



**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

First Ship Lease Trust (“FSL Trust” or “the Trust”) is a shipowner and a provider of leasing services on a bareboat charter basis to the international shipping industry and is listed on the Singapore Exchange Securities Trading Limited (“SGX”).

As at 30 June 2018, FSL Trust has a high quality, well maintained and diversified portfolio of 19 vessels consisting of three containerships, twelve product tankers, two chemical tankers and two crude oil tankers. 10 vessels are employed on long-term bareboat charters as at 30 June 2018 and have a dollar-weighted average remaining lease period of approximately two years (excluding extension periods and early buy-out options). The remaining nine vessels are employed on time charter arrangements, trading in the spot market and in pools. The combined portfolio of 19 vessels has a dollar-weighted average age of approximately twelve years.

Summary of FSL Trust Consolidated Results

	2Q 2018	2Q 2017	Inc/ (Dec)	1H 2018	1H 2017	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	16,665	20,949	(20.4)	33,521	42,898	(21.9)
Profit/(loss) for the quarter/ period	719	(21,808)	N.M.	1,636	(18,361)	N.M.
Income available for distribution	(7,594)	605	N.M.	(7,338)	(17,651)	(58.4)

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1(a)(i) Consolidated Income Statements

		Group					
	Note	2Q 2018	2Q 2017	Inc/ (Dec)	1H 2018	1H 2017	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		16,665	20,949	(20.4)	33,521	42,898	(21.9)
Depreciation expense on vessels		(7,933)	(9,657)	(17.9)	(15,866)	(19,239)	(17.5)
Impairment on vessels	(c)	-	(24,117)	(100.0)	-	(24,117)	(100.0)
Voyage expenses		(833)	-	100.0	(1,862)	-	100.0
Vessel operating expenses		(4,039)	(5,632)	(28.3)	(8,471)	(11,360)	(25.4)
Management fees		(466)	(615)	(24.2)	(930)	(1,245)	(25.3)
Trustee fees		(15)	(22)	(31.8)	(32)	(46)	(30.4)
Other Trust expenses		(473)	(480)	(1.5)	(1,175)	(909)	29.3
Results from operating activities		2,906	(19,574)	N.M.	5,185	(14,018)	N.M.
Other income	(a)	-	-	N.M.	-	400	(100.0)
Gain on disposal of vessels	(b)	-	-	N.M.	886	-	100.0
Finance income		-	-	N.M.	-	54	(100.0)
Finance expenses		(2,187)	(2,234)	(2.1)	(4,433)	(4,797)	(7.6)
Profit/(loss) before tax		719	(21,808)	N.M.	1,638	(18,361)	N.M.
Income tax expense		-	-	N.M.	(2)	-	100.0
Profit/(loss) for the quarter/ period		719	(21,808)	N.M.	1,636	(18,361)	N.M.

Note:

- (a) This relates to income received from claims and legal settlements.
(b) This relates to the disposal of a containership and a chemical tanker in January 2018.
(c) This relates to the impairment recognised on two containerships, two crude oil tankers and four product tankers in 2Q 2017 (refer to paragraph 8(b)(ii)).

1(a)(ii) Statements of Comprehensive Income

		Group			
		2Q 2018	2Q 2017	1H 2018	1H 2017
		US\$'000	US\$'000	US\$'000	US\$'000
Profit/(loss) for the quarter/ period		719	(21,808)	1,636	(18,361)
Other comprehensive income					
Items that are or may be classified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		-	-	-	8
Net change in fair value of cash flow hedges transferred to income statement		-	39	-	114
Other comprehensive income, net of tax		-	39	-	122
Total comprehensive income/(loss), net of tax		719	(21,769)	1,636	(18,239)

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1(a)(iii) Distribution Statements

		Group			
Note	2Q 2018	2Q 2017	1H 2018	1H 2017	
	US\$'000	US\$'000	US\$'000	US\$'000	
Profit/(loss) for the quarter/ period	719	(21,808)	1,636	(18,361)	
Add: Non-cash adjustments (a)	7,220	33,091	13,510	42,066	
Net cash generated from operations	7,939	11,283	15,146	23,705	
Less: Repayment of secured bank loans	-	(10,678)	(6,250)	(21,356)	
Prepayment of secured bank loans (b)	(15,533)	-	(16,234)	(20,000)	
Income available for distribution	(7,594)	605	(7,338)	(17,651)	
Add: Utilisation of cash retained from previous periods	7,594	-	7,338	17,651	
Less: Cash retained in the current period	-	(605)	-	-	
Net distributable amount (c)	-	-	-	-	
Amount available for distribution	-	-	-	-	
Comprising: (i) Tax-exempt distribution	-	-	-	-	
(ii) Tax-exempt (one-tier) distribution	-	-	-	-	
Amount to be distributed	-	-	-	-	
Units at end of quarter/ period ('000)	637,457	637,457	637,457	637,457	
Distribution per unit (US Cents)	-	-	-	-	

Notes:

(a) Non-cash adjustments

		Group			
	2Q 2018	2Q 2017	1H 2018	1H 2017	
	US\$'000	US\$'000	US\$'000	US\$'000	
Depreciation expense on vessels ¹	7,530	9,315	15,060	18,630	
Impairment on vessels	-	24,117	-	24,117	
Gain on disposal of vessels	-	-	(886)	-	
Amortisation of deferred income	(317)	(361)	(678)	(723)	
Amortisation of initial direct costs ²	7	20	14	42	
	7,220	33,091	13,510	42,066	

(b) Prepayments of US\$15.5 million were made to reduce the outstanding loan balance in 2Q 2018.

(c) No distribution has been recommended by the Board for the second quarter of 2018.

¹ Excluding dry-docking costs.

² Excluding deferred arrangement fees.

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1(b)(i) Statements of Financial Position

		30 Jun 2018		31 Dec 2017	
		Group	Trust	Group	Trust
		US\$'000	US\$'000	US\$'000	US\$'000
	Note				
Non-current assets					
Vessels		273,109	-	289,077	-
Subsidiaries		-	198,488	-	215,863
		273,109	198,488	289,077	215,863
Current assets					
Inventories		756	-	-	-
Trade and other receivables		10,573	14,087	10,504	38,991
Cash and cash equivalents	(a)	27,995	7,496	13,201	5,507
Non-current asset classified as held-for-sale		-	-	18,260	-
		39,324	21,583	41,965	44,498
Total assets		312,433	220,071	331,042	260,361
Equity attributable to unitholders of FSL Trust					
Units in issue		523,284	523,284	523,284	523,284
Reserves		(347,365)	(420,303)	(349,596)	(415,653)
Total equity		175,919	102,981	173,688	107,631
Non-current liabilities					
Secured bank loans	(b)	14,855	-	-	-
7% Convertible bonds	(c)	6,377	6,377	-	-
		21,232	6,377	-	-
Current liabilities					
Trade and other payables		2,588	1,274	2,727	1,424
Lease income received in advance		735	-	2,643	-
Secured bank loans	(b)	111,959	109,439	151,306	151,306
Deferred income		-	-	678	-
		115,282	110,713	157,354	152,730
Total liabilities		136,514	117,090	157,354	152,730
Total equity and liabilities		312,433	220,071	331,042	260,361

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

Note:

(a) Cash and cash equivalents comprise:

	30 Jun 2018		31 Dec 2017	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash [^]	18,000	-	-	-
Cash at Bank	9,995	7,496	13,201	5,507
Cash and cash equivalents	27,995	7,496	13,201	5,507
Less: Restricted cash	(18,000)	-	-	-
Cash and cash equivalents in the statement of cash flows	9,995	7,496	13,201	5,507

[^] This relates to the drawdown of US\$18 million facility agreement with Amsterdam Trade Bank N.V.. Amount will be utilized fully towards repayment of existing syndicated loan.

(b) Aggregate Amount of the Group's Borrowings and Debt Securities

	30 Jun 2018	31 Dec 2017
	US\$'000	US\$'000
Secured bank loans		
<u>Repayable within one year</u>		
Secured bank loans	111,959	151,306
Less: Unamortised debt upfront fees	-	-
	111,959	151,306
<u>Repayable after one year</u>		
Secured bank loans	15,480	-
Less: Unamortised debt upfront fees	(625)	-
	14,855	-

The Trustee-Manager, on behalf of FSL Trust, had secured a 6-year amortising loan facility in December 2011. This facility expired on 20 December 2017.

A majority of the lenders under the Syndicated Loan Facility had indicated their support for the Extension to the Trustee-Manager. The Extension would require the consent of all lenders under the Syndicated Loan Facility, unless the Trustee-Manager were to be successful in obtaining protection through a scheme of arrangement under section 210 of the Companies Act (Chapter 50) ("the Scheme"). To this end, the Trustee-Manager made an application to the High Court of Singapore on 18 December 2017 with regard only to its obligations under the Syndicated Loan Facility.

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(b) Aggregate Amount of the Group and the Trust's Borrowings and Debt Securities (cont'd)

On the application of the Trust, the High Court granted an extension of time to 27 April 2018 for the Trust to convene a meeting of Lenders for the purpose of considering and, if thought fit, approving with or without modification (which modification may be made any time prior to or at the Court Meeting) a Scheme of Arrangement proposed to be made between the Trust and its Lenders pursuant to section 210 of the Companies Act (Chapter 50). With the change in ownership of the Sponsor of the Trust to Prime Shareholding Inc., the Trust has made significant progress towards reducing and refinancing the outstanding debt under the Existing Loan to restore its financial stability. An extension request for the meeting to be held on 31 May 2018 was submitted to the High Court, with the hearing on this respect fixed for 21 May 2018.

On 24 April 2018, FSLTM announced the proposed partial refinancing of the Existing Loan having entered term sheets with two groups of financiers for the provision of loan facilities representing US\$90 million in total.

In addition, FSLTM announced the proposed issuance of US\$7.25 million of 7% convertible bonds, of which 95% of the proceeds will be utilised for repayment of the Existing Loan. Refinancing options for, rather than sale of, the two chemical tankers, the *FSL New York* and *FSL London* are being considered.

Unscheduled repayments of US\$8.5 million were made in 2Q 2018, reducing the Existing Loan further to US\$109.4 million.

Subsequent to the quarter end the Trustee-Manager completed the refinancing of all outstanding amounts under the Existing Syndicated Loan using funds from the utilization of the New Facilities (totalling US\$108 million) as well as internal resources of US\$1.4 million.

The Trustee-Manager also withdrew its application to convene the Court Meeting to approve the Scheme of Arrangement and the moratoria obtained by the Group were also discharged.

The interest margin of the term loan:

<u>VTL ratio</u>	<u>Margin over US\$ 3-month LIBOR</u>
>100% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

For 2Q 2018, the applicable margin over US\$ 3-month LIBOR was 2.8%. In addition, there was a default margin of 2%. The VTL ratio will be assessed semi-annually.

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(b) Aggregate Amount of the Group and the Trust's Borrowings and Debt Securities (cont'd)

The term loan facility is secured on the following:

- (i) a first priority mortgage over the Group's vessels;
- (ii) a first priority assignment of the Group's rights, title, interest in the insurances to and for each vessel, including insurance for hull and machinery, protection and indemnity and war risks;
- (iii) a first priority assignment of the Group's rights, title and interest in and to the charter agreements and the charter income of each vessel; and
- (iv) pledge of the shares of all the vessel-owning subsidiaries.

(c) 7% Convertible Bonds - Group and Trust

Pursuant to the completion of the Bond Issue on 21 May 2018, the Trust has raised net proceeds of US\$6,935,997 (after deducting bond and legal fees of US\$217,500 and US\$ 96,503 respectively) which were applied towards the repayment of the Existing Syndicated Loan in 2Q 2018.

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1(c) Consolidated Cash Flow Statements

	Group			
	2Q 2018	2Q 2017	1H 2018	1H 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Profit/(loss) before tax	719	(21,808)	1,638	(18,361)
Adjustments for:				
Depreciation expense on vessels	7,933	9,657	15,866	19,239
Impairment on vessels	-	24,117	-	24,117
Amortisation of debt upfront fees	-	216	-	440
Amortisation of initial direct costs	54	115	108	236
Amortisation of deferred income	(317)	(361)	(678)	(723)
Interest income	-	-	-	(54)
Interest expense	2,166	1,985	4,359	4,300
Gain on disposal of vessels	-	-	(886)	-
	10,555	13,921	20,407	29,194
Changes in working capital:				
Trade and other receivables	(2,033)	61	(69)	(1,382)
Inventories	(756)	(192)	(756)	(376)
Trade and other payables	(25)	(139)	46	(286)
Lease income received in advance	(1,872)	(85)	(1,908)	2,133
Cash generated from operating activities	5,869	13,566	17,720	29,283
Income tax paid	-	6	(2)	6
Cash flows generated from operating activities	5,869	13,572	17,718	29,289
Investing activities:				
Interest received	-	-	-	70
Net proceed on disposal of vessels	-	-	19,146	-
Costs incurred for dry-docking	-	(1,918)	(6)	(2,502)
Cash flows (used in)/ generated from investing activities	-	(1,918)	19,140	(2,432)
Financing activities:				
Net proceeds from issuance of convertible bonds	6,936	-	6,936	-
Loan drawdown	18,000	-	18,000	-
Pledged deposit	(18,000)	-	(18,000)	-
Payment of upfront closing fees	(625)	-	(625)	-
Repayment of secured bank loans	-	(10,678)	(6,250)	(21,356)
Prepayment of secured bank loans	(15,533)	-	(35,617)	(20,000)
Interest paid	(2,283)	(1,986)	(4,508)	(4,269)
Cash flows used in financing activities	(11,505)	(12,664)	(40,064)	(45,625)
Net decrease in cash and cash equivalents	(5,636)	(1,010)	(3,206)	(18,768)
Cash and cash equivalents at beginning of period	15,631	25,141	13,201	42,899
Cash and cash equivalents at end of period	9,995	24,131	9,995	24,131
Comprising:-				
Cash at Bank	9,995	24,131	9,995	24,131
	9,995	24,131	9,995	24,131

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

	Units in Issue	Hedging Reserve	Option premium on convertible bonds	Foreign Currency Translation Reserve	Accumulated Profit/(Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2018 Group						
At 1 April 2018	523,284	-	-	(6,725)	(341,954)	174,605
Issue of convertible bonds - equity component	-	-	595	-	-	595
Total comprehensive income for the quarter	-	-	-	-	719	719
At 30 June 2018	523,284	-	595	(6,725)	(341,235)	175,919

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Accumulated Profit/(Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2017 Group					
At 1 April 2017	523,284	(39)	(6,725)	(265,536)	250,984
Total comprehensive income/(loss) for the quarter	-	39	-	(21,808)	(21,769)
At 30 June 2017	523,284	-	(6,725)	(287,344)	229,215

	Units in Issue	Hedging Reserve	Option premium on convertible bonds	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2018 Trust					
At 1 April 2018	523,284	-	-	(418,409)	104,875
Issue of convertible bonds - equity component	-	-	595	-	595
Total comprehensive loss for the quarter	-	-	-	(2,489)	(2,489)
At 30 June 2018	523,284	-	595	(420,898)	102,981

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
2017 Trust				
At 1 April 2017	523,284	(39)	(399,401)	123,844
Total comprehensive income/(loss) for the quarter	-	39	(2,465)	(2,426)
At 30 June 2017	523,284	-	(401,866)	121,418

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1(d)(ii)(iii) Details of any changes in Units

	Note	2Q 2018 Units	FY 2017 Units
At the beginning of the period		637,456,577	637,456,577
Units issued during the period		-	-
At the end of the period		637,456,577	637,456,577

There are no treasury shares and no subsidiary holdings as at 30 June 2018 and as at 30 June 2017.

Convertible Bonds

On 21 May 2018, the Trust issued US\$7,250,000 in principal amount of Convertible Bonds due in 2020 which are convertible by holders into units of the Trust at any time during the Term at conversion price of US\$0.05687 per unit. The maximum number of New Units that may be issued by the Trust to the Subscriber will be 127,483,735 New Units. There has been no conversion since the date of the issue.

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.

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

The figures have not been audited or reviewed by the auditors.

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

FSL Trust has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2017, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2018.

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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

FSL Trust has adopted all the new or revised IFRS that are effective for the financial period beginning 1 January 2018 and are relevant to its operations. The adoption of these IFRS does not have significant financial impact on the Group's financial position or results.

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			
	2Q 2018	2Q 2017	1H 2018	1H 2017
Basic and diluted earnings per unit is based on:				
Weighted average number of issued units (basic) ('000)	637,457	637,457	637,457	637,457
Basic earnings per unit based on weighted average number of units in issue (US Cents)	0.11	(3.42)	0.26	(2.88)
Weighted average number of issued units (diluted) ('000) ^(a)	694,894	637,457	666,334	637,457
Diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.12	(3.42)	0.26	(2.88)
Number of issued units at end of quarter/period ('000)	637,457	637,457	637,457	637,457
Distribution per unit (US Cents)	-	-	-	-

Note:

- (a) For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the dilutive effect arising from full conversion of convertible bonds to units.

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	30 Jun 2018		31 Dec 2017	
	Group	Trust	Group	Trust
Net asset value per unit (US\$)	0.28	0.16	0.27	0.17

Note:

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

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8. Review of Performance

The breakdown of the revenue (on a bareboat charter/bareboat charter equivalent ("BBCE") basis) by the respective charter types and the net result from operations is as follows:

2Q 2018 vs 2Q 2017

	Group		
	2Q 2018	2Q 2017	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	8,193	8,857	(7.5)
BBCE revenue of vessels on:-			
-Time charter	257	3,557	(92.8)
-Pool	2,043	2,561	(20.2)
-Spot	897	-	100.0
Total bareboat charter/BBCE revenue	11,390	14,975	(23.9)
Less:			
Depreciation expense on vessels ¹	(7,530)	(9,315)	(19.2)
Impairment on vessels	-	(24,117)	(100.0)
Management fees	(466)	(615)	(24.2)
Trustee fees	(15)	(22)	(31.8)
Other Trust expenses ²	(473)	(480)	(1.5)
Other operating expenses	(8,484)	(34,549)	(75.4)
Results from operating activities	2,906	(19,574)	N.M.
Finance expenses	(2,187)	(2,234)	(2.1)
Profit before tax	719	(21,808)	N.M.
Income tax expense	-	-	N.M.
Profit for the quarter	719	(21,808)	N.M.

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals decreased by 7.5% (US\$0.7 million), mainly attributable to:

- i) Cumbrian Fisher, Clyde Fisher, Speciality, Seniority and Superiority bareboat contracts renewed at a lower daily rate (US\$0.6 million); and
- ii) Idle time on TORM Margrethe (renamed FSL Piraeus) upon redelivery to the Trust as Bareboat lease expired in June 2018 (US\$0.1 million).

¹ For this analysis, depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

² 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.

8. Review of Performance (cont'd)

Time charter

i) Product tankers

FSL Singapore was employed on time charter till 23 April 2018 and subsequently redeployed to an MR pool. The vessel generated BBCE revenue of US\$0.1 million in the quarter under review.

ii) Chemical tankers

The two chemical tankers, *FSL New York* and *FSL London* have been employed on time charter from 12 June 2018 and 19 June 2018 respectively after exiting the spot market. These vessels generated BBCE revenue of US\$0.2 million in the quarter under review.

Pool/Revenue Sharing Agreement ('RSA')

i) Product tanker

FSL Osaka, acquired by the Trust on 18 November 2015, entered an MR pool managed by Hafnia Management ('Hafnia Pool'). The vessel generated net pool revenue of US\$1.0 million. After deducting vessel operating expenses, the vessel earned BBCE revenue of US\$0.4 million in the quarter under review.

FSL Hamburg and *FSL Singapore* entered an MR pool managed by Hafnia Management ('Hafnia Pool') on 7 October 2017 and 23 April 2018 respectively. These vessels together generated net pool revenue of US\$1.8 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$0.6 million in the quarter under review.

ii) Crude oil tanker

FSL Hong Kong and *FSL Shanghai* are employed on a RSA (Revenue Sharing Agreement) from 14 April 2017 and 12 September 2017 respectively. These vessels together generated net pool revenue of US\$2.3 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$1.0 million in the quarter under review.

Spot

- i) The two chemical tankers traded spot from October 2017 to June 2018 and generated US\$1.9 million of freight income in the quarter under review. After deducting voyage and vessel operating expenses, the vessels earned BBCE revenue of US\$0.9 million in the quarter under review.

8. Review of Performance (cont'd)

b. Other operating expenses

- i) Depreciation expense on vessels decreased by 19.2% (US\$1.8 million) due to lower depreciation arising from impairment on vessels taken last year and the disposal of two containerships and one chemical tanker.
- ii) upon re-assessment of the recoverable amount in line with the deterioration in current market value, it was assessed that the carrying amounts of *FSL Busan*, *FSL Santos*, *FSL Hamburg*, *FSL Singapore*, *FSL Hong Kong*, *FSL Shanghai*, *TORM Margrethe* and *TORM Marie* had exceeded the recoverable amount and an impairment of US\$24.1 million for the eight vessels was recognized in 2Q 2017.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$2.9 million in this quarter, compared to an operating loss of US\$19.6 million over the same period last year.

d. Finance expenses

Finance expenses in 2Q 2018, including an exchange gain of US\$12,000 (2Q 2017: exchange loss of US\$19,000), decreased by 2.1% (US\$0.05 million).

For 2Q 2018, FSL Trust achieved net profits of US\$0.7 million.

9. Variance from Prospect Statement

Not applicable.

10. Outlook and Prospects

Shipping markets across sectors in which FSL Trust operates remain under pressure. However, there are positive signs for improvement for 2019.

11. Distribution

(a) Current financial period

Any distributions declared for the : No
current financial period

(b) Corresponding Period of the Immediate Preceding Financial Period

Any distributions declared for the : No
previous corresponding period

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12. If no distribution has been declared/recommended, a statement to that effect

No distribution has been declared.

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 by the Board pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial results of the Group for the quarter ended 30 June 2018 to be false or misleading in any material aspect.

15. The Trustee-Manager, FSL Trust Management Pte. Ltd., has procured undertakings required under Rule 720(1), from all its directors and executive officers.

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

Alan Mitchell
Chief Financial Officer
02 August 2018