



First Ship Lease Trust

Full Year 2013 Results Presentation



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

www.FSLTrust.com
28 February 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, 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 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.

Agenda



- **Update on Loan Covenant Relaxation**
- **FY2013 Financial Review**
- **Vessel Portfolio**
- **Outlook**

Update on Loan Covenant Relaxation



- Secured a loan covenant relaxation until 31 December 2014, ensuring the near term future of the Trust and providing a platform to move forward
- Relaxed covenants are as follows:

	1QFY14	2QFY14	3QFY14	4QFY14
Debt Service Coverage ratio	0.90	0.95	1.00	1.10
Value-to-loan ratio	105%	105%	110%	110%

- Other conditions include upfront fee of 5bps and a cash sweep mechanism to repay debt
- With the agreement in place, management can now focus on improving the performance of the Trust
- Loan balance will be reclassified from current to non-current from 1QFY14

FY2013 Financial Review



US\$'000	FY2013	FY2012	% Inc/(Dec)
Revenue	89,993	106,107	(15.2)
Impairment loss on vessels	(43,408)	-	100.0
Impairment loss on available-for-sale financial assets	(5,298)	-	100.0
Loss for the quarter	(65,213)	(8,387)	N.M.
Net cash generated from operations	36,035	47,608	(24.3)

- Net loss of US\$65.2 million due mainly to:
 - Lease defaults by lessees of two crude oil tankers and two dry bulk carriers
 - One-off impairment loss on 10 vessels due to refinement of impairment policy and taking a more conservative view of carrying value of redelivered assets
 - Impairment loss due to significant decline in the quoted share price of TORM

FY2013 Revenue Breakdown



US\$'000	FY2013	FY2012	% Inc/(Dec)
----------	--------	--------	-------------

Rentals from vessels on bareboat charter	60,681	76,347	(20.5)
--	--------	--------	--------

- Decline due to lease defaults by i) Geden Holdings' subsidiaries (-US\$9.7m) ii) Omni Ships (-US\$4.7m) and iii) Berlian Laju Tanker's subsidiaries since February 2012 (-US\$1.2m)

BBCE revenue of vessels on:

Time charter	4,403	2,270	94.0
--------------	-------	-------	------

- US\$4.0m from two product tankers' employment with Petrobras
- US\$0.4m from *FSL Shanghai*
- Marginal loss of US\$14,000 from two dry bulk carriers

Pool/Revenue sharing agreement ("RSA")	4,394	2,531	73.6
--	-------	-------	------

- Three chemical tankers employed in the pool contributed US\$4.2m
- US\$0.2m earned by *FSL Hong Kong* on RSA

Spot	610	3,672	(83.4)
------	-----	-------	--------

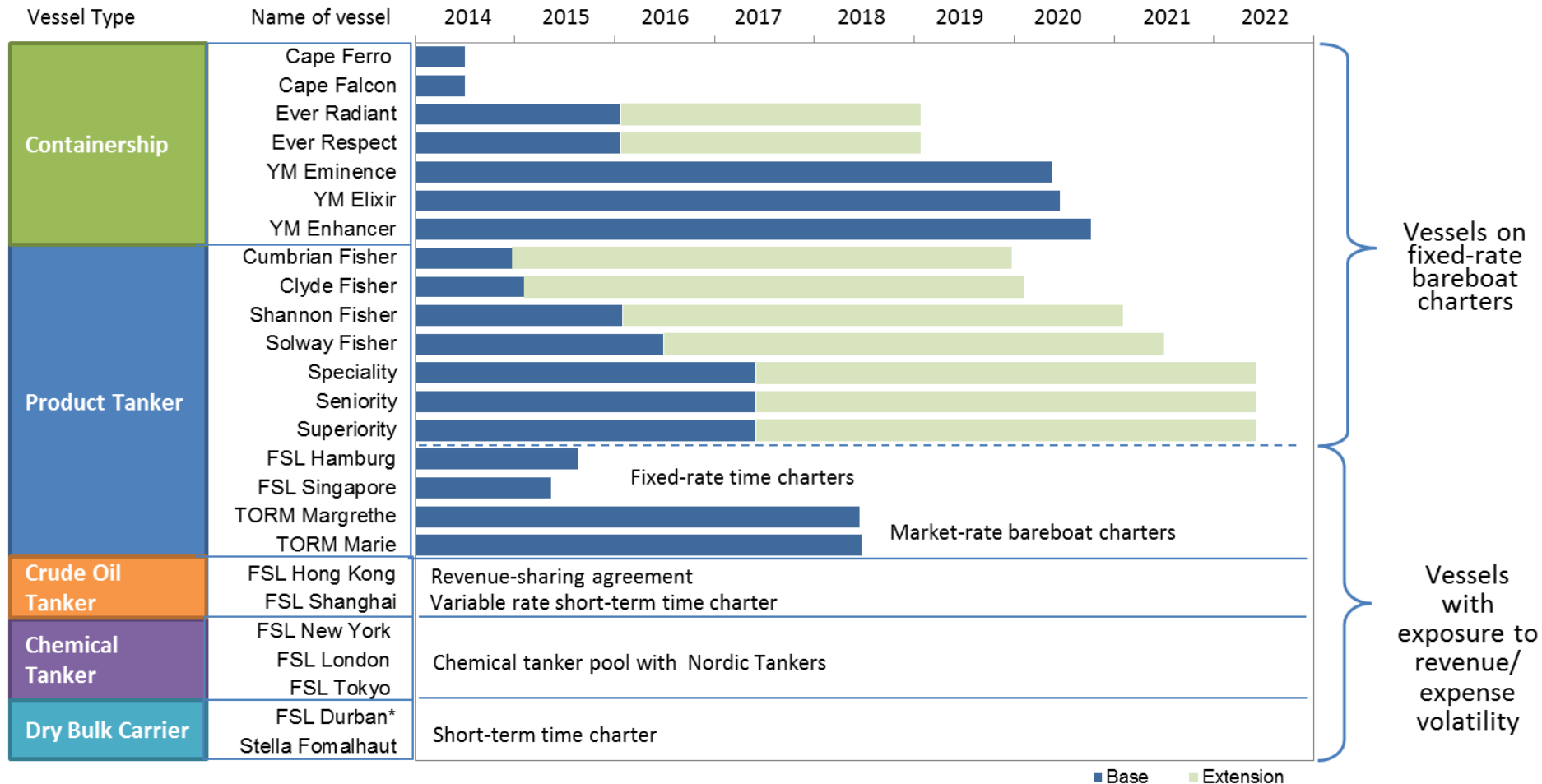
- *FSL Hong Kong* was deployed in the spot market after its redelivery in 3QFY13

Total Bareboat Charter /BBCE Revenue	70,088	84,820	(17.4)
---	---------------	---------------	---------------

- The Trustee-Manager continues to review and stabilise the vessel portfolio
 - Management has worked closely with technical managers to ensure and improve the condition of the vessels that were redelivered following lessee defaults
 - Crude oil tanker, *FSL Hong Kong*, entered into a Revenue Sharing Agreement (“RSA”) in December 2013 which should generate more stable earnings for the Trust; it was previously employed in the spot market

- The vessel portfolio is expected to generate sufficient cash flows to meet its scheduled debt and interest payments

Vessel Portfolio (as at 31 December 2013)

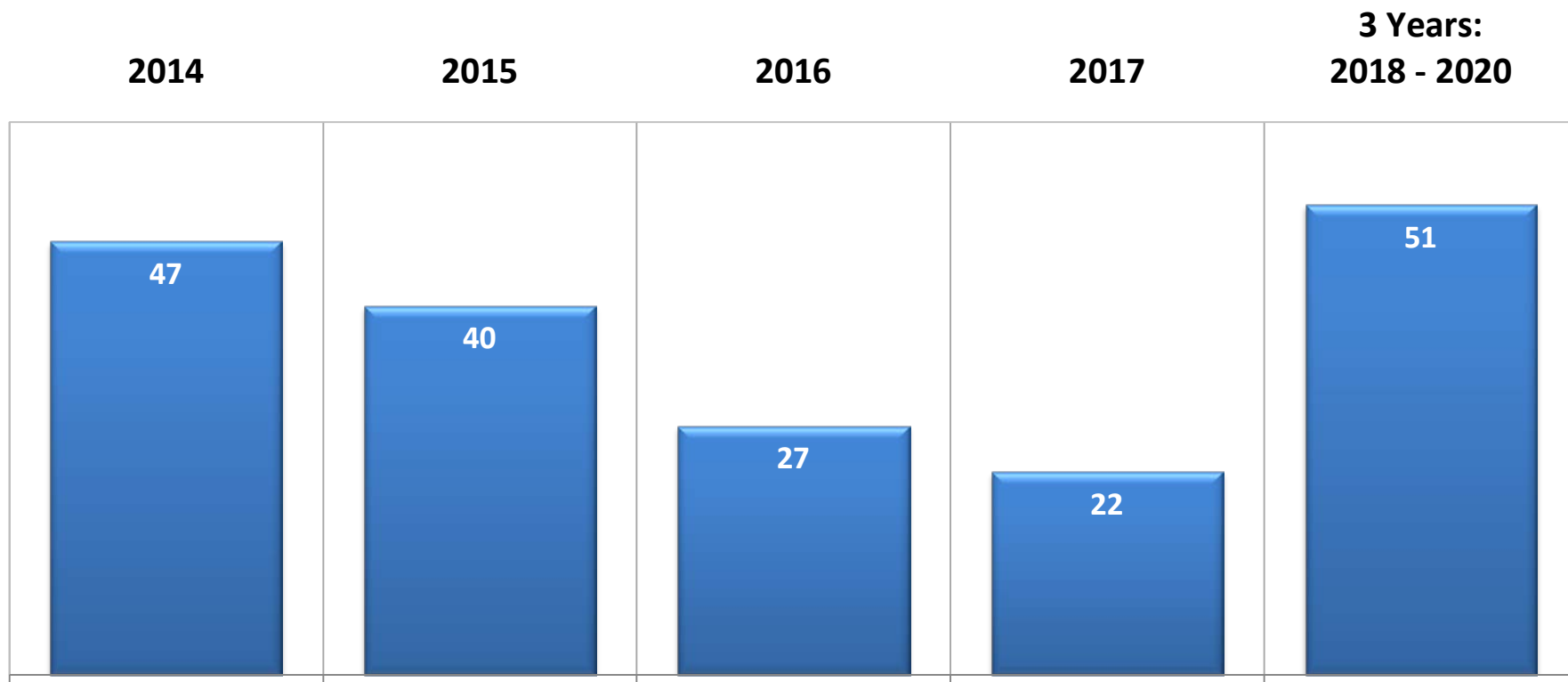


* Formerly *Stella Eitanin*

Bareboat Lease Revenue Backlog



**Remaining contracted revenue stood at US\$187 million#
as at 31 December 2013**



Based on 14 vessels leased on fixed-rate bareboat charters (excludes extension and early buyout options)

- With the agreement of a loan covenant relaxation and improving performance due to ongoing restructuring efforts, the Trust is now in a stronger position to move forward
- The Trust continues to generate positive cash flow and service its debt and interest payments
 - ▣ Remaining counterparties are relatively strong and are expected to support the overall earnings of the Trust
- With more vessels operating on shorter term charters and in pools, vessel portfolio has the ability to capture potential upside
- Outlook for the shipping markets to which FSL Trust is exposed remain broadly positive

- **FSL Trust Management**

Ms Wyllyn LIU

Telephone: +65 6500 9087

Email: investors@firstshiplease.com

- **Bell Pottinger**

Ms. Eunice LUA

Telephone: +65 9450 7413

Email: elua@bell-pottinger.com

Ms. Lucy MILES

Telephone: +65 9456 4140

Email: lmiles@bell-pottinger.com