



First Ship Lease Trust

4QFY11 Results Presentation



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

www.FSLTrust.com
20 January 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 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.

- **Financial Highlights**
- **Challenges & Opportunities**
- **Our Position & Strategy**
- **Firm Footing to Grow**

4QFY11 and Full Year Results Summary



Financial Highlights (US\$'000)	4QFY11	4QFY10	Y-O-Y % change	FY2011	FY2010
Revenue	29,575	24,113	22.7	110,714	100,494
Profit/(Loss) after tax	7,385	(928)	N.M	5,051	(5,699)
Net cash from operations	23,207	12,984	78.7	63,846	60,479
Income available for distribution	19,684	4,984	294.9	37,139	28,479
Amount to be distributed	655	5,688	(88.5)	18,293	26,042
Distribution per unit (US¢)	0.10	0.95	(89.5)	2.95	4.35

4QFY11 Key Highlights



- **Revenue +22.7%**
 - Full quarter contribution from two TORM vessels acquired in June 2011
 - Higher freight revenue from two product tankers trading on spot market

- **Finance expenses +17.4% (excluding exchange gains)**
 - Recognition of unamortised upfront debt fee on old loan facility

- **Net profit of US\$7.4m; Higher operational cashflow**
 - US\$2.5m write-back of provision made in 2QFY11
 - US\$5.0m settlement on Daxin lawsuit

- **DPU reduced to US0.10¢**
 - 19th consecutive distribution since IPO

Full Year 2011 Key Highlights



- **Revenue +10.2%**
 - Excluding US\$6.0m security deposit received last year, revenue rose 17.2%
- **Net profit of US\$5.1m compared to net loss of \$5.7m in FY2010**
- **Full year DPU of US2.95¢**

Healthy Balance Sheet



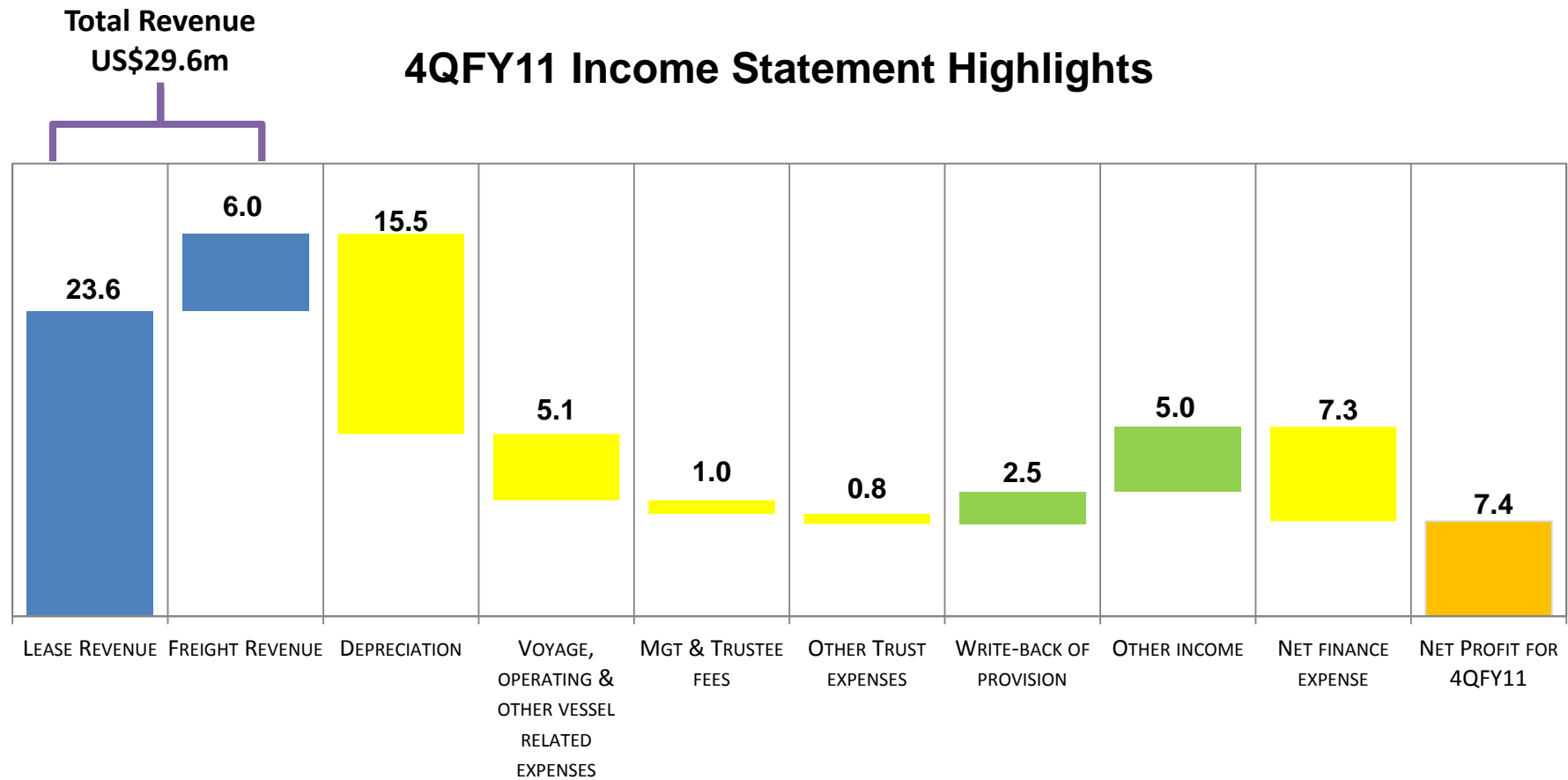
Financial Highlights (US\$'000)	31 Dec 2011	31 Dec 2010
Long-term assets	807,239	775,499
Outstanding loans		
Non-current	428,780	432,409
Current	44,000	25,240
Unitholders' funds	347,096	342,448
Cash and cash equivalents	32,304	55,846
NAV per share (US\$)	0.53	0.57

4QFY11 Income Statement Highlights



US\$ Millions

4QFY11 Income Statement Highlights

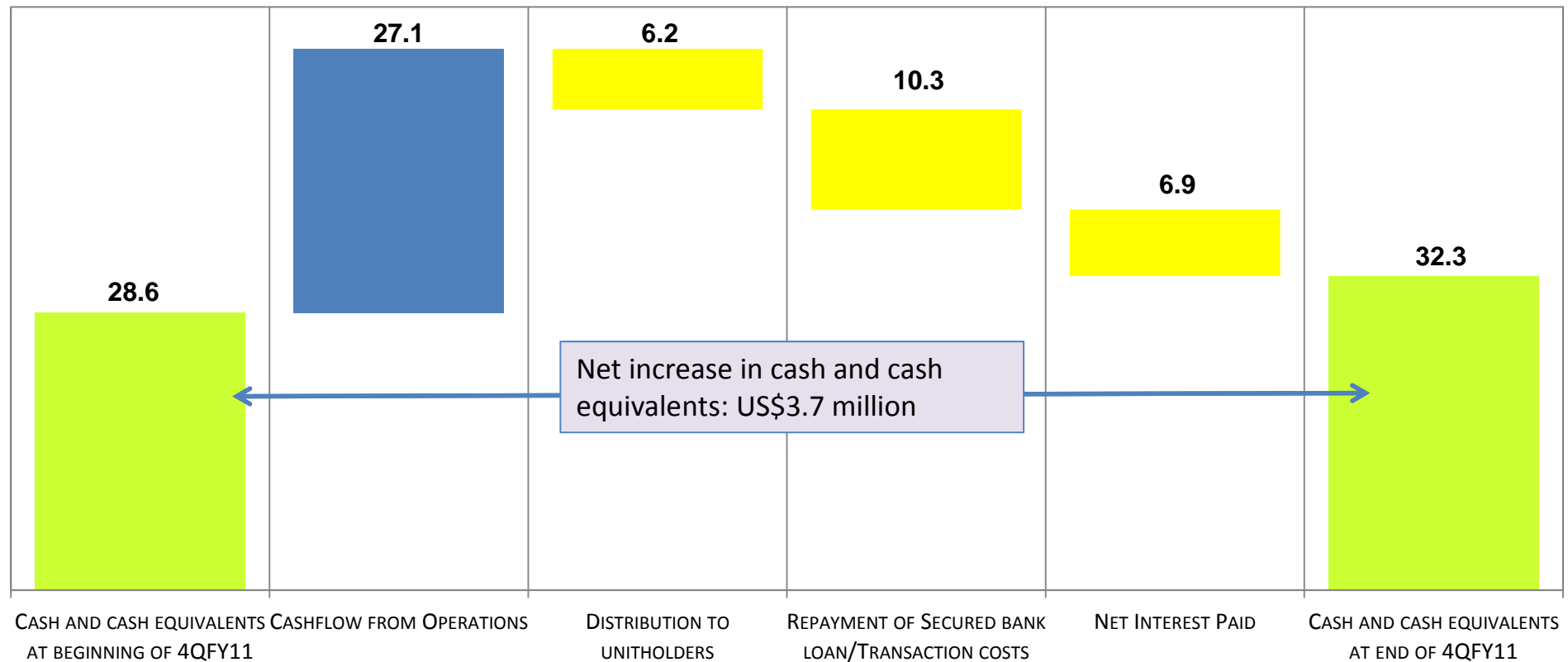


4QFY11 Cashflow Statement Highlights



US\$ Millions

4QFY11 Cash flow Highlights



Performance of Product Tankers On Spot



(US\$m)	4QFY11	4QFY10	FY11	FY10
Freight Income	5.95	3.39	21.59	5.93
Voyage Expenses	(3.97)	(1.95)	(13.57)	(2.89)
Time-Charter Equivalent Revenue	1.98	1.44	8.02	3.04
Less: Crew Cost, Vessel Maintenance & other Operating Expenses	(1.22)	(1.23)	(5.01)	(2.64)
Bareboat Charter Equivalent Revenue	0.76	0.21	3.01	0.40

- 'FSL Hamburg' and 'FSL Singapore' generated higher freight income
- Freight rates remain volatile
- FSL will continue to look to secure long-term charters when rates improve

Terms of New Credit Facility



- **US\$479.6m 6-year amortising term loan with eight banks**

- Loan maturity in Dec 2017
- Quarterly amortisation of US\$11m

- **Interest margin**

Security-to-loan Valuation	Margin over US\$ 3-month Libor
> 125% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

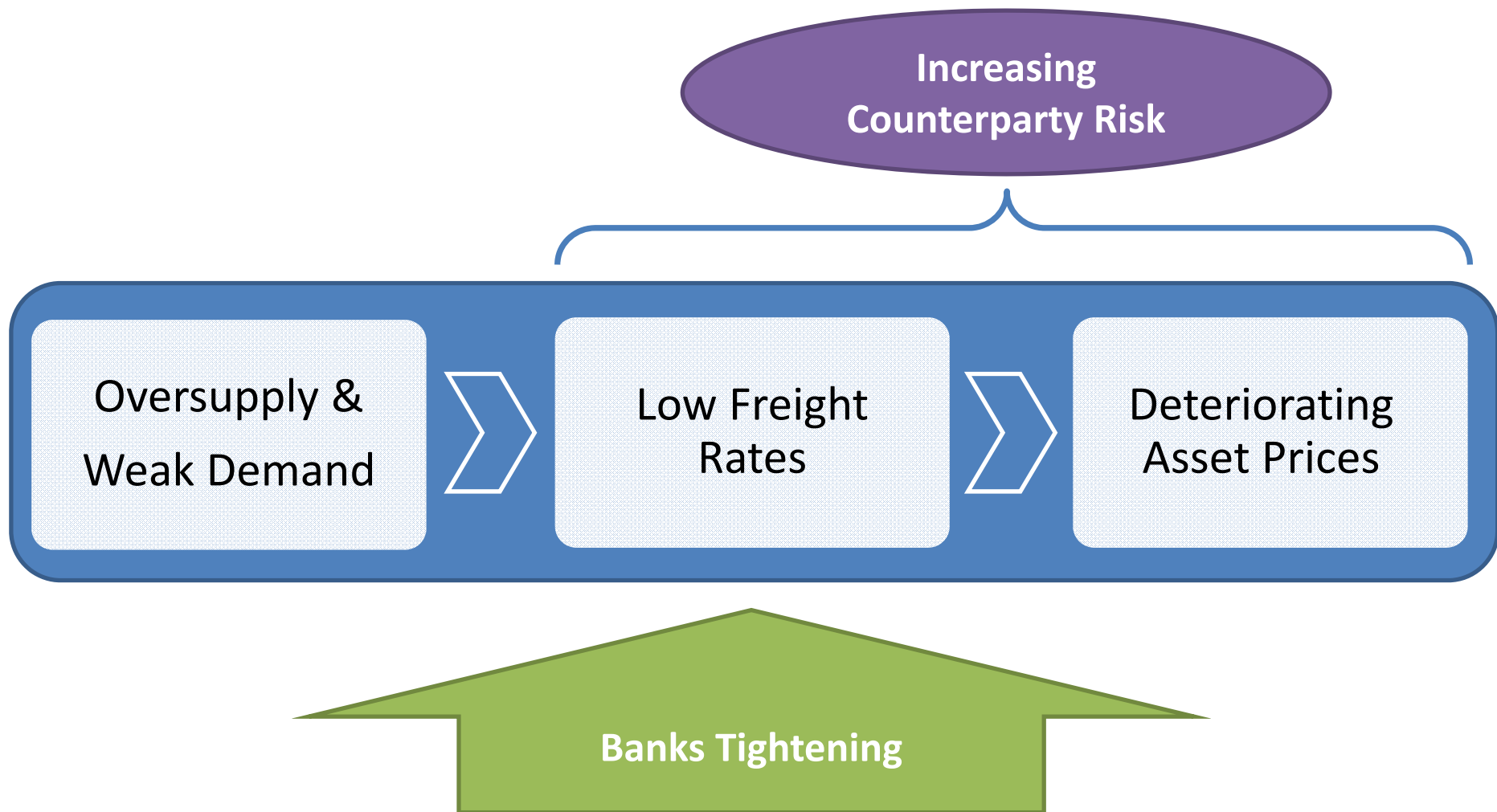
- **Security-to-Loan valuation >125%**

- 4QFY11 ratio at 130%

- **Loan covenants**

- Debt-service coverage ratio > 1.1:1
- Maintain minimum cash balance of US\$15m
- Unitholder's equity >30% of total assets

Challenging Environment



Opportunities Abound



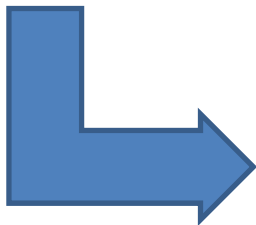
- **Credit tightening**
 - Opportunities for alternative financing to thrive
 - Opportunities to add new reputable clients to diversify portfolio
- **Attractive asset prices**
- **Shift in economic power to Asia**
 - In Asia, for Asia

Major Concerns Resolved



- **Refinancing of loan facility**
 - US\$479.6m 6-year amortising term loan facility

- **Resolution of Daxin lawsuit**
 - Reached an amicable out-of-court settlement on a without-admission-of-liability between FSL Trust and Daxin



Better focus to manage and grow business

Rationale for DPU Reduction



- **Conserve cash and strengthen balance sheet for market upturn**
- **Manage loan covenants with banks**
- **Ready for potential vessel acquisitions**
- **Preparing for a sustainable future**

FSL Trust's Business Focus



- **Transaction-focused**
 - Take advantage of shipping down cycle
 - Must be value accretive

- **Exercise prudence**
 - Reputable customers
 - Stringent credit & risk assessment
 - Appropriate financial structure
 - Diversified asset base

- **Vessels**
 - Maintain a modern fleet



Investor Relations Contacts



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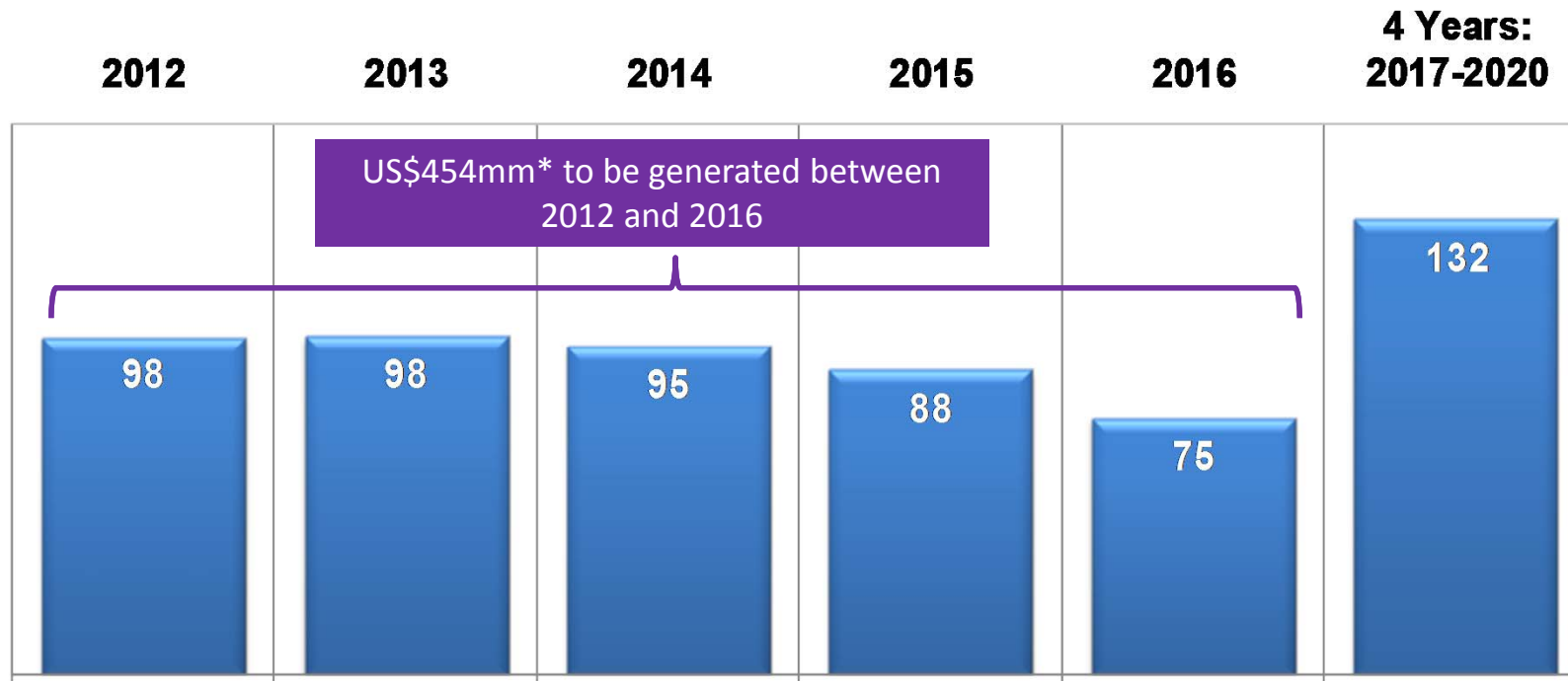
email: ritachay@oaktreadvisers.com

Thank You

Questions & Answers

Healthy Lease Revenue Backlog

Underpins predictable long-term cashflow



**Remaining Contracted Lease Revenue
(US\$'million)**

* As at 31 December 2011, based on current fleet of 23 ships on long-term bareboat charters, excluding extension and early buyout options.

Long Charter Coverage

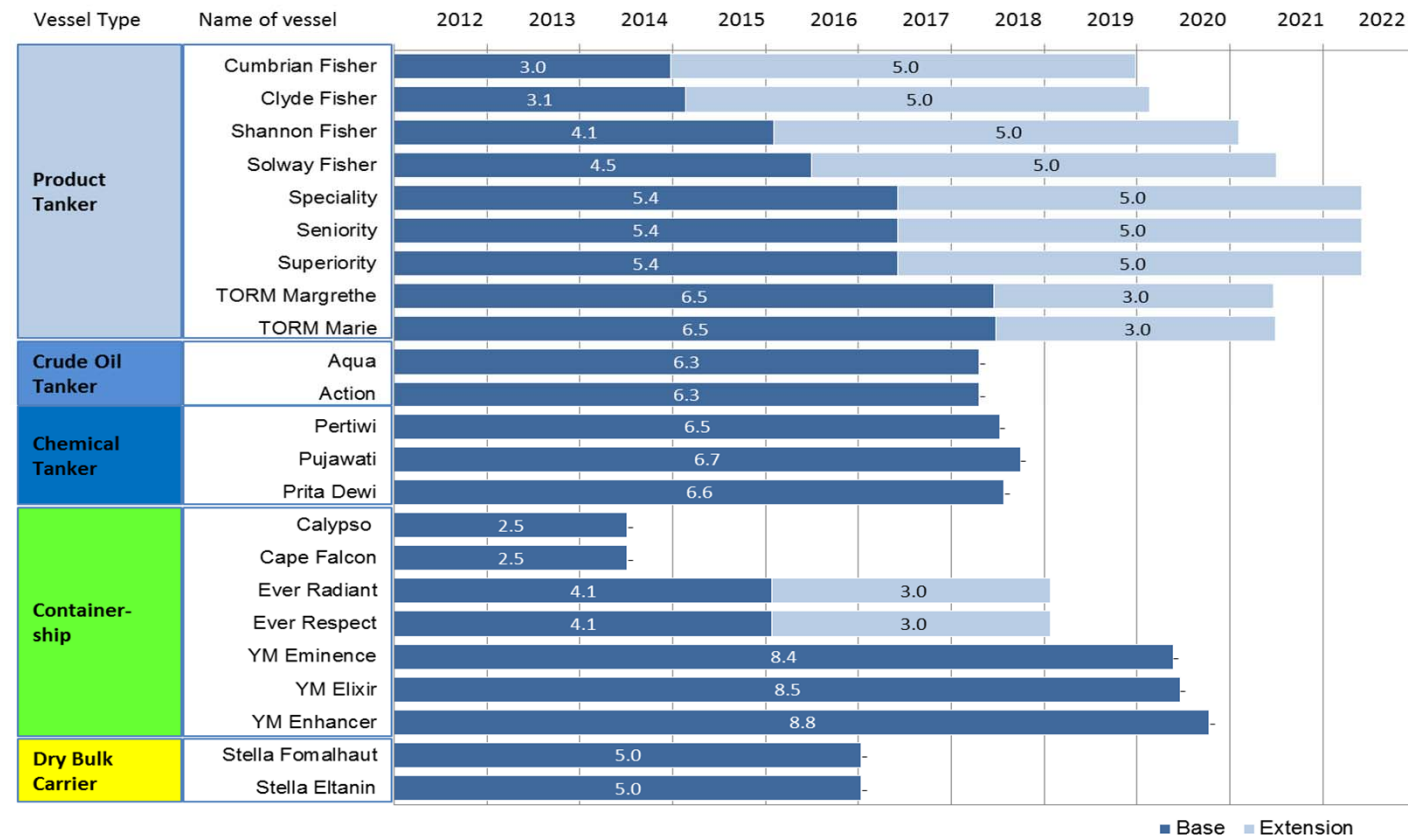
Staggered lease maturities mitigate re-delivery risk



Remaining Lease
Term in Years as at
31 December 2011

6.0 years*
Weighted average
remaining lease term

Earliest lease maturity in June 2014

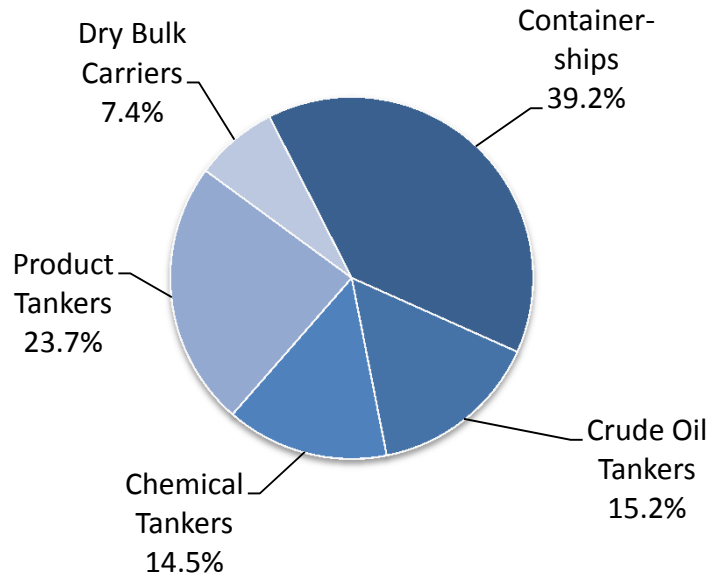


* As at 31 December 2011, based on the 23 ships on long-term bareboat charter and on a dollar-weighted average basis by net book value. Excludes extension and early-buyout options.

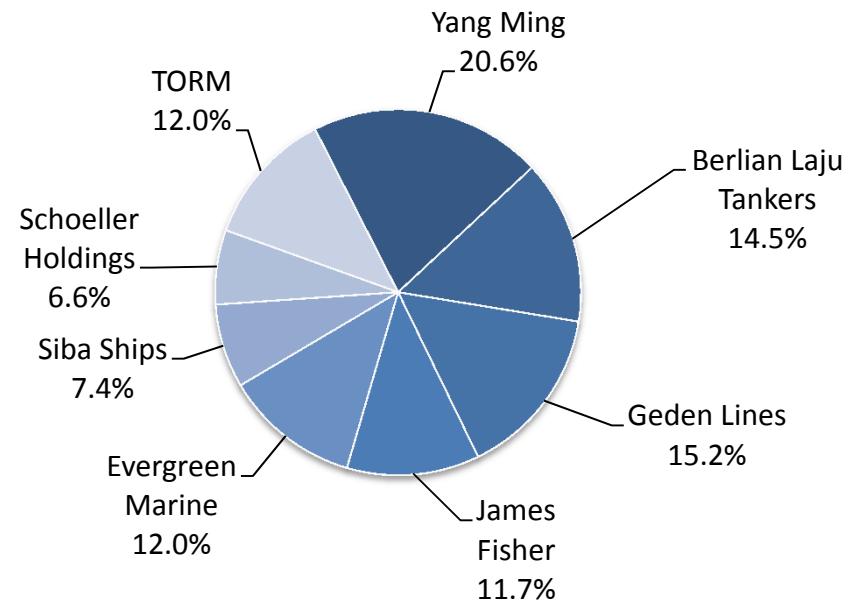
Broad Lease Revenue Base



Lease Revenue by Vessel Type
(Based on 23 vessels on bareboat charters)



Lease Revenue by Lessee
(Based on 23 vessels on bareboat charters)



^ Lease revenue is based on an annualised bareboat lease revenue of US\$98 million, which assumes the daily lease rate from the two vessels leased to Geden Lines are fixed at US\$20,335 per vessel.