



First Ship Lease Trust

Eleventh Annual General Meeting

9 May 2018

2017: Year in review

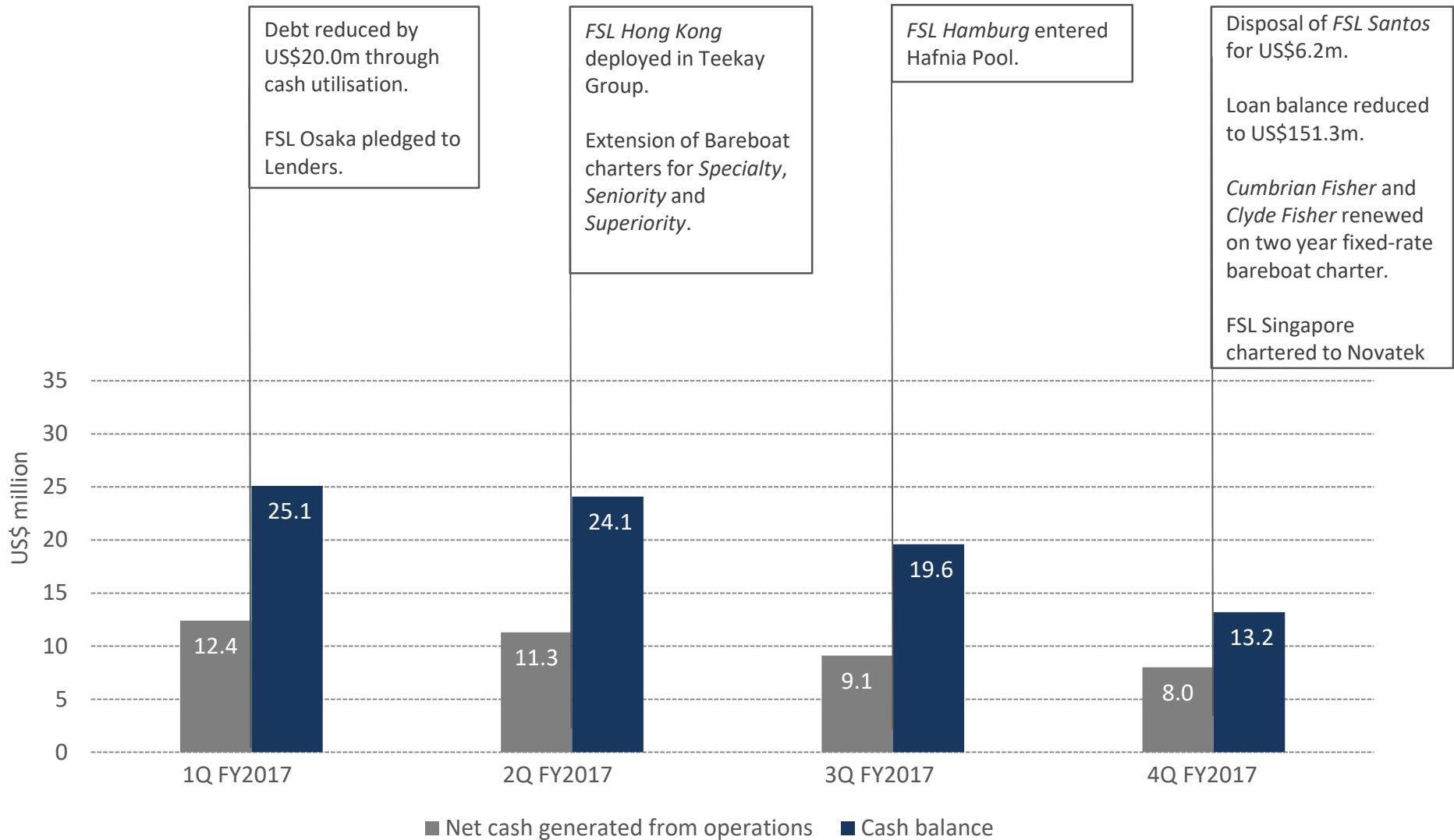
Operational Performance

Recent developments

Summary

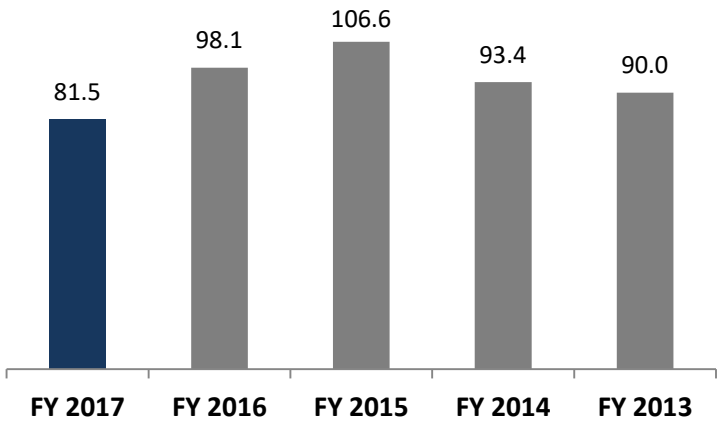
Questions & Answers

2017: Key milestones

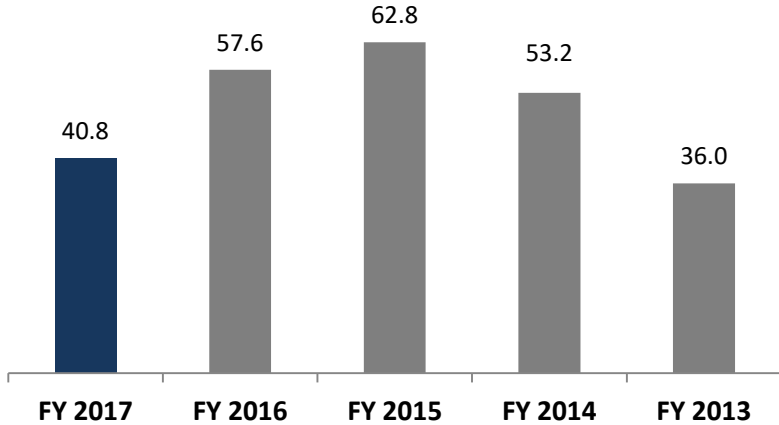


2017: Financial highlights

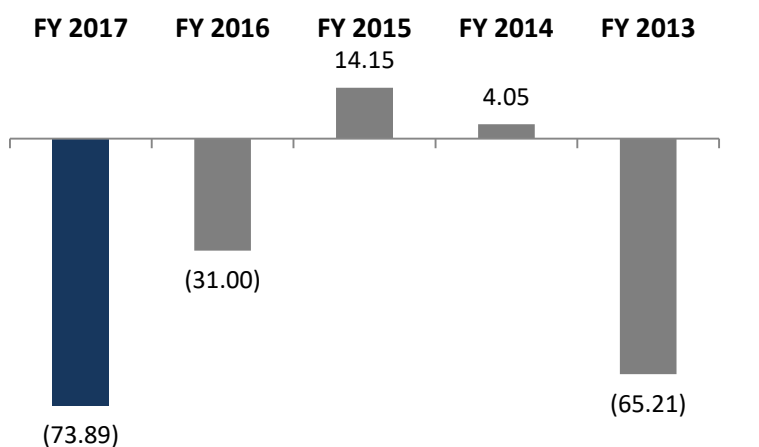
Revenue



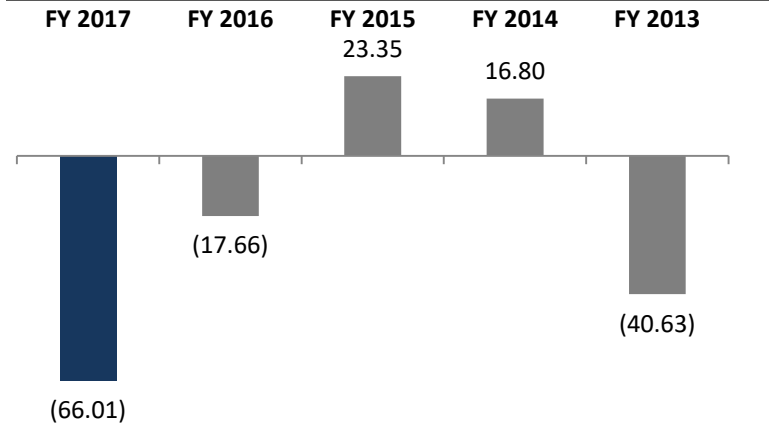
Net cash generated from operations



Profit / (Loss) for the year



Results from operating activities



2017: Gearing, Bank Debt and Value-to-Loan

- Bank debt reduced from US\$425m in June 2013 to US\$151.3m as at 31 December 2017, by:
 - Scheduled and voluntary repayments
 - Proceeds from the sale of FSL Santos

- Gearing ratio improved from 57.6% in FY2012 to 46.6% in FY2017.

- VTL remains within Lender Covenant of 125% despite vessel valuations declining considerably during the year.

- Post year end, bank debt further reduced to US\$119.7m as at 3 May 2018 by:
 - Cash generated from operations
 - Proceeds from sale of FSL Busan and FSL Tokyo

- NTA per unit as at 31 Dec 2017 was US\$0.27.

Unit price performance

Unit Price Performance Over The 5-Year Period



Previous 5 Years (04/05/2013 – 04/05/2018)	
Open (SG cts)	12.5
High (SG cts)	19.3
Low (SG cts)	6.9
Close (SG cts)	8.3
Average Daily Traded Volume (Units)	698,710

Source: Bloomberg (04 May 2018)

2017: Year in review

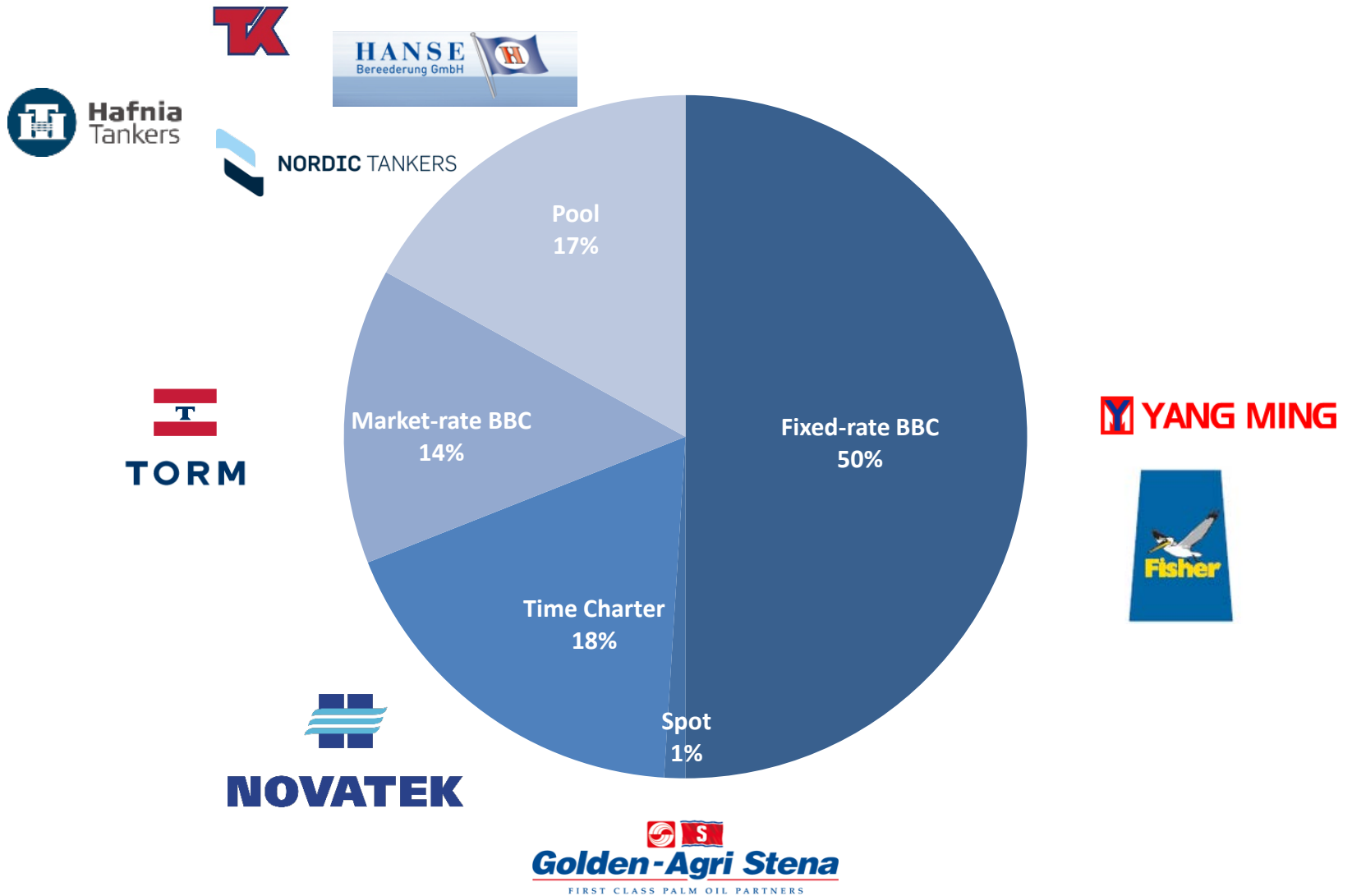
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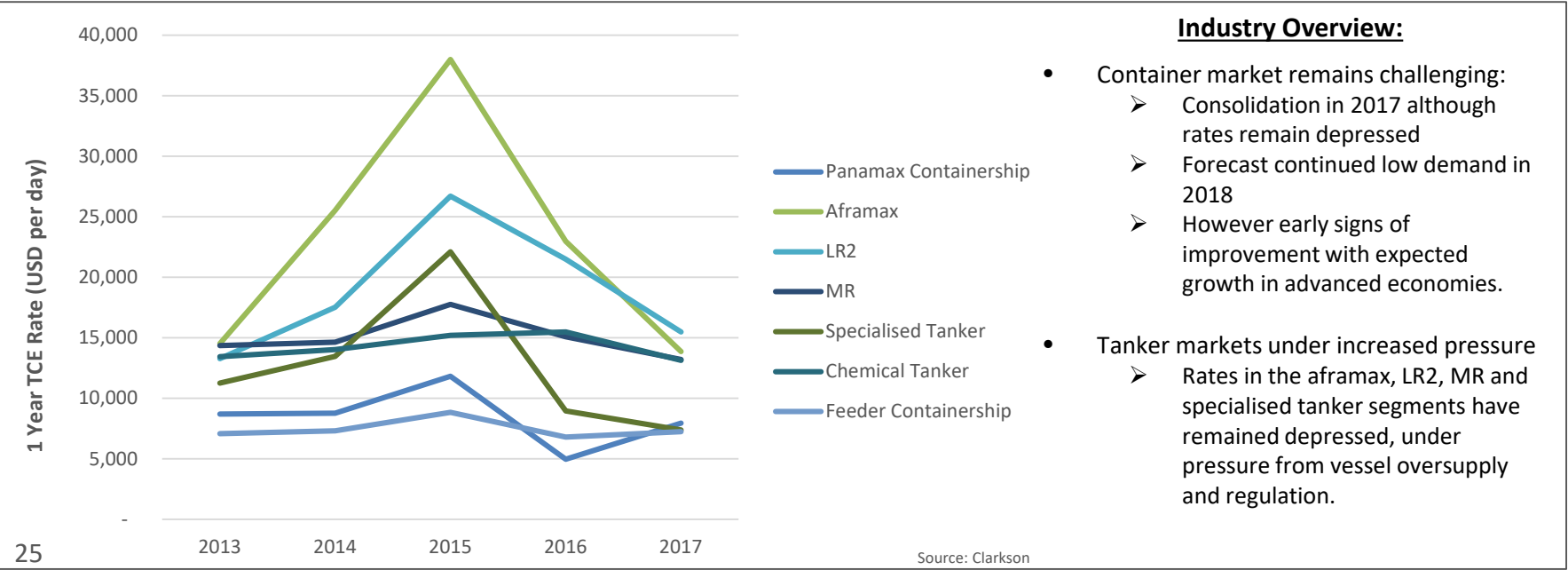
Questions & Answers

2017: Fleet deployment by revenue⁽¹⁾



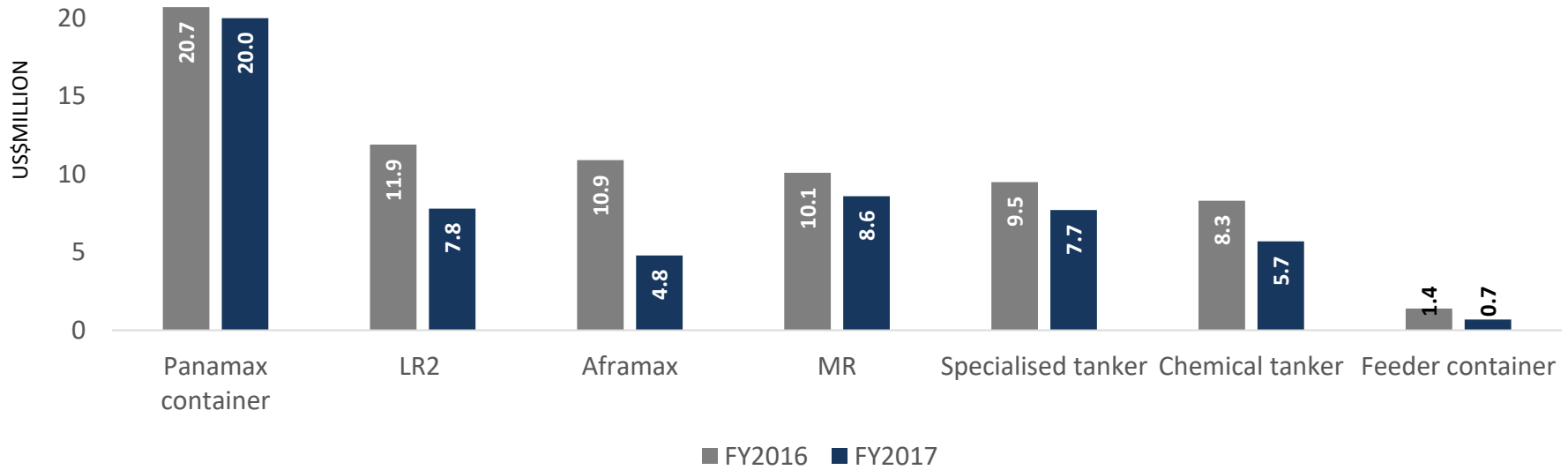
Note 1: BBCE revenue for the year ended 31 December 2017

2017 vs 2016 Operational performance and market trend



Industry Overview:

- Container market remains challenging:
 - Consolidation in 2017 although rates remain depressed
 - Forecast continued low demand in 2018
 - However early signs of improvement with expected growth in advanced economies.
- Tanker markets under increased pressure
 - Rates in the aframax, LR2, MR and specialised tanker segments have remained depressed, under pressure from vessel oversupply and regulation.

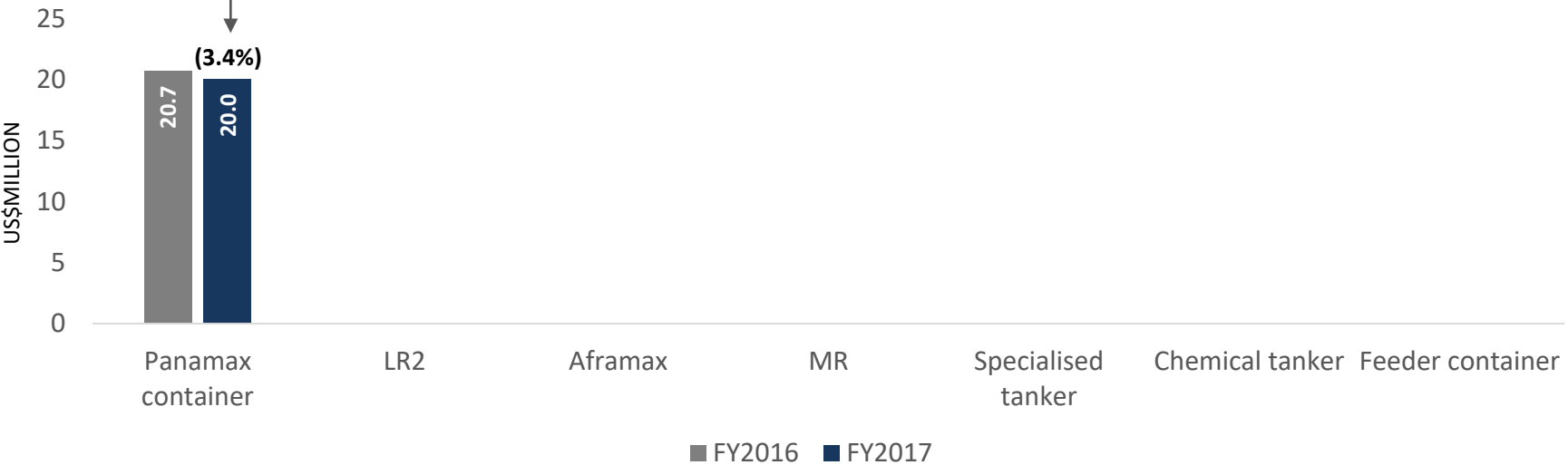
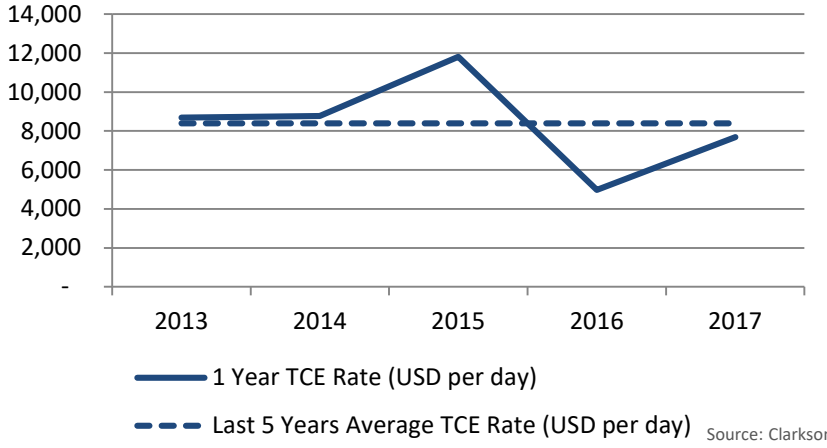


2017 vs 2016 Operational performance and market trend

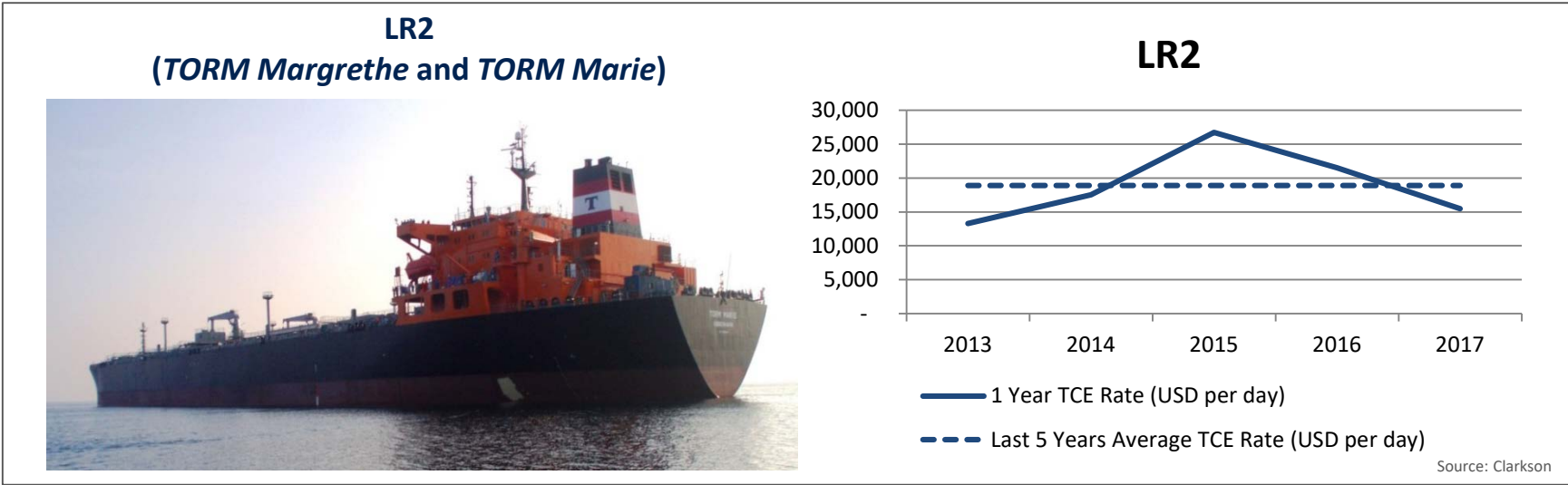
Panamax Containership
(YM Eminence, YM Elixir and YM Enhancer)



Panamax Containership



2017 vs 2016 Operational performance and market trend

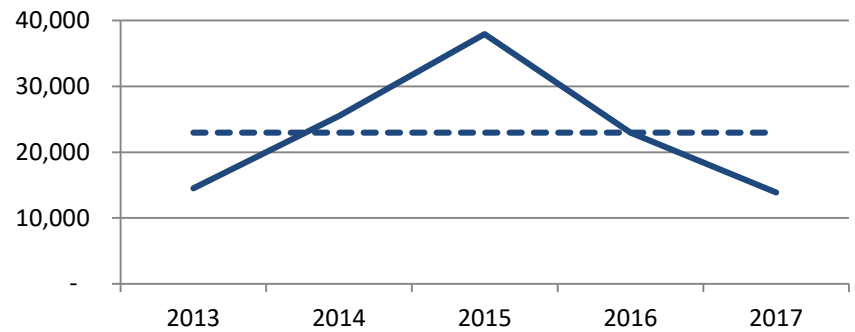


2017 vs 2016 Operational performance and market trend

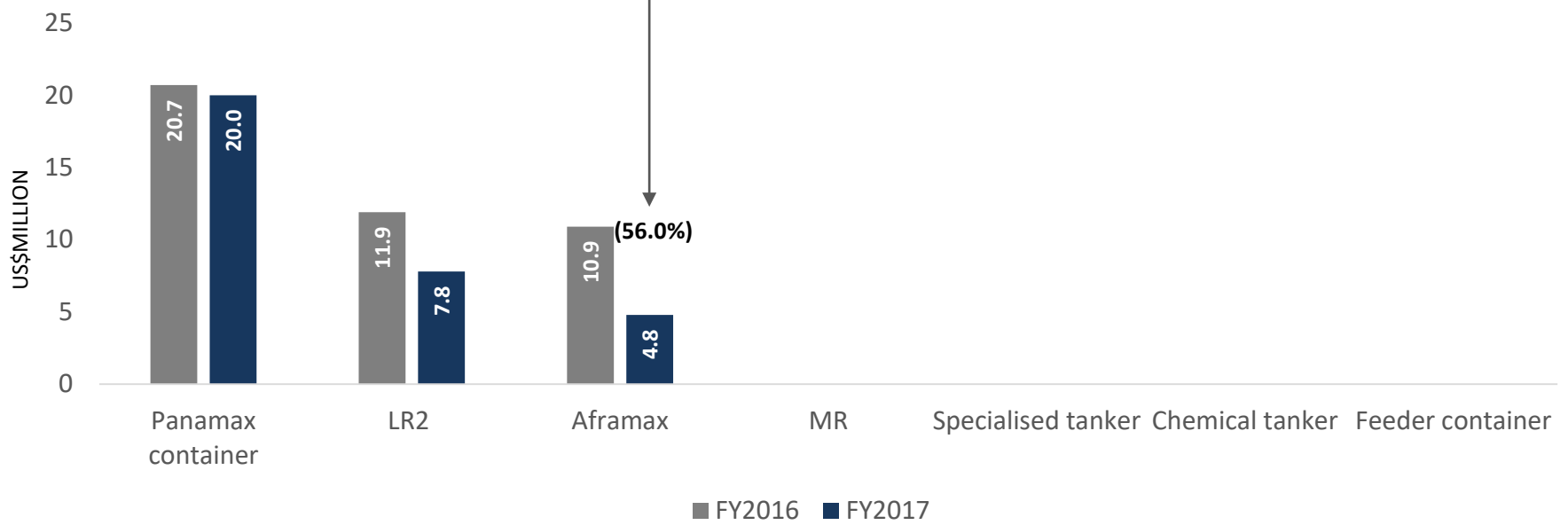
Aframax
(FSL Hong Kong and FSL Shanghai)



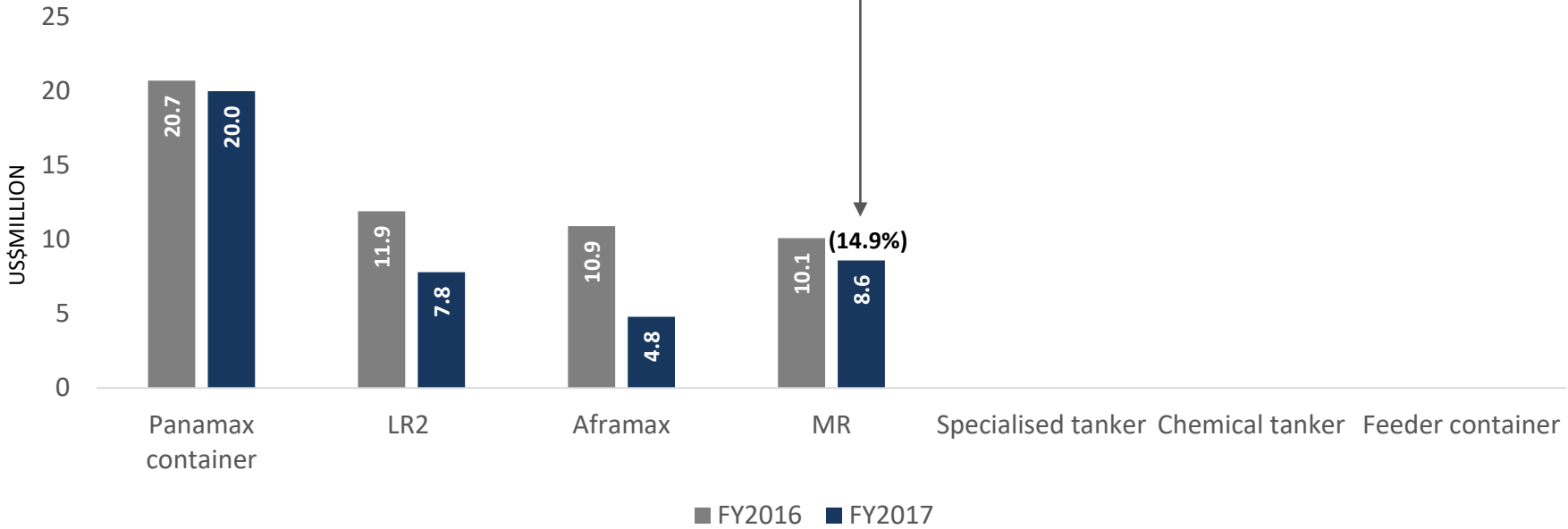
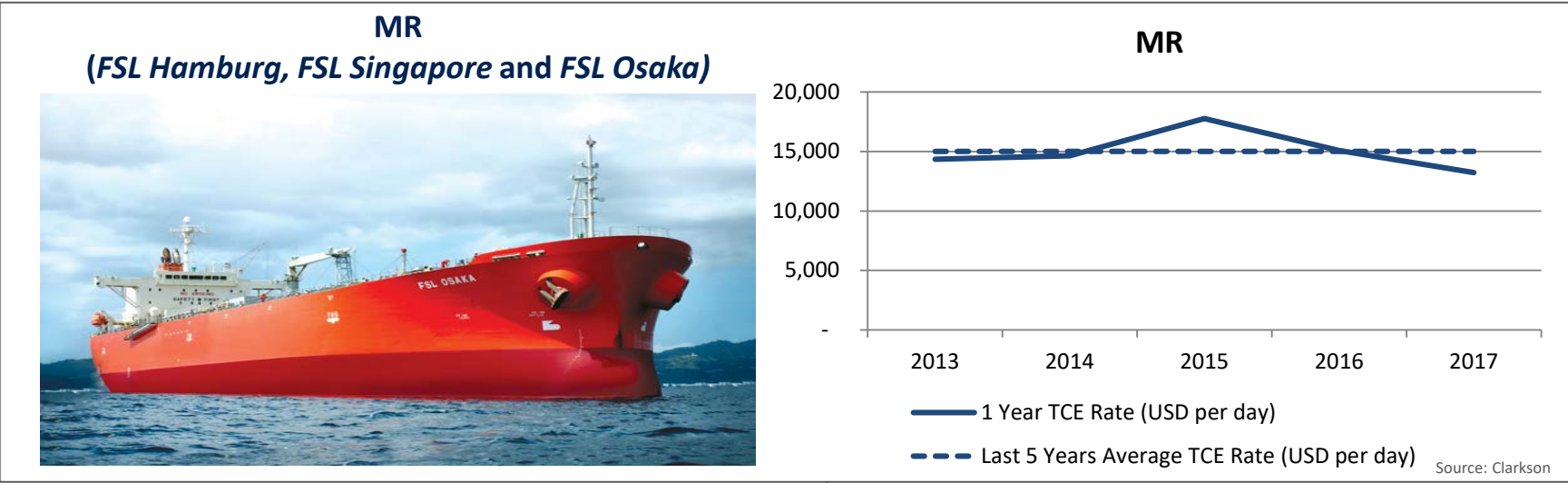
Aframax



Source: Clarkson



2017 vs 2016 Operational performance and market trend

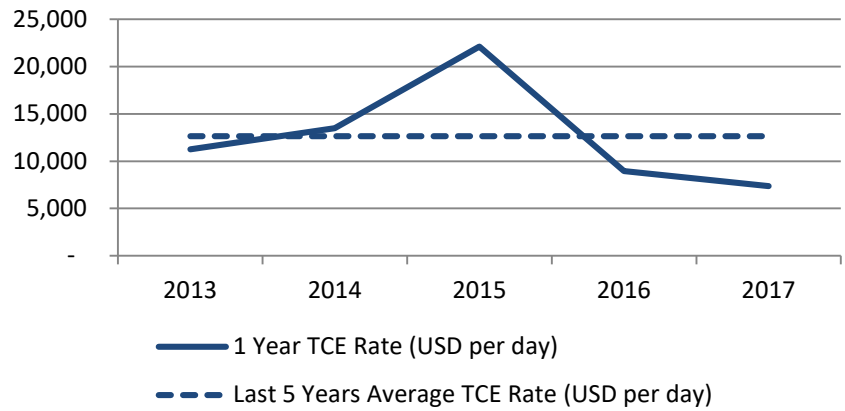


2017 vs 2016 Operational performance and market trend

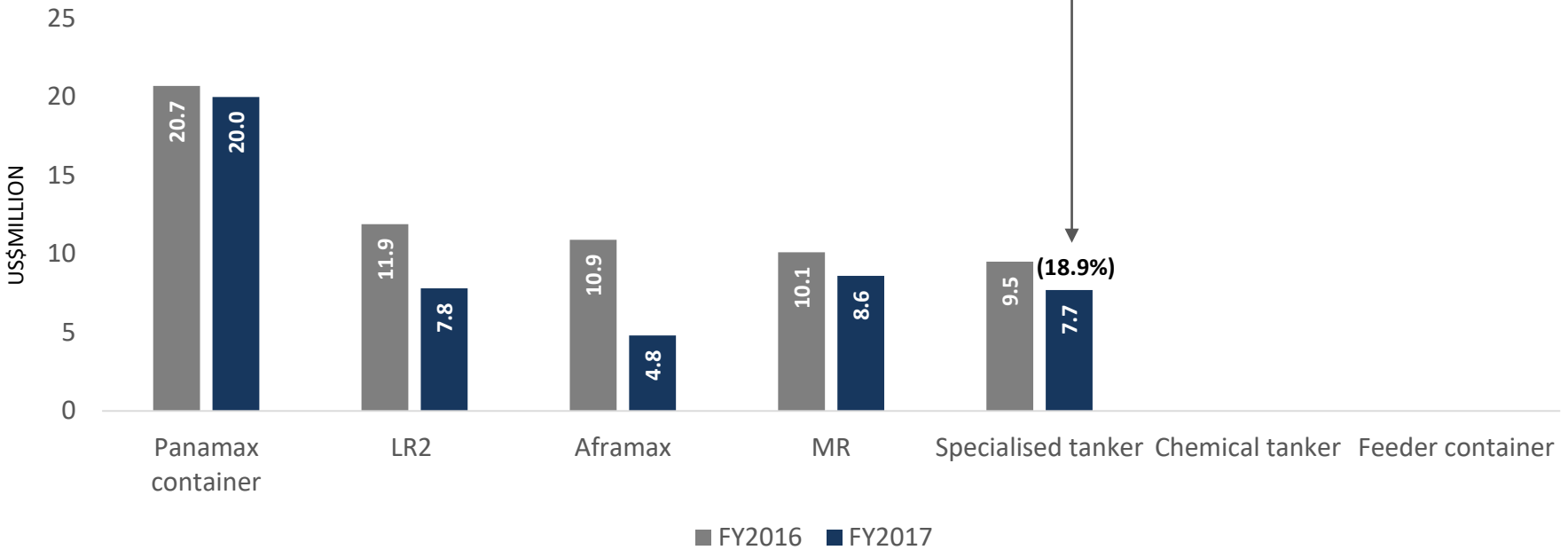
Specialised Product Tanker
(Speciality, Seniority, Superiority, Cumbrian Fisher, Clyde Fisher, Solway Fisher and Shannon Fisher)



Specialised tankers



Source: Clarkson

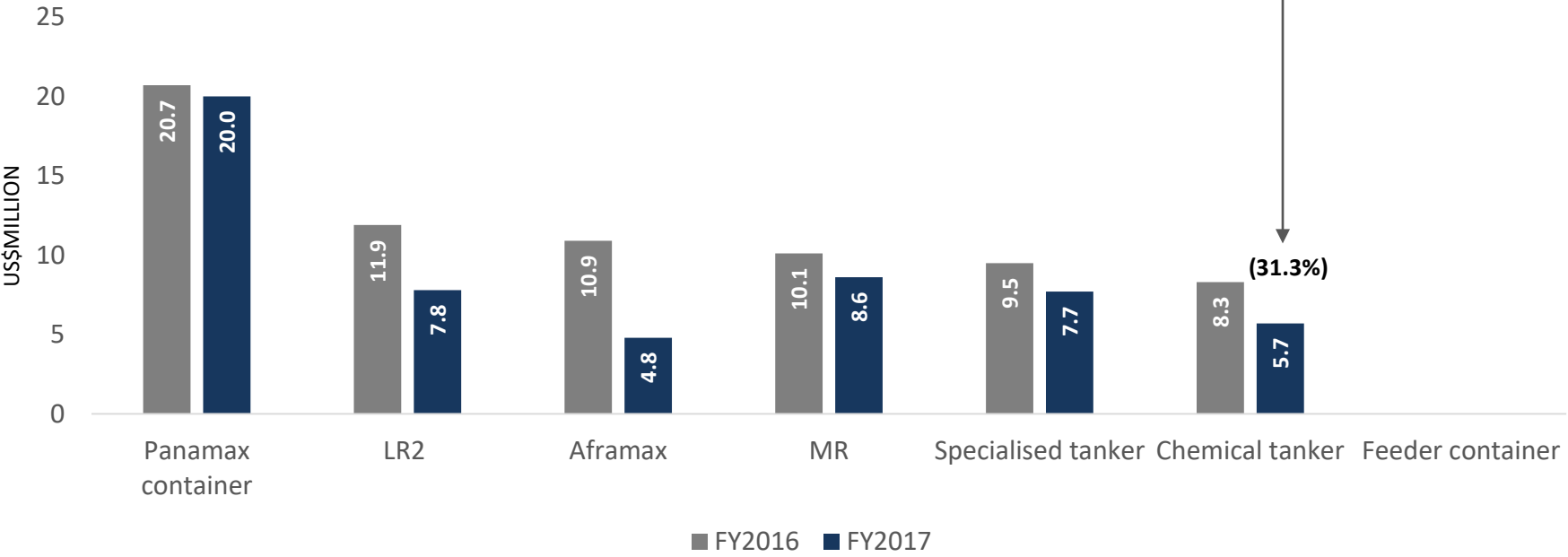
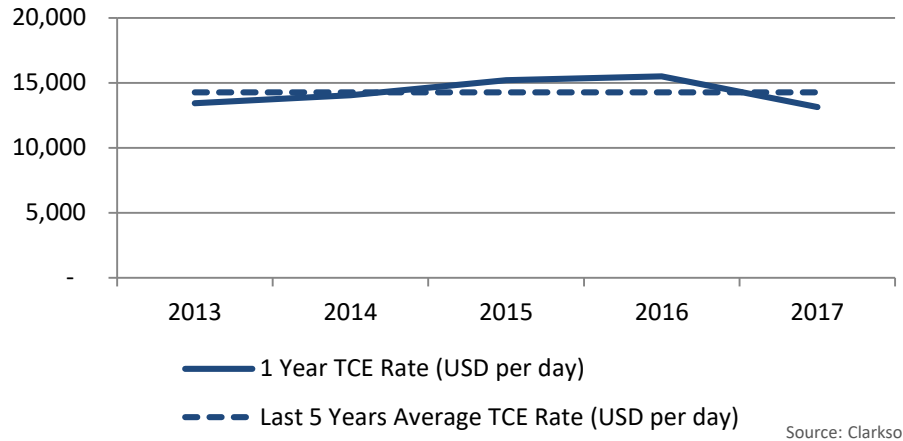


2017 vs 2016 Operational performance and market trend

Chemical Tanker
(FSL New York, FSL London and FSL Tokyo)



Chemical tankers

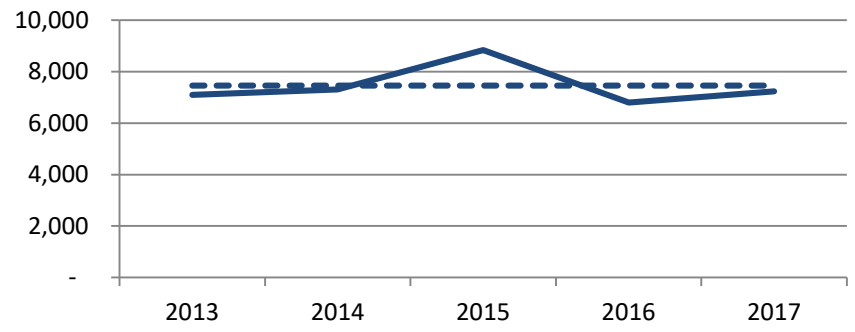


2017 vs 2016 Operational performance and market trend

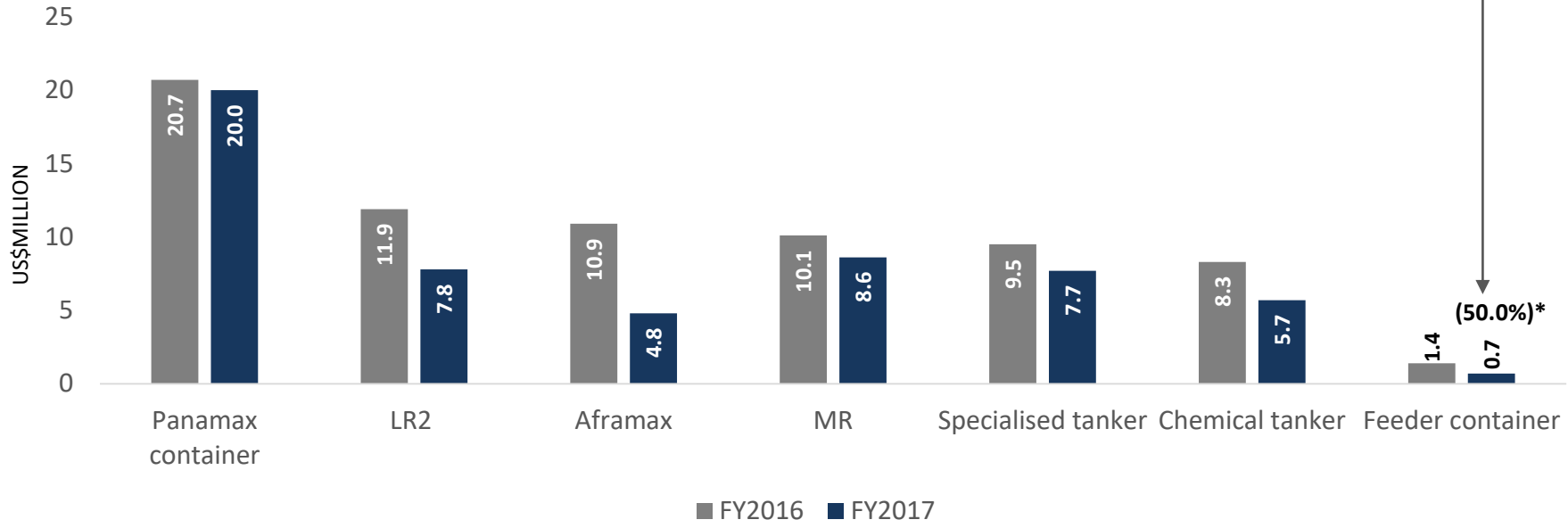
Feeder Containership
(FSL Busan and FSL Santos*)



Feeder

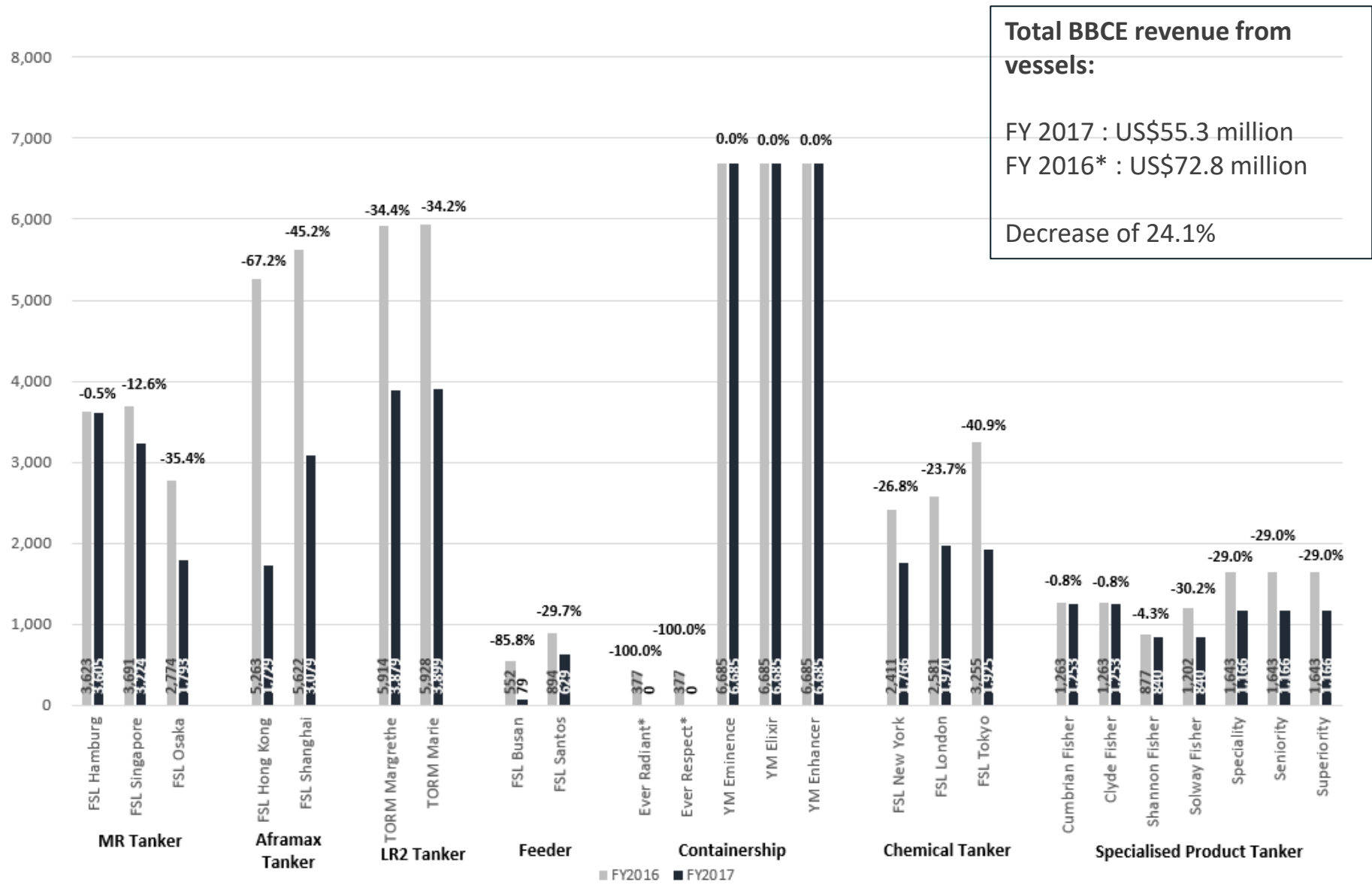


Source: Clarkson



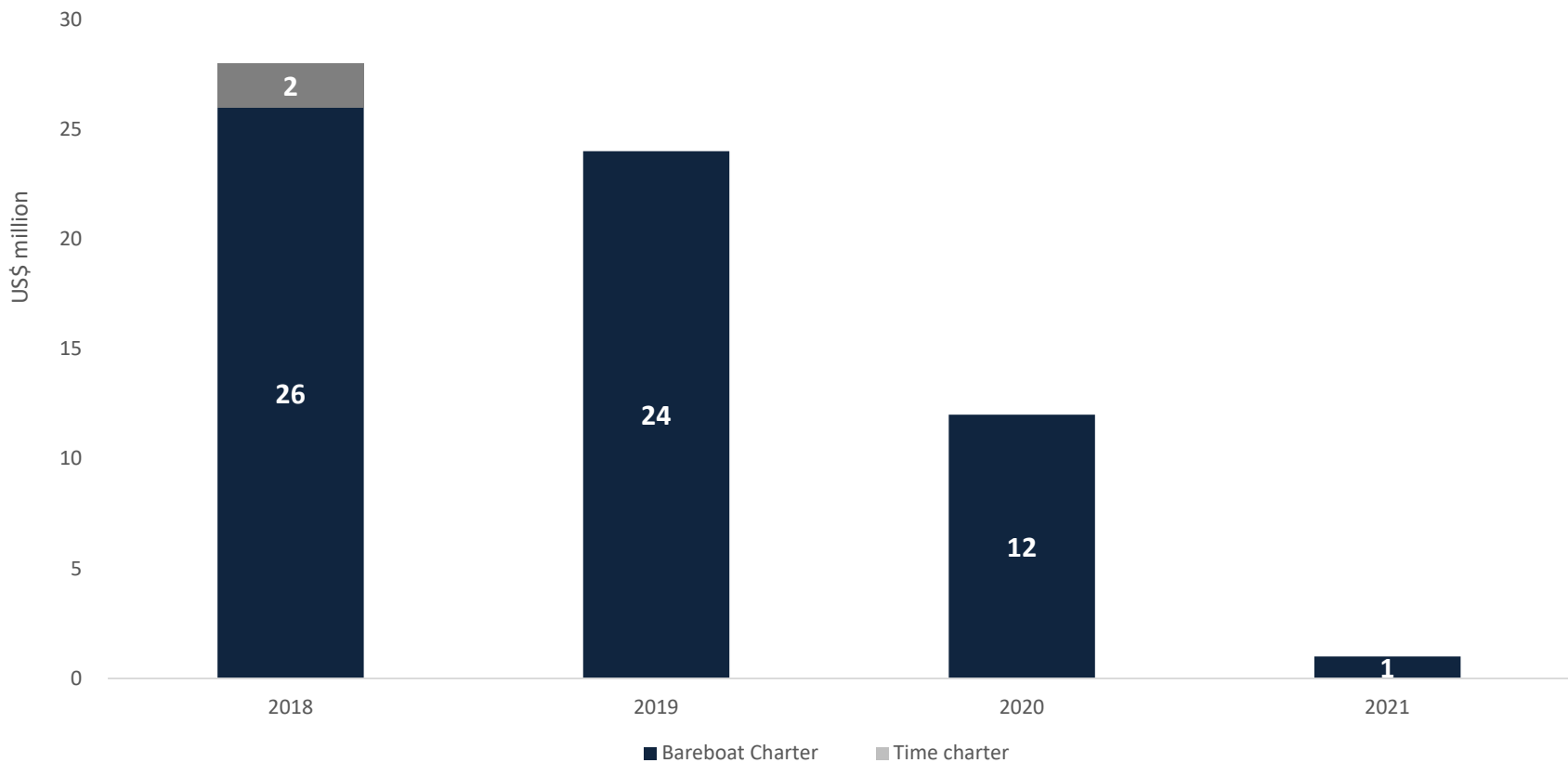
*Reduced fleet with the disposal of one containership in December 2017

2017 vs 2016 BBCE Revenue

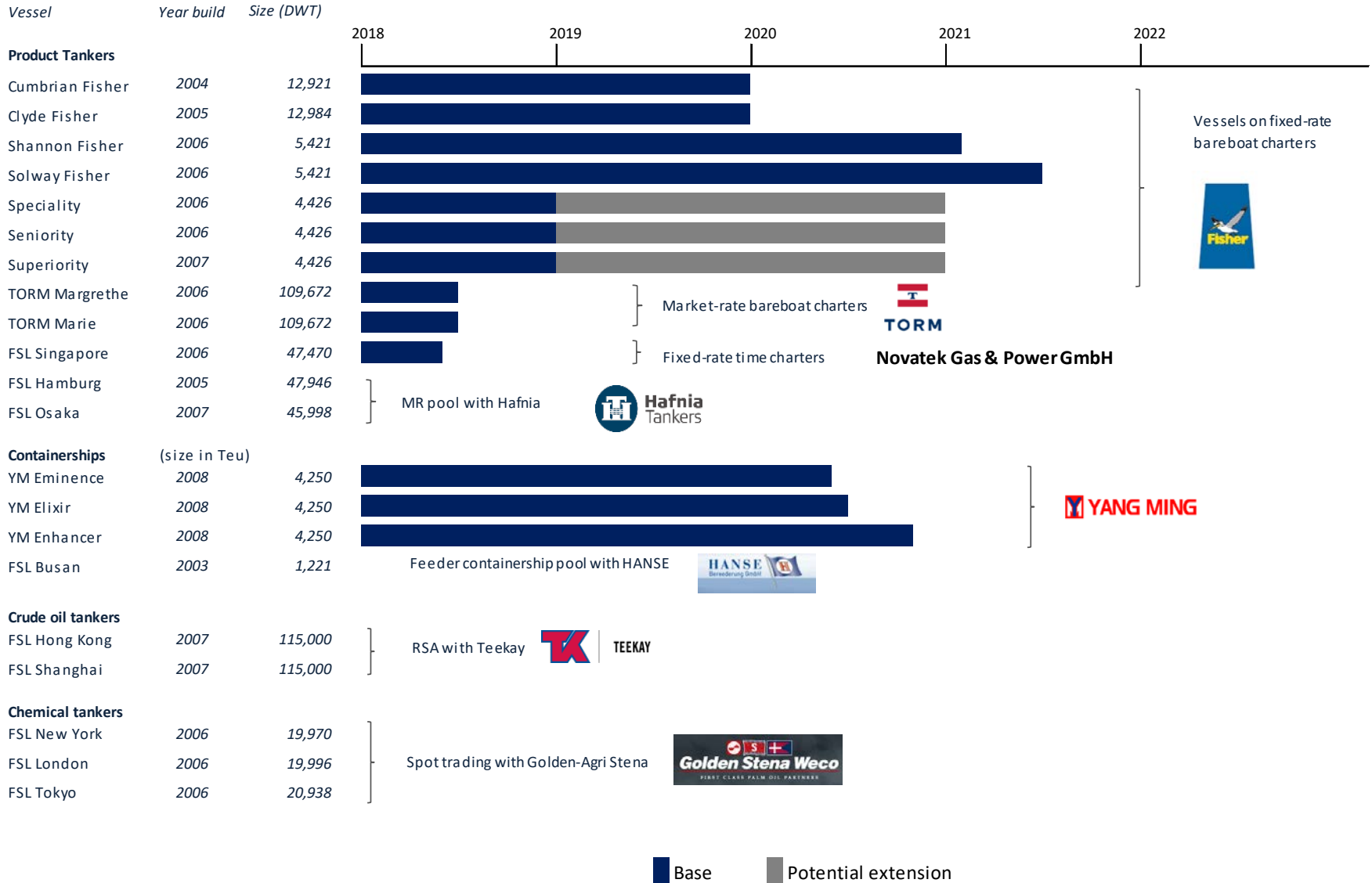


*Reduced fleet with the disposal of two containerships in February 2016

Remaining contracted revenue stood at US\$65.0m
as at 31 December 2017



Vessel portfolio



Base Potential extension

FY2017: Scheduled Redeliveries

- Nine vessels were redelivered in FY2017; all vessels were redeployed or their leases extended; *Speciality, Superiority, Seniority, FSL Hong Kong, FSL Shanghai, FSL Hamburg, FSL Singapore, Cumbrian Fisher and Clyde Fisher.*
- Redeployment of FSL Hong Kong and FSL Shanghai was after completion of their dry-docking.
- The six vessels (below) are expected to be redelivered in FY2018.

Vessel	Date
Torm Margrethe	2Q FY2018
Torm Marie	2Q FY2018
FSL Singapore	2Q FY2018
Speciality	4Q FY2018
Seniority	4Q FY2018
Superiority	4Q FY2018

2017: Year in review

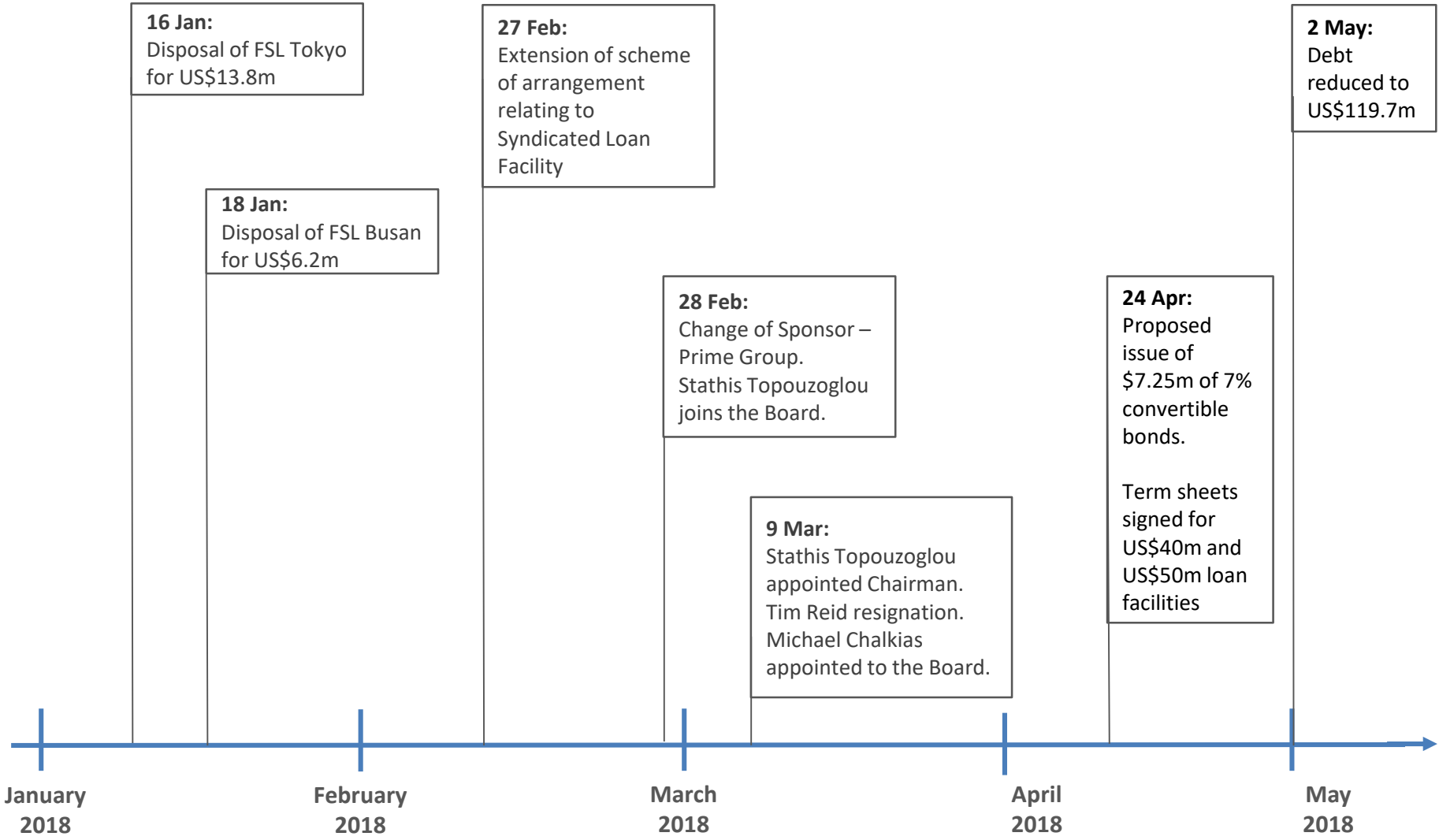
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2018: Key milestones to date



Vessel Disposals



FSL Tokyo

Vessel type: Chemical tanker
Disposed: 16 January 2018
Cash consideration: US\$13.8m
Impairment charge Q4 2017: US\$9.0m
Rationale:

- Further reduce debt
- Supressed growth in tanker market

FSL Busan

Vessel type: Containership vessel
Disposed: 18 January 2018
Cash consideration: US\$6.2m
Gain on disposal: US\$0.75m
Rationale:

- Further reduce debt
- One of the Trust’s older vessels

New Sponsor: Prime Group

- On 28 February 2018, Prime Shareholdings Inc. (“Prime Group”), a leading international ship-owner and management group had took ownership of FSL Holdings
- Board Appointments:
 - Stathis Topouzoglou - Non-Independent Director (28 February 2018); Non-Executive Chairman (9 March 2018)
 - Michael Chalkias - Non-Executive Director (9 March 2018)
- Significant milestone for the Trust in securing a strong and sustainable future

Refinancing

- The Trust has been in negotiations with Lenders for an extension of the maturity by one year.
- Following expiry of Syndicated Loan Facility on 20 December 2017, the Trust sought and received protection through a scheme of arrangement under section 210 of the Companies Act (Chapter 50).
- The Singapore Court granted leave to convene a meeting of the Lenders to be held by 27 April 2018. An extension request for the meeting to be held on 31 May 2018 has been submitted to the Court, with the hearing in this respect fixed for 21 May 2018.
- Efforts to reduce outstanding loan balance and ensure no covenant breach:
 - Prepayment of US\$20m under the Syndicated Loan Facility in March 2017
 - FSL Osaka pledged to lenders in March 2017
 - Disposal of FSL Santos, FSL Tokyo and FSL Busan

Refinancing, continued

- On 24 April 2018, the Board announced:
 - Bond Issue: Proposed issue of US\$7.25m of 7% convertible bonds to VGO Special Situations I (Luxembourg), representing 16.67% of the Trust if all the bonds are converted. 95% of proceeds to be used for repayment of the existing loan facility.
 - Refinancing of existing loan facility: term sheets signed and legal documentation in progress for new facilities of US\$40m and US\$50m.
- Unscheduled repayment of US\$5m made on 3 May 2018 from internal funds, with bank debt now at US\$119.7m
- Additional Facilities are under discussion to be secured against FSL London and FSL New York as we have announced via SGX. This was considered appropriate due to the current poor market conditions for vessel sales.
- The refinancing initiatives, together with internal cash resources should be sufficient to fully repay lenders in due course.

2017: Year in review

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Summary

- 2017 saw positive cash generation despite challenging market conditions:
 - Continued full deployment of the fleet
 - Four consecutive quarters of positive cash generation
 - Substantial headway in reducing outstanding bank debt, repaying US\$71.9m during FY2017
 - Further reduction of debt in FY2018 by US\$25.1m

- Change in Sponsor provides:
 - Long-term support of a strategic investor
 - Backing of internationally renowned ship-owner
 - Significant shipping and corporate finance experience of new Board members

- Focus for 2018:
 - Completing refinancing remains the key priority

2017: Year in review

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Thank you.

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