



# Investor Presentation

May 2008

**FIRST SHIP LEASE TRUST**  
A SPECIALISED  
SHIP LEASING TRUST



# Important Information

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 statement.

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, ability to implement our investment strategy, dependence on credit facilities and new equity from capital markets to execute our investment strategy, insufficient insurance to cover losses from inherent operational risks in the industry, lower lease rates from older vessels, dependence on key personnel, First Ship Lease Pte Ltd's controlling stake in the First Ship Lease Trust (“FSLT”), short operating history, lack of historical financial history for the Trust, risk of government requisitions during periods of emergency or war, possibility of pirate or terrorist attacks, competition in the industry, political instability where the vessels are flagged or operate, 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.

First Ship Lease 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 statement that may be made from time to time by or on behalf of First Ship Lease Trust.

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# Overview & Highlights

## Corporate Overview

<b>Description</b>	<ul style="list-style-type: none"><li>• Business Trust formed to own and lease vessels on a bareboat charter basis</li></ul>
<b>Sponsor</b>	<ul style="list-style-type: none"><li>• First Ship Lease Pte. Ltd. ("FSL")</li></ul>
<b>Key Sponsor Shareholders</b>	<ul style="list-style-type: none"><li>• HSH Nordbank , Bayerische Hypo-und Vereinsbank &amp; Schoeller Holdings</li></ul>
<b>Trustee-Manager</b>	<ul style="list-style-type: none"><li>• FSL Trust Management Pte Ltd (wholly-owned subsidiary of Sponsor)</li></ul>
<b>Listing</b>	<ul style="list-style-type: none"><li>• SGX (Main Board); S\$ denominated Trust Units</li></ul>
<b>Market Capitalisation</b>	<ul style="list-style-type: none"><li>• S\$575 MM (based on unit price of S\$1.15 as at 13 May 08)</li></ul>
<b>Key Unitholders</b>	<ul style="list-style-type: none"><li>• FSL (30%), Deutsche Bank (9%), AIG (8%), &amp; Penta Investments Advisers (7%)</li></ul>
<b>No of vessels</b>	<ul style="list-style-type: none"><li>• 23*; product tankers, chemical tankers, dry bulk carriers, containerships &amp; crude oil tankers</li></ul>
<b>Ave Age of Vessels</b>	<ul style="list-style-type: none"><li>• 3.2 years (Dollar Weighted Average) *</li></ul>
<b>Ave Remaining Lease Life</b>	<ul style="list-style-type: none"><li>• 9.2 years (Dollar Weighted Average) *</li></ul>
<b>Fixed Contracted Lease Revenue</b>	<ul style="list-style-type: none"><li>• US\$917 million *</li></ul>
<b>Distribution Policy</b>	<ul style="list-style-type: none"><li>• 100% of all available cash flow</li></ul>

\* As at 31 May 08 & assuming addition of all three Yang Ming container vessels as at 31 May 08



# Overview & Highlights

## *Financial Highlights for 1Q FY08*

### Financial Highlights

- Revenue of US\$16.6 million
  - 10% higher than preceding quarter of US\$15.1 million
- Total Distribution of US\$12.95 million
- DPU of US2.59 cents
  - 7% higher than preceding quarter of US2.42 cents
  - 21.6% higher than base DPU of US2.13 cents at IPO

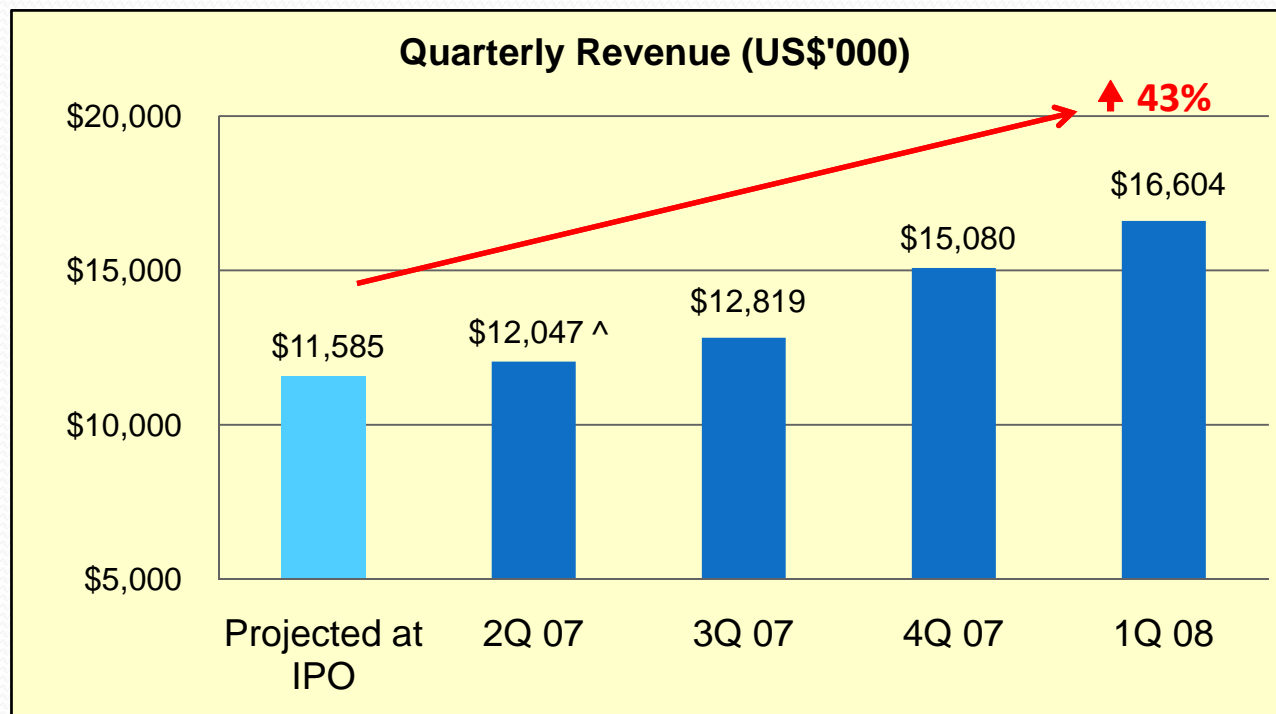
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# Financial Highlights

*Strong performance in 1Q FY08*

- Revenue of US\$16.6 million
  - 10% higher than preceding quarter of US\$15.1 million



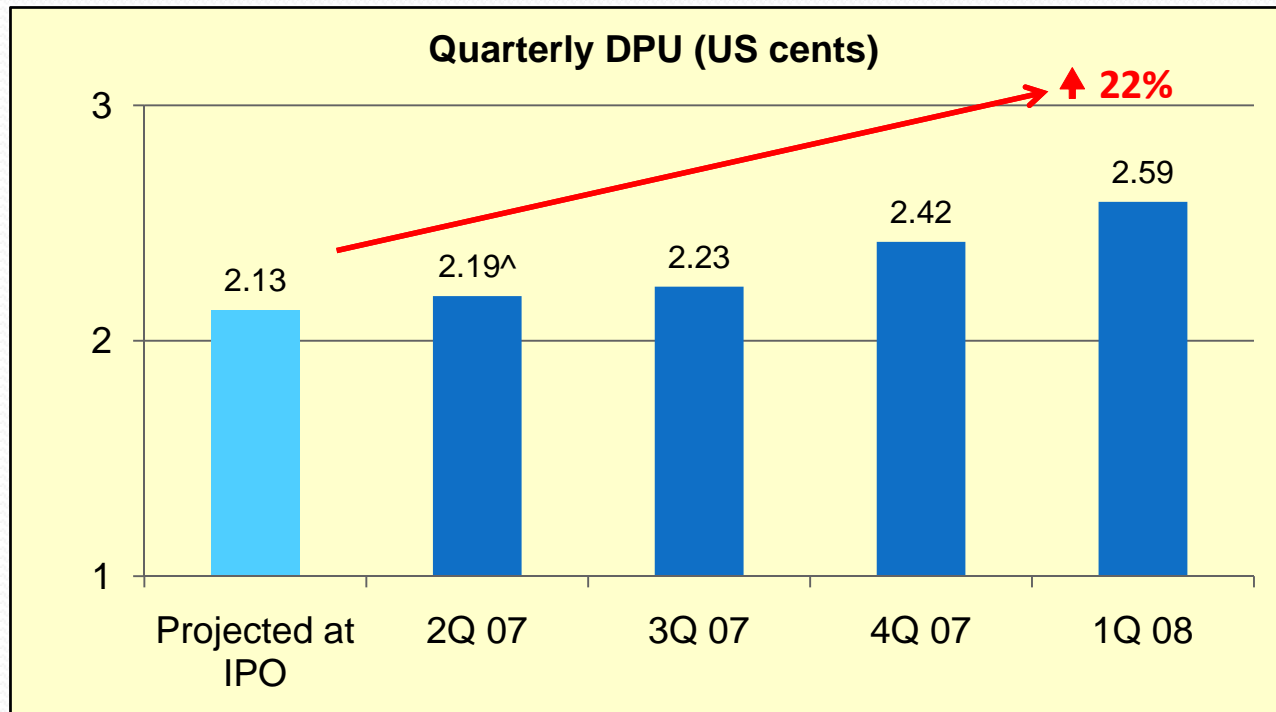
^ Revenue from 19 Mar 07 to 30 Jun 07 was US\$12.672 million



# Financial Highlights

## *Positive Impact on DPU*

- Total Distribution of US\$12.95 Million
- DPU of US2.59 cents – 7% higher than preceding quarter's US2.42 cents



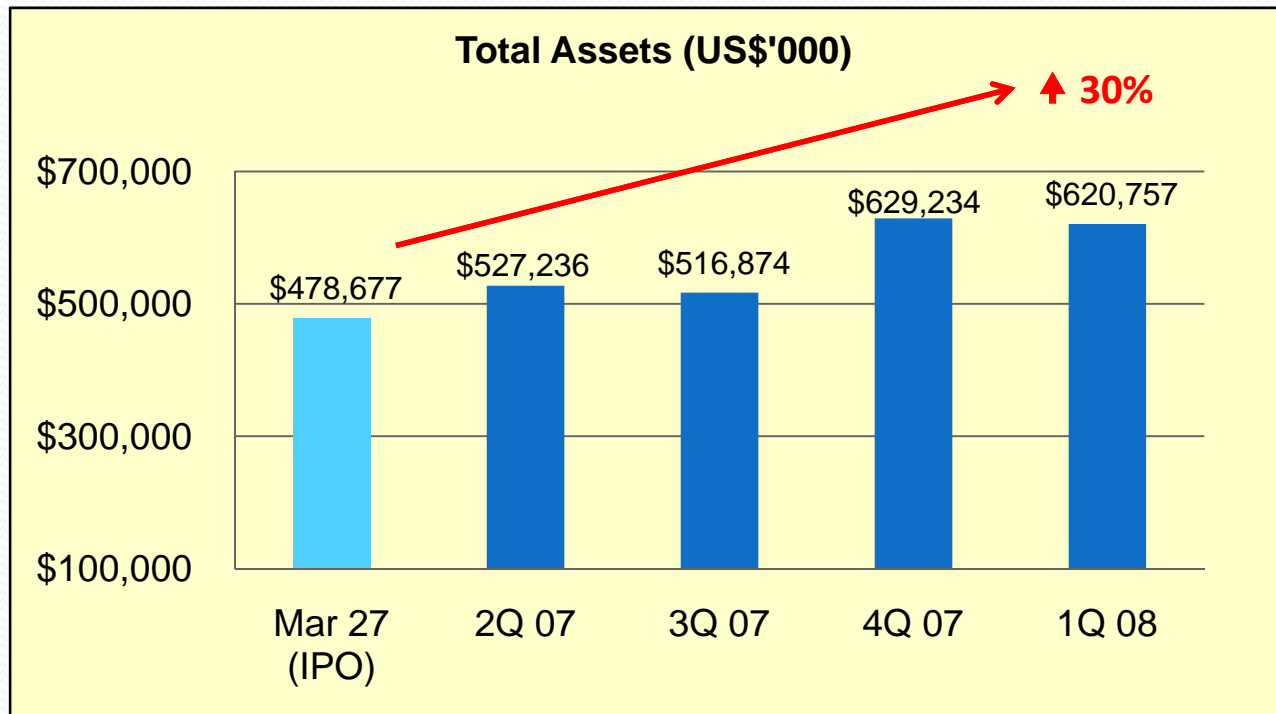
<sup>^</sup> Annualised for 2Q 2007. Actual DPU distributed amounted to US2.30 cents for the period 19 Mar 07 to 30 Jun 07.





# Financial Highlights

- Total Assets: \$620,757



# Financial Highlights

## Cash Flow / Distribution

	1Q FY08 Actual US\$ 000
<b>Lease Revenue</b>	<b>16,607</b>
<i>Less:</i>	
<i>Interest cost</i>	<i>2,507</i>
<i>Management fees</i>	<i>673</i>
<i>Other trust expenses</i>	<i>475</i>
<b>Amount available for distribution</b>	<b>12,952</b>
<b>Amount distributed</b>	<b>12,950</b>
<b>No of Units</b>	<b>500,000,000</b>
<b>Distribution per unit</b>	<b>US 2.59 cents</b>

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# Business Update

## *Recent Acquisitions – 1 (Geden Lines, 18 April 2008)*

### **Vessel Acquisition Announced**

- Transaction of US\$140 million
- Acquisition of 2 crude oil tankers for a sale & concurrent leaseback to Geden Lines
- New ships (Delivery: Jun 07 / Nov 07)
- Malta flagged; classed with Det Norske Veritas

### **With Long Term Leases in Place**

- Base lease term of 10 years
- No extension options
- Early Buyout Options at Year 4, 6 & 8
- Purchase option at Year 10
- Accretive to DPU (additional US0.16¢ for 2Q FY08 & US0.28¢ for full quarter thereafter)

### **Financing**

- Financed by drawdown on existing & new credit facility
- Lease rentals on a floating rate basis provide natural hedge for loan interest exposure

# Business Update

## Recent Acquisitions - 2 (Yang Ming Marine, May 2008)

### Vessel Acquisition Announced

- Transaction of US\$210 million
- Acquisition of 2+1 containerships for a sale & concurrent leaseback to Yang Ming Marine Transport Corporation
- 3<sup>rd</sup> vessel subject to financing
- New ships (*Delivery in 2008: mid April / end June / end October*)
- Liberia flagged; classed with Lloyd's Register of Shipping

### With Long Term Leases in Place

- Base lease term of 12 years
- Purchase option at Year 12
- No early buyout & extension options
- Accretive to DPU (additional US0.02¢ for 2Q FY08 & US0.18¢ for full quarter thereafter for 2 vessels)

### Financing

- 2 vessels financed by drawdown on new credit facility
- Interest rate swapped to fixed on drawdown
- Currently arranging financing for 3<sup>rd</sup> vessel

# Business Update

## Capital Structure & Financing Arrangements

### Capital Structure

- Long-Term Debt/Equity Target :100%
- Debt/Equity ratio as at 31 Mar 08 :36%
- Proforma Debt/Equity ratio as at 31 Mar 08\* :116%

*\* Assuming three Yang Ming vessels were debt-funded on 31 March 2008*

### Financing Arrangements

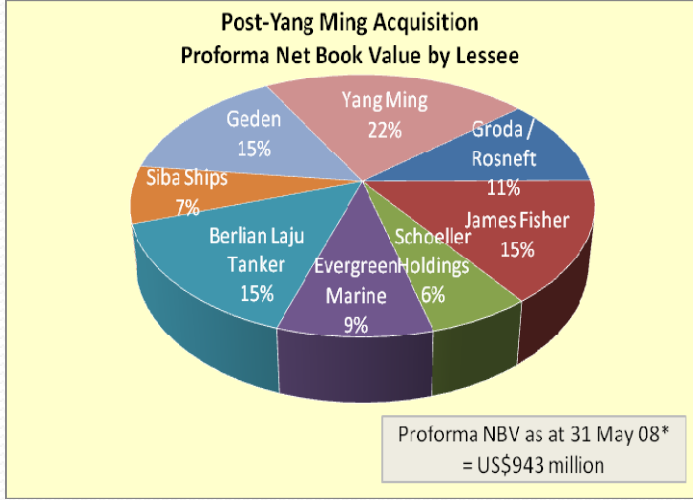
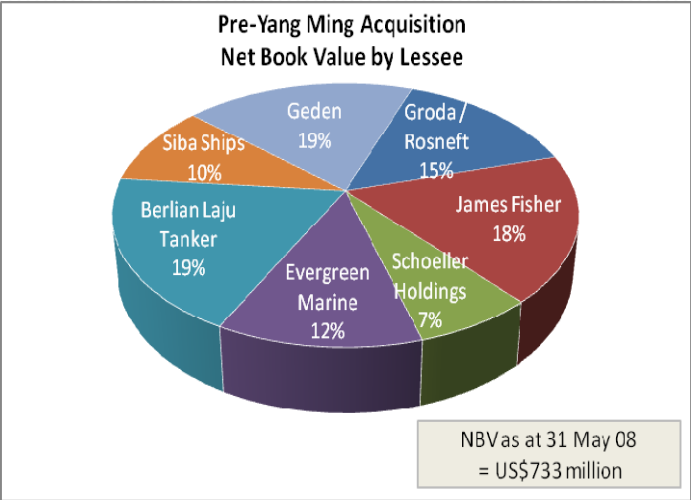
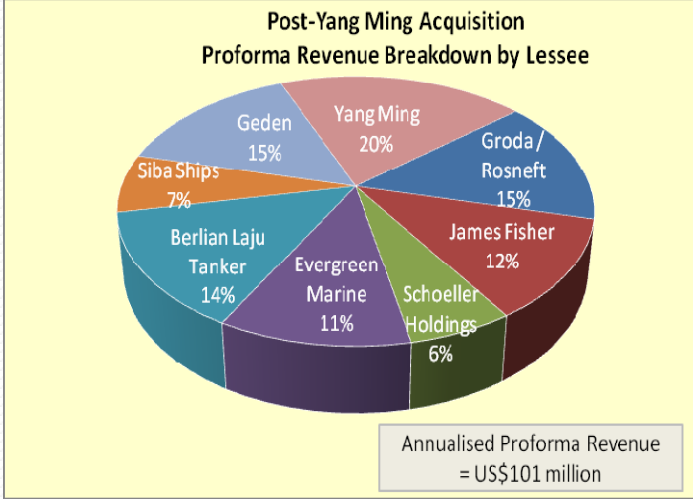
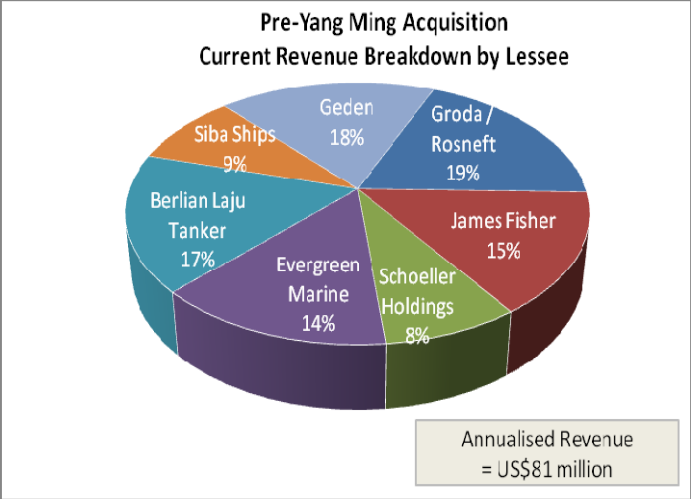
- Total Facilities: \$450 million
  - US\$250 million 7-year revolving credit facility
    - Interest at 3-month LIBOR + 100 bps
    - Fully drawn
  - US\$200 million 4-year revolving credit facility
    - Interest at 3-month LIBOR + 120 bps
    - Fully drawn post delivery of 2<sup>nd</sup> Yang Ming vessel
    - Currently arranging financing for 3<sup>rd</sup> Yang Ming vessel

### Lead Arrangers

- Bank of Tokyo-Mitsubishi UFJ Co., Ltd, Singapore Branch
- Bayerische Hypo-und Vereinsbank AG, Singapore Branch

# Business Update

## Diversification Continues (by lessee)

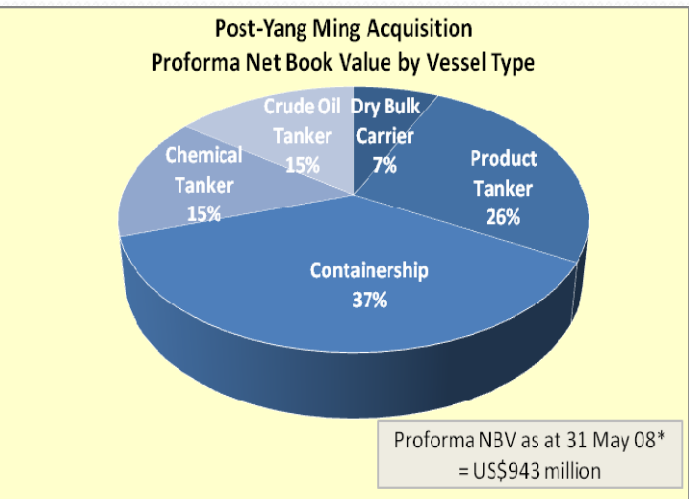
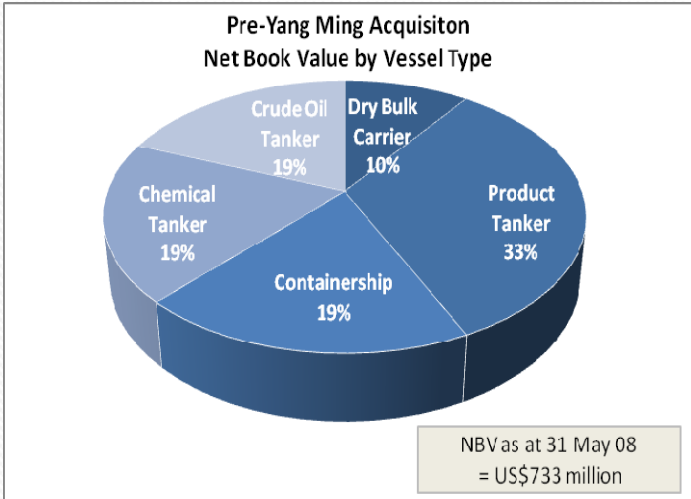
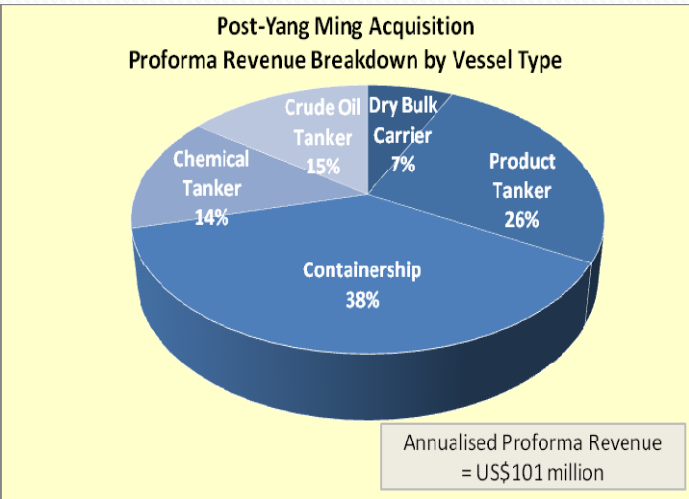
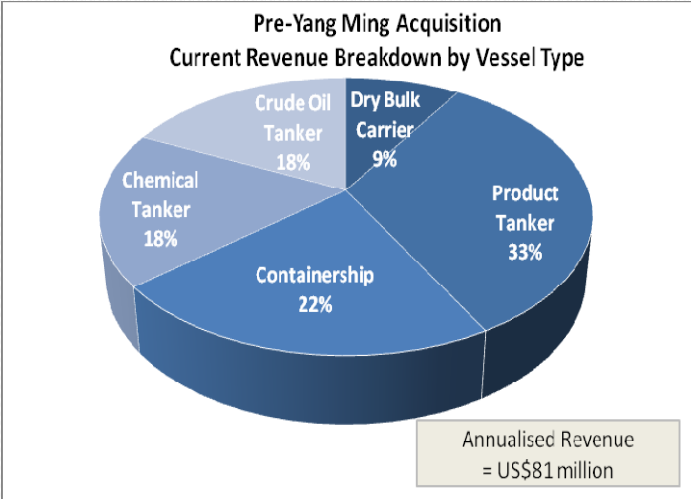


\* Assuming addition of all three Yang Ming container vessels as at 31 May 08



# Business Update

## *Diversification Continues (by vessel type)*



\* Assuming addition of all three Yang Ming container vessels as at 31 May 08

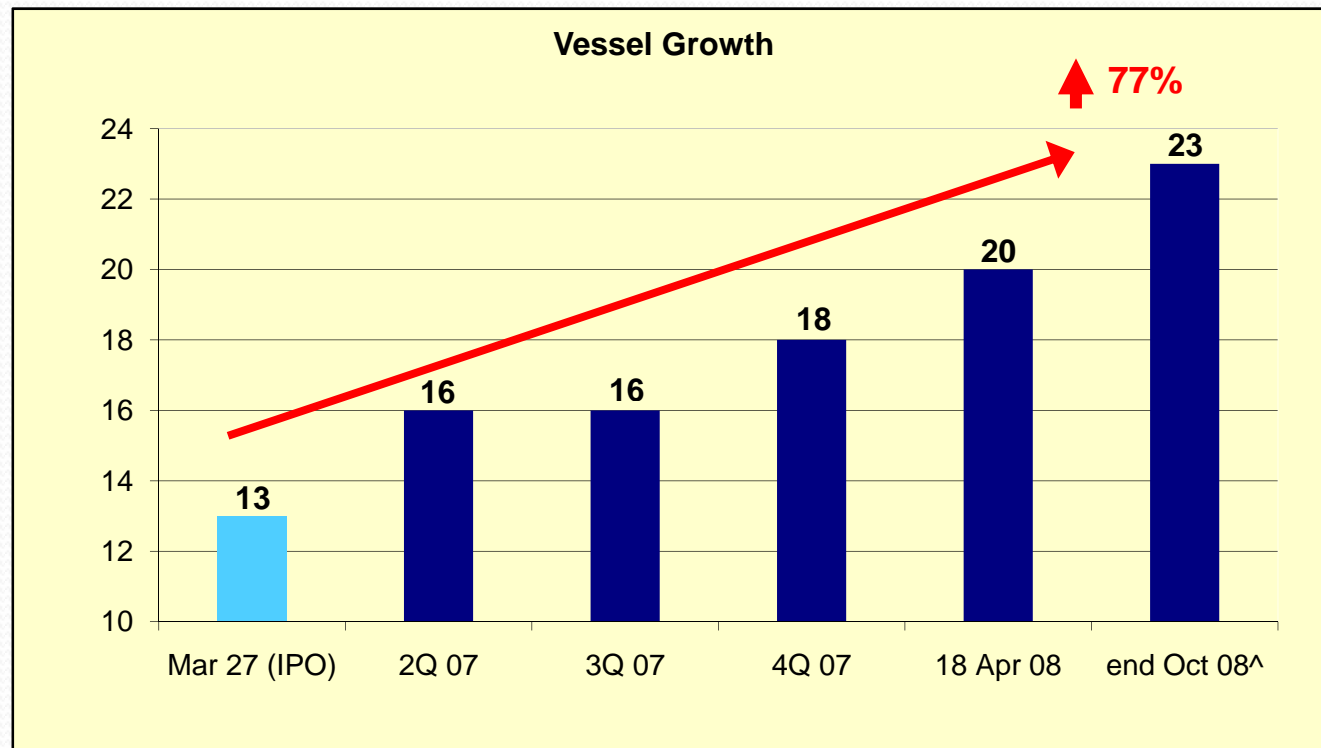




# Business Update

## *Positive Impact on Portfolio*

- No of vessels will grow from initial 13 at IPO in March 2007 to 23 by end October 2008 upon successful closing of the third Yang Ming vessel.

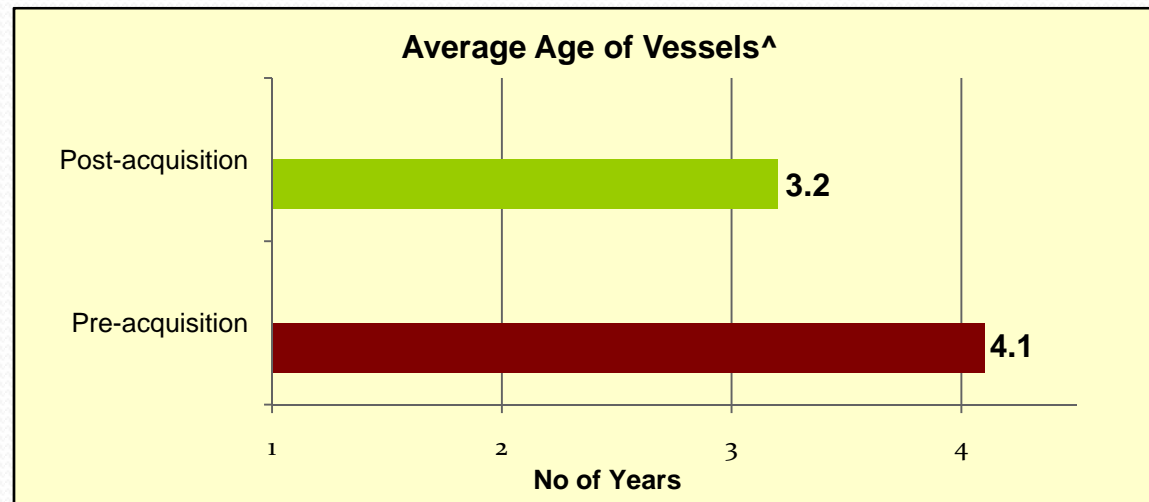
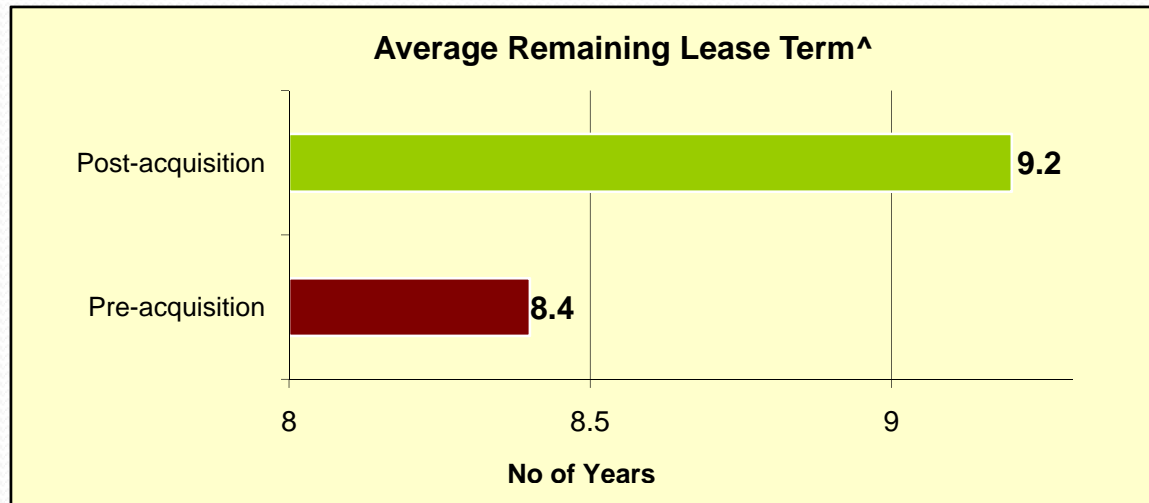


<sup>^</sup> Upon successful closing of the third Yang Ming vessel by end October 08.



# Business Update

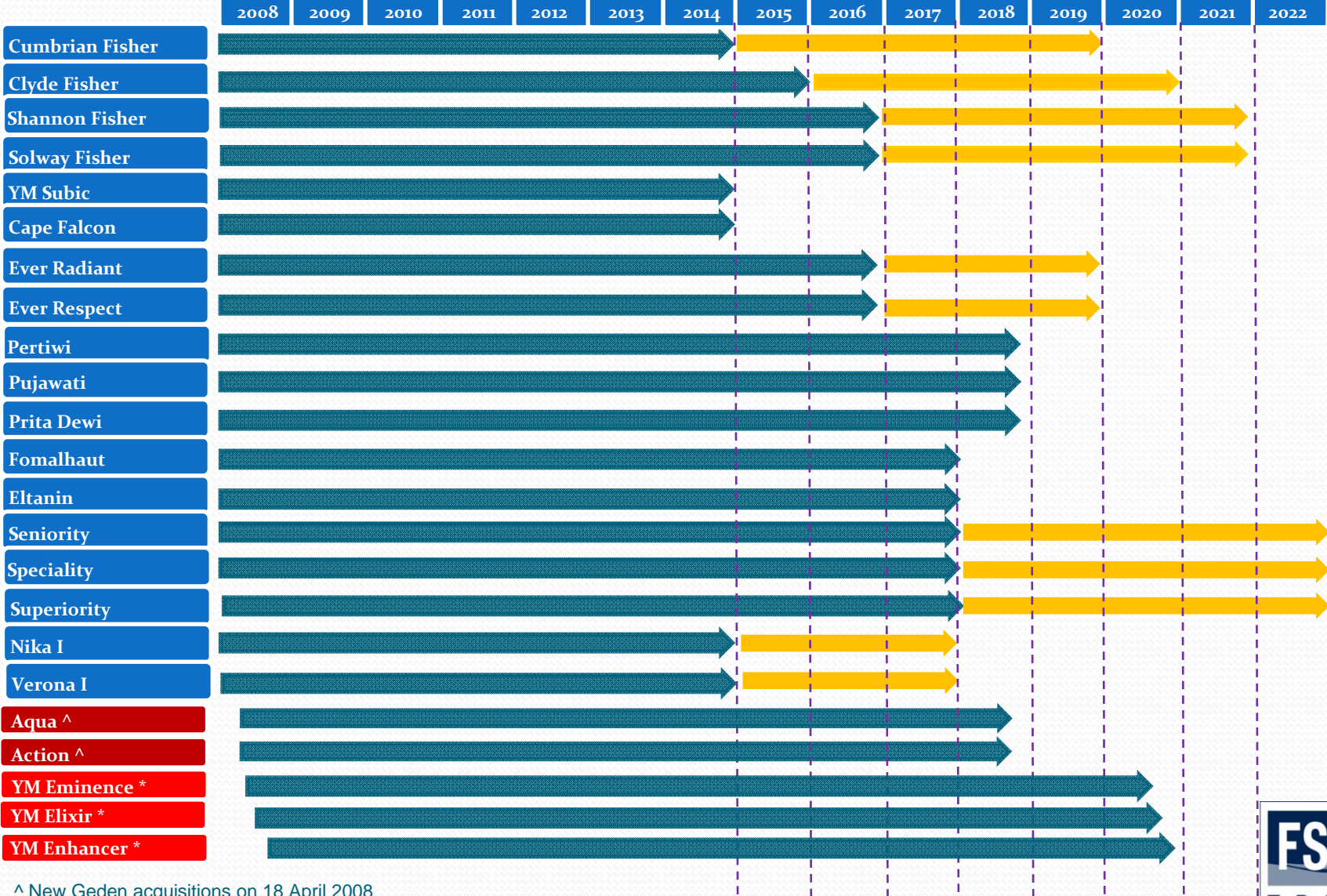
## *Positive Impact on Portfolio*



<sup>^</sup> Dollar Weighted Average as at 31 May 08 and assuming addition of all three Yang Ming container vessels as at 31 May 08.

# Business Update

## Lease Maturities

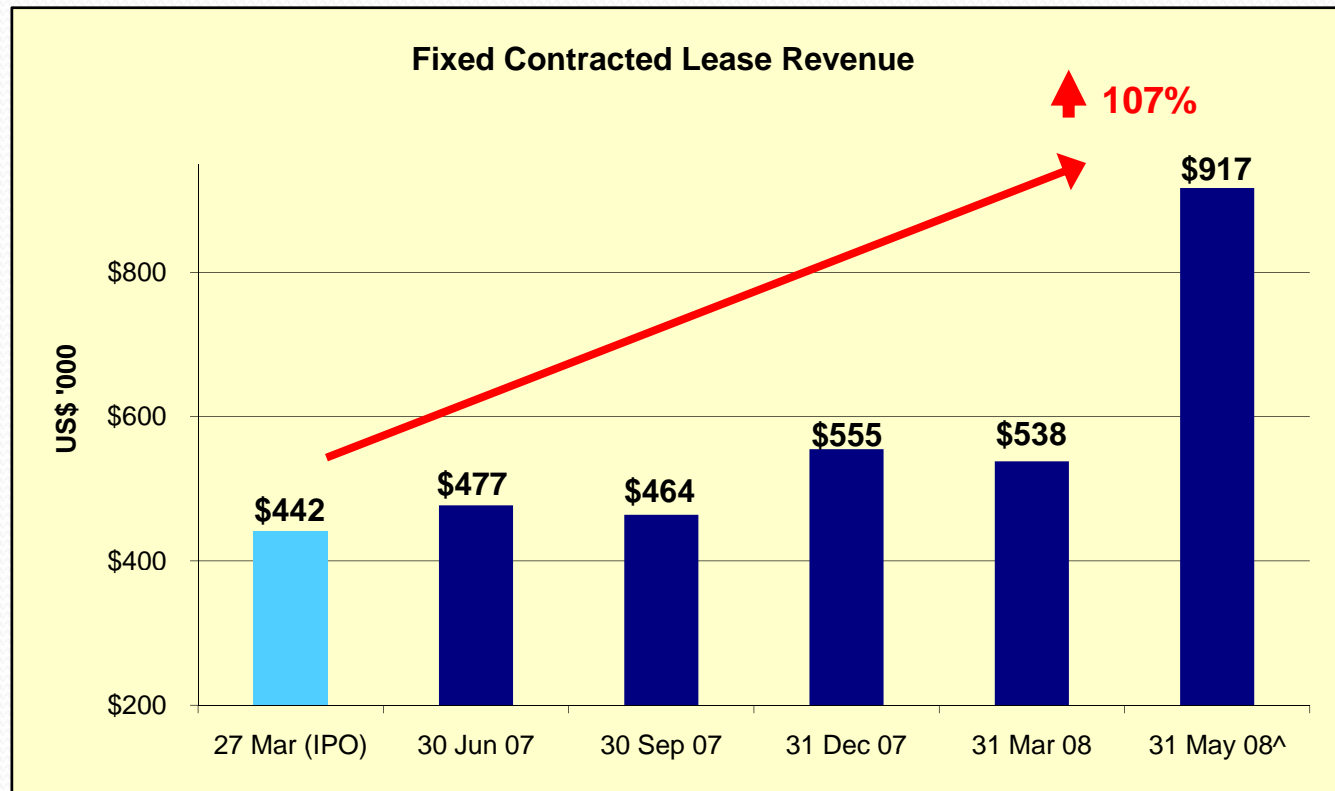


^ New Geden acquisitions on 18 April 2008  
 \* New Yang Ming acquisitions in May 2008



# Business Update

## Future Lease Revenue



<sup>^</sup> Assuming addition of all three Yang Ming container vessels as at 31 May 08.

# Business Update

## *Management Team Strengthened*

### **Philip Clausius**

- Chief Executive Officer
- Previously with Schoeller Holdings (co-founded FSL)
- 16 years of financial and operational experience in the shipping industry

### **Cheong Chee Tham**

- Chief Financial Officer
- Previously with SIA group (joined FSL in October 2005)
- More than 17 years experience in accounting, leasing and asset financing

### **Kwa Lay San**

- Chief Risk Officer
- Previously with DBS Bank (joined FSL in May 2006)
- Over 11 years of experience in banking and ship financing

### **Ronald Dal Bello**

- Senior Vice President and Head of Sales, West of Suez, based in Zurich
- Previously with GE Commercial Finance (joined FSL in April 2006)
- 17 years of experience in ship financing and shipping industry

### **Vijay Kamath**

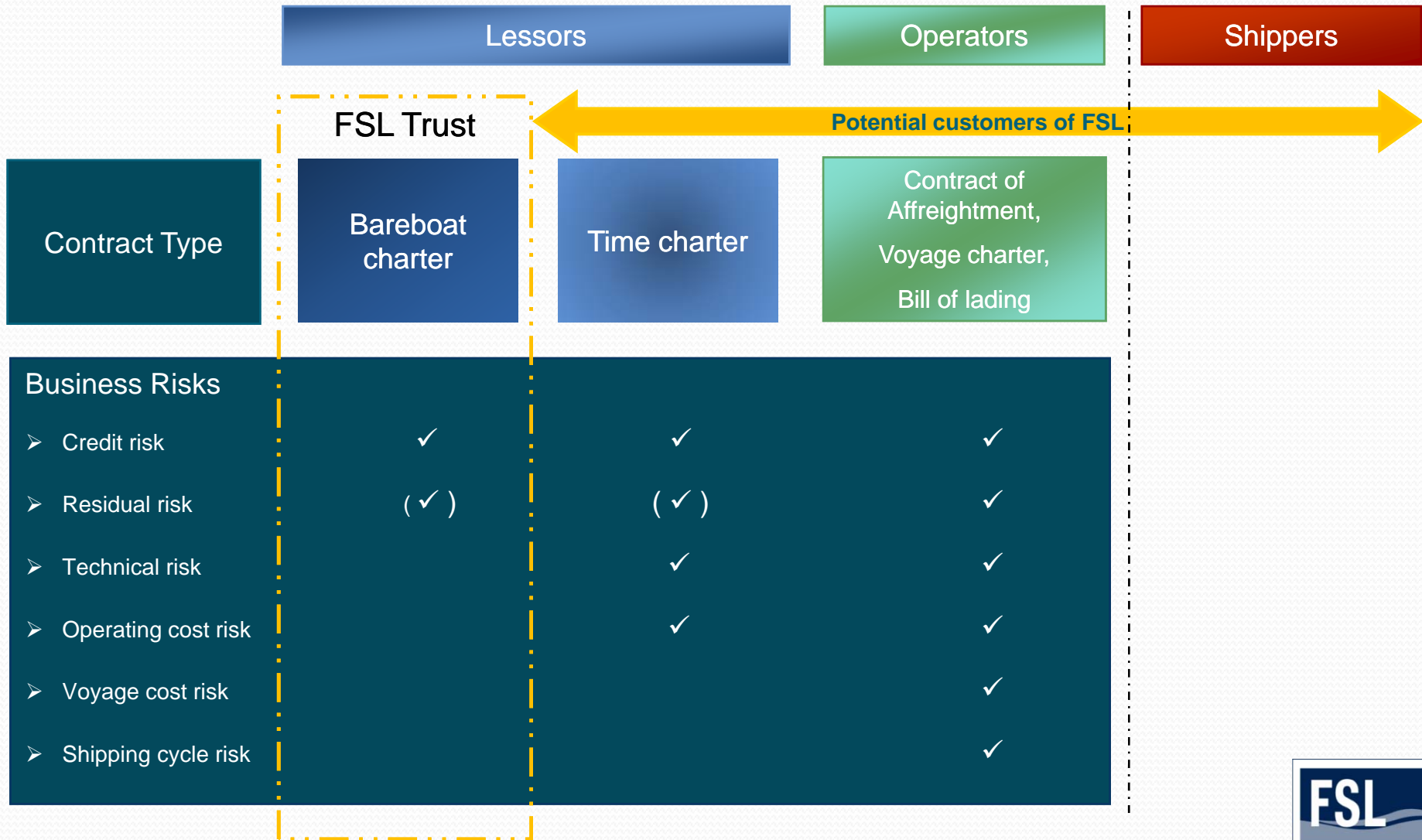
- Vice President and Head of Sales, East of Suez, based in Singapore
- Previously with National Bank of Fujairah psc in Dubai (joining FSL in May 2008)
- 15 years of experience in marine financing and shipping industry

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# Business Model

## *Lowest Risk Business Model*



# Business Model

## *Value Proposition for Operators*

### Leasing Motivations

- Leasing offers 100% financing
  - commercial mortgage loan offers an average of 75% financing
- Off-Balance Sheet treatment
- Leasing Cost attractive vs Operator's WACC
- Funding Diversification



# Business Model

## *Disciplined Lease Pricing & Risk Management*

### Lease Pricing

- Ave lease IRR target: 7.0% \*
- Ave asset yield target: 10.0% \*
- Risk adjusted pricing model

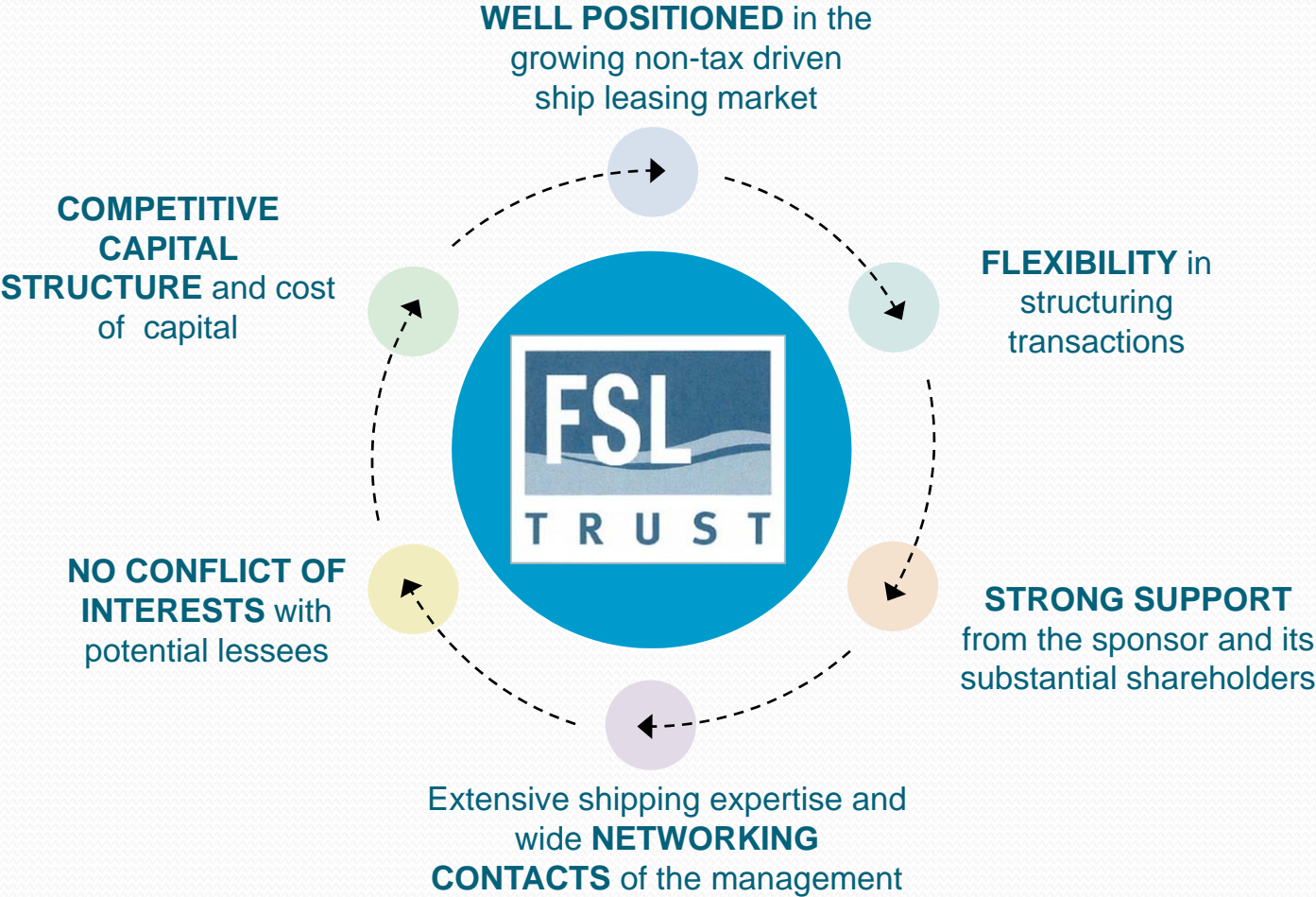
*\* Based on current interest rate environment.*

### Risk Management System

- Separate risk management function headed by CRO
- Internal Transaction Rating Process modeled after S&P methodology
- Only bareboat charters with minimum lease term of 7 years
- Disciplined approach to residual risk

# Business Model

## *Competitive Strengths*



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# Questions

Q & A

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# Appendices

## Consolidated Income Statement

	1Q FY08 Actual US\$'000	4Q FY07 Actual US\$'000	Variation %
<b>Revenue</b>	<b>16,607</b>	<b>15,080</b>	<b>+ 10%</b>
<i>Depreciation</i>	(11,231)	(10,360)	+ 8%
<i>Management fees</i>	(673)	(609)	+ 11%
<i>Trustee fees</i>	(31)	(28)	+11%
<i>Incentive fees</i>	(78)	-	+100%
<i>Other trust expenses</i>	(547)	(443)	+23%
<i>Finance income</i>	164	182	-10%
<i>Finance expense</i>	(2,507)	(1,904)	+32%
<b>Profit before tax</b>	<b>1,704</b>	<b>1,918</b>	<b>+ 11%</b>
<i>Income tax write-back / (expense)</i>	1	(36)	N.M.
<b>Profit after tax (Note 1)</b>	<b>1,705</b>	<b>1,882</b>	<b>-9%</b>

**Note 1:** The decrease in profit after tax was because FSL Trust was capitalised solely by equity at its IPO. As new vessels are acquired and financed 100% by debt, the net profit of FSL Trust will fall as the interest expense and depreciation charges of the acquired vessels exceed the lease rentals. The profitability of FSL Trust will stabilise once the long-term Capital Structure of 1:1 debt to equity is achieved.

# Appendices

## Consolidated Balance Sheet

	1Q FY08 US\$'000	4Q FY07 US\$'000
<b>Assets</b>		
<i>Non-current assets</i>	601,392	609,806
<i>Current assets</i>	19,365	19,428
<b>Total assets</b>	<b>620,757</b>	<b>629,234</b>
<b>Liabilities</b>		
<i>Non-current liabilities</i>	158,110	158,091
<i>Current liabilities</i>	20,640	11,733
<b>Total liabilities</b>	<b>178,750</b>	<b>169,824</b>
<b>Net assets</b>	<b>442,007</b>	<b>459,410</b>
<b>UNITHOLDERS' FUNDS</b>	<b>442,007</b>	<b>459,410</b>

# Appendices

## Consolidated Cash Flow Statement

	1Q FY08 Actual US\$'000
<b>Cash flows from operating activities:</b>	
<b>Profit before tax</b>	<b>1,704</b>
<i>Adjustment for:</i>	
<i>Vessel depreciation &amp; other fees &amp; expenses</i>	<i>13,650</i>
<b>Operating profits before working capital changes</b>	<b>15,354</b>
<i>Working Capital Changes</i>	<i>(1,060)</i>
<b>Net cash from operating activities</b>	<b>14,294</b>
<b>Net cash from investing activities</b>	<b>222</b>
<b>Net cash from financing activities</b>	<b>(14,520)</b>
<i>Net decrease in cash &amp; cash equivalents</i>	<i>(4)</i>
<i>Cash &amp; cash equivalent at beginning of period</i>	<i>18,483</i>
<b>Cash &amp; Cash equivalent at end of period</b>	<b>18,479</b>



# Appendices

## *Tax Regime*

### Tax Regime

- No taxation on lease income (granted MFI status in Singapore)
- No taxation on distribution for Singapore investors (retail & institutional)
- No Singapore withholding tax on distributions to foreign unitholders
- For US tax purposes FSLT is a PFIC (Passive Foreign Investment Company)

# Appendices

## Current Portfolio – as at 12 May 2008

### Summary

Vessel	Capacity	Year Built	Classification	Builder	Vessel Flag	Lessee
<b>Product Tanker</b>						
Nika I	47,261 DWT	2005	Det Norske Veritas	Hyundai Mipo, Korea	Singapore/ Cyprus	Groda / Rosneft
Verona I	47,470 DWT	2006	Det Norske Veritas	Hyundai Mipo, Korea	Singapore/ Cyprus	Groda / Rosneft
Clyde Fisher	12,984 DWT	2005	Lloyd's Register	Samho, South Korea	Bahamas	James Fisher
Cumbrian Fisher	12,921 DWT	2004	Lloyd's Register	Samho, South Korea	Bahamas	James Fisher
Shannon Fisher	5,421 DWT	2006	Lloyd's Register	Damen Galati, Romania	Bahamas	James Fisher
Solway Fisher	5,421 DWT	2006	Lloyd's Register	Damen Galati, Romania	Bahamas	James Fisher
Speciality	4,426 DWT	2006	Lloyd's Register	Qingshan Shipyard, Wuhan, PRC	Bahamas	James Fisher
Seniority	4,426 DWT	2006	Lloyd's Register	Qingshan Shipyard, Wuhan, PRC	Bahamas	James Fisher
Superiority	4,426 DWT	2007	Lloyd's Register	Qingshan Shipyard, Wuhan, PRC	Bahamas	James Fisher
<b>Chemical Tanker</b>						
Prita Dewi	19,998 DWT	2006	Nippon Kaiji Kyokai	Shin Kurushima, Japan	Singapore	Berlian Laju Tanker
Pertiwi	19,970 DWT	2006	Nippon Kaiji Kyokai	Usuki Shipyard, Japan	Singapore	Berlian Laju Tanker
Pujawati	19,900 DWT	2006	Nippon Kaiji Kyokai	Usuki Shipyard, Japan	Singapore	Berlian Laju Tanker

# Appendices

## Current Portfolio – as at 12 May 2008

### Summary

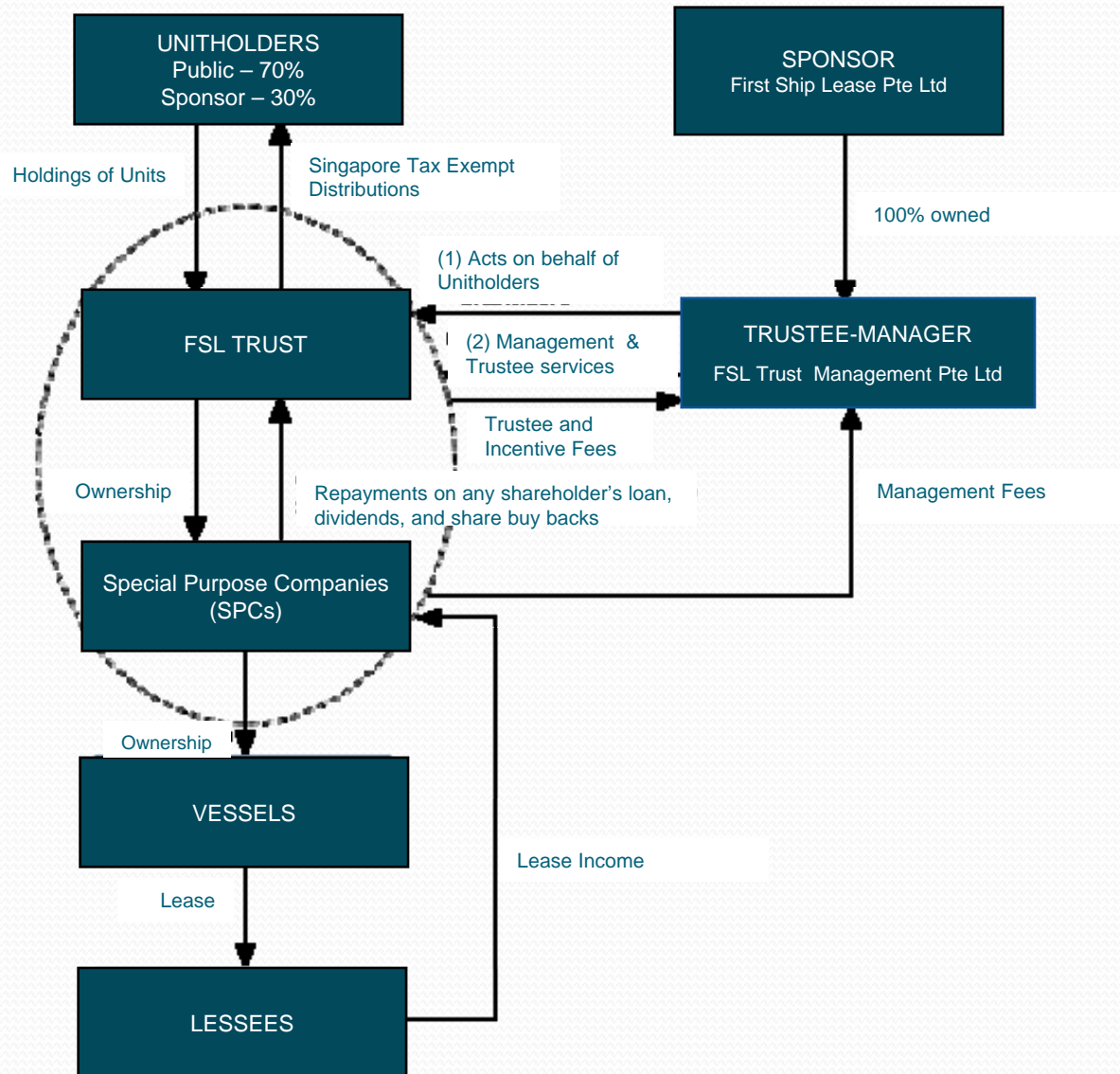
Vessel	Capacity	Year Built	Classification	Builder	Vessel Flag	Lessee
<b>Containership</b>						
YM Eminence	4,250 TEU	2008	Lloyd's Register of Shipping	CSBC Corporation, Taiwan	Liberia	Yang Ming Marine
YM Elixir <sup>^</sup>	4,250 TEU	2008	Lloyd's Register of Shipping	CSBC Corporation, Taiwan	Liberia	Yang Ming Marine
YM Enhancer*	4,250 TEU	2008	Lloyd's Register of Shipping	CSBC Corporation, Taiwan	Liberia	Yang Ming Marine
Ever Radiant	4,229 TEU	1994	Nippon Kaiji Kyokai	Mitsubishi Heavy Industries, Japan	Panama	Evergreen Marine
Ever Respect	4,229 TEU	1995	Nippon Kaiji Kyokai	Mitsubishi Heavy Industries, Japan	Panama	Evergreen Marine
YM Subic	1,221 TEU	2003	Germanischer Lloyd	Peene Werft, Germany	Marshall Islands	Schoeller Holdings
Cape Falcon	1,221 TEU	2003	Germanischer Lloyd	Peene Werft, Germany	Marshall Islands	Schoeller Holdings
<b>Dry Bulk Carrier</b>						
Eltanin	46,693 DWT	1999	American Bureau of Shipping	Sanoyas Hishino Meisho, Japan	Singapore	Siba Ships
Fomalhaut	46,685 DWT	1999	American Bureau of Shipping	Sanoyas Hishino Meisho, Japan	Singapore	Siba Ships
<b>Crude Oil Tanker</b>						
Aqua	115,000 DWT	2007	Det Norske Veritas	Samsung Heavy Industries, Korea	Singapore /Malta	Geden
Action	115,000 DWT	2007	Det Norske Veritas	Samsung Heavy Industries, Korea	Singapore /Malta	Geden

<sup>^</sup> Delivery end-June 2008

\* Delivery end-October 2008

# Appendices

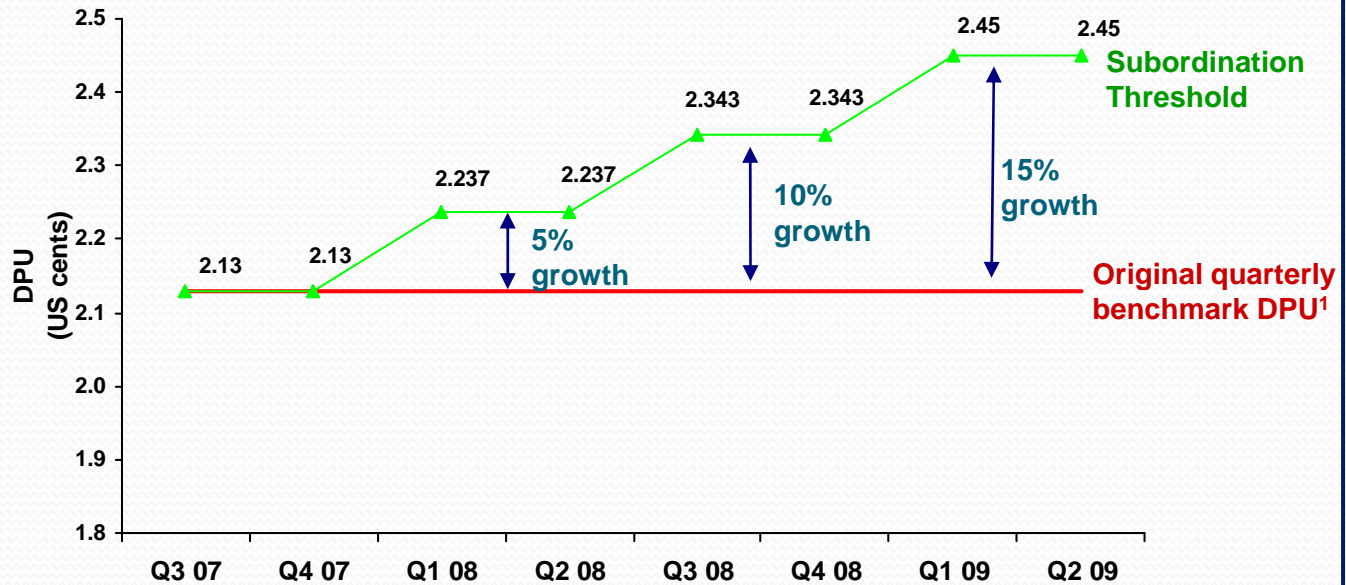
## Corporate Structure



# Appendices

## Dividend Growth & Subordination

### Distribution thresholds & subordination



<sup>1</sup> Quarterly benchmark DPU of 2.13 US cents as indicated in the IPO Prospectus.



[www.FirstShipLeaseTrust.com](http://www.FirstShipLeaseTrust.com)

