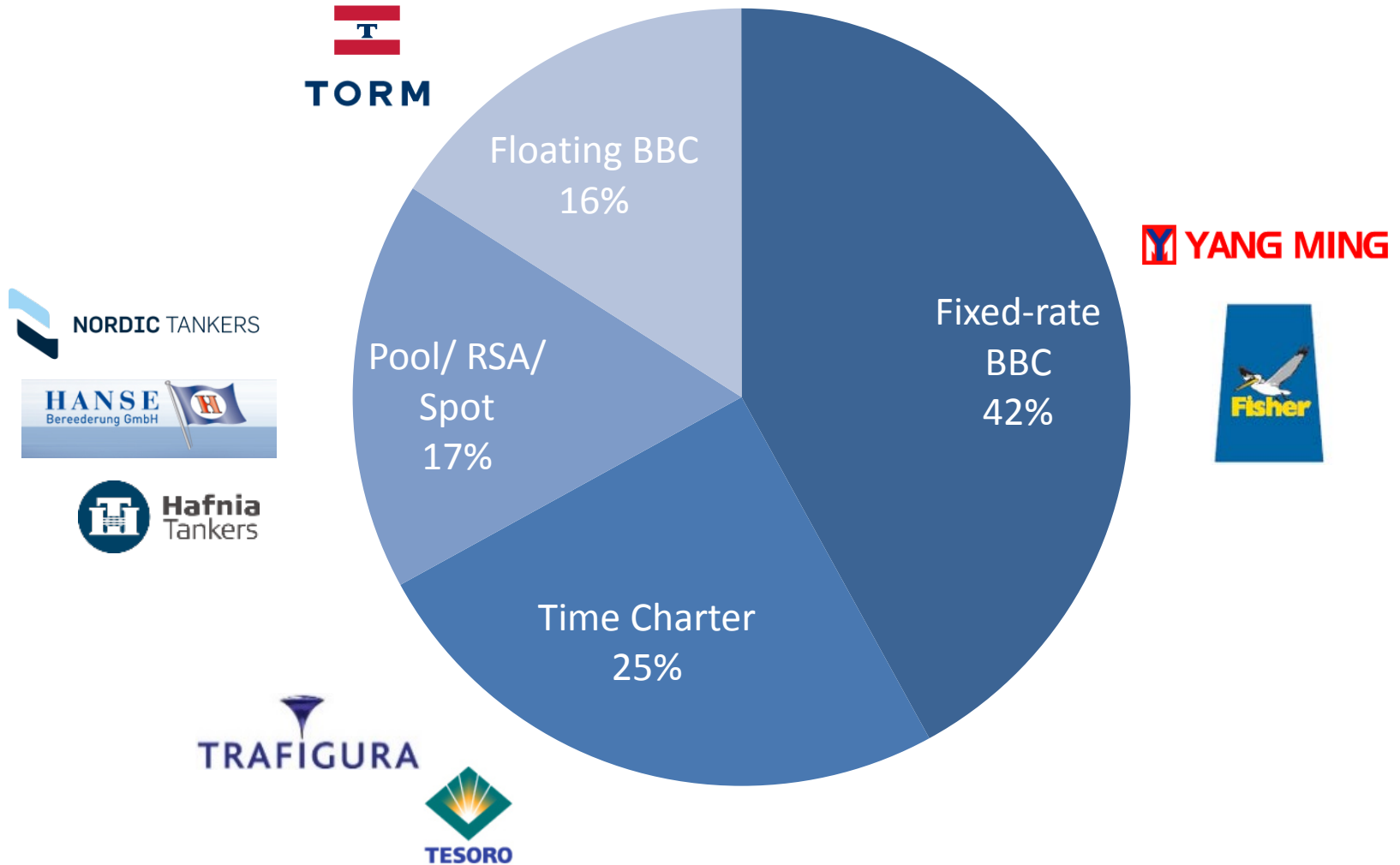
Total BBCE revenue from vessels :

FY 2016 : 72.849 million
 FY 2015 : 80.527 million

Decrease of 9.5%



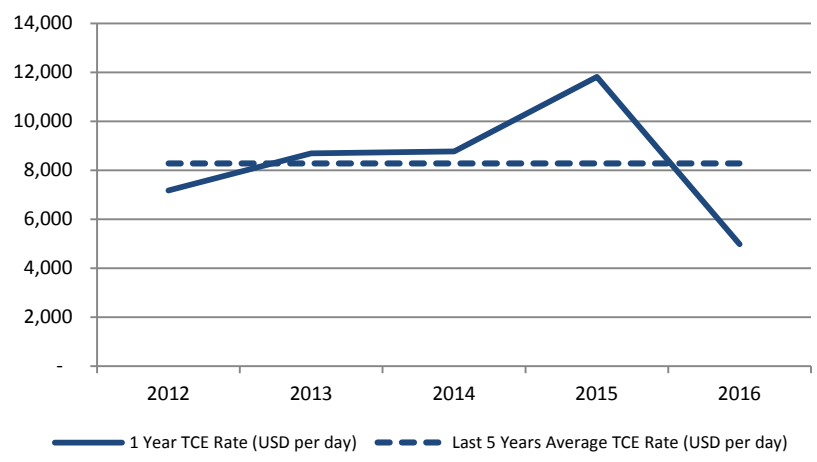
2016: Fleet deployment by revenue⁽¹⁾



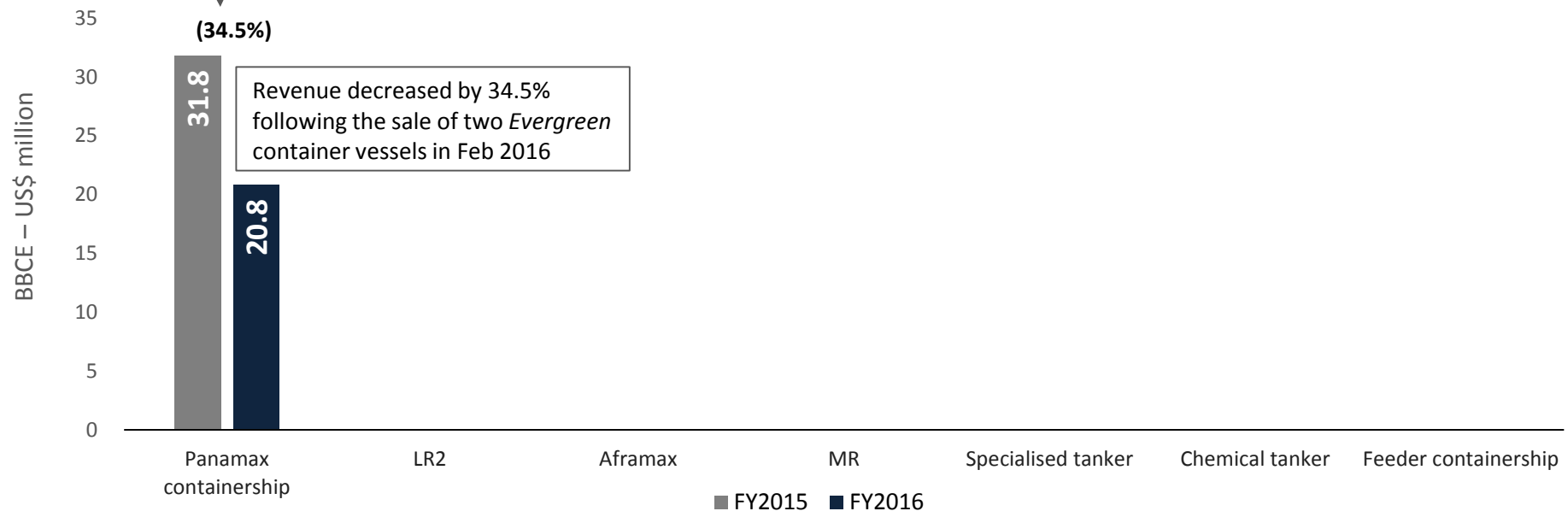
Note 1: BBCE revenue for the year ended 31 December 2016

2016 vs 2015 Operational performance and market trend

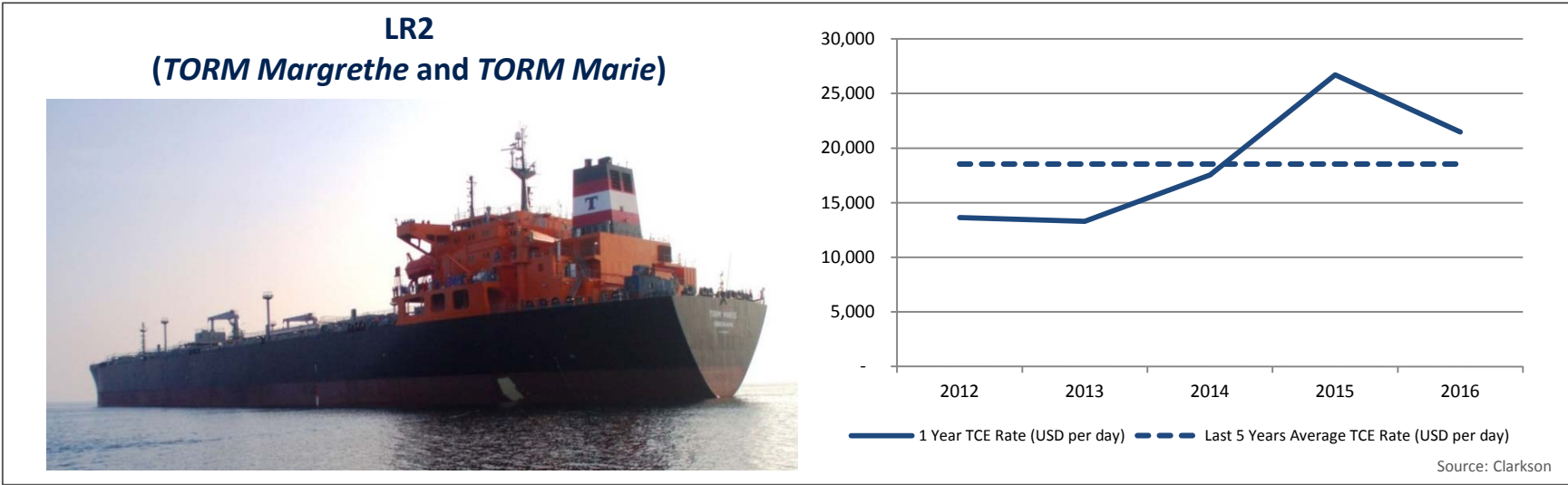
Panamax Containership
(YM Eminence, YM Elixir and YM Enhancer)



Source: Clarkson

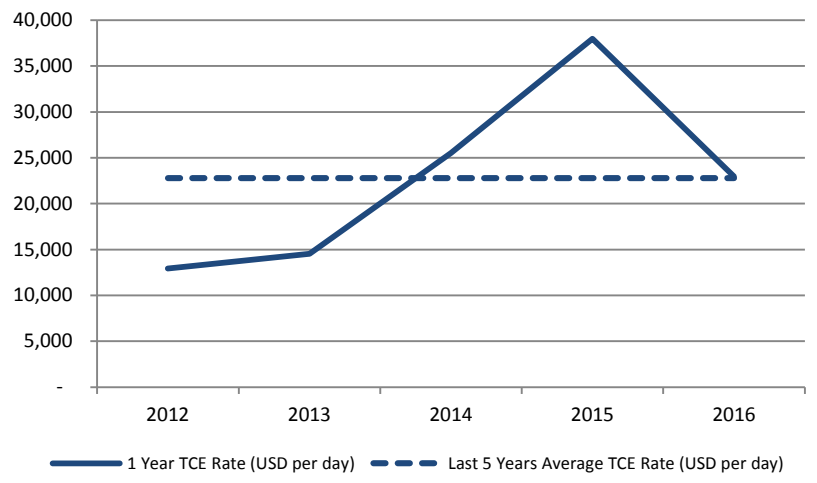


2016 vs 2015 Operational performance and market trend

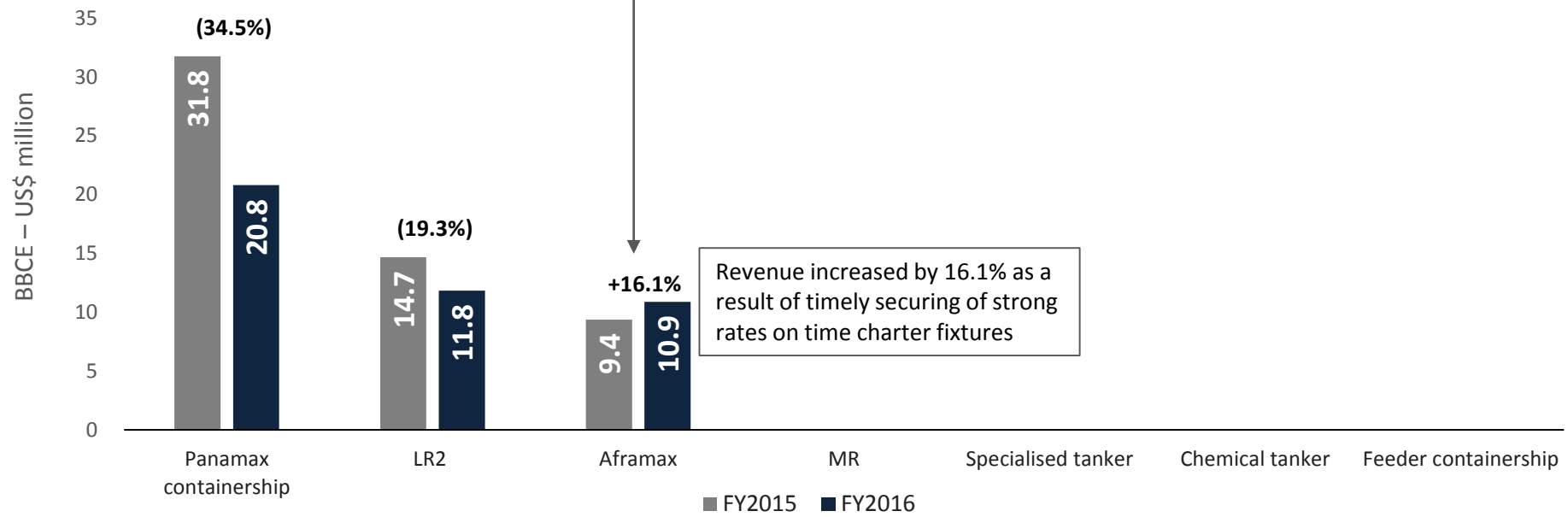


2016 vs 2015 Operational performance and market trend

Aframax
(FSL Hongkong and FSL Shanghai)



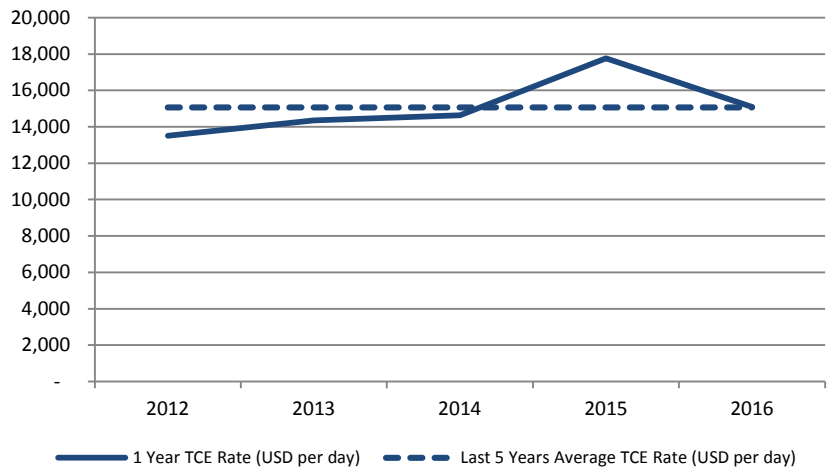
Source: Clarkson



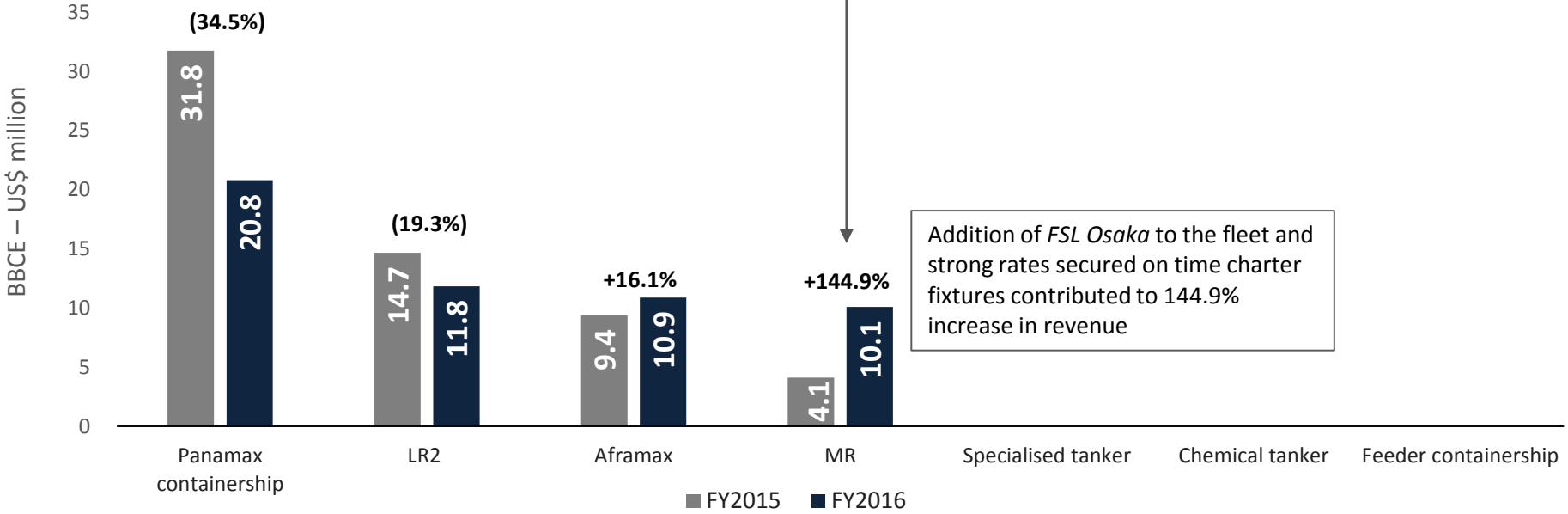
2016 vs 2015 Operational performance and market trend

MR

(FSL Hamburg, FSL Singapore and FSL Osaka)



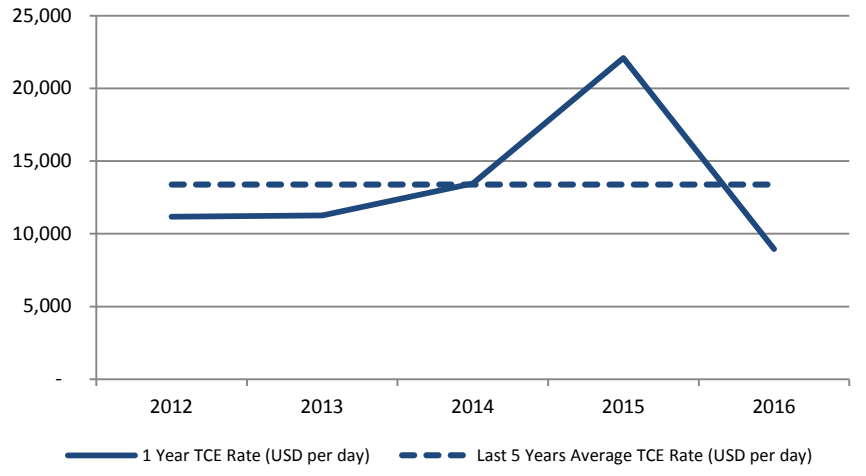
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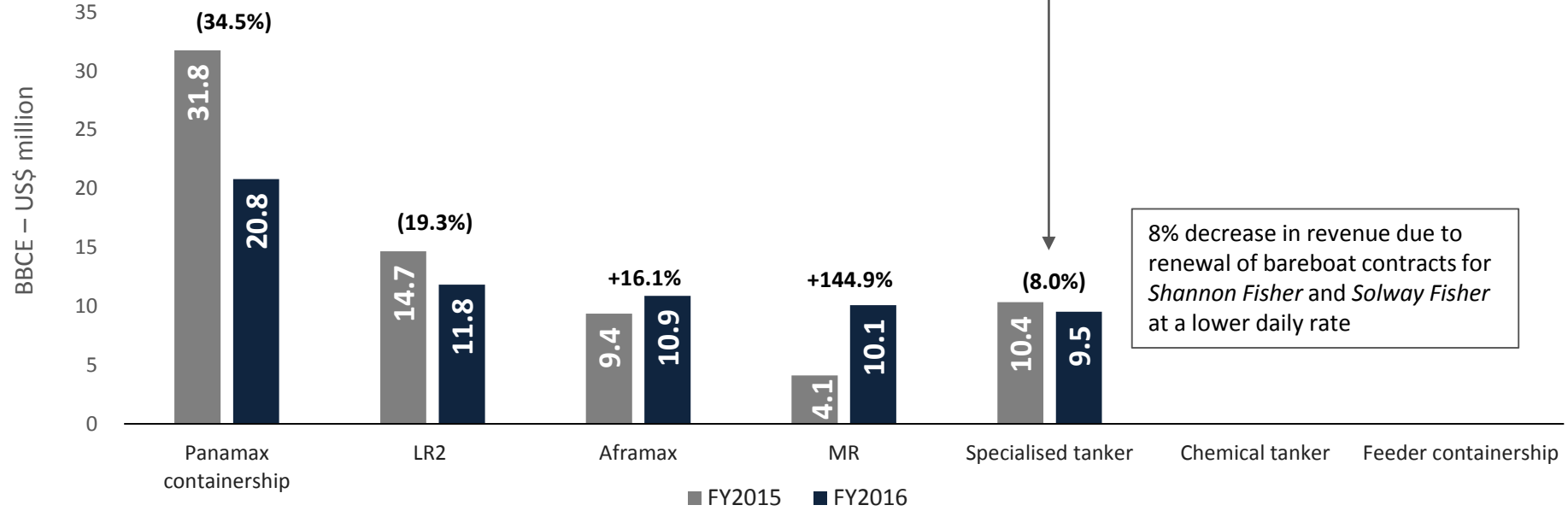
Addition of *FSL Osaka* to the fleet and strong rates secured on time charter fixtures contributed to 144.9% increase in revenue

2016 vs 2015 Operational performance and market trend

Specialised Product Tanker (Speciality, Seniority, Superiority, Cumbrian Fisher, Clyde Fisher, Solway Fisher and Shannon Fisher)



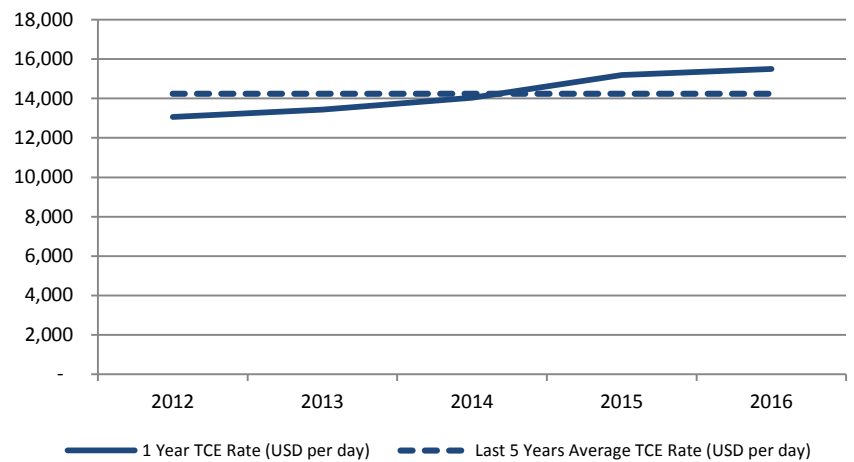
Source: Clarkson



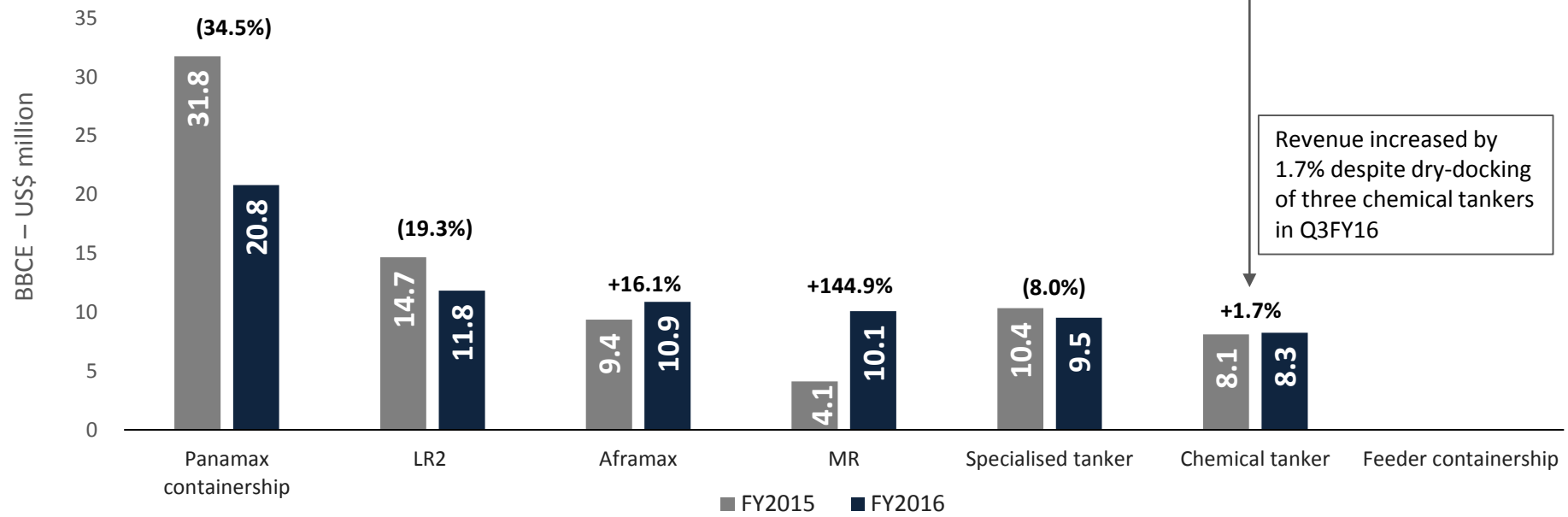
8% decrease in revenue due to renewal of bareboat contracts for *Shannon Fisher* and *Solway Fisher* at a lower daily rate

2016 vs 2015 Operational performance and market trend

Chemical Tanker
(FSL New York, FSL London and FSL Tokyo)



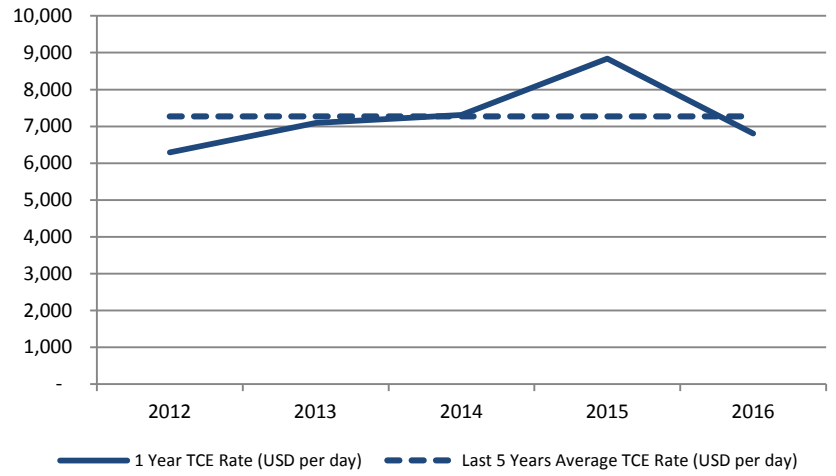
Source: Clarkson



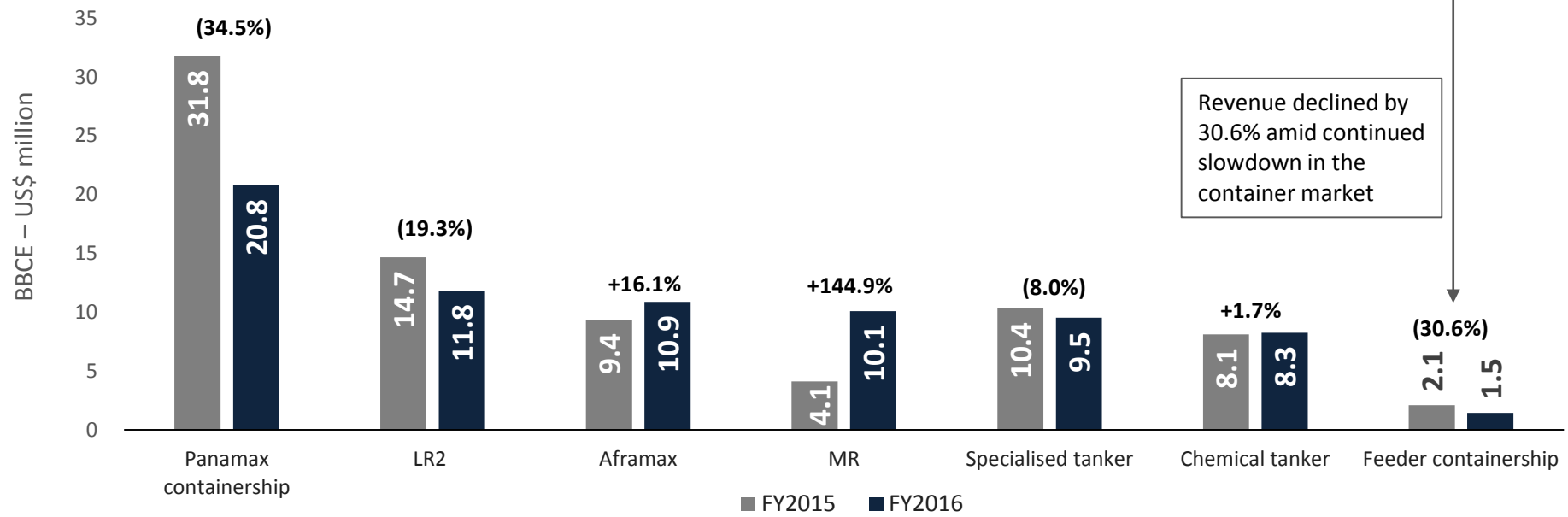
Revenue increased by 1.7% despite dry-docking of three chemical tankers in Q3FY16

2016 vs 2015 Operational performance and market trend

Feeder Containership
(FSL Busan and FSL Santos)

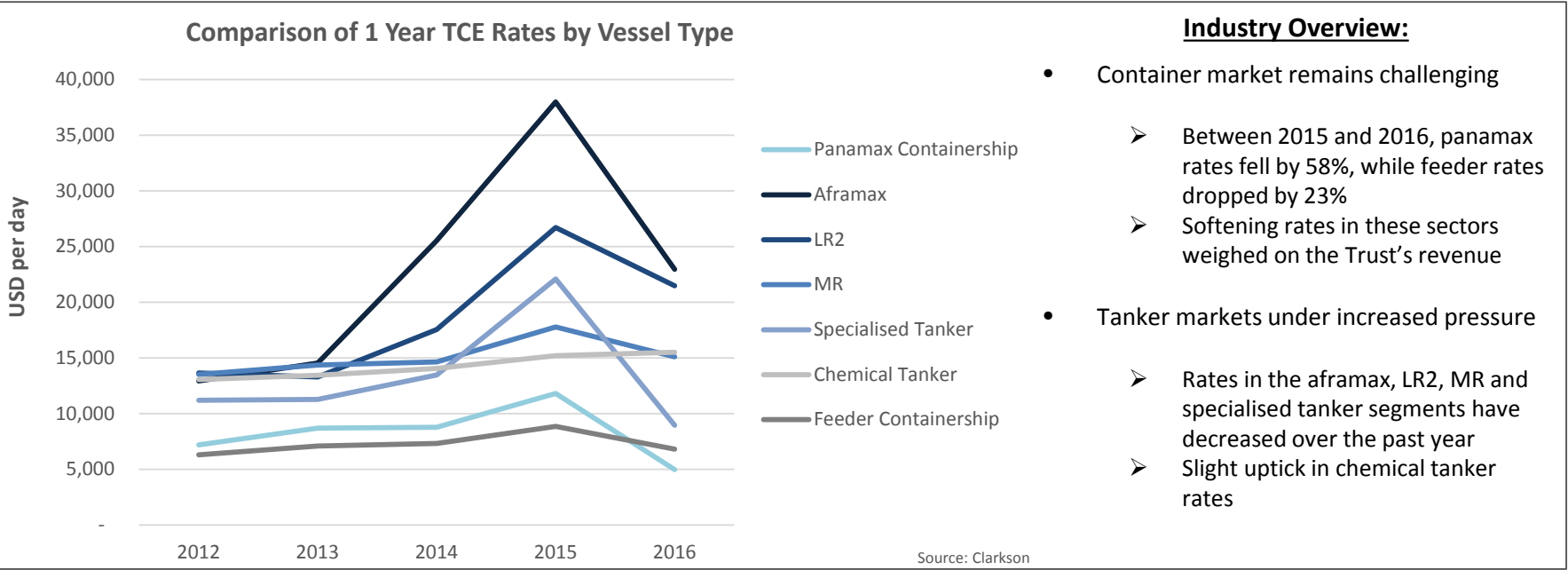


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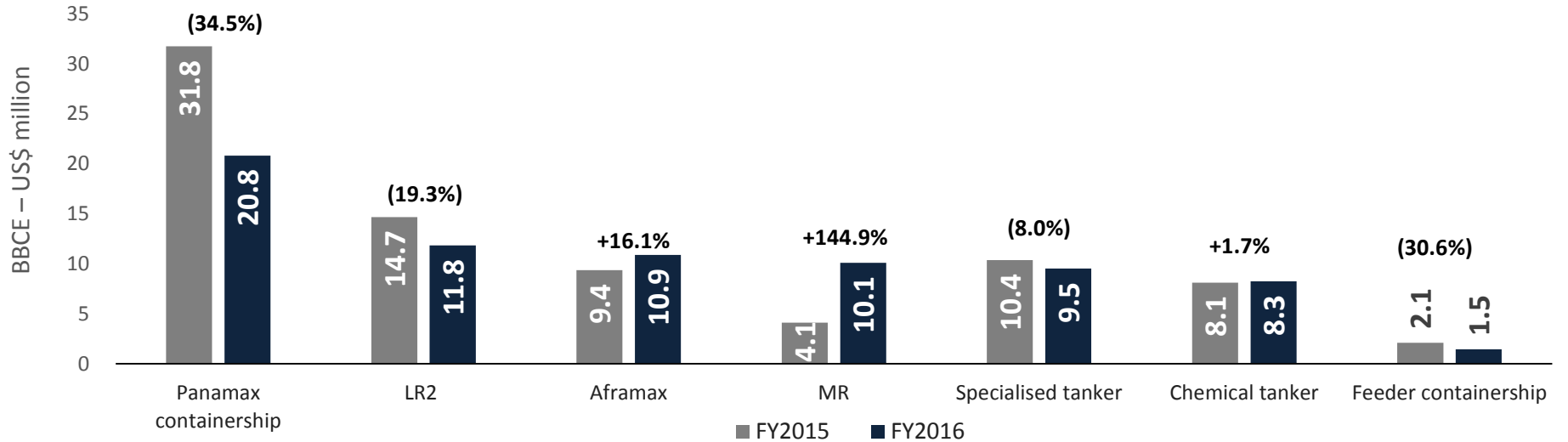
Revenue declined by 30.6% amid continued slowdown in the container market

2016 vs 2015 Operational performance and market trend



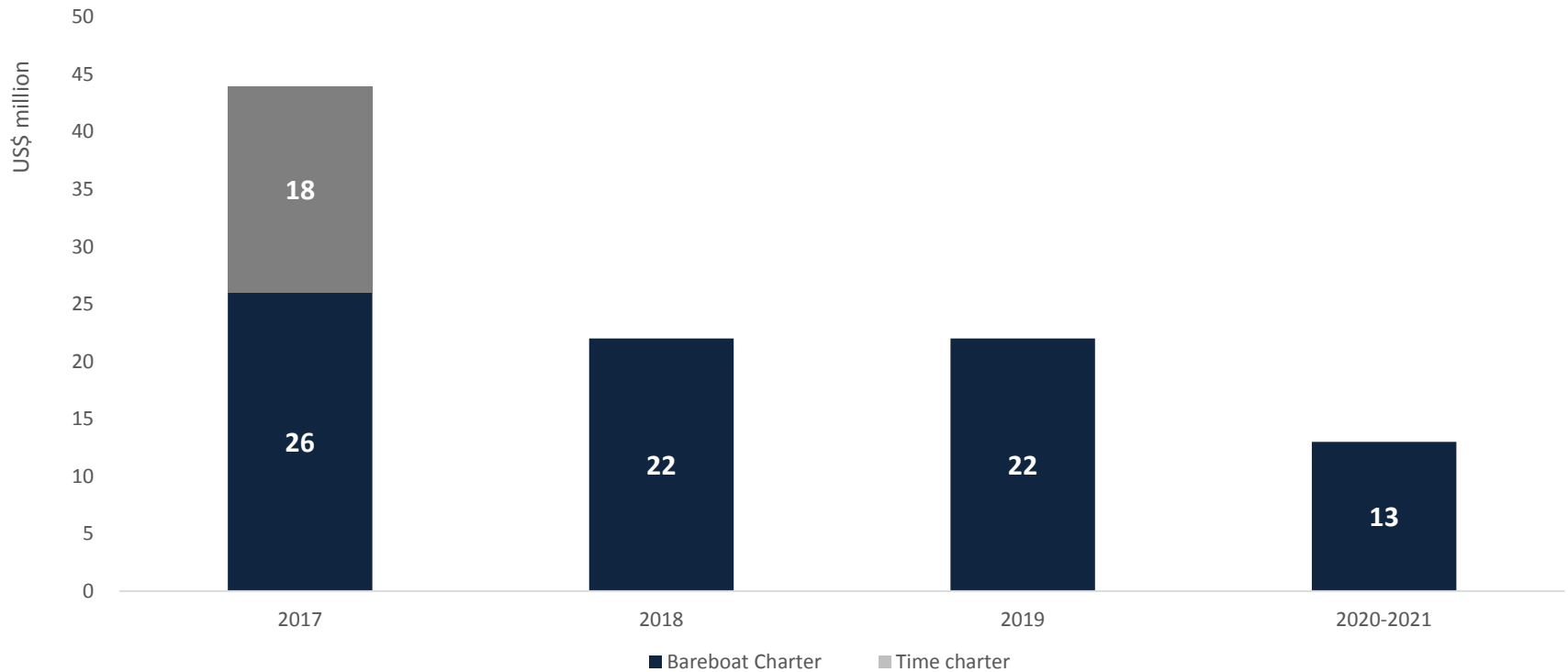
Industry Overview:

- Container market remains challenging
 - Between 2015 and 2016, panamax rates fell by 58%, while feeder rates dropped by 23%
 - Softening rates in these sectors weighed on the Trust's revenue
- Tanker markets under increased pressure
 - Rates in the aframax, LR2, MR and specialised tanker segments have decreased over the past year
 - Slight uptick in chemical tanker rates



Revenue backlog

Remaining contracted revenue stood at US\$ 101m ⁽¹⁾
as at 31 December 2016



Note 1: Based on revenue from ten bareboat charters (excluding the TORM charters on variable rates) and from time charter contracts with Tesoro (FSL Hong Kong) and Trafigura (FSL Singapore, FSL Hamburg and FSL Shanghai)

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The start of 2017

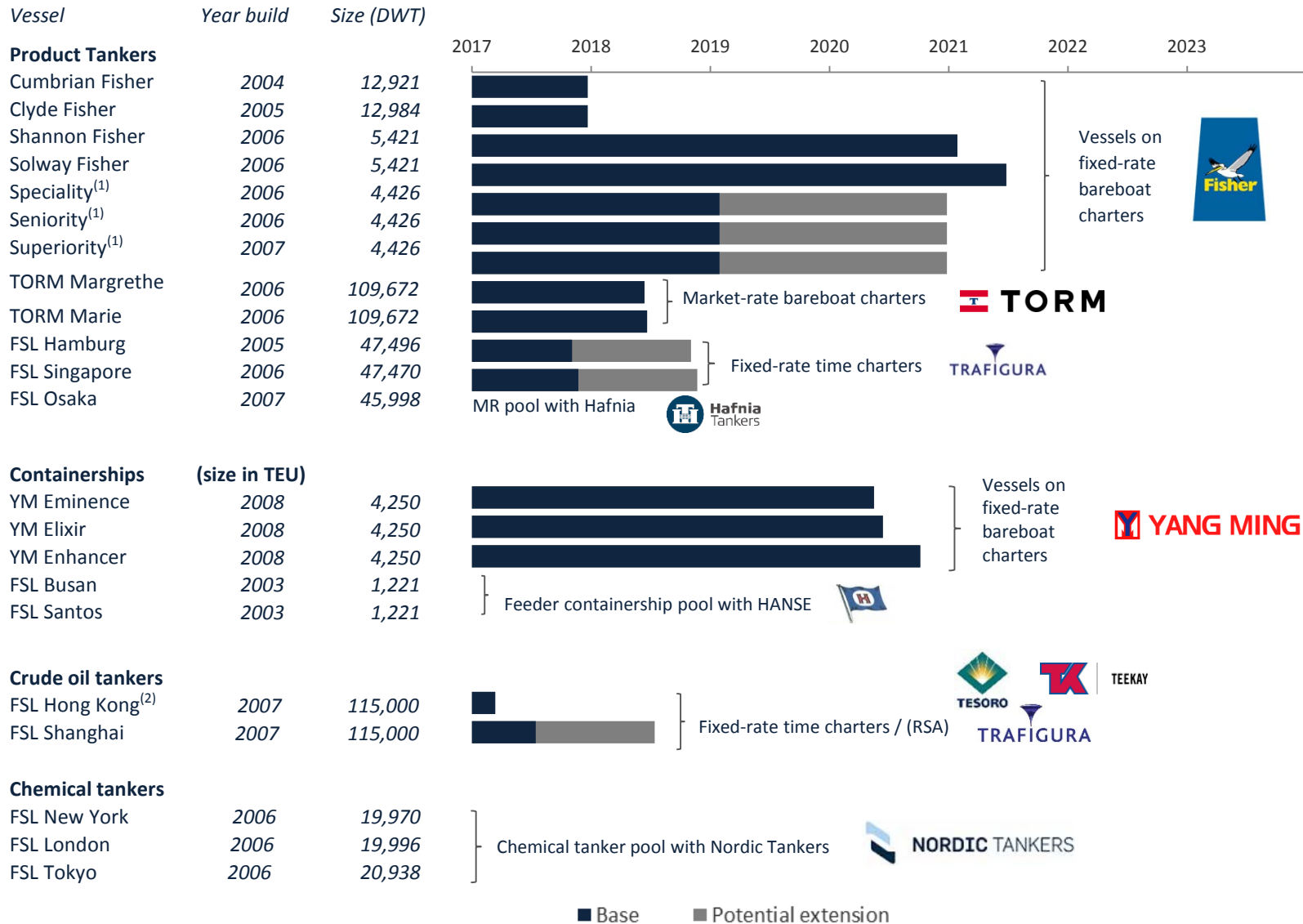
- Debt reduction through utilisation of available cash
 - Prepayment of US\$20 million under the Syndicated Loan Facility to reduce outstanding loan balance
 - Pledging of FSL Osaka to lenders
 - The Trust remains within all Loan Covenants

- Focus on securing good contract cover for the remaining five vessels that are expected to be redelivered in FY2017

- Completed dry docking of two Aframax tankers in 2Q FY2017
 - This will impact the Trust's profitability and cashflow generation in the period

- Discussions are in progress with a number of Financial Institutions in respect of the refinancing of the Trust's Syndicated Loan Facility

Vessel portfolio



■ Base ■ Potential extension

Note: (1) Signed extension agreements for bareboat charter with James Fisher in April 2017
 (2) Entered into Revenue Sharing Agreement (RSA) with Teekay with effect from April 2017

FY2017: Scheduled Redeliveries

Vessel	Date
FSL Shanghai	3Q FY2017
FSL Hamburg	4Q FY2017
FSL Singapore	4Q FY2017
Cumbrian Fisher	4Q FY2017
Clyde Fisher	4Q FY2017

- In 2Q FY2016, the Trust successfully renegotiated a five year fixed-rate bareboat charter renewal for Shannon Fisher and Solway Fisher at market adjusted bareboat rates
- The Trust agreed to employ FSL Hong Kong in the Teekay Group RSA post dry-docking and have signed extension agreements for the continuing bareboat charter for Speciality, Superiority and Seniority in April 2017
- Five vessels (as above) are expected to be redelivered in FY2017
 - Charterer has the option of extending the time charters for FSL Shanghai, FSL Hamburg and FSL Singapore three months prior to the end of the base period
 - Discussions for the renewal of bareboat charters for Cumbrian Fisher and Clyde Fisher have commenced

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- 2016 performance was stable despite a smaller fleet and difficult operating environment :
 - Cash and cash equivalents increased by 48.8%
 - Four quarters of positive cash generation in 2016

- Steps were taken to consolidate the position of the Trust
 - Successful renewal of five-year bareboat charter agreements (*Shannon Fisher* and *Solway Fisher*) contributing to consistent revenue
 - Entered 2017 with stronger balance sheet and lower gearing

- Prospects for 2017
 - Refinancing remains the key priority
 - Focus on securing good contract cover for the remaining five vessels expected to be redelivered in FY2017

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