



First Ship Lease Trust

3QFY13 Results Presentation



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

www.FSLTrust.com
14 November 2013

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



- **Introduction to New Management**
- **FSL Trust Update**
- **3QFY13 Financial Review**
- **Loan Facility and Covenant Waiver**
- **Vessel Portfolio**
- **Outlook**

New management with strong shipping and operational expertise



Mr. Alan Hatton, Chief Executive Officer

- Significant commercial shipping and corporate finance experience including sale and purchase and time charter execution
- Formerly CEO, and previously CFO, of FR8, a global owner/operator of oil tankers based in Singapore controlling up to 25 vessels
- Prior to FR8, he was a Mergers & Acquisitions and Corporate Finance banker for Lazard and Dresdner Kleinwort in London
- Appointed on 27 August 2013



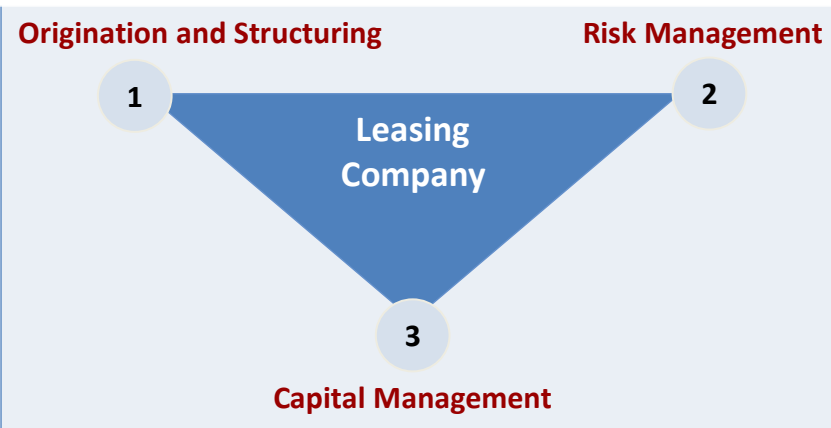
Mr. Roger Woods, Chief Operating Officer

- Over 30 years of shipping-related experience; held senior positions across chartering, operations and ship management dealing with crude oil, oil products and dry cargoes
- Previously General Manager at FR8, running its London office
- Prior to FR8, he was Managing Director at Tamoil Shipping (London)
- Appointed on 17 September 2013

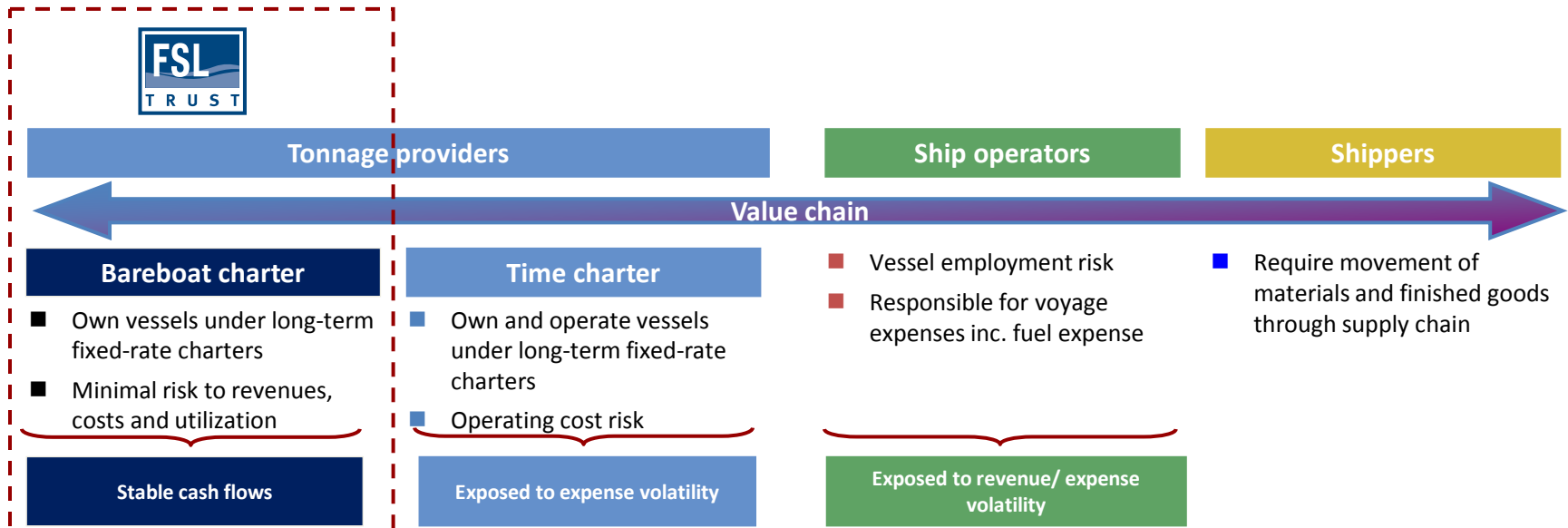
FSL Trust: Original Model



FSLT was about...



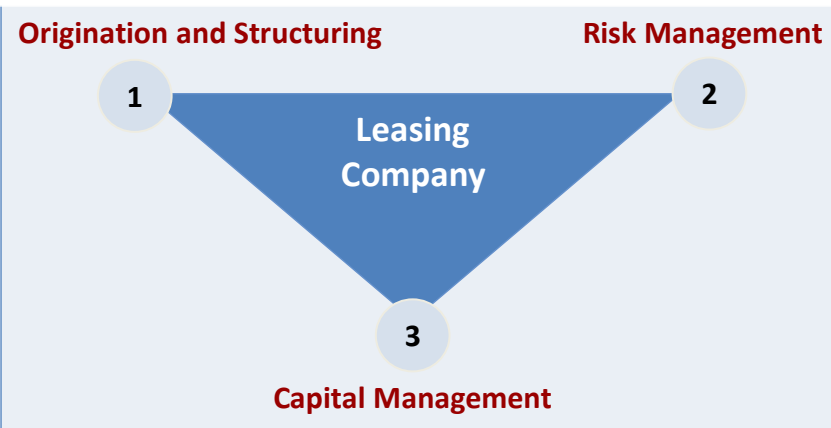
FSLT was not about...



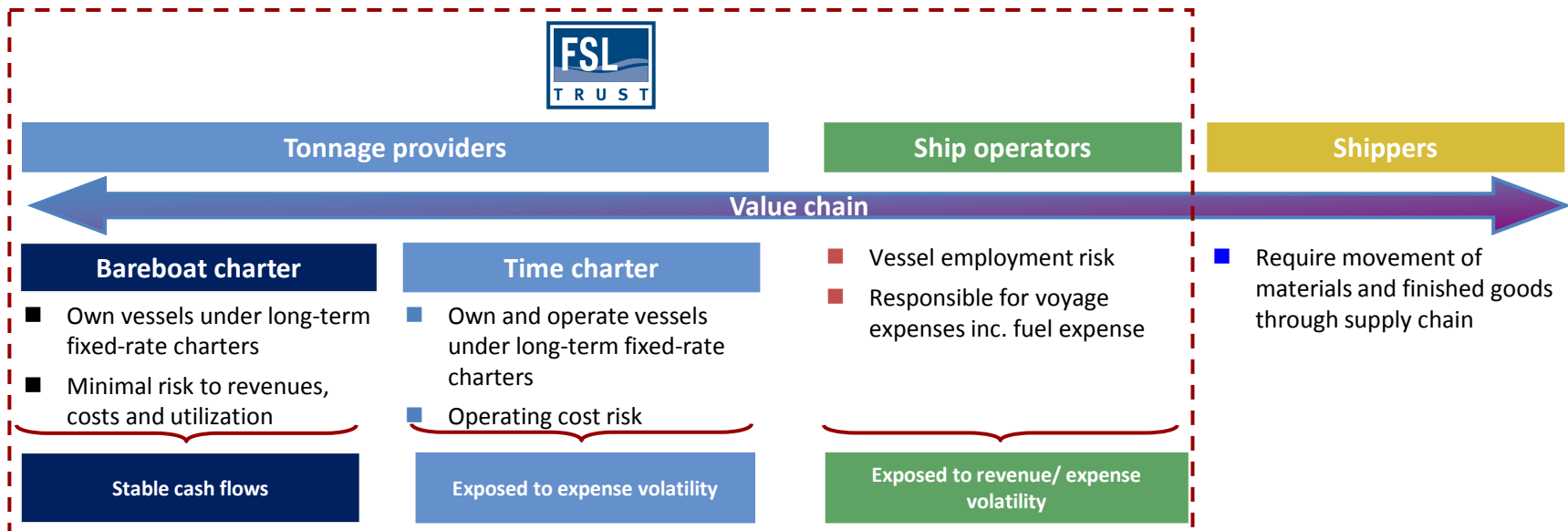
FSL Trust: Current Situation



FSLT was about...



FSLT is now also about...



FSL Trust: Now An Operational Shipowner by Default



- Continued challenging market conditions have caused stress on the business trust model
 - In hindsight, counterparty risk was underestimated and underplayed
 - Exacerbated by unsuccessful deals
 - FSL Trust had not adapted to the change in business model forced upon it by defaults
- Current needs of FSL Trust are very different to those of the past
 - Commercial and operational shipping risk management
 - Focus on improving returns from redelivered vessels
 - Leverage technical and operational knowledge and experience to safely run the fleet
 - Financial skill set
 - Lender relationship and credit risk still important
 - Business management
 - Focus on costs and improving profitability

- Key aims to improve status of the Trust over the next 6 months
 - Complete new team
 - Selectively hire the right people to address current issues and move the business forward
 - Review and stabilise portfolio
 - Assess balance of fleet and manage portfolio of assets
 - Improve earnings on redelivered vessels
 - Focus on approvals, optimising commercial management and improving market information
 - Focus on costs
 - Look to reduce unnecessary expenditures across the Trust
 - Work closely with technical managers to improve performance and manage dry dock costs
 - Further engage lenders to negotiate mutually acceptable covenant relaxation
 - Cash flow forecasts look positive and expensive hedges expiring

3QFY13 Financial Review



US\$'000	3QFY13	3QFY12	Decrease %
Revenue	22,458	26,720	(16.0)
Loss for the quarter	(8,930)	(186)	N.M.
Net cash generated from operations	7,629	13,890	(45.1)

- 3QFY13 performance weakened by:
 - Defaults by lessees of two crude oil tankers and two dry bulk carriers
 - One-off impairment loss of US\$3.6 million arising from default of two dry bulk carriers
 - Non-recurring vessel related expenses due to redeliveries and change of technical manager on default vessels (US\$1.2 million)

3QFY13 Revenue Breakdown



US\$'000 **3QFY13** **3QFY12** **% Inc/(Dec)**

Rentals from vessels on bareboat charter 13,940 18,250 (23.6)

- Decline due to lease defaults by Geden Holdings' subsidiaries for the two crude oil tankers (-US\$3.0m) and Omni Ships for two dry bulk carriers (-US\$1.5m)

BBCE revenue of vessels on:

Time charter 1,154 976 18.2

- US\$1.2m from two product tankers' employment with Petrobras
- Marginal loss of US\$68,000 from *FSL Shanghai* which was redelivered in 3QFY13 and deployed on short-term time charter on low initial rates

Pool 1,364 1,437 (5.1)

- Three chemical tankers are employed in the 'Nordic Tankers 19,000 Stainless Steel Pool'

Spot 194 1,769 (89.0)

- *FSL Hong Kong* was redeployed in the spot market after its redelivery in 3QFY13
- Revenue from 3QFY12 was contributed by the three chemical tankers and *FSL Hamburg*

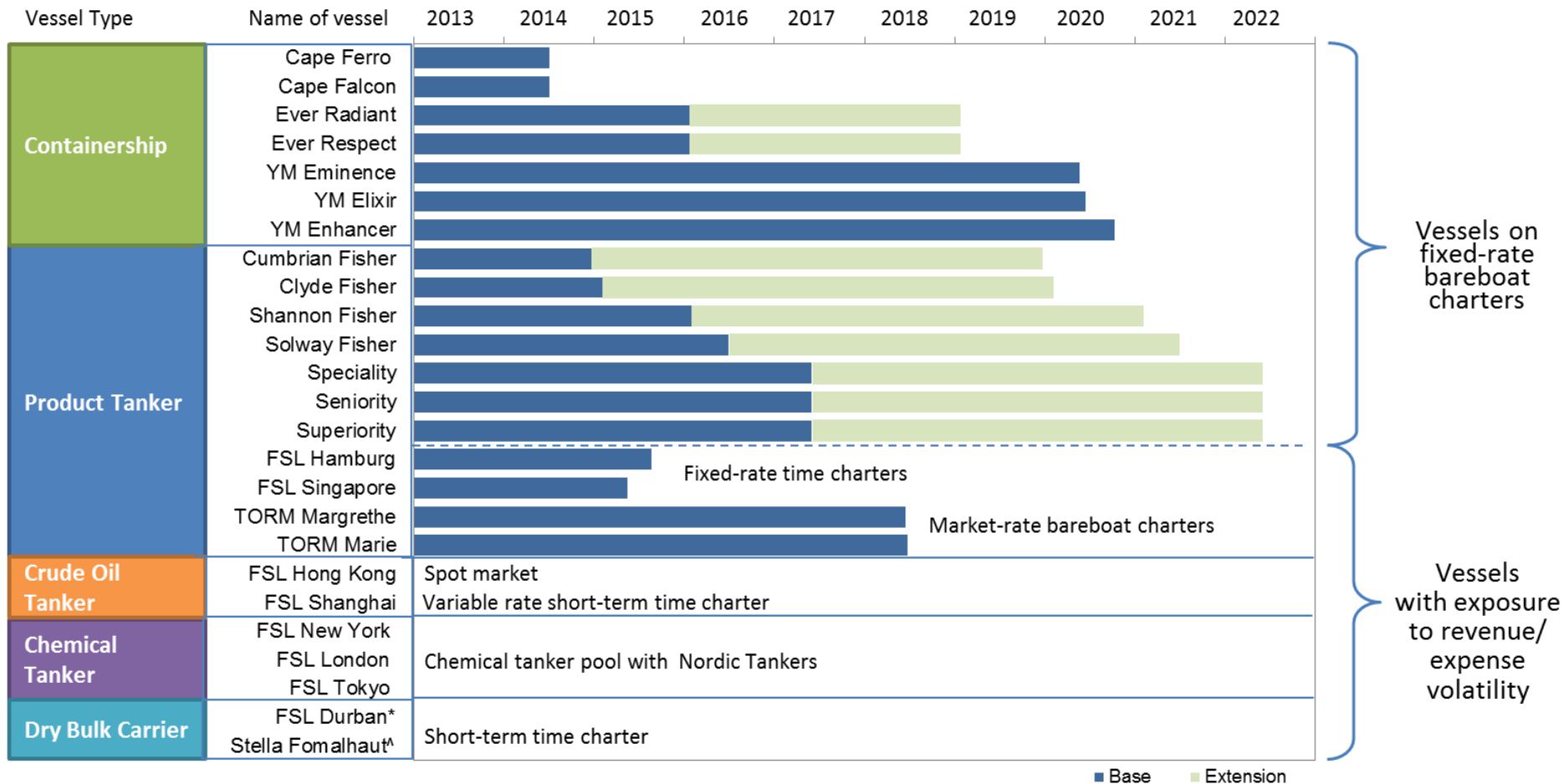
Total Bareboat Charter /BBCE Revenue **16,652** **22,432** **(25.8)**

Loan Facility and Covenant Waiver



- FSL Trust has not met all of the conditions relating to the relaxation extension outlined in the press release “Extension on Covenants Relaxation” dated 31 July 2013, therefore the Trust may be in breach of the covenants under the original loan agreement
 - The Trust’s loan balance has been reclassified from long term to current liabilities
- Management is in ongoing discussions with the Trust’s Lenders to clarify their position and to resolve these potential covenant breaches
- The Trust has and is forecast to have sufficient cash flows to meet its scheduled debt and interest payments

Vessel Portfolio



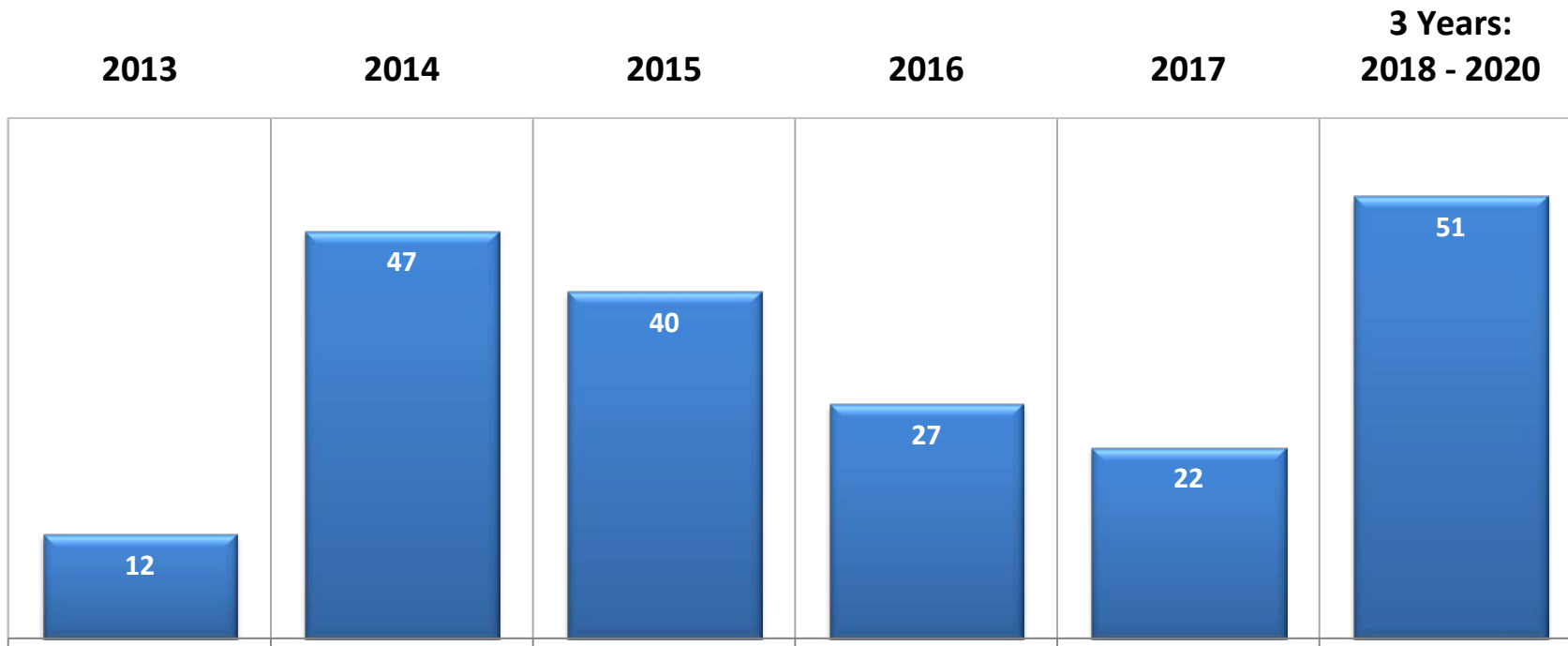
* Formerly *Stella Eltanin*

^ To be renamed *FSL Antwerp*

Bareboat Lease Revenue Backlog



**Remaining contracted revenue stood at US\$199 million#
as at 30 September 2013**



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

- Outlook for the shipping industry is relatively positive
- Business continues to generate positive cash flow and service its debt and interest payments
 - Underpinned by performance of remaining bareboat charters with strong counterparties
- With vessels operating on shorter term charters and in spot markets, vessel portfolio has the ability to capture potential upside

- **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