



First Ship Lease Trust:
A Shipping Focused Turnaround Opportunity
18 December 2014

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 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.

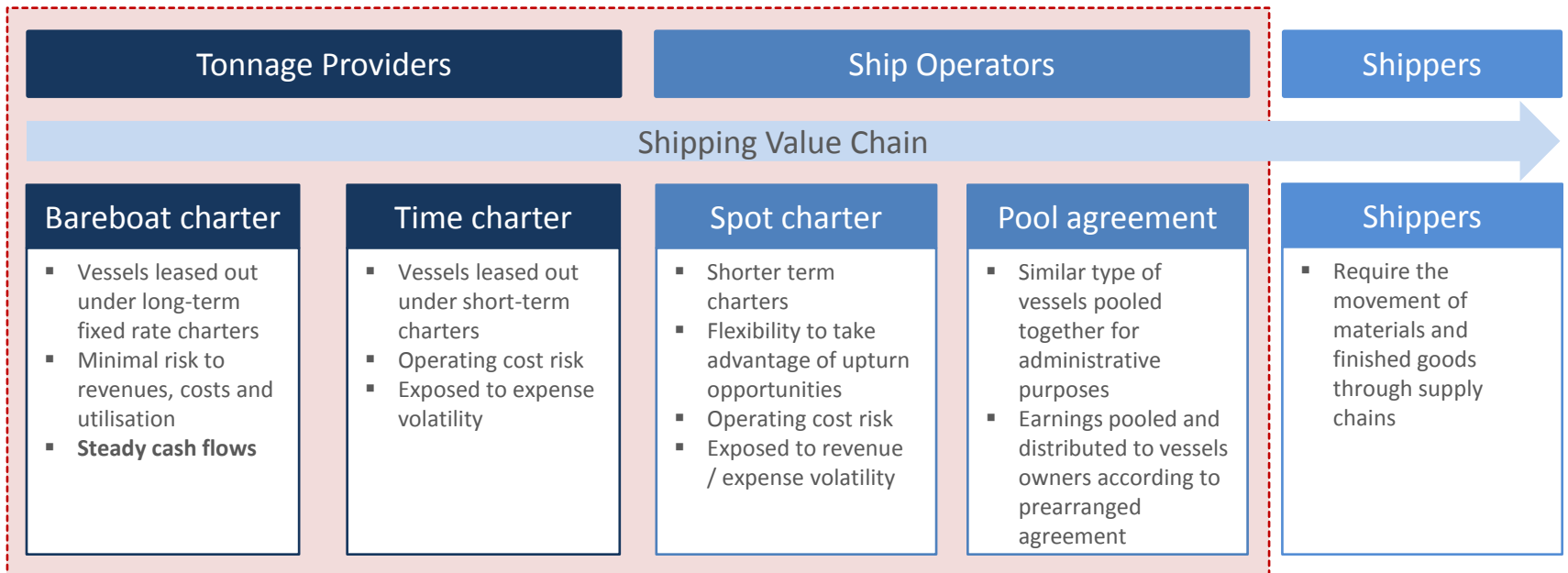
FSL Trust Business Summary



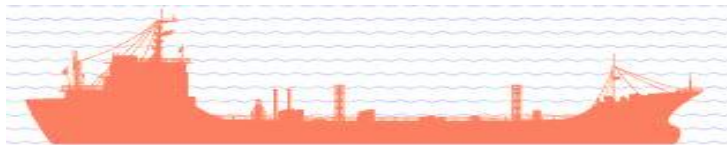
- First Ship Lease Trust (SGX:D8DU) is a shipowner and a provider of leasing services on a long-term bareboat charter basis across the major shipping sub-sectors
- FSL Trust is listed on the main board of the Singapore Stock Exchange and has a market capitalisation of S\$65.5 million*
- The Trust has a portfolio of 23 vessels
- Vessels are leased on long-term fixed rate bareboat charters, short-term time charters and on the spot market

* As at 17 December 2014

FSL Trust Business Model



FSL Trust Fleet Portfolio



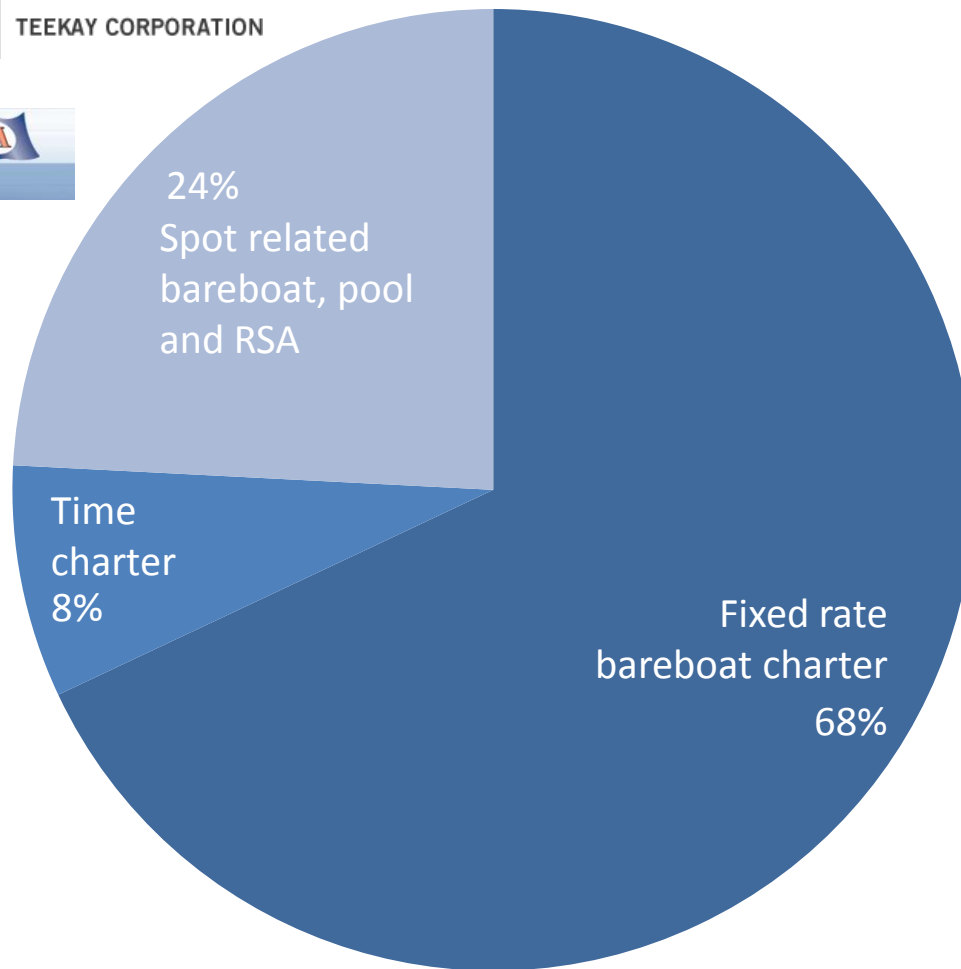
2 Crude Oil Tankers

3 Chemical Tankers

7 Containerships

11 Product Tankers

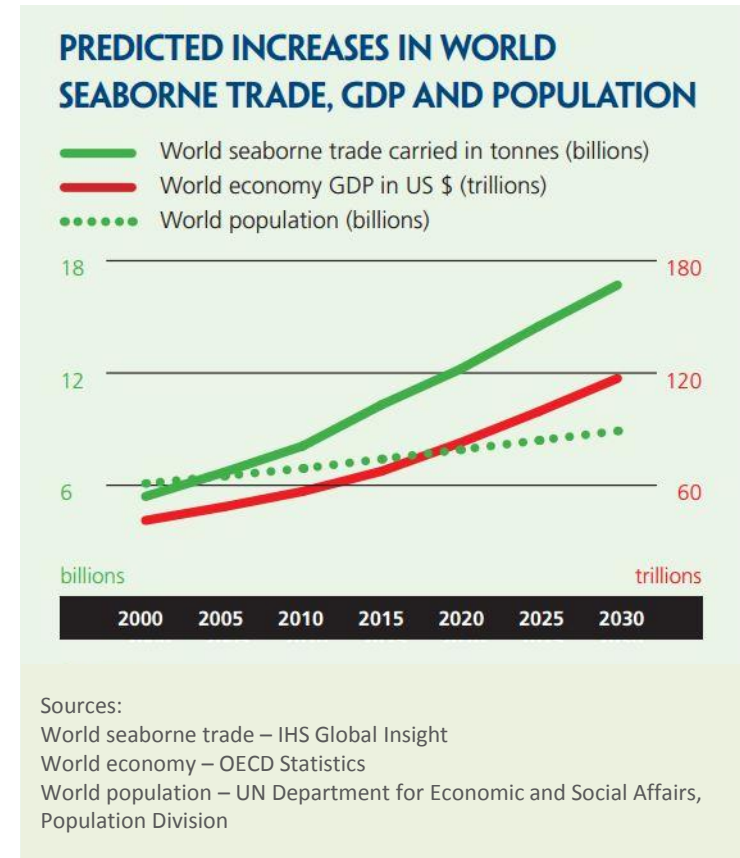
Current Fleet Deployment by Revenue*



* Revenue for the nine months ended 30 September 2014

Shipping Industry Overview

- Shipping is a derived demand that depends on world economic growth and world trade
- Global Economic Growth
 - Generally positive overall 3.3% for 2014 and 3.8% (IMF) for 2015
 - Merchandise trade due to accelerate to 4.7% in 2014 and 5.3% in 2015 (WTO)
- International seaborne trade
 - Growth in GDP and merchandise trade signals potential recovery
 - Total seaborne trade anticipated to grow by an average of 6% year-on-year towards 2016
 - Lower fuel price levels in recent months



Source: ICS (International Chamber of Shipping)

Container Market

Demand – generally positive

- General trends in containerised trade
 - Projected to grow 5.6% in 2014 ⁽¹⁾
 - Improved prospects for both main lane (East-West) and non-main lane trade
 - Intraregional trade (Intra-Asian) projected to grow 7.7% ⁽¹⁾

Supply – challenging

- Current global container fleet – 226.8 million dwt ⁽²⁾
- Total order book – 38.6 million dwt (17% growth), deliveries peak in 2015 ⁽²⁾

Although demand is positive, oversupply of vessels will hamper rate improvement

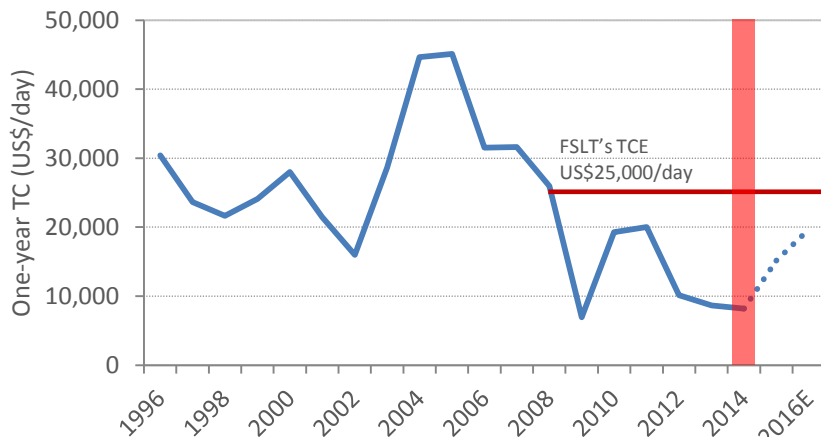
1: UNCTAD (United Nations Conference on Trade and Development)

2: Clarkson Research Services, 5 December 2014

FSL Trust Exposure: Containers

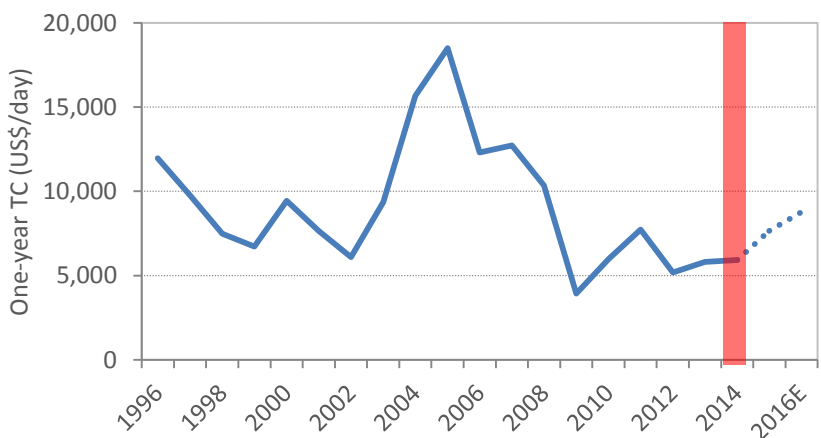


Panamax Container Market



- Modest rate expansion expected by the market
- How will increased demand cascade down through differing sizes of vessels?
- Significant market oversupply of vessels
- FSL tonnage has secured income until 2020

Feeder Container Market



- Interesting market with some rate improvements expected
- As container markets move to a more 'hub and spoke' model, benefits could be seen
- FSL exposure
 - Two vessels in spot related pool



Tanker Market

Demand

- General trends in tanker trade
 - Projected to grow 2.1% in 2014 ⁽¹⁾
 - Crude Oil trade patterns: Shale revolution in USA
 - New trading lanes for crude oil and refined petroleum products creating more tonne-miles, through further dislocation of demand and supply
 - Geopolitical tensions might impact tanker trade

Supply

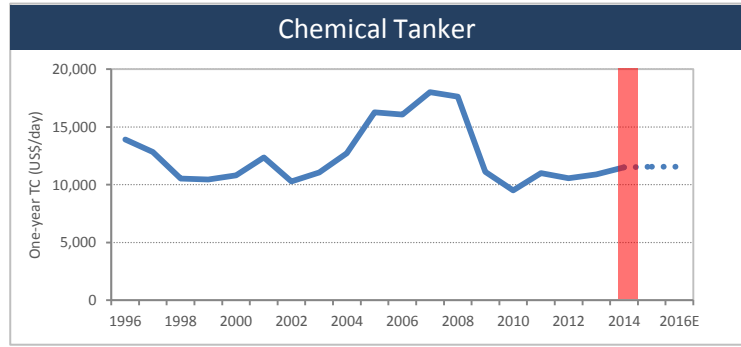
- Orderbook for different sizes and specifications of tankers varies
 - Average over 10,000 dwt – 14.2% ⁽²⁾
- Oil price impact and reduction of slow steaming

Demand remains and supply issues are segment specific

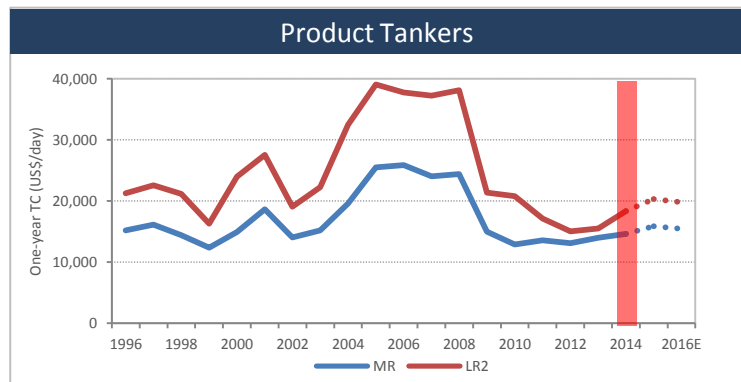
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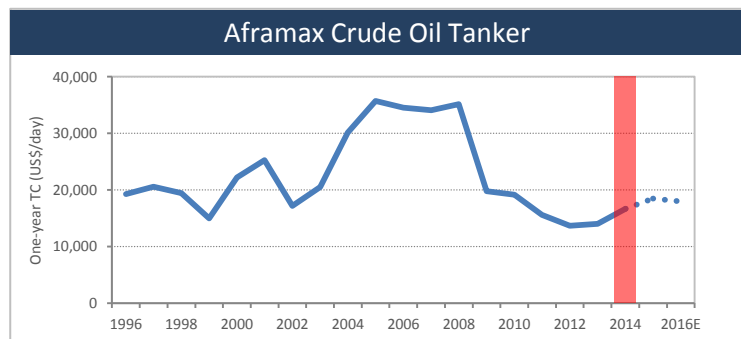
FSL Trust Exposure: Tankers



- Niche market, high barriers of entry
- Steady growth in chemicals business
 - Demand and new chemical plants
- FSL Exposure
 - Three chemical tankers in spot pool



- Rates strengthening in 2015
 - Increasing demand for refined petroleum products
 - Expansion of Asian & Middle Eastern refineries
- FSL Exposure
 - Two MR vessels on time charter
 - Two LR2 vessels in spot-related BBC



- Freight rates expected to strengthen in near term
 - Longer voyages expected as refineries import more oil and Asian countries build up reserves
- FSL Exposure
 - FSL Hong Kong in spot pool
 - FSL Shanghai on one-year time charter



FSL Trust Recent Developments



- August 2013 – Appointment of new CEO
- February 2014 – Obtained covenant relaxation extension until end 2014
- March 2014 – Sold two dry bulk vessels
- July 2014 – New one-year time charter with Tesoro for one Aframax

Management Initiatives

- Improve technical management and condition of vessels
- Improve commercial returns on vessels not in long term employment
- Improve capital position of the Trust and manage the value-to-loan ratio

Focus has been on improving FSLT's ability to deliver value to unitholders

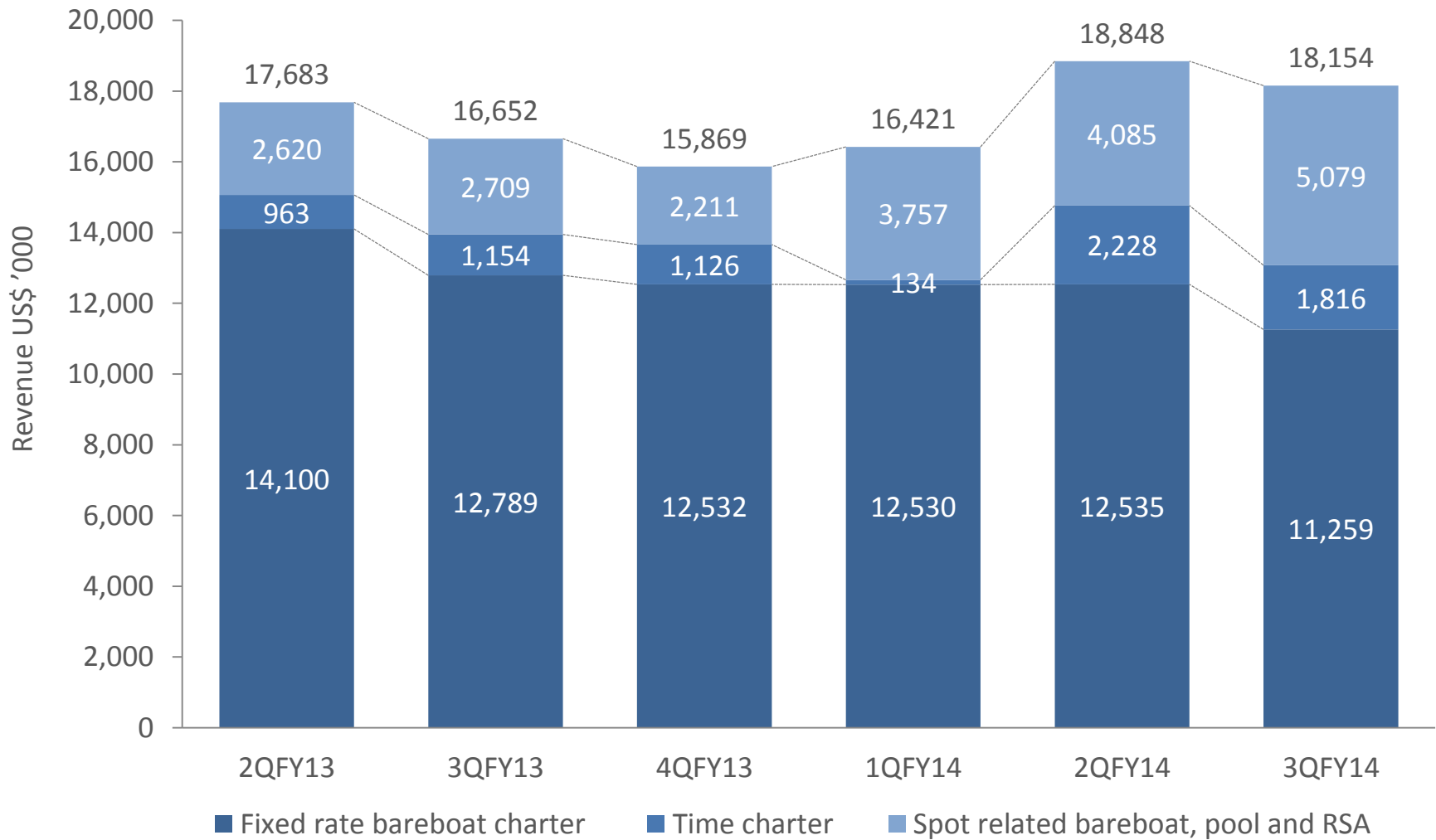
Performance Since Change of Management



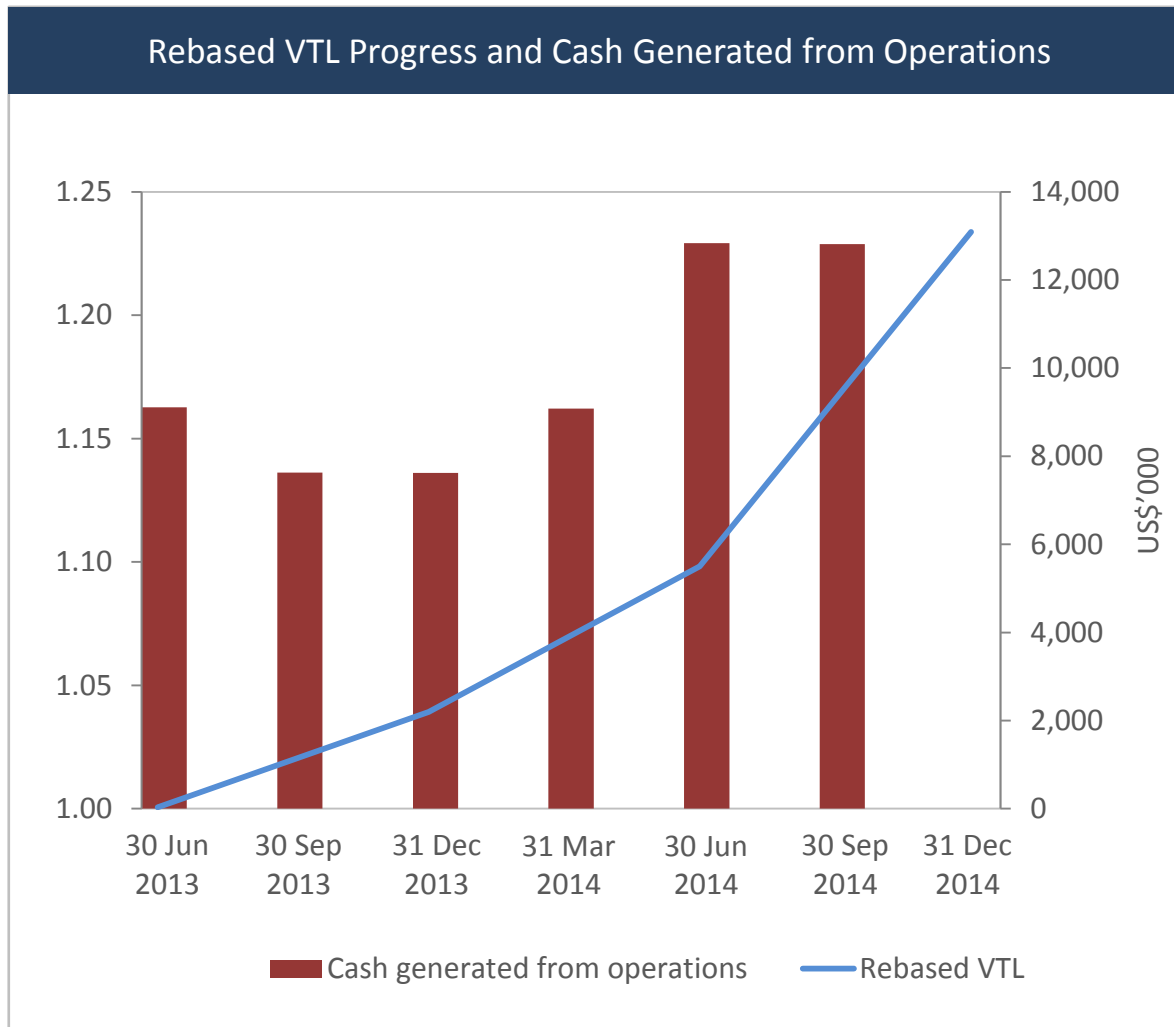
| (US\$'000) | 3QFY13 | 3QFY14 | Change |
|--|-----------------------|-----------------------|--------|
| Unit Price (SG\$) | 0.08 (26 Aug 2013) | 0.10 (17 Dec 2014) | 25.0% |
| Quarterly Profit/(Loss) | (8,930) | 744 | N.M. |
| Quarterly Cash Generated From Operations | 7,629 | 12,812 | 67.9% |

- New management has produced much improved financial and operational performance
 - Unit price up 25.0% since appointment, but financial results suggest greater improvement

Revenue Breakdown Trend



Value-to-Loan and Cash Flow Improvement



- Asset valuations in the tanker sector have improved
- Sale of dry bulk vessels well timed, reduced indebtedness
- Aggressive debt paydown schedule significantly covered by bareboat charters
- Improved tanker market has significantly improved cash generation

FSL Trust: Valuation Metrics



| | FSL Trust | Rickmers Maritime Trust | Transport Sector | Marine Sector |
|--------------|-----------|----------------------------|---------------------|------------------|
| Price / Book | 0.20 | 0.38 | 0.88 | 2.30 |

- Only industry peer currently enjoying a 2x stronger rating
- The Trust has demonstrated significant improvement in performance, however unit price has not been re-rated yet

- Achieved radical turnaround in the business since 2013
 - Shift in business model and strategy
 - Strong management team and board of advisors in place
 - Marked improvement in net cash generated from operations
 - Secured two consecutive quarters of profit
 - Working towards value-to-loan ratio compliance

- FSL Trust trading at a significant discount to peers and industry averages

- Turnaround currently not fully priced into the unit price
 - This may change once compliant with loan covenants as anticipated
- Units give access to the improving tanker market while the solid base of profitable bareboat charters ensure stable underlying performance
 - Bareboat charters limit container market exposure
- Strong management team in place to continue improving Trust performance
- Remain significantly undervalued when looking at vessel asset value (RNAV) and mark-to-market value of the long term contracts



Thank You

This presentation can be downloaded from the Investor Relations section of FSL Trust website at this link:

<http://www.firstshipleasetrust.com>