



2020

Annual General Meeting
Singapore, 30 June 2020

DISCLAIMER



This communication may contain forward-looking statements with respect to current expectations and forecasts of the financial condition and performance as well as the operations and business of First Ship Lease Trust (“FSL Trust” or the “Trust”). Forward-looking statements include expectations or forecasts of future events, statements about the beliefs, plans, objectives, intentions, assumptions and other statements of FSL Trust Management Pte. Ltd. (the “Trustee-Manager”), as trustee-manager of the Trust, that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of FSL Trust to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding, amongst others, the Trust’s present and future business strategy, access to financing, and the political and economic environment in which FSL Trust will operate in the future.

Readers/Recipients are, therefore, cautioned not to place undue reliance on these forward-looking statements. Neither FSL Trust, nor the Trustee-Manager undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this communication to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside the Trust’s and/or the Trustee-Manager’s control.

Unless stated otherwise, all information in this communication is as of the date of this communication. The information contained in this communication has not been independently verified and furthermore include unaudited financial information. Certain information, statistics and charts contained in this communication have been derived from third party sources. Such information, statistics and charts have not been prepared specifically for the purposes of this communication and neither the Trust, nor the Trustee-Manager have undertaken any independent verification of the accuracy or completeness of such information, statistics and charts. No representations or warranties, express or implied are given in, or in respect of the accuracy or completeness of any information included in this communication and no reliance should be placed in any such information.

The past performance of FSL Trust is not indicative of its future performance. Similarly, the past performance of the Trustee-Manager is not indicative of the Trustee-Manager. The value of the units of FSL Trust (the “Units”) and any income derived may increase or decrease. The Units are not obligations of, deposits in, or guaranteed by, FSL Trust and/or the Trustee-Manager or any of its affiliates.

Unitholders should note that there is no right to request or demand FSL Trust and/or the Trustee-Manager to redeem or purchase Units. The Units are listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited (SGX-ST) and may be traded there. However, a liquid market for the trading of the Units is not guaranteed.

This communication is presented in summary form for information purposes only and does not purport to be complete nor to constitute or form part of, and should not be construed as, an advice, recommendation, offer to sell or an invitation, solicitation, or inducement to purchase or subscribe for Units.

Before acting on any information you should consider the appropriateness of the information contained in this communication and, in particular, you should seek independent financial, legal, etc. advice. All and any investment in the Units involve risks, including, but not limited to, the risk of adverse or unanticipated market, financial or political developments, currency risk in international transactions and the total loss of the investment. Neither the Trust, nor the Trustee-Manager shall be held liable for any losses suffered whatsoever from the investment in the Units.

2019 WAS A POSITIVE YEAR FOR FSL TRUST: HIGHLIGHTS



Improved tanker market conditions

> Driven by increased ton-mile demand and improved supply-demand fundamentals



Increased adjusted EBITDA of US\$ 46.9m⁽¹⁾

> Up 14% from previous year (US\$ 41.2m⁽¹⁾), despite smaller fleet



Return to profitability with a net profit of US\$ 10.1m for the full year 2019

> Compared to a net loss of US\$ 19.0m in 2018



Sale of older, less environmentally friendly vessels

> Capitalising on the improved market environment and reducing debt



Successful US\$ 31.0m preferential offering to partly finance the newbuildings

> Significant contribution of our Sponsor demonstrating the strong commitment and confidence



Distribution of 1.50 US cents per unit for the 4th quarter 2019

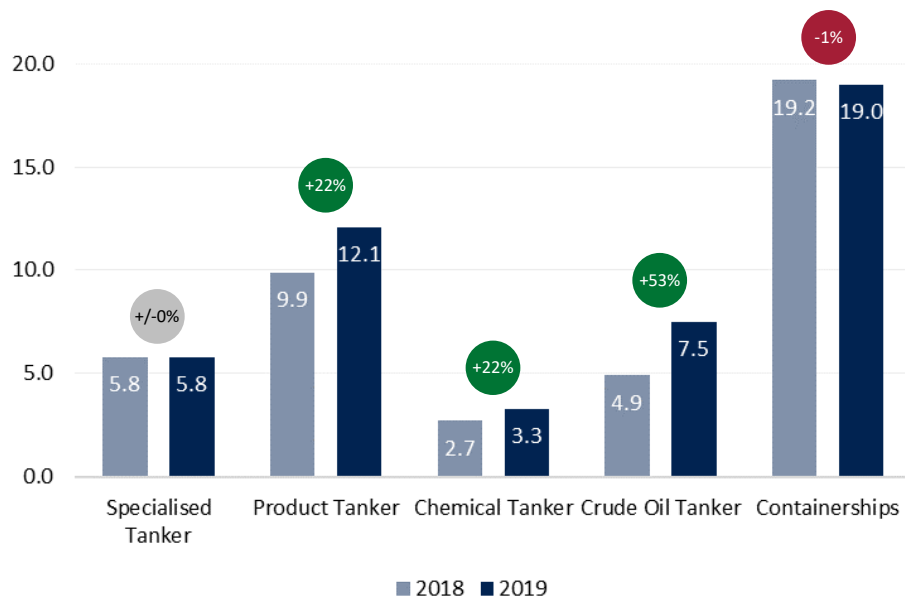
> 1st distribution after more than 7 years, followed by another distribution for the 1st quarter 2020

Note(s):

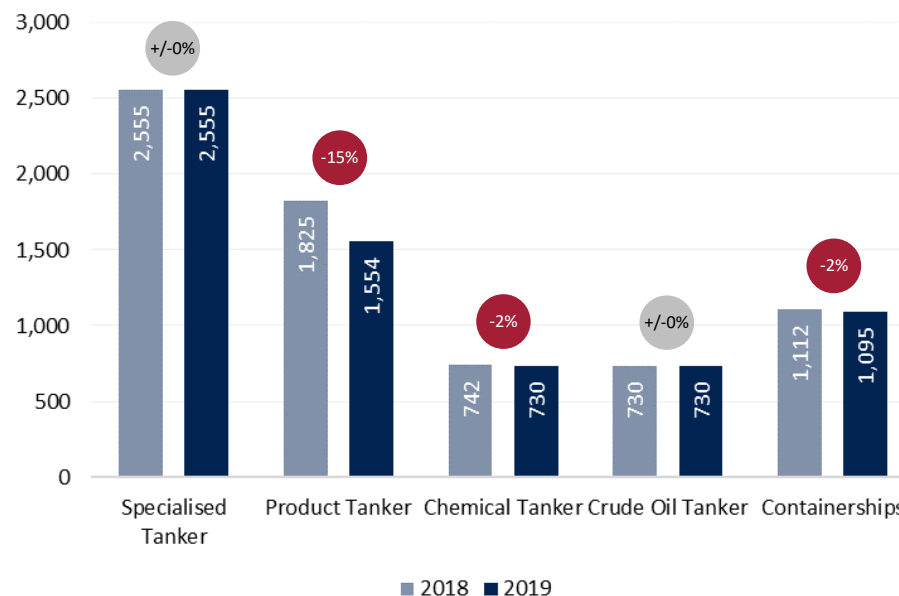
⁽¹⁾ Excluding gains/losses from the disposal of vessels and vessel impairments

THE OPERATING PERFORMANCE IMPROVED CONSIDERABLY

Adjusted EBITDA by Vessel Type (in US\$m)⁽¹⁾



Ownership Days by Vessel Type



- > Significant increase of adjusted EBITDA of the crude oil tankers and product tankers operating in pools, reflecting the improved tanker market conditions
- > Reduction of ownership days of the product tanker fleet as a result of the disposal of *FSL Hamburg* in April 2019
- > Increase of the adjusted EBITDA of the chemical tankers after entering into time charters in June 2018 and despite the disposal of 1 chemical tanker in January 2018

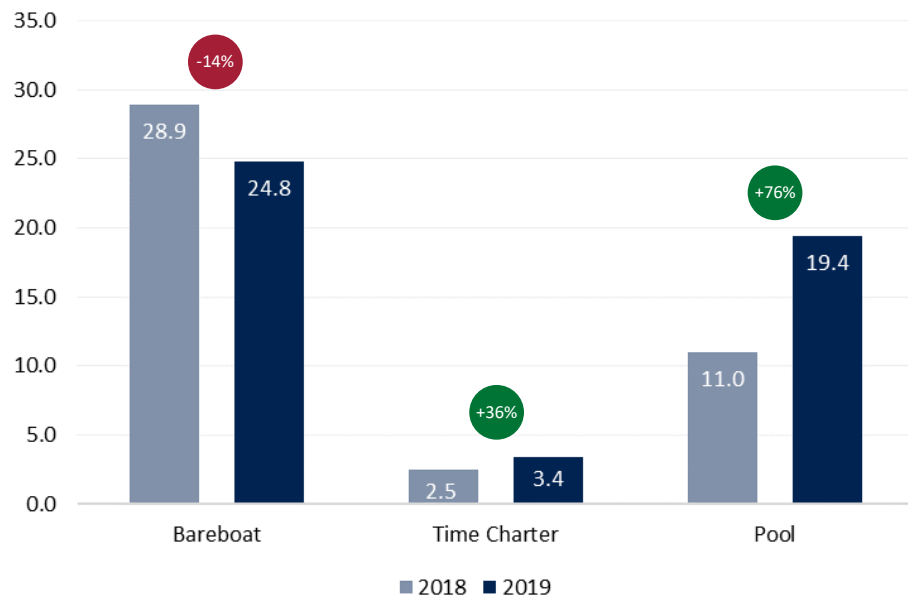
Note(s):

⁽¹⁾ Excluding gains/losses from the disposal of vessels and vessel impairments

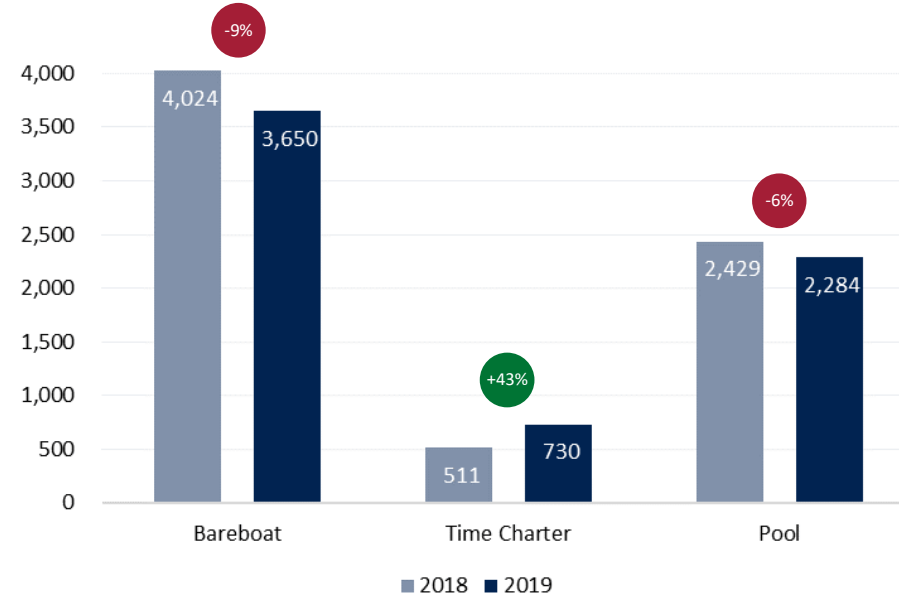
⁽²⁾ Excluding other Trust expenses not allocated to the vessels

THE OPERATING PERFORMANCE IMPROVED CONSIDERABLY (CONT'D)

Adjusted EBITDA by Employment Type (in US\$m)⁽¹⁾



Ownership Days by Employment Type



- > 2 vessels (*FSL Piraeus* and *FSL Perth*) previously employed under bareboat charters entered pool employment
- > 59% of adjusted EBITDA derived from fixed-rate period charters
- > Slight improvement in fleet utilisation by 2 %-points to 99.5%

Note(s):

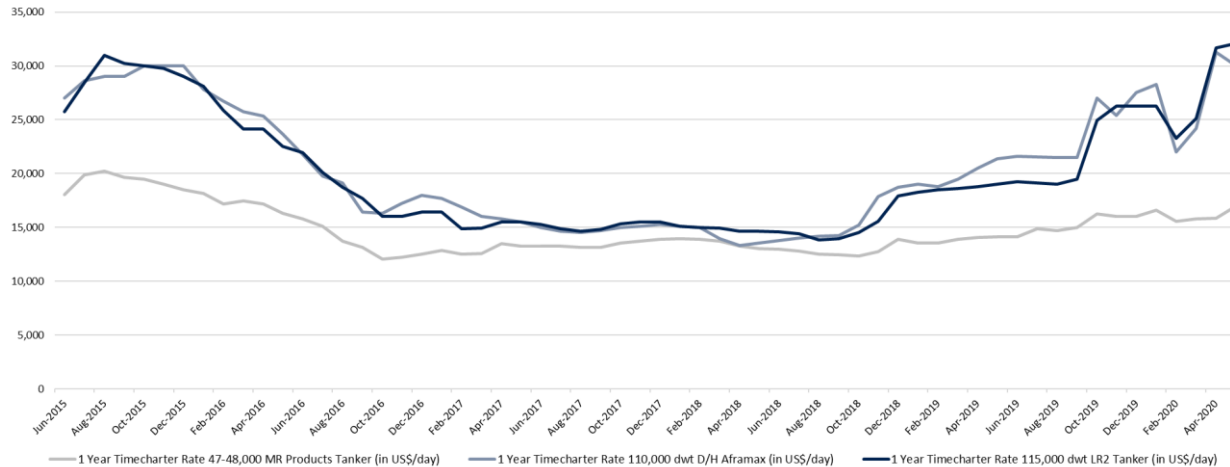
⁽¹⁾ Excluding gains/losses from the disposal of vessels and vessel impairments

⁽²⁾ Excluding other Trust expenses not allocated to the vessels

... DRIVEN BY STRONG TANKER MARKETS BENEFITTING OUR VESSELS OPERATED IN POOLS



Charter Rates

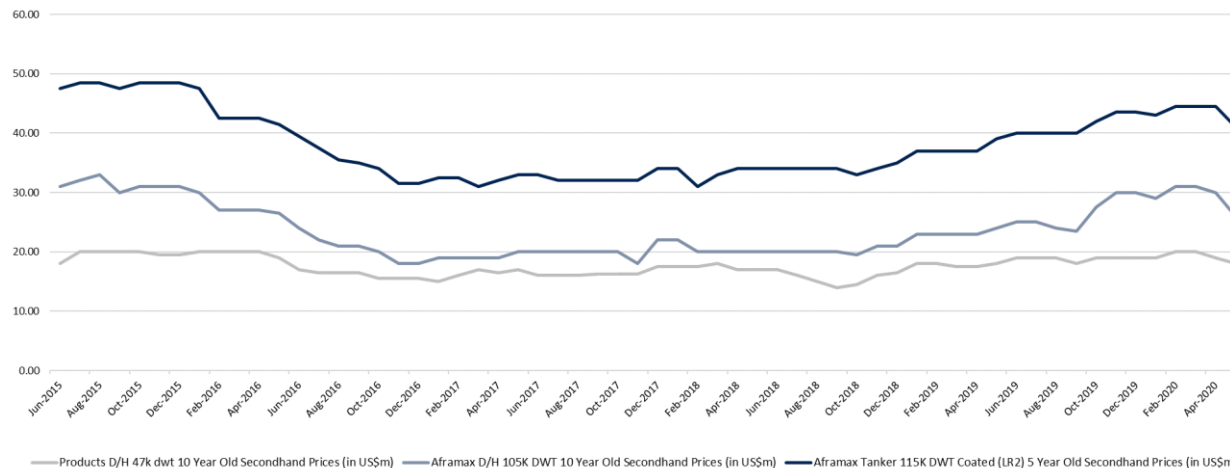


Market Metrics

34%

YoY increase in average charter rates for MR and LR2 product tankers and Aframax crude oil tankers in 2019 (further increase of 24% by the end of May 2020)

Second Hand Prices



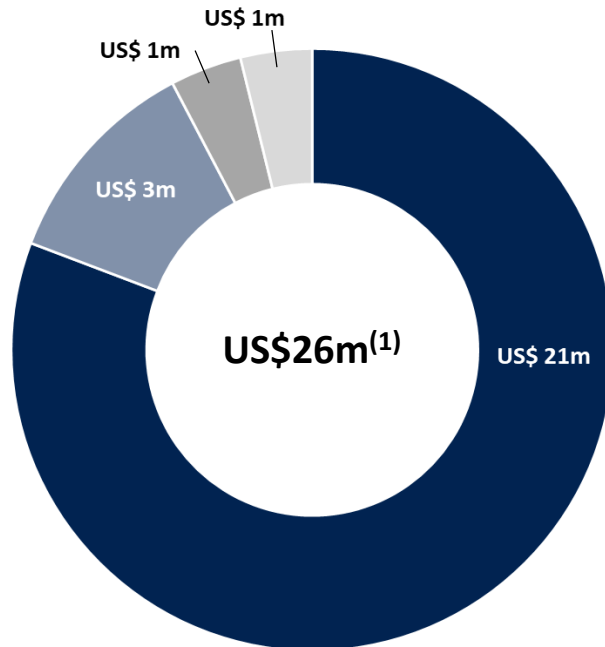
18%

YoY increase in average second hand prices for MR and LR2 product tankers and Aframax crude oil tankers in 2019 (further increase of 11% by the end of May 2020)

Source(s):
 Clarkson Research Limited (Shipping Intelligence Network), June 2020

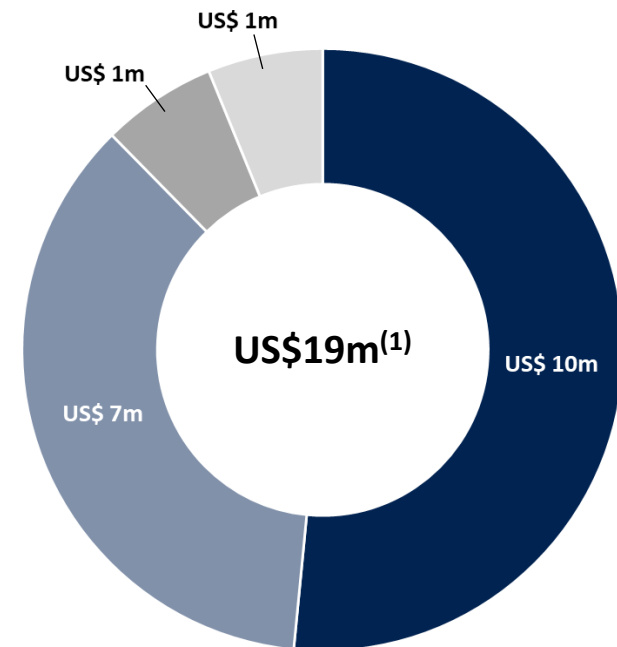
CONTRACTED REVENUE REDUCES MARKET EXPOSURE

Contracted Revenue as at 31 December 2019



■ 2020 ■ 2021 ■ 2022 ■ 2023

Contracted Revenue as at 30 June 2020

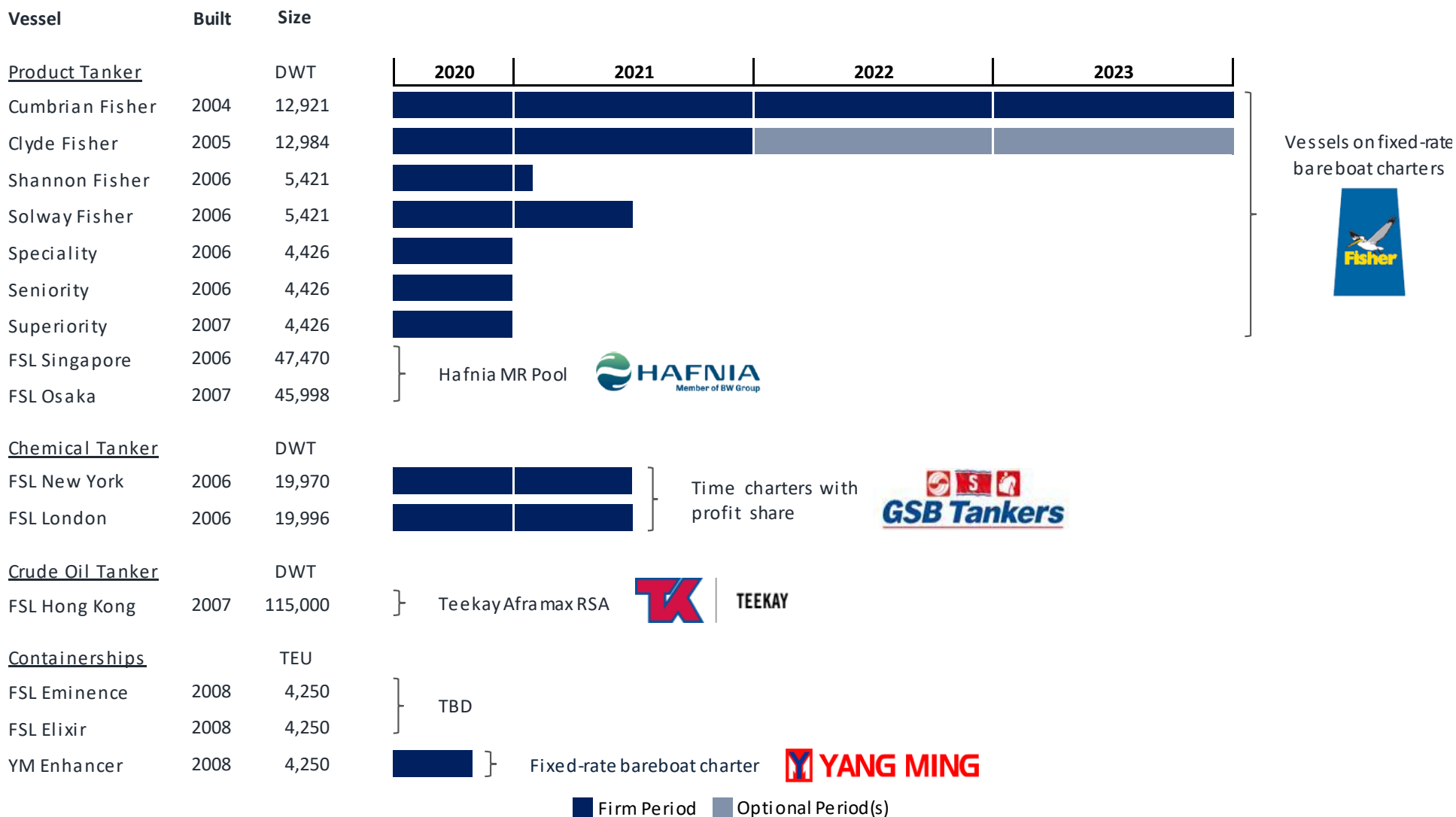


■ 2020 ■ 2021 ■ 2022 ■ 2023

- > Reduction of contracted revenue driven by completion of the bareboat charters for 2 containerships in May and June 2020 and the aging of contracts for the other vessels under period charters
- > On the other hand, contracted revenue increased once the charterer of the 2 chemical tankers exercised its option to extend the contracts by 1 year, until June 2021

Note(s):
⁽¹⁾ Excluding optional period(s)

... AND PROVIDE COMFORTABLE PERIOD COVERAGE IN 2020: FLEET EMPLOYMENT PROFILE⁽¹⁾



Note(s):
⁽¹⁾ As of 30 June 2020

■ Firm Period ■ Optional Period(s)

NEWBUILDING CONSTRUCTION PROGRESSES AS PLANNED

- Scheduled delivery in late 2020 and early 2021, respectively
- Hull N944 was launched in June 2020 and the keel for hull N945 was laid in April 2020
- The net proceeds from the preferential offering have been fully utilised
- The Trustee-Manager is in discussions with prospective lenders to arrange debt financing



Launching of Hull N944 in June 2020



Keel Laying of Hull N945 in April 2020

SUSTAINABILITY IS AN IMPORTANT ASPECT FOR FSL TRUST



Enhanced sustainability reporting in accordance with GRI Standards



Compliance with stricter IMO 2020 regulations on sulphur emissions



Improved performance in Port State Controls



Zero oil spills in 2019



Zero Lost Time Injuries in 2019

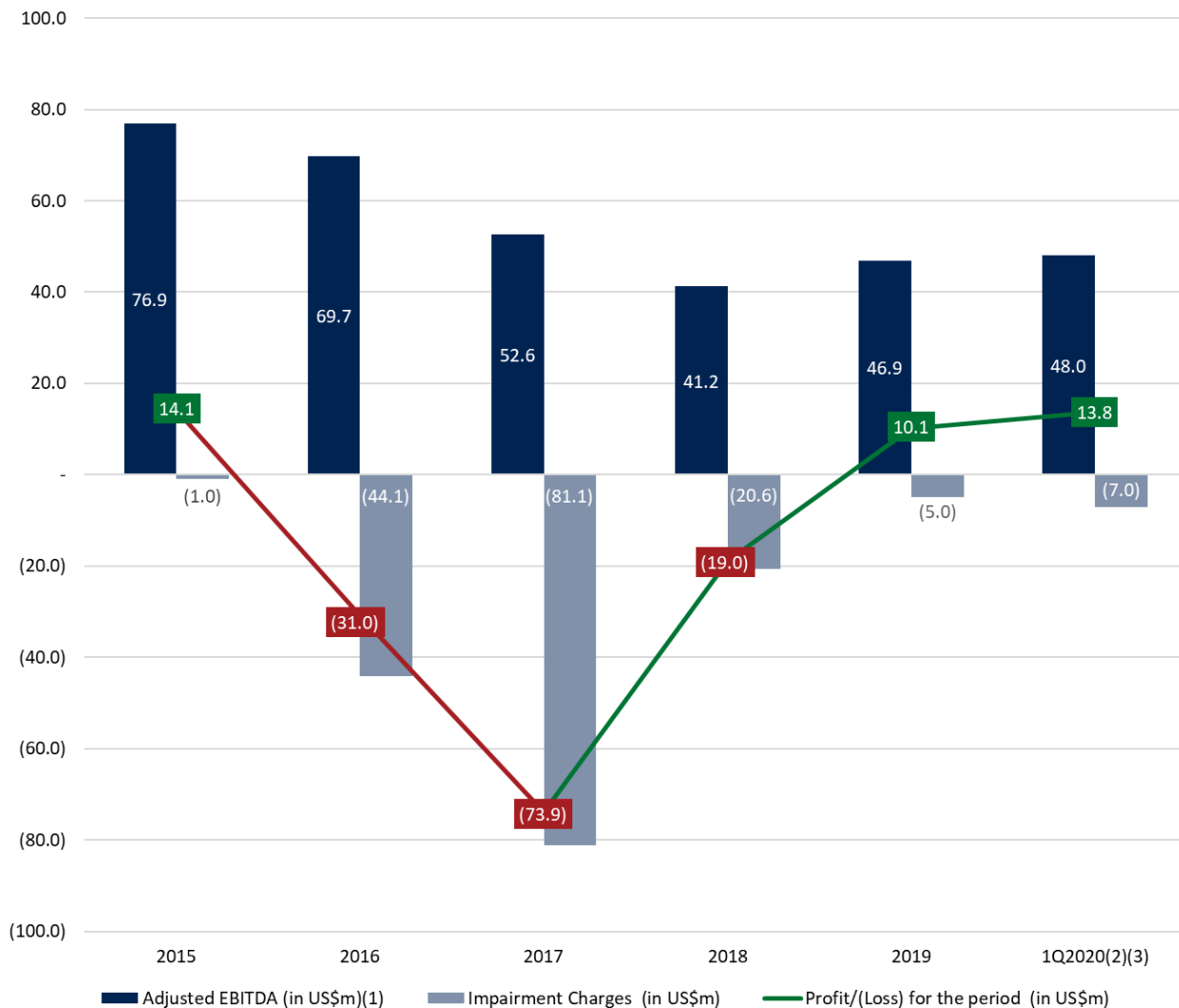


Joined the Getting to Zero Coalition of the Global Maritime Forum

IMPROVED TANKER MARKET AND ACTIVE FLEET MANAGEMENT LED TO ENHANCED FINANCIAL PERFORMANCE



Historical Adjusted EBITDA⁽¹⁾, Impairment Charges and Profit/Loss



Income Metrics 2019

14%

Net profit margin versus negative 28 % in 2018 (19% in the 1st quarter 2020⁽²⁾⁽³⁾)

7%

Return on average capital employed⁽⁴⁾ versus negative 5% in 2018 (9% in the 1st quarter 2020⁽²⁾⁽³⁾)

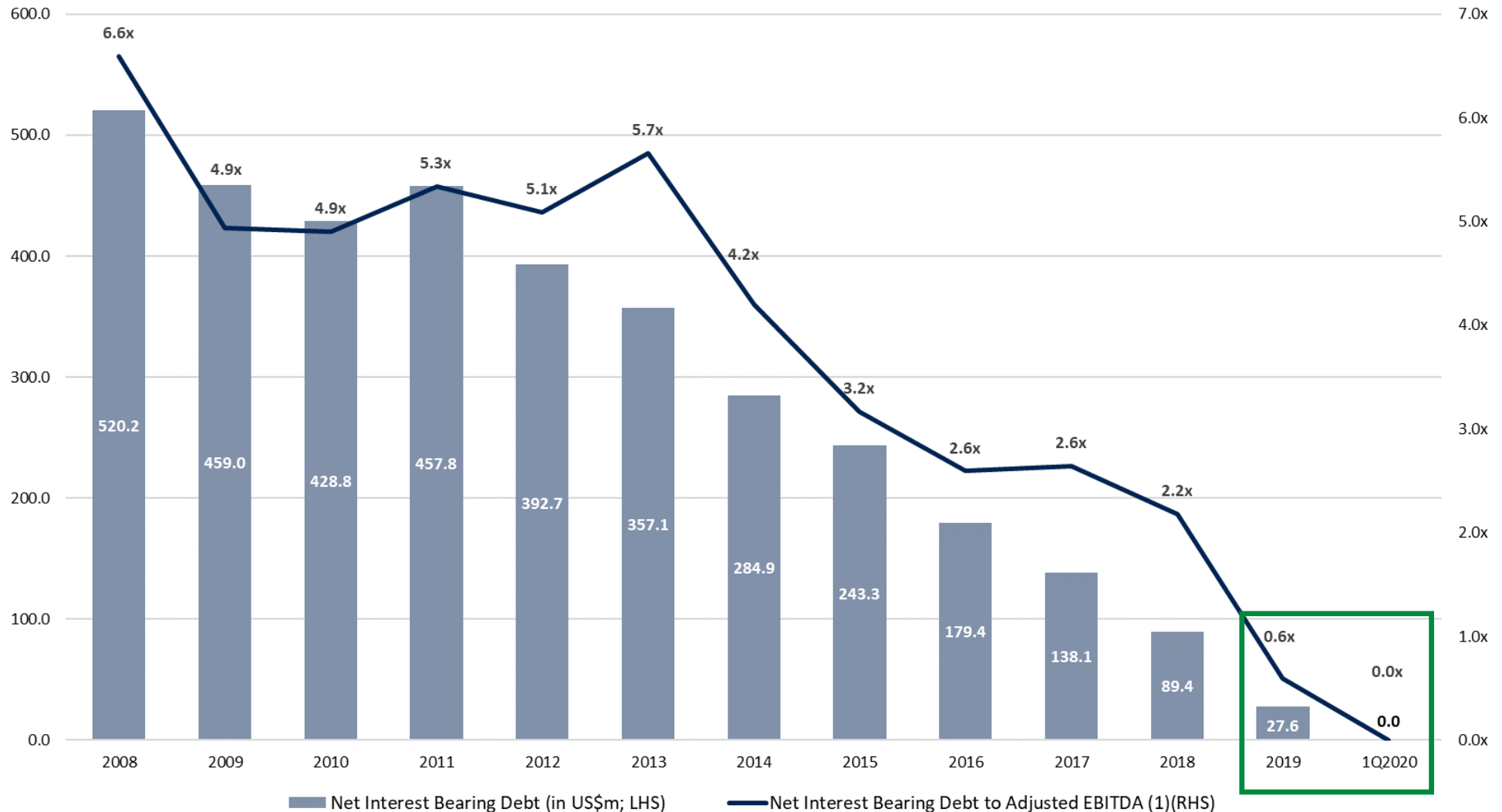
6%

Return on average equity⁽⁵⁾ versus negative 12% in 2018 (8% in the 1st quarter 2020⁽²⁾⁽³⁾)

Note(s):

- ⁽¹⁾ Excluding gains/losses from the disposal of vessels and vessel impairments
- ⁽²⁾ Unaudited
- ⁽³⁾ Trailing 12-months
- ⁽⁴⁾ Profit/loss for the period to the average capital employed (average total assets less average current liabilities)
- ⁽⁵⁾ Profit/loss for the period to the average total equity

SIGNIFICANT DELEVERAGING OVER THE LAST YEARS



Note(s):

⁽¹⁾ Excluding gains/losses from the disposal of vessels and vessel impairments

... ENHANCES OUR RESILIENCE IN TIMES OF UNPRECEDENTED DISRUPTIONS TO THE WORLD ECONOMY



Balance Sheet Highlights

US\$ 42.4m

Cash and cash equivalents at the end of 2019 versus US\$ 13.9m at the end of 2018 (US\$ 67.2m at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

US\$ 27.6m

Net interest bearing debt at the end of 2019 versus US\$ 89.4m at the end of 2018 (Zero at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

US\$ 202.9m

Net asset value at the end of 2019 versus US\$ 155.3m at the end of 2018 (US\$ 183.0m at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

Balance Sheet Metrics

0.6x

Net interest bearing debt to adjusted EBITDA⁽³⁾ at the end of 2019 versus 2.2x at the end of 2018 (0.0x at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

12%

Net gearing ratio⁽⁴⁾ at the end of 2019 versus 36% at the end of 2018 (Zero at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

74%

Equity ratio⁽⁵⁾ at the end of 2019 versus 59% at the end of 2018 (78% at the end of the 1st quarter 2020⁽¹⁾⁽²⁾)

Note(s):

⁽¹⁾ Unaudited

⁽²⁾ After payment of the distribution of US\$ 26.5m for the 4th quarter 2019

⁽³⁾ Excluding gains/losses from the disposal of vessels and vessel impairments

⁽⁴⁾ Net interest bearing debt to total assets less cash and cash equivalents

⁽⁵⁾ Total equity to total assets

OUTLOOK: NAVIGATING THE COVID-19 PANDEMIC



Containerships

- 2 of our 3 containerships have been redelivered as scheduled with the 3rd coming in October 2020 and the Trustee-Manager is currently considering the available options for these vessels
- Unprecedented demand contraction in the container-trade
- Inactive containership fleet reached an all-time high of 2.7m TEU in May 2020, representing c.12% of the total capacity
- Charter rates and market values under pressure
- On the positive side, contracting of newbuildings is limited and demolition of older vessels is increasing, improving vessel supply fundamentals



Tankers

- Limited market exposure as 9 of our 12 tankers on the water are employed under fixed-rate period charters
- Oil price war between OPEC+ members, coupled with global demand contraction, temporarily drove oil price to historical lows and the freight market to record highs, which the Trust enjoyed through its tankers deployed in pools
- Softening of the market in the recent weeks as a result of reduction of demand for oil storage on tankers
- Very low liquidity in the S&P market
- Projected tonnage fundamentals benefiting by the limited newbuildings orderbook

- > Strong financial position, contracted revenue and low debt level provide downside protection
- > 'Wait and see' market approach with the flexibility to take advantage of accretive opportunities arising



T R U S T