



First Ship Lease Trust

3QFY12 Results Presentation



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

www.FSLTrust.com
30 October 2012

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, the lack of 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 cyclical nature 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.

- **3QFY12 Financial Review**
- **Improved Operational Profile**
- **Strategy and Outlook**

3QFY12 Results Summary



Financial Highlights (US\$'000)	3QFY12	3QFY11	% Change	2QFY12
Revenue	26,720	28,587	(6.5)	29,247
(Loss)/Profit after tax	(186)	152	N.M.	(2,479)
Net cash from operations	13,890	15,614	(11.0)	11,580
Amount to be distributed	-	6,219	(100.0)	-
Distribution per unit (US¢)	-	0.95	(100.0)	-

3QFY12 Results Highlights



Bareboat charter equivalent (BBCE) revenue declined by 5.6% to US\$22.4 million

US\$'000	3QFY12	3QFY11	% Decrease	
Rentals from vessels on bareboat charter	18,250	23,592	(22.6)	<ul style="list-style-type: none"> Mainly due to payment default by BLT since Feb 2012 Lower rentals from vessels leased to TORM as leases were being restructured
BBCE revenue of vessels in:				
- Time charter	976	-	N.M.	<ul style="list-style-type: none"> FSL Singapore commenced 3-year time charter on 16 May 2012 with Petrobras and FSL Hamburg entered similar time charter on 23 Aug 2012
- Pool	1,437	-	N.M.	<ul style="list-style-type: none"> 2 chemical tankers commenced deployment in the 'Nordic Siva' pool in Jul 2012 and the third in Aug 2012
- Spot	1,769	172	N.M.	<ul style="list-style-type: none"> Derived from 3 chemical tankers before they entered the pool and from FSL Hamburg before she started her time charter
Total bareboat charter /BBCE revenue	22,432	23,764	(5.6)	

3QFY12 Results Highlights

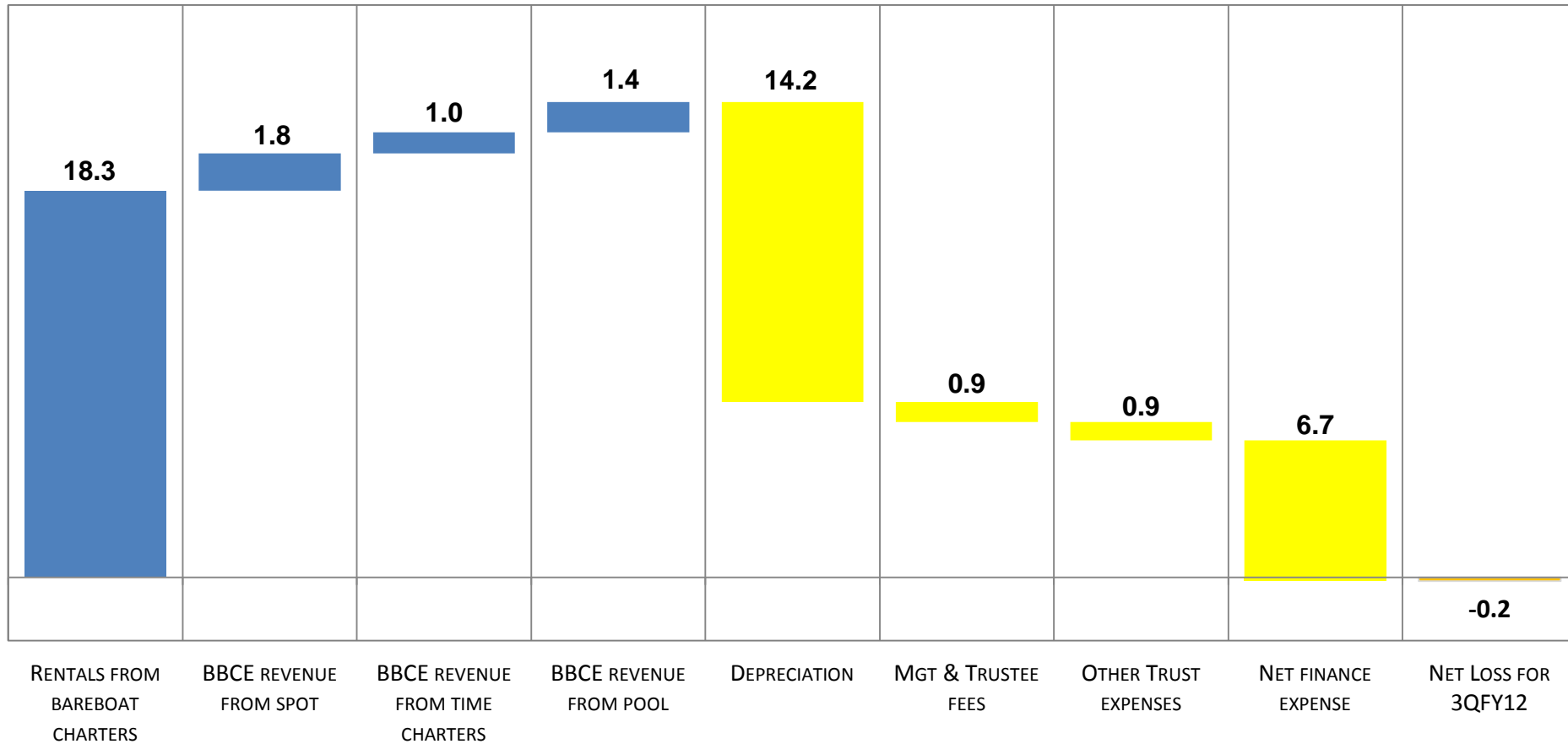


- **Expenses lowered**
 - Other operating expenses fell 8.0% to US\$16.0m due mainly to lower depreciation on three chemical tankers and vessels leased to TORM arising from the changes in the expected useful life and residual value of the vessels
- **Overall, net loss of US\$0.2m in 3QFY12**
- **Net cash generated from operations fell 11.0% to US\$13.9m**
- **After quarterly loan repayment of US\$11.0m, cash and cash equivalents rose 7.7% to US\$33.2m during the quarter**

Long-term Bareboat Charters Underpin Overall Earnings



3QFY12 Income Statement Highlights US\$ Millions

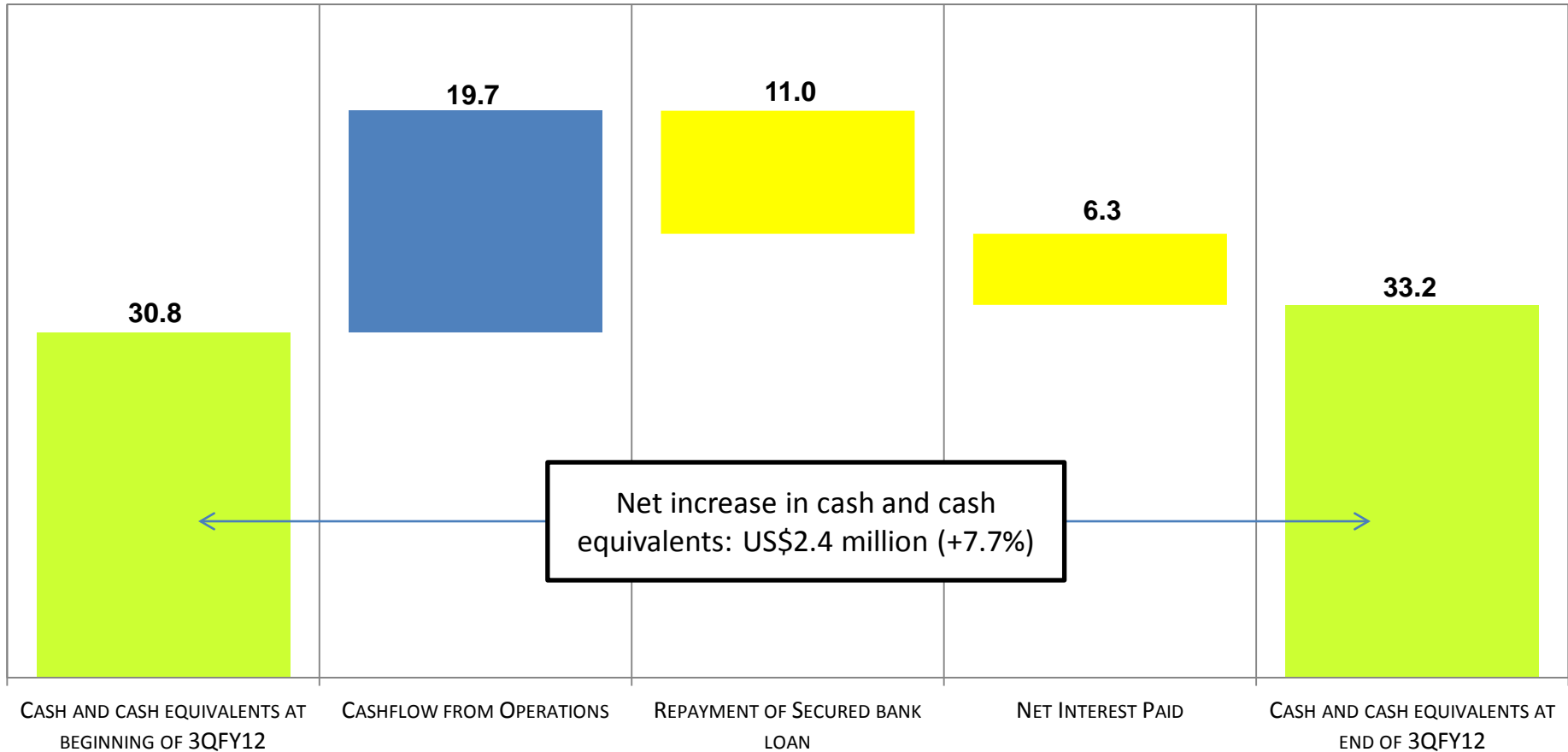


Note: Depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

Vigilant Cash Management



3QFY12 Cash Flow Highlights US\$ Millions



Improved Operational Profile

FSL Trust's Vessel Portfolio



Income Volatility



	1QFY12			2QFY12			3QFY12		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Long-term Bareboat Charter	23	-3							20
Time Charter	-				+1			+1	2
Pool Arrangement	-						+2	+1	3
Spot Market	2		+3		-1		-2	-2	-

BLT defaulted;
chemical tankers
deployed on spot
market

Product tankers
leased to
Petrobras

Chemical
tankers
in 'Nordic Siva'
pool

Stable Revenue, Improved Visibility



- **Bareboat charter – 20 out of 25 vessels in fleet portfolio on long-term bareboat charters**
 - On vessels leased to TORM A/S:
 - Signed restructuring agreement with banks and tonnage providers on 2 Oct 2012
 - Subject to technical completion, FSL Trust’s shareholding in TORM’s enlarged issued capital will be approximately 2.5%
 - Bareboat charter rates pegged to variable rates that TORM achieves in the market
- **Pool arrangement – 3 chemical tankers in ‘Nordic Siva’ pool**
 - More stable returns versus volatile spot earnings
 - Monthly distribution of net earnings to participants in pool
- **Time charter – 2 product tankers leased to Petrobras**
 - *FSL Singapore* and *FSL Hamburg* on 3-year time charters with Petrobras
 - Gross daily time charter rate of US\$14,000 per vessel

- **Secured 12-month relaxation of two loan covenants till June 2013**
 - Minimum security value-to-loan ratio reduced from 125% to 100%
 - Debt service coverage ratio relaxed from at least 1.1:1 to at least 1:1
 - No distribution payments during this period

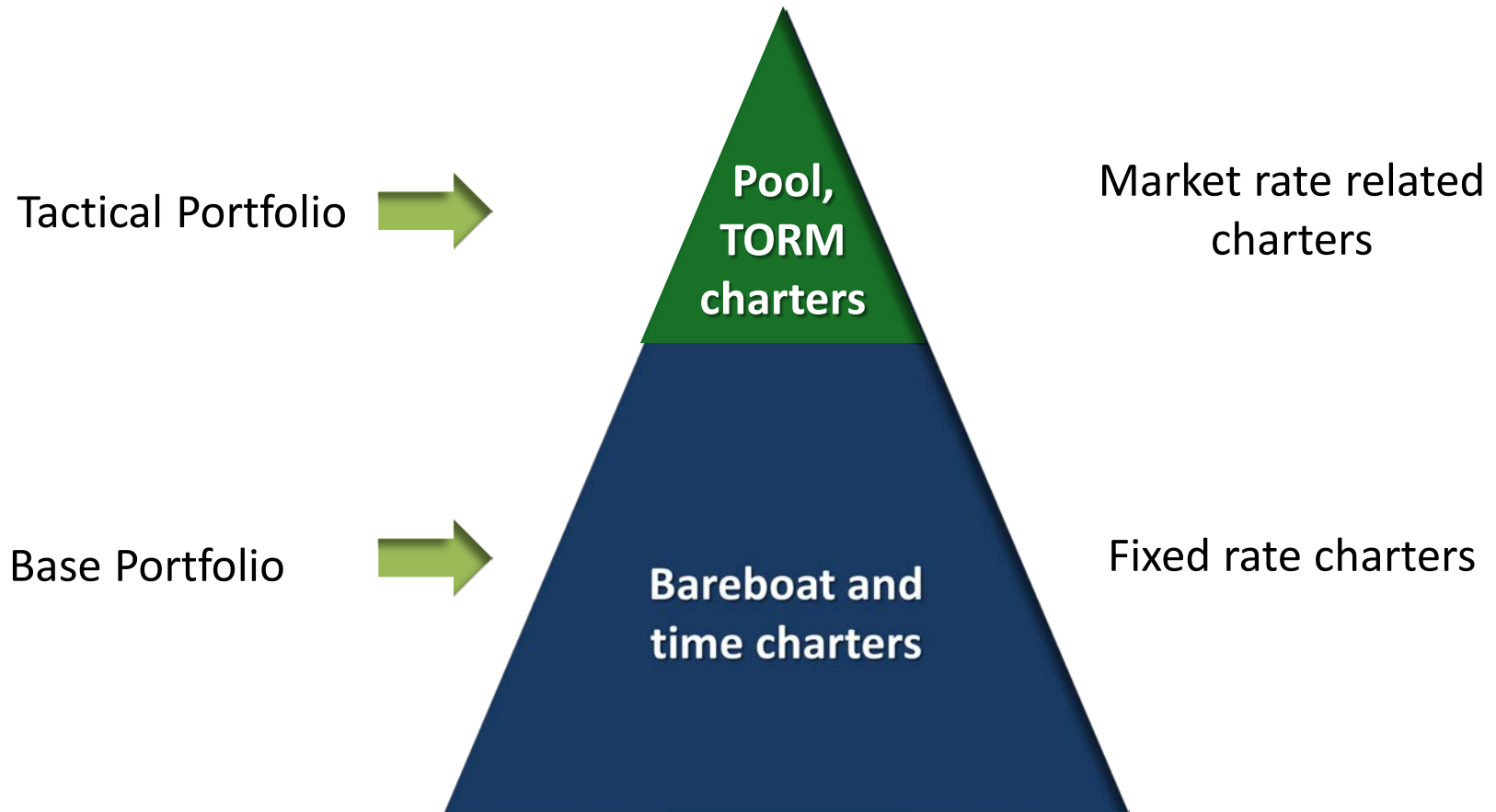
- **No loan maturity until 2017**
 - 6-year amortising term loan with loan maturity in 2017
 - Quarterly loan repayment of US\$11.0m
 - Interest margin range between 2.6% and 3.0% above the 3-month US\$ LIBOR, depending on ratio of charter-free fair market value of FSL Trust's vessel portfolio over outstanding indebtedness

Strategy and Outlook

Focus on Earnings Visibility



Redelivered vessels on time charters or pool arrangements



Outlook



- Conditions remain challenging for the shipping industry
- Some lessees still under pressure
- Possibility of further downside risks



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Appendix

3QFY12 Revenue by Charter Type



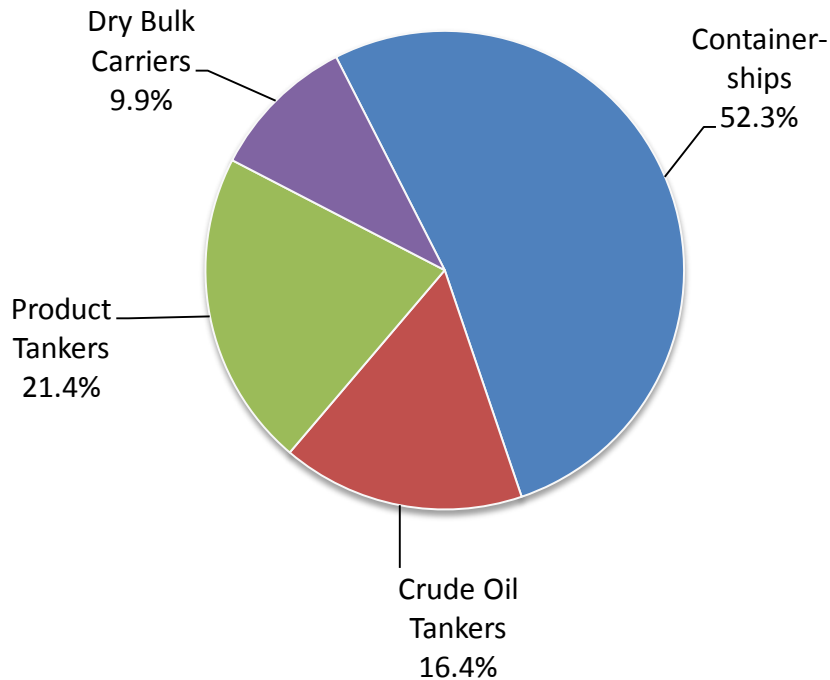
US\$'000	Bareboat charter	Time charter	Pool	Spot	Total
Revenue	18,250	1,771	2,918	3,781	26,720
Less: Voyage and vessel operating expenses	0	(795)	(1,481)	(2,012)	(4,288)
Total bareboat charter/BBCE revenue	18,250	976	1,437	1,769	22,432

Note: Depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

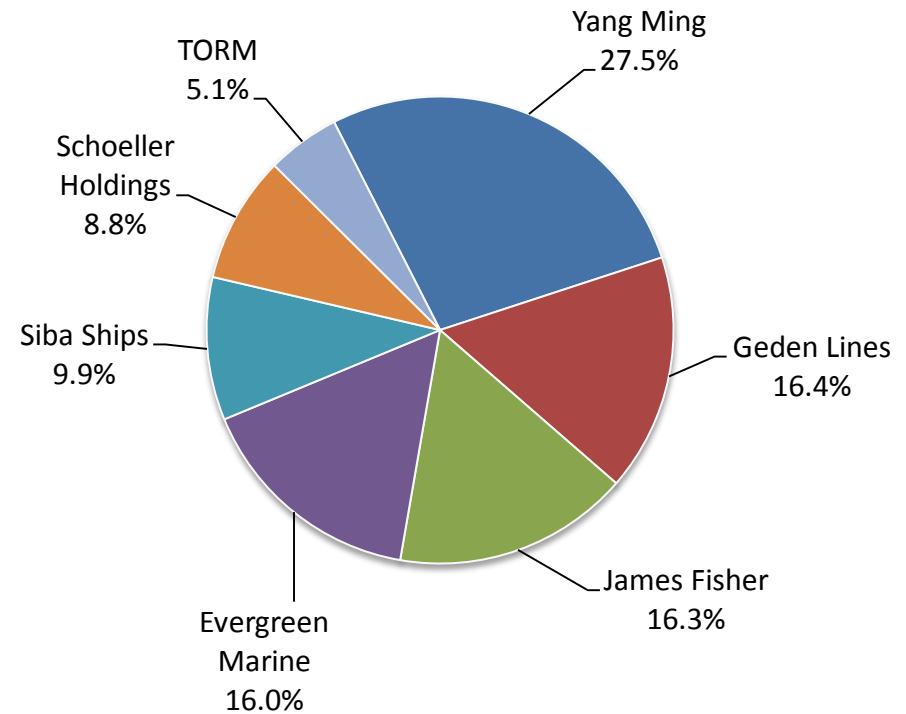
Diversified Portfolio



Lease Revenue[^] by Vessel Type

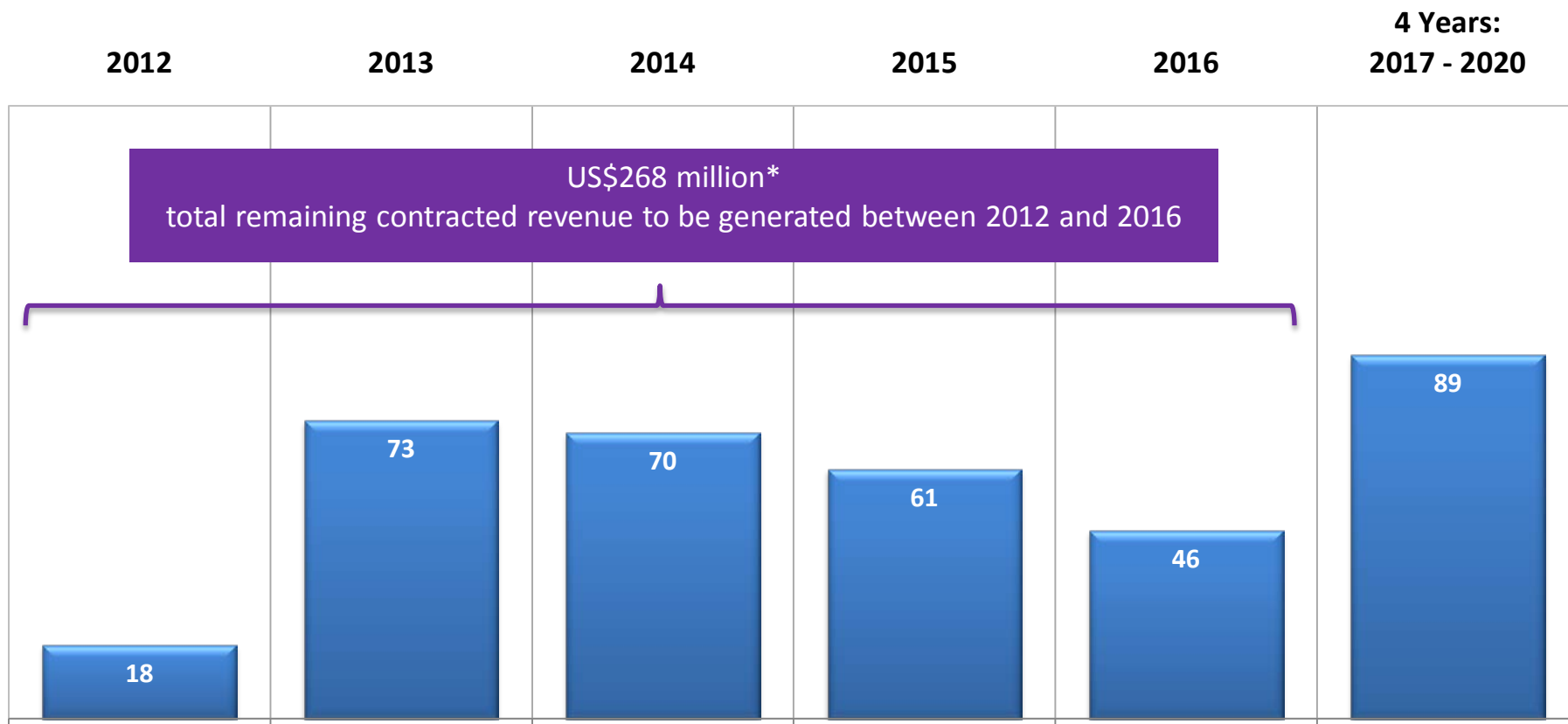


Lease Revenue[^] by Lessee



[^] Based on actual 3QFY12 lease revenue for 20 vessels on bareboat charters.

Lease Revenue Backlog



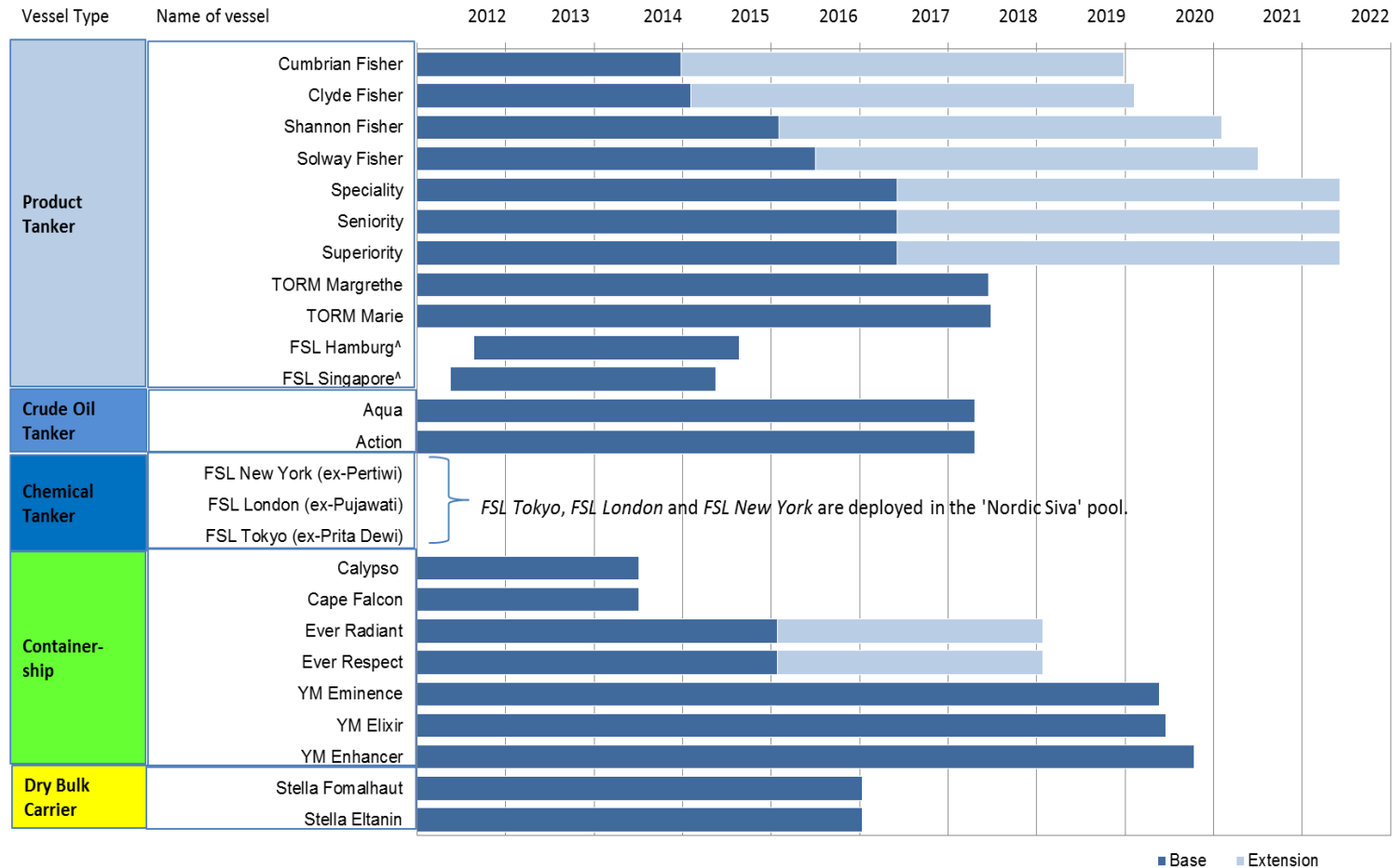
* As at 30 Sep 2012, based on 18 vessels on long-term bareboat charters (excluding TORM charters which are leased on variable market rates) and two vessels on three-year time charters. Excludes extension and early buyout options. Assumes daily lease rental of the two vessels leased to Geden Lines is fixed at US\$16,309 per vessel.

Staggered Lease Maturities



Remaining Lease Term in Years as at 30 Sep 2012

5.2 years*
Weighted average remaining lease term



* As at 30 Sep 2012, based on the 20 vessels on long-term bareboat charters and two vessels on three-year time charters. Calculated on a dollar-weighted average basis by net book value and excludes extension and early buyout options.

[^] FSL Singapore and FSL Hamburg are deployed on three-year time charters to Petrobras.