



FIRST SHIP LEASE TRUST

Annual General Meeting
8 April 2013



FSL Trust Management Pte. Ltd.
as Trustee-Manager for FSL Trust

www.FSLTrust.com

Disclaimer



Certain statements in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “plan”, “potential”, “may”, “should”, “expect”, “pending”, and similar expressions identify forward-looking statements.

Forward-looking statements also include statements about our future growth prospects. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding our earnings, our ability to manage concentration and lessee credit risks, our ability to lease out or dispose vessels, our ability to implement our investment strategy, our dependence on credit facilities and new equity from capital markets to execute our investment strategy, the possibility of insufficient insurance to cover losses from inherent operational risks in the industry, lower lease rates from older vessels, our dependence on key personnel, FSL Holdings Pte. Ltd.’s controlling stake in the First Ship Lease Trust (“FSL Trust”), our short operating history, limited historical financial history for the Trust, the risk of government requisitions during periods of emergency or war, the possibility of pirate or terrorist attacks, competition in the industry, political instability where the vessels are flagged or operate, and the cyclicity of the industry and fluctuations in vessel values. For further information, please see the documents and reports that we file with the Singapore Stock Exchange.

FSL Trust may, from time to time, make additional written and oral forward-looking statements, including our reports to unitholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on behalf of FSL Trust.

Navigating Through The Challenges



- Successfully redeployed all spot vessels within the year
 - BLT vessels renamed *FSL London*, *FSL New York* and *FSL Tokyo*; redeployed in 'Nordic Tankers 19,000 Stainless Steel Pool' in 3QFY12
 - *FSL Singapore* and *FSL Hamburg* entered into 3-year time charters with Petrobras in May 2012 and August 2012 respectively

- Renegotiated charter terms for two product tankers leased to TORM
 - Charter rates for vessels now on market variable rates
 - All early-buyout, purchase and lease extension options in TORM's favour were cancelled
 - FSL Trust received ~2.5% equity stake in restructured TORM

- Secured a 12-month relaxation of two loan covenants with FSL Trust's lenders until June 2013

Vessel Portfolio Status



These 5 vessels will benefit from anticipated rate increases upon market recovery

2 TORM Product Tankers on Bareboat Charters
- **Earns market rates**

3 Chemical Tankers in 'Nordic Tankers 19,000 Stainless Steel Pool'
- **Net pool earnings based on pool points**

Stable cash flow is generated from 20 vessels on fixed charters

2 Product Tankers on 3-year Time Charters
- **At US\$14,000 gross daily rate per vessel**

18 Vessels on Long-Term Bareboat Charters
- **Substantially fixed rates**

Loan Facility & Covenants

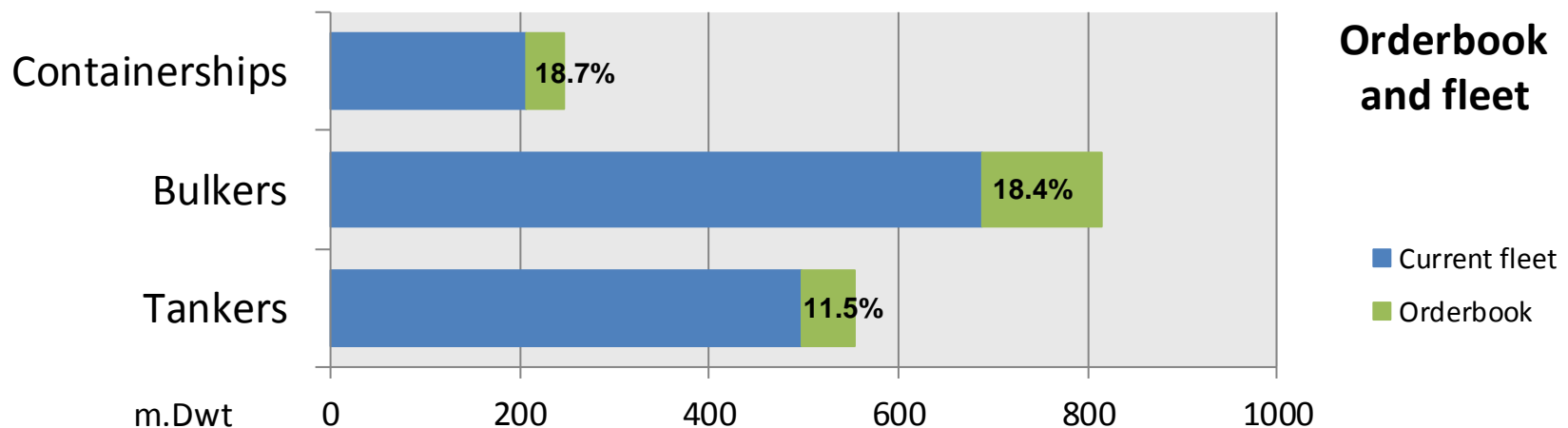


- FSL Trust has met all the principal and interest payments on its 6-year amortising term loan (US\$11m quarterly loan repayment)
- In June 2012, a 12-month relaxation of two loan covenants was secured with FSL Trust's lenders:
 - Minimum Security Value-to-Loan ratio (VTL) reduced from 125% to 100%
 - Debt Service Coverage ratio (DSC) reduced from at least 1.1:1 to at least 1:1
- FSLTM has commenced discussion with lenders on both the VTL and DSC ratio covenants after the relaxation period
- The Trust's existing vessel portfolio will continue to generate sufficient cash flows to service its scheduled quarterly principal and interest payments

Industry Outlook



- Low asset prices, low charter/freight rates
- Manageable orderbook; supply pressure expected to ease
- Demand still subject to considerable uncertainties
 - Fragile Eurozone, U.S. political gridlock, geopolitical troubles
- Certain sectors with more promising fundamentals
 - Product tanker, chemical tanker, LPG/LNG and car carrier



Source: Clarkson Research, Shipping Intelligence Weekly 22 Mar 2013

- Traditional shipping banks are under pressure
 - Regulatory demands, strategic changes, increasing loan loss provisions
- Banks have either withdrawn from ship financing or have reduced their shipping portfolios significantly
- Shipping companies have limited access to bank financing; unable to refinance or raise new capital
- Still expect more restructurings and bankruptcies in the industry, but believe we are close to or at the bottom of the downturn

FSL Trust's Focus



- Closely monitor the deployment and performance of vessels not on fixed rate employment
- Prudent cash management
 - Conserve cash and meet all scheduled loan payments
- Regular contact with existing lessees and closely monitor their financial performance and related news
- Exploring solutions to strengthen the Trust and protect shareholder interest, including M&A opportunities with new strategic investors

Thank You

Questions & Answers