



**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

First Ship Lease Trust ("FSL Trust" or the "Trust") is a Singapore-based business trust which owns a fleet of vessels across major shipping sub-sectors and is listed on the Singapore Exchange Securities Trading Limited ("SGX").

As at 30 September 2019, FSL Trust had a high quality, well maintained and diversified portfolio of 18 vessels consisting of three containerships, eleven product tankers, two chemical tankers and two crude oil tankers. Ten vessels were employed on long-term bareboat charters as at 30 September 2019 and have a dollar-weighted average remaining lease period of approximately two years (excluding extension periods and early buy-out options). Two vessels were on fixed time charters. The remaining six vessels were employed in pools. The combined portfolio of 18 vessels had a dollar-weighted average age of approximately thirteen years.

Furthermore, the Trust has two LR2 product tankers under construction at COSCO Shipping Heavy Industry (Yangzhou) Co., Ltd. These vessels are expected to be delivered in late 2020 and early 2021 respectively.

Summary of FSL Trust Consolidated Results

	3Q 2019	3Q 2018	Inc/ (Dec)	YTD SEP 2019	YTD SEP 2018	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	15,500	14,983	3.5	50,893	48,504	4.9
Profit/(Loss) for the quarter/ period	1,640	(2,082)	N.M.	6,681	(446)	N.M.
Income available for distribution	1,330	1,294	2.8	7,572	(6,044)	N.M.
Average number of vessels	18.0	19.0	(5.3)	18.7	19.1	(2.1)

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

1(a)(i) Consolidated Income Statements

		Group					
	Note	3Q 2019	3Q 2018	Inc/ (Dec)	YTD SEP 2019	YTD SEP 2018	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		15,500	14,983	3.5	50,893	48,504	4.9
Depreciation expense on vessels	(a)	(6,304)	(7,932)	(20.5)	(18,912)	(23,798)	(20.5)
Voyage expenses		43	(301)	N.M.	(395)	(2,163)	(81.7)
Vessel operating expenses		(5,276)	(5,328)	(1.0)	(15,988)	(13,799)	15.9
Management fees		(428)	(390)	9.7	(1,430)	(1,320)	8.3
Trustee fees		(15)	(15)	-	(41)	(47)	(12.8)
Other Trust expenses		(494)	(655)	(24.6)	(1,943)	(1,830)	6.2
Results from operating activities		3,026	362	735.9	12,184	5,547	119.7
Gain on disposal of vessels	(b)	14	-	100.0	23	886	(97.4)
Finance income		171	-	100.0	225	-	100.0
Finance expenses		(1,553)	(2,447)	(36.5)	(5,733)	(6,880)	(16.7)
Profit/(Loss) before tax		1,658	(2,085)	N.M.	6,699	(447)	N.M.
Income tax expense		(18)	3	N.M.	(18)	1	N.M.
Profit/(Loss) for the quarter/period		1,640	(2,082)	N.M.	6,681	(446)	N.M.

Note:

(a) Including amortization of dry-docking costs.

(b) This relates to the sale of the product tanker (FSL Hamburg) in April 2019, the containership (FSL Busan) and the chemical tanker (FSL Tokyo) in January 2018.

1(a)(ii) Statements of Comprehensive Income

		Group			
		3Q 2019	3Q 2018	YTD SEP 2019	YTD SEP 2018
		US\$'000	US\$'000	US\$'000	US\$'000
Profit/(Loss) for the quarter/ period		1,640	(2,082)	6,681	(446)
Total comprehensive income/(loss), net of tax		1,640	(2,082)	6,681	(446)

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

1(a)(iii) Distribution Statements

Note	3Q 2019	3Q 2018	YTD SEP 2019	YTD SEP 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(Loss) for the quarter/ period	1,640	(2,082)	6,681	(446)
Add: Non-cash adjustments (a)	5,971	7,538	17,932	21,048
Net cash generated from operations	7,611	5,456	24,613	20,602
Less: Repayment of secured bank loans	(6,281)	(112,162)	(17,041)	(118,412)
Prepayment of secured bank loans	-	-	-	(16,234)
Add: Loan drawdown (b)	-	108,000	-	108,000
Income available for distribution	1,330	1,294	7,572	(6,044)
Add: Utilisation of cash retained from previous periods	-	-	-	6,044
Less: Cash retained in the current period	(1,330)	(1,294)	(7,572)	-
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)	1,768,058	637,457	1,768,058	637,457
Distribution per unit (US Cents)	-	-	-	-

Notes:

(a) Non-cash adjustments

	Group			
	3Q 2019	3Q 2018	YTD SEP 2019	YTD SEP 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation expense on vessels ¹	5,978	7,530	17,934	22,590
Impairment on vessels	-	-	-	-
Gain on disposal of vessels	(14)	-	(23)	(886)
Amortisation of deferred income	-	-	-	(678)
Amortisation of initial direct costs ²	7	8	21	22
	5,971	7,538	17,932	21,048

(b) Drawdown of US\$108 million from the new facility agreements in 3Q 2018.

(c) No distribution has been recommended by the Board for the third quarter of 2019.

¹ Excluding amortization of dry-docking costs.

² Excluding amortization of deferred arrangement fees.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

1(b)(i) Statements of Financial Position

		30 Sep 2019		31 Dec 2018	
		Group	Trust	Group	Trust
Note		US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets					
Vessels	(d)	223,296	-	225,538	-
Subsidiaries		-	31,847	-	45,312
		223,296	31,847	225,538	45,312
Current assets					
Trade and other receivables		9,778	88,021	12,760	76,586
Cash and cash equivalents	(a)	50,228	37,576	13,881	1,331
Non-current asset classified as held-for-sale		-	-	10,989	-
		60,006	125,597	37,630	77,917
Total assets		283,302	157,444	263,168	123,229
Equity attributable to unitholders of FSL Trust					
Units in issue		561,487	561,487	523,284	523,284
Reserves		(362,056)	(404,243)	(368,022)	(407,040)
Total equity		199,431	157,244	155,262	116,244
Non-current liabilities					
Secured bank loans	(b)	47,993	-	73,765	-
Convertible bonds	(c)	-	-	6,287	6,287
		47,993	-	80,052	6,287
Current liabilities					
Trade and other payables		7,153	182	2,897	698
Lease income received in advance		-	-	1,688	-
Secured bank loans	(b)	28,707	-	23,269	-
Income tax payable		18	18	-	-
		35,878	200	27,854	698
Total liabilities		83,871	200	107,906	6,985
Total equity and liabilities		283,302	157,444	263,168	123,229

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

Note:

(a) Cash and cash equivalents comprise:

	30 Sep 2019		31 Dec 2018	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at Bank	23,058	10,406	13,881	1,331
Short-term deposits	27,170	27,170	-	-
Cash and cash equivalents	50,228	37,576	13,881	1,331
Less: Restricted cash [^]	(500)	-	(500)	-
Cash and cash equivalents in the Consolidated Statement of Cash Flows	49,728	37,576	13,381	1,331

[^] The restricted cash is the minimum cash balance maintained with a lender in accordance to the respective loan facility agreement.

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

	30 Sep 2019	31 Dec 2018
	US\$'000	US\$'000
Secured bank loans		
<u>Repayable within one year</u>		
Secured bank loans	29,352	24,258
Less: Unamortised debt transaction costs	(645)	(989)
	28,707	23,269
<u>Repayable after one year</u>		
Secured bank loans	48,363	74,650
Less: Unamortised debt transaction costs	(370)	(885)
	47,993	73,765

In FY 2018, the Trustee-Manager, on behalf of FSL Trust, has through its subsidiaries secured the following term loan facilities:

- (a) US\$50 million facility agreement with Hellenic Bank Public Company Limited ("Hellenic");
- (b) US\$40 million facility agreement with Chailease International Financial Services Co., Ltd. ("Chailease"); and
- (c) US\$18 million facility agreement with Amsterdam Trade Bank N.V. ("ATB").

The weighted average interest margin over LIBOR of the three loans is 4.012%.

The aggregate outstanding balance of the loan facilities as at 30 September 2019 was US\$77.7 million.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

As at 30 September 2019, the Group is in compliance with the terms of the loan agreements.

The term loan facilities are 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) Convertible Bonds - Group and Trust

Pursuant to the completion of the Bond Issue on 21 May 2018, the Trust raised net proceeds of US\$7.03 million (after deducting bond fees of US\$0.22 million) which were applied towards the repayment of the previous Syndicated Loan in 2Q 2018.

The Subscriber, on 15 July 2019, exercised its right and converted the Bonds with an aggregate principal amount of US\$7.25 million in accordance with the terms and conditions of the Bond Subscription Agreement (refer to paragraph 1(d)(ii) for further details).

(d) Vessels

Vessels comprise:

	30 Sep 2019		31 Dec 2018	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Vessels				
Operating Vessels	207,692	-	225,498	-
Vessels under construction	15,604	-	40	-
	223,296	-	225,538	-

Plan approval is completed and works are proceeding as scheduled. Steel cutting for Hull no. 944 started in September 2019 while for Hull no. 945 it is scheduled for November 2019.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

1(c) Consolidated Statement of Cash Flows

	Group			
	3Q 2019	3Q 2018	YTD SEP 2019	YTD SEP 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Profit/(Loss) before tax	1,658	(2,085)	6,699	(447)
Adjustments for:				
Depreciation expense on vessels	6,304	7,932	18,912	23,798
Amortisation of debt transaction costs	211	233	859	233
Amortisation of initial direct costs	54	54	162	162
Amortisation of deferred income	-	-	-	(678)
Interest income	(171)	-	(225)	-
Interest expense	1,352	2,161	4,891	6,520
Gain on disposal of vessels	(14)	-	(23)	(886)
	9,394	8,295	31,275	28,702
Changes in working capital:				
Trade and other receivables	1,544	(1,418)	3,008	(1,487)
Inventories	-	756	-	-
Trade and other payables	4,976	1,558	4,518	1,604
Lease income received in advance	-	(735)	(1,688)	(2,643)
Cash generated from operating activities	15,914	8,456	37,113	26,176
Income tax paid	-	3	-	1
Cash flows generated from operating activities	15,914	8,459	37,113	26,177
Investing activities:				
Vessels initial direct costs	(4)	-	(235)	-
Costs incurred for new shipbuilding contracts	(4,915)	-	(15,331)	-
Costs incurred for vessel equipment	(987)	-	(1,266)	-
Interest received	188	-	199	-
Net proceed on disposal of vessels	14	-	11,012	19,146
Costs incurred for dry-docking	-	-	-	(6)
Cash flows (used in)/generated from investing activities	(5,704)	-	(5,621)	19,140
Financing activities:				
Loan from Sponsor	-	-	10,000	-
Repayment of loan to Sponsor	-	-	(10,000)	-
Net proceeds from issuance of convertible bonds	-	(250)	-	6,686
Proceeds from preferential offering	-	-	31,215	-
Units issued costs	(76)	-	(262)	-
Loan drawdown	-	90,000	-	108,000
Pledged deposit	-	17,500	-	(500)
Payment of upfront closing fees	-	(1,770)	-	(2,395)
Repayment of secured bank loans	(6,281)	(112,162)	(17,041)	(118,412)
Prepayment of secured bank loans	-	-	(4,152)	(35,617)
Interest paid	(1,785)	(989)	(4,905)	(5,497)
Cash flows (used in)/generated from financing activities	(8,142)	(7,671)	4,855	(47,735)
Net increase/(decrease) in cash and cash equivalents	2,068	788	36,347	(2,418)
Cash and cash equivalents at beginning of period	47,660	9,995	13,381	13,201
Cash and cash equivalents at end of period	49,728	10,783	49,728	10,783
Comprising:-				
Cash at Bank	22,558	10,783	22,558	10,783
Short-term deposits	27,170	-	27,170	-
	49,728	10,783	49,728	10,783

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

**2019
Group**

At 1 July 2019
Units Issued on Conversion (CB)
Units issued costs
Total comprehensive income for the quarter
At 30 September 2019

Units in Issue	Option premium on convertible bonds	Foreign Currency Translation Reserve	Accumulated Profit/ (Losses)	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
554,313	560	(6,725)	(356,816)	191,332
7,250	(715)	-	-	6,535
(76)	-	-	-	(76)
-	-	-	1,640	1,640
561,487	(155)	(6,725)	(355,176)	199,431

**2018
Group**

At 1 July 2018
Issue of convertible bonds - equity component
Total comprehensive loss for the quarter
At 30 September 2018

Units in Issue	Option premium on convertible bonds	Foreign Currency Translation Reserve	Accumulated Profit/ (Losses)	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
523,284	595	(6,725)	(341,235)	175,919
-	(27)	-	-	(27)
-	-	-	(2,082)	(2,082)
523,284	568	(6,725)	(343,317)	173,810

**2019
Trust**

At 1 July 2019
Units Issued on Conversion (CB)
Units issued costs
Total comprehensive income for the quarter
At 30 September 2019

Units in Issue	Option premium on convertible bonds	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
554,313	560	(408,482)	146,391
7,250	(715)	-	6,535
(76)	-	-	(76)
-	-	4,394	4,394
561,487	(155)	(404,088)	157,244

**2018
Trust**

At 1 July 2018
Issue of convertible bonds - equity component
Total comprehensive loss for the quarter
At 30 September 2018

Units in Issue	Option premium on convertible bonds	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
523,284	595	(420,898)	102,981
-	(27)	-	(27)
-	-	(5,723)	(5,723)
523,284	568	(426,621)	97,231

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

	Note	YTD 2019 Units	FY 2018 Units
At the beginning of the period		637,456,577	637,456,577
Preferential Offering	(1)	956,184,865	
Conversion of Bonds	(2)	174,416,194	-
At the end of the period		1,768,057,636	637,456,577

There are no treasury shares and no subsidiary holdings as at 30 September 2019 and as at 30 September 2018.

(1) Preferential Offering

At the Extraordinary General Meeting of the Trust held on 22 April 2019, Unitholders voted in favour of the Trust's proposed preferential offering. Pursuant to the Preferential Offering, an aggregate of 956,184,865 New Units have been issued by FSL Trust on 7 June 2019.

As of 3 June 2019 upon the completion of the Preferential Offering and pursuant to the set-off arrangement between the Group with FSL Holdings Pte. Ltd., the Sponsor, the amount outstanding under the bridging loan of US\$10.00 million and the related outstanding accrued interest of US\$0.22 million were set-off against the subscription monies for New and excess Units.

(2) Convertible Bonds

On 21 May 2018, the Trust issued US\$7,250,000 in principal amount of Convertible Bonds due in 2020 which were convertible by holders into units of the Trust at any time during the Term at conversion price of US\$0.05687 per unit.

With effect from 7 June 2019, being the date of issue of the New Units pursuant to the Preferential Offering, the Conversion Price was adjusted to S\$0.05644.

The Subscriber, on 15 July 2019, exercised its right to convert all of the Bonds in accordance with the terms and conditions of the Bond Subscription Agreement. Therefore, the Bonds were converted into 174,416,194 New Units at the Adjusted Conversion Price of S\$0.05644 (equivalent to approximately US\$0.04157 based on an exchange rate of S\$1 to US\$0.7365 on 15 July 2019) for each New Unit.

Following the issue of 956,184,865 New Units in June under the Preferential Offering, and the issue of 174,416,194 New Units in July following the conversion of the Bond, the total number of issued units in FSL Trust has increased from 637,456,577 Units to 1,768,057,636 Units.

Mandatory General Offer

On 7 June 2019, as a result of the Preferential Offering and in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, FSL Holdings Pte. Ltd., the Sponsor of the Trust, was required to, and made, a Mandatory General Offer for all the Units of the Trust. Upon the closing of the Offer on 14 August 2019, the total number of Units controlled by the Sponsor increased to 1,292,288,508 Units, representing approximately 73.09% of the total issued Units.

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 2018, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2019.

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 2019 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.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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			
	3Q 2019	3Q 2018	YTD SEP 2019	YTD SEP 2018
Basic and diluted earnings/(loss) per unit is based on:				
Weighted average number of issued units (basic) ('000)	1,741,516	637,457	1,083,073	637,457
Basic earnings/(loss) per unit based on weighted average number of units in issue (US Cents)	0.09	(0.33)	0.62	(0.07)
Weighted average number of issued units (diluted) ('000) ^(a)	1,768,058	764,940	1,180,150	699,564
Diluted earnings/(loss) per unit based on weighted average number of units in issue (US Cents) ^(b)	0.10	(0.33)	0.61	(0.07)
Number of issued units at end of quarter/ period ('000)	1,768,058	637,457	1,768,058	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.
- (b) For the purpose of calculating the diluted EPU, interest expenses on the convertible bond of US\$0.04 million and US\$0.52 million was added back to the net profit for 3Q 2019 and YTD Sep 2019 respectively. Diluted (loss) per unit based on weighted average number of units in issue (US cents) were the same as basic (loss) per unit as the conversion of convertible bonds to units were anti-dilutive for 3Q 2018 and YTD Sep 2018.

As at 30 September 2019, the Trust do 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	30 Sep 2019		31 Dec 2018	
	Group	Trust	Group	Trust
Net asset value per unit (US\$)				
(a)	0.11	0.09	0.24	0.18

Note:

- (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/year.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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:

3Q 2019 vs 3Q 2018

	Group		
	3Q 2019	3Q 2018	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	6,557	6,663	(1.6)
BBCE revenue of vessels on:-			
-Time charter	858	877	(2.2)
-Pool	2,478	1,520	63.0
-Spot	48	(108)	N.M.
Total bareboat charter/BBCE revenue	9,941	8,952	11.0
Less:			
Depreciation expense on vessels ¹	(5,978)	(7,530)	(20.6)
Management fees	(428)	(390)	9.7
Trustee fees	(14)	(15)	(6.7)
Other Trust expenses ²	(495)	(655)	(24.4)
Other operating expenses	(6,915)	(8,590)	(19.5)
Results from operating activities	3,026	362	735.9
Gain on disposal of vessels	14	-	100.0
Finance income	171	-	100.0
Finance expenses	(1,553)	(2,447)	(36.5)
Profit/(Loss) before tax	1,658	(2,085)	N.M.
Income tax expense	(18)	3	N.M.
Profit/(Loss) for the quarter	1,640	(2,082)	N.M.

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals decreased by 1.6% (US\$0.1 million), mainly attributable to:

- i) *FSL Perth* (ex. *TORM Marie*) bareboat lease expired in July 2018 (US\$0.1 million).

¹ For this analysis, amortization expense on dry-docking costs is not included in depreciation expense on vessels, but 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) 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\$0.9 million in the quarter under review.

Pool/Revenue Sharing Agreement ('RSA')

i) Product tankers

FSL Osaka entered an MR pool managed by Hafnia Management ('Hafnia Pool') in November 2015. In the quarter under review, the vessel generated net pool revenue of US\$1.1 million. After deducting vessel operating expenses, the vessel earned BBCE revenue of US\$0.4 million.

FSL Singapore entered an MR pool managed by Hafnia Management ('Hafnia Pool') on 23 April 2018. In the quarter under review, the vessel generated net pool revenue of US\$1.1 million. After deducting vessel operating expenses, the vessel earned BBCE revenue of US\$0.5 million.

FSL Piraeus and *FSL Perth* entered Sigma Tanker Pool managed by Heidmar Inc. ('Sigma Tanker Pool') on 21 August 2018 and 25 August 2018 respectively. In the quarter under review, these vessels together generated net pool revenue of US\$2.1 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$0.4 million.

ii) Crude oil tankers

FSL Hong Kong and *FSL Shanghai* are employed on a RSA (Revenue Sharing Agreement) from 14 April 2017 and 12 September 2017 respectively. In the quarter under review, these vessels together generated net pool revenue of US\$2.5 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$1.2 million.

b. Other operating expenses

Depreciation expense on vessels decreased by 20.6% (US\$1.6 million) due to:

- (a) lower depreciation expenses of US\$0.3 million arising from the disposal of one product tanker in April 2019;
- (b) lower depreciation of US\$1.3 million due to lower depreciation arising from impairment on vessels taken last year.

8. Review of Performance (cont'd)

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$3.0 million in this quarter, compared to US\$0.4 million over the same period last year.

d. Finance expenses

Finance expenses in 3Q 2019, including an exchange gain of US\$10,000 (3Q 2018: exchange loss of US\$5,000), decreased by 36.5% (US\$0.9 million) mainly due to the lower outstanding indebtedness, bond interest and amortisation of debt transaction costs.

For 3Q 2019, FSL Trust achieved net profits of US\$1.6 million.

9. Variance from Prospect Statement

Not applicable.

10. Outlook and Prospects

Sectors of the market in which the Trust operates are showing positive signs for 4Q 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

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

No distribution has been declared this quarter. The Board of Directors will recommence distributions when distributions are sustainable.

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.

**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

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 September 2019 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
06 November 2019