



# **FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

## **Corporate Information**

First Ship Lease Trust ("FSL Trust" or the "Trust") is a Singapore-based business trust which owns a diversified fleet of well-maintained, oceangoing tankers across different sizes.

As at 31 March 2022, the vessel portfolio comprised 11 tankers of different sizes. Of the 11 vessels, 8 vessels are employed under fixed-rate period charters, whilst the other 3 vessels are trading in the spot market or revenue sharing agreements (including 1 vessel currently idle).

The combined portfolio of vessels had an average age of approximately 15 years and a dollar-weighted average remaining lease period of approximately 3 years (excluding optional extension periods and early termination options).

References to the term "Group" mean FSL Trust and its subsidiaries on a consolidated basis.

## **Summary of FSL Trust Consolidated Results**

	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Revenue	6,075	6,578	(7.6)
Adjusted EBITDA <sup>(1)</sup>	1,663	2,524	(34.1)
Profit for the quarter	172	336	(48.8)
Net distributable amount	-	1,310	-
Amount to be distributed	-	35,361	-
Distribution per unit (US Cents)	-	2.00	-
Average number of vessels	11.0	11.9	(7.6)

Note(s):

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

**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(a)(i) Condensed Interim Consolidated Income Statement**

		Group		
	Note	1Q 2022	1Q 2021	Change
		US\$'000	US\$'000	%
<b>Revenue</b>		6,075	6,578	(7.6)
Depreciation expense on vessels	(a)	(1,264)	(1,680)	(24.8)
Gain on disposal of vessels	(b)	-	465	(100.00)
Impairment on vessels		-	(619)	(100.00)
Voyage expenses		(2,051)	(447)	358.8
Vessel operating expenses		(1,949)	(3,223)	(39.5)
Management fees		(115)	(127)	(9.4)
Trustee fees		(4)	(8)	(50.0)
Other Trust expenses		(293)	(249)	17.7
<b>Results from operating activities</b>		399	690	(42.2)
Finance income		1	7	(85.7)
Finance expenses		(228)	(361)	(36.8)
<b>Profit before tax</b>		172	336	(48.8)
Income tax expense		-	-	-
<b>Profit for the period</b>		172	336	(48.8)
<b>Earnings per unit (US cents)</b>				
Basic		0.01	0.02	(50.0)
Diluted		0.01	0.02	(50.0)

Note(s):

- (a) Including amortisation of dry-docking costs.  
(b) This relates to the sale of three product tankers (*FSL Suez* and *FSL Fos* in February 2021 and *FSL Osaka* in March 2021) and a revision to the gain on disposal for one containership (*FSL Enhancer*) in October 2020.

**1(a)(ii) Condensed Interim Statement of Comprehensive Income**

		Group	
		1Q 2022	1Q 2021
		US\$'000	US\$'000
<b>Profit for the period</b>		172	336
<b>Total comprehensive income, net of tax</b>		172	336

**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(a)(iii) Distribution Statements**

		<b>1Q 2022</b>	<b>1Q 2021</b>
	<b>Note</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit for the period</b>		172	336
Add: Non-cash adjustments	(a)	1,112	1,671
<b>Net cash generated from operations</b>		1,284	2,007
Less: Repayment of secured bank loans		(891)	(1,241)
Prepayment of secured bank loans	(b)	-	-
<b>Income available for distribution</b>		393	766
Add: Utilisation of cash retained from previous periods	(c)	-	544
Less: Cash retained in the current period		(393)	-
<b>Net distributable amount</b>		-	1,310
Capital distribution		-	34,051
<b>Total distribution</b>	(d)	-	35,361
Comprising:(i) Tax-exempt distribution		-	35,335
(ii) Tax-exempt (one-tier) distribution		-	26
<b>Amount to be distributed</b>		-	35,361
Units at end of period ('000)		1,768,058	1,768,058
<b>Distribution per unit (US Cents)</b>		-	2.00

Note(s):

(a) Non-cash adjustments

	<b>Group</b>	
	<b>1Q 2022</b>	<b>1Q 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation expense on vessels <sup>^</sup>	1,111	1,517
Impairment on vessels	-	619
Gain on disposal of vessels	-	(465)
Amortisation of initial direct costs <sup>^^</sup>	1	-
	1,112	1,671

<sup>^</sup> Excluding amortisation of dry-docking costs.

<sup>^^</sup> Excluding amortisation of deferred arrangement fees.

- (b) In 1Q 2021, US\$28.8 million of the cash proceeds from the disposal of the two LR2 product tanker newbuildings was used to prepay secured bank loans. However, as these amounts were not generated from operations, it had not been included in this statement.
- (c) Distributions are not limited to the amount of the net distributable amount as distributions can also be made from proceeds from the sale of vessels.
- (d) No distribution has been recommended by the Board for the first quarter of 2022.

**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(b)(i) Condensed Interim Statements of Financial Position**

		31 March 2022		31 December 2021	
		Group	Trust	Group	Trust
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>					
Vessels	(a)	65,495	-	66,171	-
Subsidiaries		-	28,318	-	28,318
		65,495	28,318	66,171	28,318
<b>Current assets</b>					
Inventories		150	-	-	-
Trade and other receivables		4,111	63	4,946	83
Cash and cash equivalents	(b)	4,282	591	3,667	792
Non-current assets classified as held-for-sale	(a)	8,890	-	8,890	-
		17,433	654	17,503	875
<b>Total assets</b>		82,928	28,972	83,674	29,193
<b>Equity attributable to unitholders of FSL Trust</b>					
Units in issue		561,332	561,332	561,332	561,332
Reserves		(495,000)	(539,452)	(495,172)	(539,235)
<b>Total equity</b>		66,332	21,880	66,160	22,097
<b>Non-current liabilities</b>					
Secured bank loans	(c)	12,662	-	13,507	-
<b>Current liabilities</b>					
Trade and other payables		562	7,091	645	7,095
Secured bank loans	(c)	3,371	-	3,361	-
Income tax payable		1	1	1	1
		3,934	7,092	4,007	7,096
<b>Total liabilities</b>		16,596	7,092	17,514	7,096
<b>Total equity and liabilities</b>		82,928	28,972	83,674	29,193

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**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(b)(i) Condensed Interim Statements of Financial Position (cont'd)**

Note(s):

(a) Vessels

<b>Group</b>	<u>Vessels</u> US\$'000	<u>Initial</u> <u>direct costs</u> US\$'000	<u>Total</u> US\$'000
<b>3 months ended 31 March 2022</b>			
<u>Cost</u>			
At 1 January 2022	249,988	2,237	252,225
Additions	589	-	589
At 31 March 2022	<u>250,577</u>	<u>2,237</u>	<u>252,814</u>
Less:			
<u>Accumulated depreciation/ amortisation and impairments</u>			
At 1 January 2022	183,866	2,188	186,054
Depreciation/amortisation charge for the period	1,264	1	1,265
At 31 March 2022	<u>185,130</u>	<u>2,189</u>	<u>187,319</u>
<u>Carrying amount</u>			
At 31 March 2022	<u>65,447</u>	<u>48</u>	<u>65,495</u>
<b>As at 31 December 2021</b>			
Cost	249,988	2,237	252,225
Less: Accumulated depreciation/ amortisation and impairments	183,866	2,188	186,054
Net book value	<u>66,122</u>	<u>49</u>	<u>66,171</u>

During the three-month period ended 31 March 2022, no further impairment is recorded for the vessels as the recoverable amount based on value in use calculations/fair value less costs of disposal was higher than their carrying values (1Q 2021: US\$619,000 based on value in use calculations). As at 31 March 2022, the carrying amount of the vessels was US\$65,495,000 (FY 2021: US\$66,171,000).

As at 31 December 2021, the Group reclassified one chemical tanker, FSL London, to non-current assets classified as held-for-sale.

The value in use calculations use discounted cash flow projections based on the projected cash flows over the remaining useful life of each vessel and its projected residual value, which was based on the average scrap steel price per light weight ton in recent years or the values obtained from third party sources.

The fair value less costs of disposal is based on the sale of similar vessels and is therefore within Level 2 of the fair value hierarchy.

**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(b)(i) Condensed Interim Statements of Financial Position (cont'd)**

Note(s):

(a) Vessels (cont'd)

Vessel portfolio as at 31 March 2022:

<u>Name</u>	<u>Type</u>	<u>Built</u>	<u>Capacity</u>	<u>Employment Type</u>
Cumbrian Fisher	Product Tanker	2004	12,921 DWT	Bareboat Charter
Clyde Fisher	Product Tanker	2005	12,984 DWT	Bareboat Charter
Pelican Fisher	Product Tanker	2008	9,596 DWT	Bareboat Charter
Shannon Fisher	Product Tanker	2006	5,421 DWT	Bareboat Charter
Solway Fisher	Product Tanker	2006	5,421 DWT	Bareboat Charter
Speciality	Product Tanker	2006	4,426 DWT	Bareboat Charter
Seniority	Product Tanker	2006	4,426 DWT	Bareboat Charter
Superiority	Product Tanker	2007	4,426 DWT	Bareboat Charter
FSL Singapore	Product Tanker	2006	47,470 DWT	Spot
FSL London	Chemical Tanker	2006	19,966 DWT	Idle
FSL Hong Kong	Crude Oil Tanker	2007	115,000 DWT	Pool

(b) Cash and cash equivalents comprise:

	<b>31 March 2022</b>		<b>31 December 2021</b>	
	<b>Group</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Cash and cash equivalents	4,282	591	3,667	792
Cash and cash equivalents in the Consolidated Statement of Cash Flows	4,282	591	3,667	792

(c) Aggregate amount of the Group's borrowings and debt securities

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Secured bank loans</b>		
<u>Repayable within one year</u>		
Secured bank loans	3,564	3,564
Less: Unamortised debt transaction costs	(193)	(203)
	3,371	3,361
<u>Repayable after one year</u>		
Secured bank loans	12,995	13,886
Less: Unamortised debt transaction costs	(333)	(379)
	12,662	13,507

In May 2021, the Trustee-Manager, on behalf of FSL Trust, through six of its subsidiaries, entered into a US\$15 million term loan facility agreement with Chailease International Financial Services (Singapore) Pte. Ltd. for the refinancing of six vessels. In October 2021, the Trustee-Manager, on behalf of FSL Trust, through one of its subsidiaries, entered into another US\$3.95 million term loan facility agreement with Chailease International Financial Services (Singapore) Pte. Ltd. for the refinancing of one vessel. The pricing of the two loans is USD LIBOR plus 3.975% and each of the loans is secured by the following:

**1(b)(i) Condensed Interim Statements of Financial Position (cont'd)**

Note(s):

**(a) Aggregate Amount of the Group's Borrowings and Debt Securities (cont'd)**

- (i) a first priority mortgage over the relevant vessels;
- (ii) a first priority assignment of the relevant vessels' rights, title, interest in the insurances to and for each relevant vessel, including insurance for hull and machinery, protection and indemnity and war risks;
- (iii) a first priority assignment of the relevant vessels' rights, title and interest in and to the charter agreements and the charter income of each relevant vessel;
- (iv) pledges of the shares of the relevant vessel-owning subsidiaries and their bank accounts; and
- (v) a corporate guarantee by the Trustee-Manager, on behalf of FSL Trust.

The aggregate outstanding balance under the loans was US\$16.56 million as at 31 March 2022 and, as at 31 March 2022, the Group is in compliance with the terms of the loans.

**Effect of IBOR reform**

Following the global financial crisis, the reform and replacement inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate bank loans that are linked to the USD LIBOR.

USD LIBOR loses its representativeness after 30 June 2023. The Group has variable rate USD bank loans which references to LIBOR and matures after 30 June 2023. The expected transition from LIBOR to the Secured Overnight Financing Rate (SOFR) had no effect on the amounts reported for the current and prior financial years.

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**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(c) Condensed Interim Consolidated Statement of Cash Flows**

	Note	Group	
		1Q 2022	1Q 2021
		US\$'000	US\$'000
<b>Operating activities:</b>			
Profit before tax		172	336
Adjustments for:			
Depreciation expense on vessels		1,264	1,680
Impairment on vessels		-	619
Amortisation of debt transaction costs		56	161
Amortisation of initial direct costs		1	-
Interest income		(1)	(7)
Interest expense		178	207
Gain on disposal of vessels		-	(465)
		1,670	2,531
Changes in working capital:			
Trade and other receivables		835	644
Inventories		(150)	-
Trade and other payables		(84)	357
Lease income received in advance		-	(25)
<b>Cash generated from operating activities</b>		2,271	3,507
Income tax paid		-	(11)
<b>Cash flows generated from operating activities</b>		2,271	3,496
<b>Investing activities:</b>			
Vessels initial direct costs		-	(4)
Costs incurred for the vessels under construction		-	(59,874)
Costs incurred for vessel equipment		(263)	(930)
Costs incurred for dry-docking		(326)	-
Interest received		1	5
Net proceeds on disposal of vessels		-	114,683
<b>Cash flows (used in)/generated from investing activities</b>		(588)	53,880
<b>Financing activities:</b>			
Pledged deposit		-	500
Repayment of secured bank loans		(891)	(1,241)
Prepayment of secured bank loans		-	(28,761)
Interest paid		(177)	(241)
<b>Cash flows used in financing activities</b>		(1,068)	(29,743)
Net increase in cash and cash equivalents		615	27,633
Cash and cash equivalents at beginning of period		3,667	20,194
Cash and cash equivalents at end of period		4,282	47,827
<b>Comprising:-</b>			
Cash at Bank		4,282	47,827
Short-term deposits		-	-
		4,282	47,827



**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(d)(i) Condensed Interim Statements of Changes in Unitholders' Funds**

**2022 Group**

At 1 January 2022

Total comprehensive income for the period

At 31 March 2022

Units in Issue	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
561,332	(6,725)	(488,447)	66,160
-	-	172	172
561,332	(6,725)	(488,275)	66,332

**2020 Group**

At 1 January 2021

Total comprehensive income for the period

At 31 March 2021

Units in Issue	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
561,332	(6,725)	(425,043)	129,564
-	-	336	336
561,332	(6,725)	(424,707)	129,900

**2021 Trust**

At 1 January 2022

Total comprehensive loss for the period

At 31 March 2022

Units in Issue	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000
561,332	(539,235)	22,097
-	(217)	(217)
561,332	(539,452)	21,880

**2020 Trust**

At 1 January 2021

Total comprehensive loss for the period

At 31 March 2021

Units in Issue	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000
561,332	(483,463)	77,869
-	(194)	(194)
561,332	(483,657)	77,675

**1(d)(ii) and 1(d)(iii) Details of any changes in Units and total number of issued units**

Note	1Q 2022 Units	FY 2021 Units
At the beginning of the period	1,768,057,636	1,768,057,636
Units issued during the period	-	-
At the end of the period	1,768,057,636	1,768,057,636

There were no treasury shares and no subsidiary holdings as at 31 March 2022 and as at 31 March 2021.

**1(d)(iv) Sales, transfers, cancellation and/or use of treasury units**

Nil.

**1(d)(v) Sales, transfers, cancellation and/or use of subsidiary holdings**

Nil.

**1(e) Notes to the Condensed Interim Consolidated Financial Statements**

**(i) Basis of preparation**

The condensed interim financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the Group's performance since the most recent audited annual financial statements for the year ended 31 December 2021.

The financial statements are presented in United States Dollars (US\$), which is the Trust's functional currency. All financial information presented in US\$ have been rounded to the nearest thousand (US\$'000), unless otherwise stated.

The Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2021.

**(ii) Changes to accounting policies**

The Group has adopted new and revised International Financial Reporting Standards ("IFRSs"), that are mandatory for application from 1 January 2022. The adoption of these IFRSs Interpretations and amendments to IFRSs did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

**(iii) Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

*Critical accounting estimates and assumptions*

The following are the key sources of estimation and assumptions at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

*Estimated useful lives of vessels*

The Group estimates the useful lives of the vessels based on the period over which the vessel is expected to be available for use. The estimated economic useful lives of the vessels (25 years) are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the relevant asset. In addition, the estimation of the useful lives of the vessels is on the collective assessment of industry practice, internal technical evaluation and experience with similar vessels.

**1(e) Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**

**(iii) Use of judgements and estimates (cont'd)**

Estimated residual values of vessels

The Group reviews the residual values of the vessels at each reporting date to ensure that the carrying amounts are consistent with the estimated value of a future disposal.

The residual values of the vessels are estimated based on the average scrap steel price per light weight ton in recent years. In determining the residual values of vessels leased on a long-term bareboat charter basis under operating lease agreements, the Group has considered various factors such as the type, size, age of these vessels and the existing lease arrangements.

Impairment assessment of vessels

Impairment is recognised when events and circumstances indicate that the vessel may be impaired and the carrying amount of the vessel exceeds the recoverable amount. The recoverable amount for each vessel is determined based on the higher of the fair value of the vessel less the estimated costs of disposal and the carrying value of the vessels based on a "value-in-use" methodology.

For the value-in-use calculations, the Group determined the cash flows based on past performance and their expectation of market development. The Group prepared the value-in-use calculation based on projected cash flows over the remaining useful life of each vessel and its projected residual value.

The projected cash inflows are based on existing charter contract rates and/or inflation-adjusted daily rates from observable historical trends of 5 to 10 years. Management has adjusted the projected cash flows with management's assessment of the achievable cash flows based on recent performance of the vessels and the age of the vessels.

The projected cash outflows take into consideration each vessel's inflation-adjusted actual and budgeted operating expenses using a pre-tax discount rate of 11.72% (December 2021: 11.72%) and takes into account the time value of money and the risks specific to the vessels' estimated cash flows.

Critical judgements

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the interim financial statements are as follows:

Classification of leases

The Group owns vessels and leases them to lessees under fixed rate bareboat/time charter arrangements. These charters are classified as operating leases. In determining lease classification at inception, the Group evaluated the terms and conditions of the charter arrangement. As the present values of minimum lease payments do not amount to substantially the fair values of the vessels, and the purchase options, where applicable, are not expected to be sufficiently lower than the fair values at the date the options become exercisable, the Group has assessed that substantially all the risks and rewards of the vessels remain with the Group.

**1(e) Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**

**(iv) Seasonal operations**

The Group's businesses are affected by seasonal and cyclical factors as the Group is active in the shipping industry which is cyclical and subject to seasonality and volatility based on factors beyond the control of the Group. In particular, the Group owns several tanker vessels which are used in the transport of oil and oil products which have seasonal demand fluctuations influenced by, inter alia, climate and weather conditions. Tanker markets are typically stronger during the winter months as a result of cooler temperatures and higher oil consumption in the northern hemisphere, but weaker during the spring and summer months as a result of warmer temperatures and lower oil consumption in the northern hemisphere, and refinery maintenance which is typically conducted in the summer months. The seasonality may result in quarter-to-quarter volatility in the operating and financial results of the Group. Cyclical changes in the market environment, such as a worsening of the current global economic conditions, affecting the demand for seaborne transportation of oil and oil products, changes in the supply and demand for oil and oil products, changes in the supply of tonnage and/or other unpredictable events may also cause tanker freight rates and vessel values to fluctuate and decline, adversely affecting the operations and financial results of the Group.

**(v) Segment reporting**

The Trustee-Manager has determined the Group as one reportable segment as the Group is involved in the leasing and chartering of vessels which is carried out in international waters.

**Geographical information**

Revenue from external customers are attributed to the regions based on the customers' country of origin.

	Revenue	
	3 Months 2022	3 Months 2021
	US\$'000	US\$'000
Asia	891	3,938
Europe	1,942	2,640
North America	3,242	-
<b>Total</b>	<b>6,075</b>	<b>6,578</b>

With respect to the presentation of vessels by geographical information, the Group deals with several lessees and the vessels are deployed to various parts of the world at the discretion and direction of these lessees. Accordingly, the Trustee-Manager does not consider it meaningful to allocate vessels to specific geographical locations.

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**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(e) Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**

**(vi) Disaggregation of revenue**

	<b>Group</b>	
	<b>3 Months 2022</b>	<b>3 Months 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<u>Performance obligations satisfied over time</u>		
Bareboat charter lease income	1,942	1,698
Time charter income	-	2,184
Pool income	934	1,931
Freight income	3,199	765
<b>Total</b>	<b>6,075</b>	<b>6,578</b>

Bareboat charter lease income relates to lease income derived from operating leases, time charter income relates to income derived from two vessels time chartered to an international transportation provider, pool income relates to income substantially derived from vessels deployed on pool arrangements, and freight income relates to income derived from vessels trading in the spot market.

**(vii) Significant items**

	<b>Group</b>	
	<b>3 Months 2022</b>	<b>3 Months 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<u>Income</u>		
Gain on disposal of vessels	-	465
<u>Expenses</u>		
Depreciation on vessels	(1,264)	(1,680)
Impairment on vessels	-	(619)
Finance expenses		
- bank loans	(176)	(206)
- interest to agent	(2)	(1)
- amortisation of debt transaction costs	(56)	(161)
Net foreign exchange gain	6	7
Total finance expenses	(228)	(361)

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**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**1(e) Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**

**(viii) Related party transactions**

Significant transactions with related parties are as follows conducted at terms agreed between the parties.

	<b>Group</b>	
	<b>3 Months 2022</b>	<b>3 Months 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<u>Transactions with the Trustee-Manager</u>		
Management fees	115	127
Trustee fees	4	8
Disposal fees	-	56
<u>Transactions with other related parties</u>		
Directors' fees paid to non-executive directors <sup>(1)</sup>	54	55
Technical management fees paid to Prime Tanker Management Inc. <sup>(2)</sup>	99	28
Commercial management fees paid to Prime Tanker Management Inc. <sup>(2)</sup>	37	-

<sup>(1)</sup> Directors' fees paid to the four non-executive, independent directors.

<sup>(2)</sup> Prime Tanker Management Inc. is an affiliate of Prime Shareholdings Inc., who is deemed interested in 1,283,671,008 of the Trust's issued units as at 31 March 2022.

**(ix) Commitments**

**(a) Operating lease commitments**

The undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	<b>Group</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within one year	5,833	5,295
Between one to two years	6,142	5,037
Between two to three years	5,020	5,146
Between three to four years	5,053	3,995
Between four to five years	1,670	4,015
After five years	2,921	594
<b>Total</b>	<b>26,639</b>	<b>24,082</b>

**(x) Fair Value Measurement**

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Trust. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**1(e) Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**

**(x) Fair Value Measurement (cont'd)**

**(a) Vessels**

Fair value measurement disclosure of vessels is disclosed in paragraph 1(b)(i) Note (a).

**(b) Non-derivative financial liabilities**

The carrying amount of the variable rate bank loans, which are repriced on a monthly or quarterly basis at prevailing market interest rates (Level 2), closely reflects the corresponding fair values.

**(c) Other financial assets and liabilities**

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values due to their short period to maturity and where the effect of discount is immaterial.

The Group does not have financial assets at fair value through comprehensive income.

**(xi) Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The condensed statements of financial position of the Group and the Trust as at 31 March 2022 and the related condensed consolidated income statements, condensed statements of comprehensive income and condensed consolidated statement of cash flows of the Group and the condensed statements of changes in unitholders' funds of the Group and the Trust for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

**3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Refer to paragraph 1(e)(ii).

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Refer to paragraph 1(b)(i)(a), 1(e)(ii) and 8(b)(i).

**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

6. **Earnings per unit (“EPU”) and Distribution per unit (“DPU”) for the current financial period reported on and the corresponding period of the immediately preceding financial year**

	Group	
	1Q 2022	1Q 2021
Basic and diluted earnings per unit is based on:		
Profit for the quarter (US\$'000)	172	336
Weighted average number of issued units (basic and diluted) ('000)	1,768,058	1,768,058
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.01	0.02
Number of issued units at end of quarter ('000)	1,768,058	1,768,058
Distribution per unit (US Cents)	-	2.00

As at 31 March 2022, the Trust did not have any outstanding instrument with potentially dilutive effect.

7. **Net Asset Value (“NAV”) per unit based on units at the end of the current financial period reported on and immediately preceding financial year**

	Note	31 March 2022		31 Dec 2021	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.04	0.01	0.04	0.01

Note(s):

- (a) Net asset value (based on book value) per unit was calculated based on the applicable number of units issued as at the end of the respective period.

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**FIRST SHIP LEASE TRUST – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

**8. Review of Performance**

The breakdown of the revenue and the net result from operations is as follows:

1Q 2022 vs 1Q 2021

	<b>Group</b>		
	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
<b>Revenue</b>	6,075	6,578	(7.6)
Voyage expenses	(2,051)	(447)	358.8
Vessel operating expenses	(1,949)	(3,223)	(39.5)
Management fees	(115)	(127)	(9.4)
Trustee fees	(4)	(8)	(50.0)
Other Trust expenses^	(293)	(249)	17.7
<b>Adjusted EBITDA^^</b>	<b>1,663</b>	<b>2,524</b>	<b>(34.1)</b>
Depreciation expense on vessels	(1,264)	(1,680)	(24.8)
Impairment on vessels	-	(619)	(100.0)
Gain on disposal of vessels	-	465	(100.0)
<b>Results from operating activities (EBIT)</b>	<b>399</b>	<b>690</b>	<b>(42.2)</b>
Finance income	1	7	(85.7)
Finance expenses	(228)	(361)	(36.8)
<b>Profit before tax (EBT)</b>	<b>172</b>	<b>336</b>	<b>(48.8)</b>
Income tax expense	-	-	-
<b>Profit for the quarter</b>	<b>172</b>	<b>336</b>	<b>(48.8)</b>

^ Included in the other Trust expenses are vessel inspection fees, valuation fees, insurance, directors' fees, professional fees, take over costs, printing, investor relations and others.

^^ Excluding gains/losses from the disposal of vessels and vessel impairments.

a. Adjusted EBITDA

Bareboat charter

i) Product tankers

In September 2021, the Trust acquired the specialised tanker *Pelican Fisher*, which increased the Trust's fleet of specialised tankers to eight vessels and resulted to an increase of ownership days y-o-y. All eight vessels are on bareboat charter to James Fisher Everard Limited and generated an adjusted EBITDA of US\$1.83 million in aggregate in the quarter under review.

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**8. Review of Performance (cont'd)**

Pool/Revenue Sharing Agreement/Spot

i) Chemical tanker

*FSL London* was employed under a time charter until August 2021, when she entered spot trading. As a result, the ownership days for vessels employed under time charter reduced, whilst ownership days for vessels trading spot increased y-o-y. The vessel incurred an adjusted EBITDA of (US\$0.79) million in the quarter under review. *FSL London* is currently idle due to customs investigation concerning the specifications of a cargo the Vessel carried for a customer. The Trust sold the chemical tanker *FSL New York* in September 2021, which resulted in a reduction of ownership days y-o-y.

ii) Product tanker

*FSL Singapore* was deployed in a MR pool until May 2021, when she entered spot trading. The vessel generated an adjusted EBITDA of US\$0.77 million in the quarter under review. The Trust sold the product tanker *FSL Osaka* in March 2021, which resulted in a reduction of ownership days y-o-y.

iii) Crude oil tanker

*FSL Hong Kong* has been deployed in a revenue sharing agreement since April 2017 with short periods trading spot. The vessel generated an adjusted EBITDA of US\$0.06 million in the quarter under review.

b. Other operating expenses

i) Depreciation expense on vessels

Depreciation expense on vessels decreased by 24.8% (US\$0.42 million) as a result of the disposal of one product tanker in March 2021 and one chemical tanker in September 2021 and changes to residual value of eight product tankers and one crude oil tanker in the second half of FY 2021.

c. Results from operating activities

FSL Trust generated an operating profit of US\$0.4 million in the quarter under review, compared to US\$0.7 million in the same period last year.

d. Finance expenses

Finance expenses in 1Q 2022, including an exchange gain of US\$6,000 (1Q 2021: US\$7,000), decreased by 36.8% (US\$0.13 million) mainly due to the lower outstanding indebtedness and lower amortisation of debt transaction costs.

For 1Q 2022, FSL Trust achieved a net profit of US\$0.2 million.

**9. Variance from Prospect Statement**

Not applicable.

**10. Outlook and Prospects**

Whilst the COVID-19 pandemic continues to disrupt in the global supply chain and the pace of global oil production increases remains slow, the tanker markets slightly improved in the first quarter of 2022, leading to improved earnings for the product tanker and crude oil tanker compared to the last quarter of 2021. This was primarily driven by increased demand for sea-borne oil transportation as well as changes in trade patterns following the Russian invasion of the Ukraine and the sanctions imposed on Russia. However, the impact of the war in the Ukraine and the elevated geopolitical risks on the global economy and the shipping industry remains to be seen. The uncertainties primarily affect 3 vessels of the Trust, as 8 of the 11 vessels in the portfolio operate under fixed-rate period charters. The Trust continues to actively manage its vessel portfolio and market exposure, and follows the strategy of disposing older, environmentally less friendly vessels that do not have period charter coverage.

**11. Distribution**

**(a) Current financial period**

Any distributions declared for the current financial period : No

**(b) Corresponding Period of the Immediate Preceding Financial Period**

Any distributions declared for the previous corresponding period	:	Yes
Amount	:	US\$35,361,153
Distribution Period	:	1 January 2021 to 31 March 2021
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US2.00 cents per unit
Par Value of units	:	Not applicable
Tax Rate	:	Distributions received by either Singapore tax resident unitholders or non-Singapore tax resident unitholders are exempt from Singapore income tax and are also not subject to Singapore withholding tax. The unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager of FSL Trust.

**12. If no distribution has been declared/recommended, a statement to that effect and the reason(s) for the decision**

The current liquidity of the Trust does not justify a distribution.

**13. If the Group has obtained a general mandate from unitholders for Interested Party Transaction ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

FSL Trust does not have any unitholders' mandate for IPT.

**14. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Trustee-Manager, FSL Trust Management Pte. Ltd. confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**15. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Trustee-Manager has confirmed that, to the best of their knowledge, that nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, changes in operating expenses, Trust expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

By Order of the Board  
FSL Trust Management Pte. Ltd.  
(Company Registration No. 200702265R)  
as Trustee-Manager of First Ship Lease Trust

Markus Wenker  
Chief Financial Officer  
27 April 2022