



Extraordinary General Meeting
Ratification of the Disposal of the
vessels *FSL Suez* and *FSL Fos*

Singapore, 23 April 2021

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.

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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.

DISPOSAL OF THE NEWBUILDINGS 26 MONTHS AFTER THE PLACING THE ORDERS



THE VESSELS: FSL SUEZ AND FSL FOS

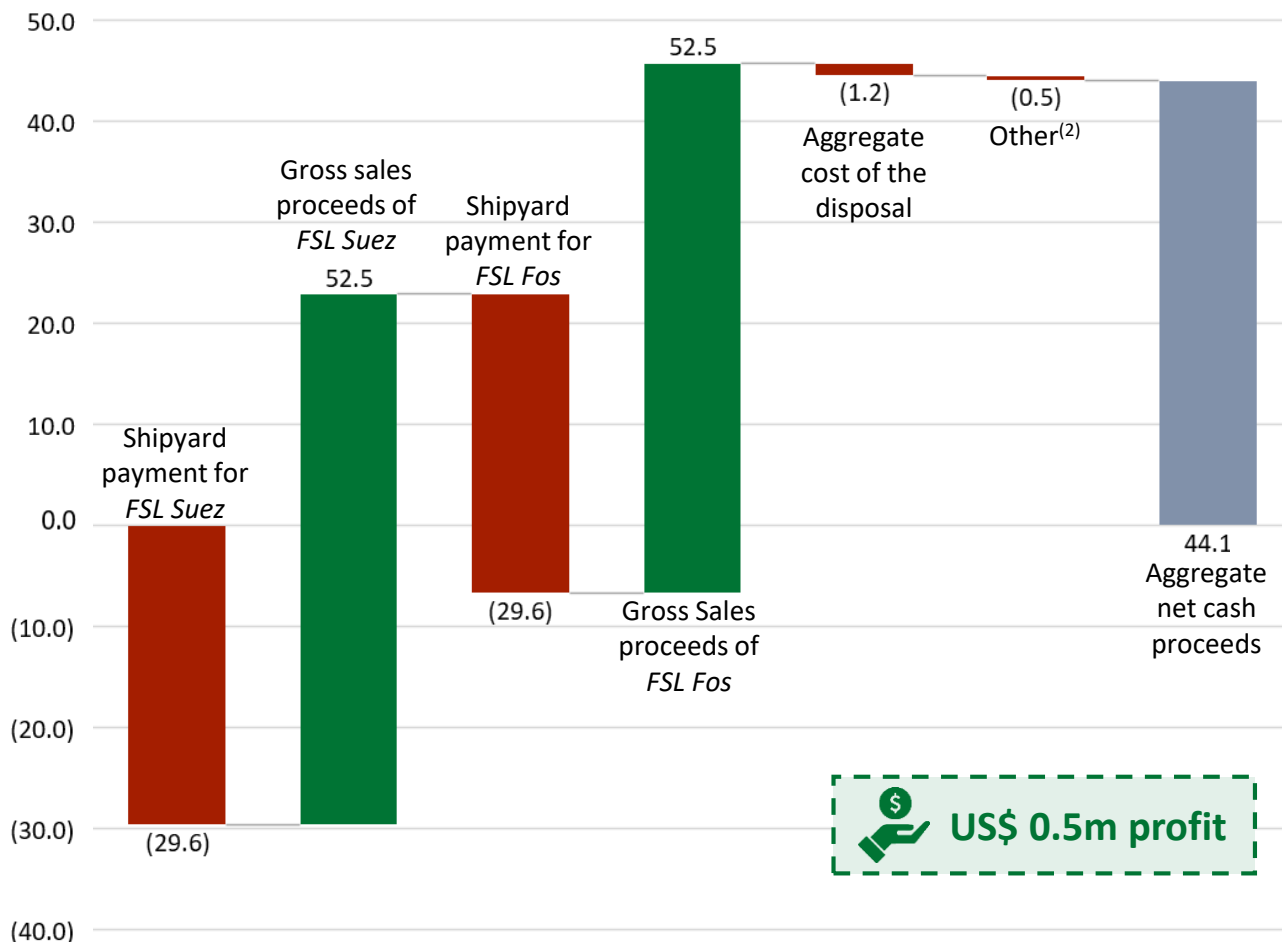
- > 114,000 dwt, scrubber fitted and Tier III engine LR2 product tankers
- > Ordered at Cosco Shipping Heavy Industry (Yangzhou) Co., Ltd. in December 2018
- > Contract price of US\$ 48.8m per vessel (US\$ 97.6m in aggregate), payable to the shipyard in 5 staggered payments per vessel
- > Total acquisition cost of US\$ 103.3m in aggregate for both vessels, which includes the acquisition of exhaust gas cleaning systems (scrubbers), other equipment acquired and installed on the vessels, construction supervision and legal fees
- > Delivery of the vessels from the shipyard in February 2021
- > Preferential offering of US\$ 31.0m in 2019 to partly finance the acquisition of the vessels (proceeds fully utilised by June 2020)

SUMMARY OF THE SALE

- > Memoranda of agreement to sell the vessels were signed on 1 February 2021
- > Buyers are guaranteed nominees of General National Maritime Transport Company, a state-owned Libyan shipping company
- > The price agreed was US\$ 52.5m per vessel (US\$ 105.0m in aggregate)
- > 15% deposits were lodged by 17 February 2021, the date of announcement of the agreement to sell the vessels
- > Delivery of the vessels to the buyers on 24 February 2021 and 26 February 2021, respectively

THE DISPOSAL OF THE VESSELS WAS VALUE ACCRETIVE TO FIRST SHIP LEASE TRUST

TRANSACTION CASH FLOW⁽¹⁾



NOTES

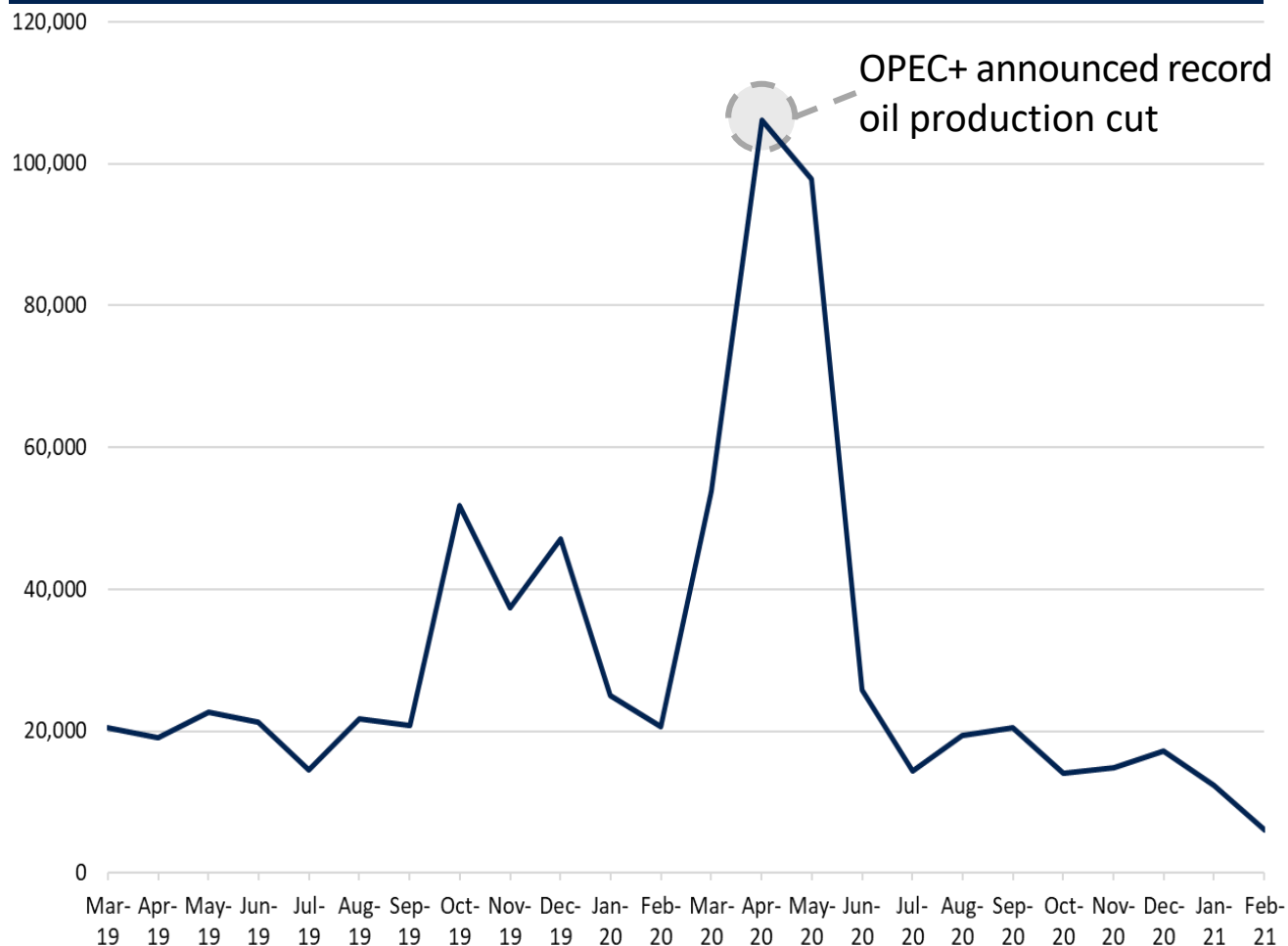
- > US\$ 59.7m⁽¹⁾ remaining instalments payable to the shipyard and other construction related costs to complete the new-buildings, financed through:
 - existing liquidity of the Trust;
 - US\$ 12.5m interest-free bridge facility from Prime Shareholdings Inc.; and
 - the proceeds from the disposal of the first vessel, *FSL Suez*
- > US\$ 44.1m⁽¹⁾ aggregate net cash proceeds from the disposals after payment of remaining instalments payable to the shipyard and other construction related cost to complete the newbuildings, compared to US\$ 43.6m⁽¹⁾ aggregate book value as at 31 December 2020

Note(s): ⁽¹⁾ Unaudited

⁽²⁾ Other construction related costs incurred between 31 December 2020 and the disposal of the vessels

NEAR-TERM TANKER MARKET PROSPECTS HAVE DRAMATICALLY WEAKENED IN THE WAKE OF THE COVID-19 PANDEMIC

LR2 PRODUCT TANKER EARNINGS (IN USD/DAY)⁽¹⁾



RATIONALE OF THE DISPOSAL

> Protection of capital

- Weak markets and near-term earnings prospects
- De-risking by reducing market exposure

> Tightening regulation

- Target of net-zero emissions
- Increased uncertainty in the medium- to long-term

> Attractive price

- Prices above market value
- Illiquid buyers market

Sources(s): ⁽¹⁾ Clarkson Research Limited (Shipping Intelligence Network); average of East combination (Ras Tanura - Chiba - Ulsan - Singapore) and East-West combination (Ulsan - Singapore - Mina Al - Ahmadi - Rotterdam - Skikda - Chiba)

VESSEL DISPOSALS ARE IN THE ORDINARY COURSE OF BUSINESS OF THE TRUST BY VIRTUE OF THE TRUST DEED



DEFINITION OF “AUTHORISED BUSINESSES”

“Authorised Businesses” means:

- i. the acquisition, **disposition**, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto;
- ii. ownership of Subsidiaries, which are engaged in the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto; and
- iii. any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) of this definition.

For the purpose of this definition, chartering means the entering into of any contract whereby the shipowner leases its vessel to the charterer (including, without limitation, bareboat charters and time charters) and for the avoidance of doubt, includes both long-term and short-term charters;



T R U S T