



# First Ship Lease Trust

Ninth Annual General Meeting

29 April 2016

2015: Year in review

Outlook

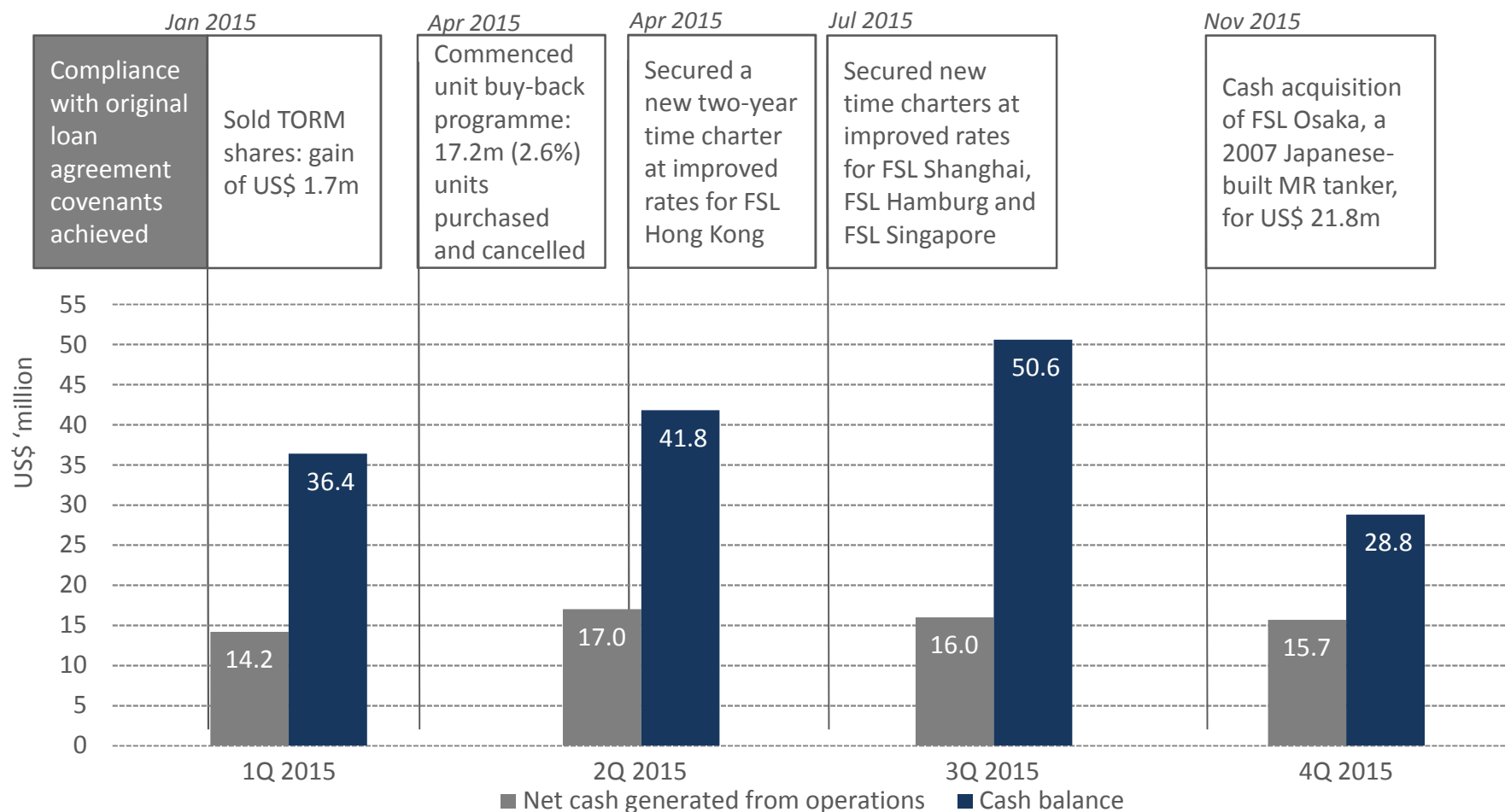
Recent developments

Summary

Questions & Answers

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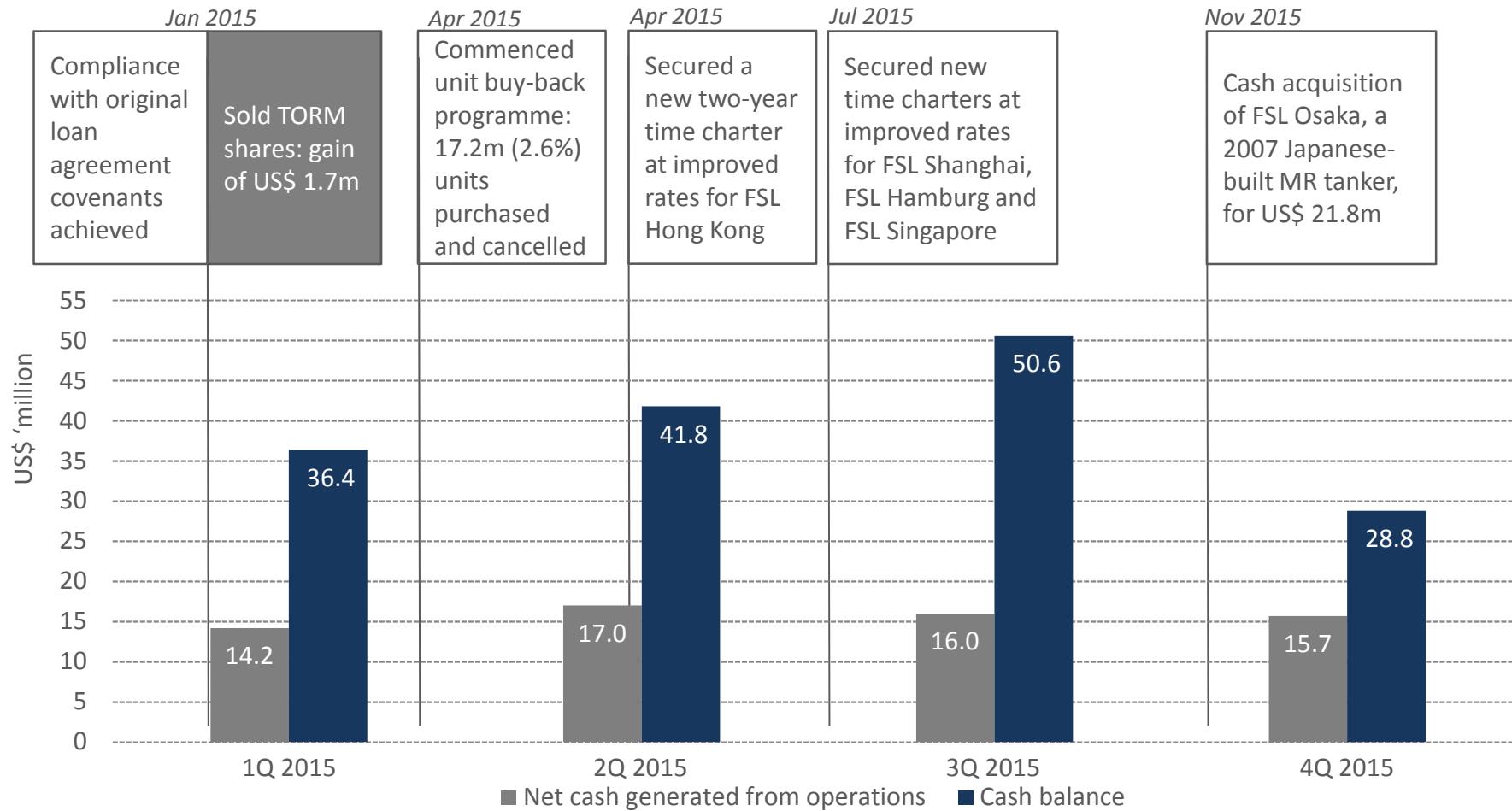
# 2015: Key milestones



“FSL Trust is back in compliance with the terms of a December 2011 loan agreement...the development seems to vindicate the strategy pursued by the management team around chief executive Alan Hatton, which took over the reins following the mass boardroom departure in 2013.”

Lloyd’s List Asia  
6 January 2015

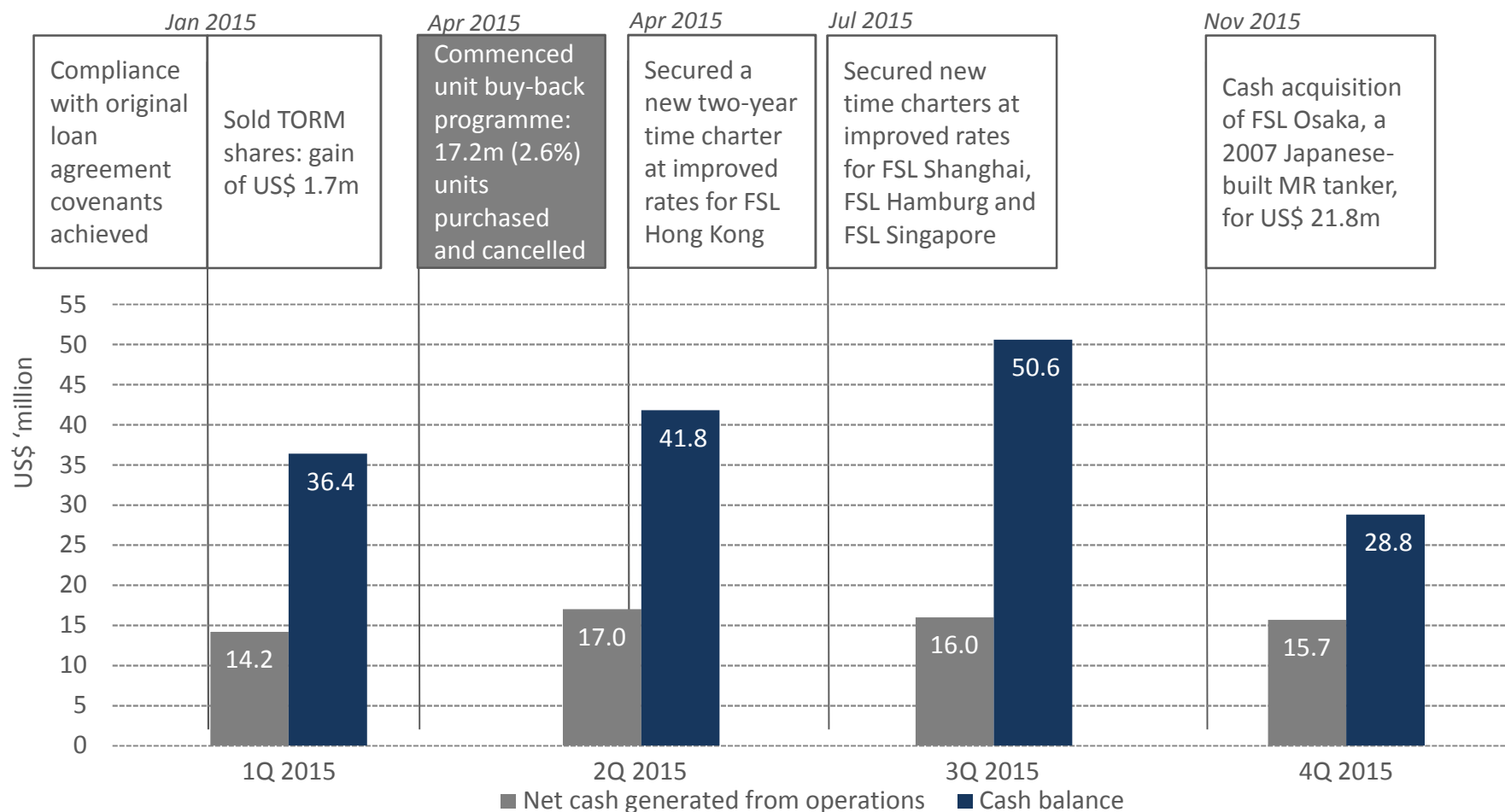
# 2015: Key milestones



“The rationale for the disposal was to take advantage of a recent and short-term spike in TORM's share price, and following the various announcements from TORM in relation to their ongoing restructuring process, which will “result in a substantial dilution of existing shareholders””

IHS Maritime 360  
9 February 2015

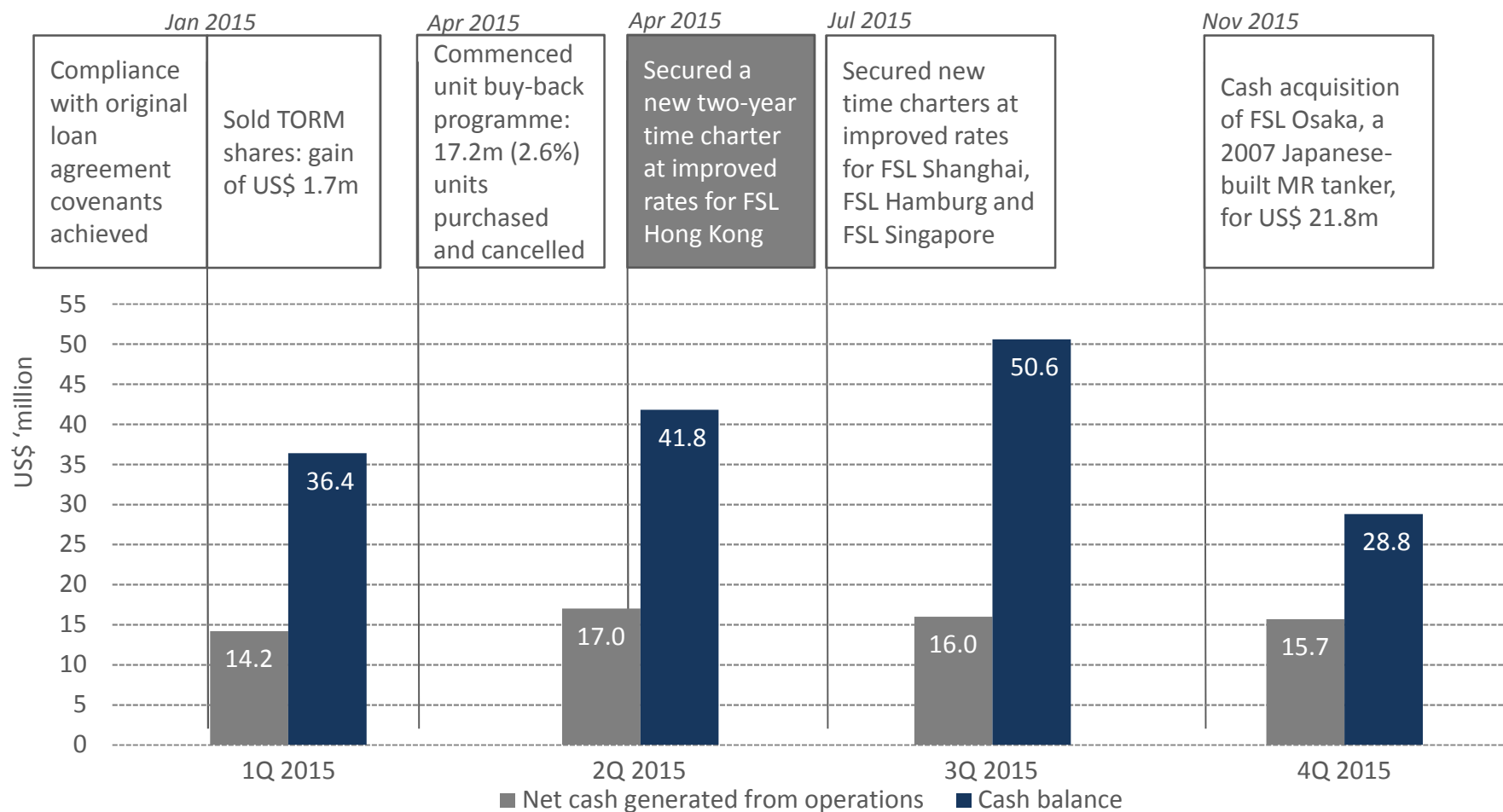
# 2015: Key milestones



“Shares in FSL Trust are up 50% since the beginning of the year and were trading at SGD 0.158 (11.5 US cents) each. The buybacks will go some way to placating shareholders after the company recently said that it does not expect to resume dividend payments until 2016 at the earliest.”

TradeWinds  
5 April 2015

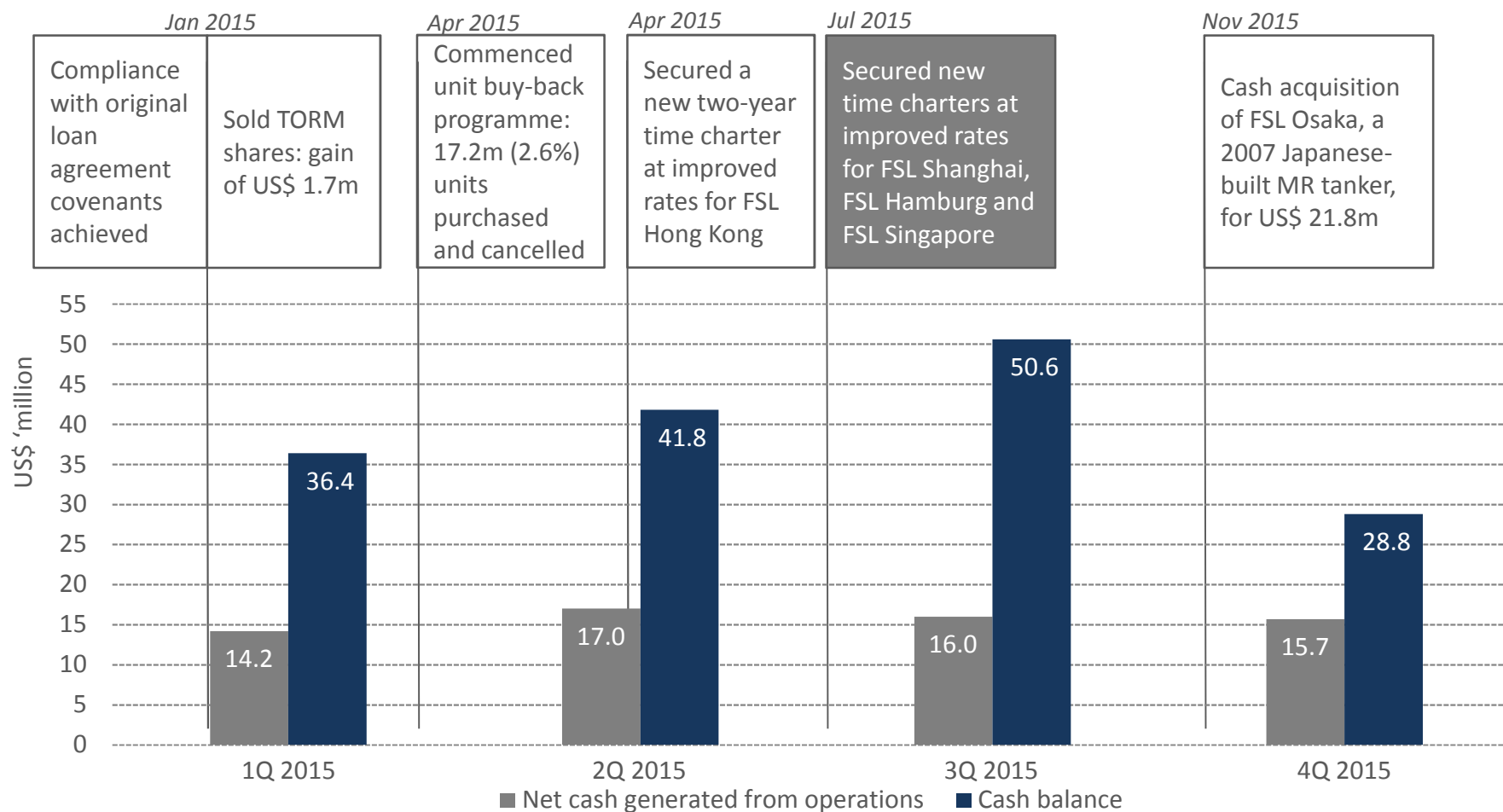
# 2015: Key milestones



**“This represents an increase of 47% on the rate at which its other crude oil tanker – the 116,000-dwt FSL Shanghai (built 2007) - was contracted for one year by US oil company Tesoro last June”**

TradeWinds  
2 April 2015

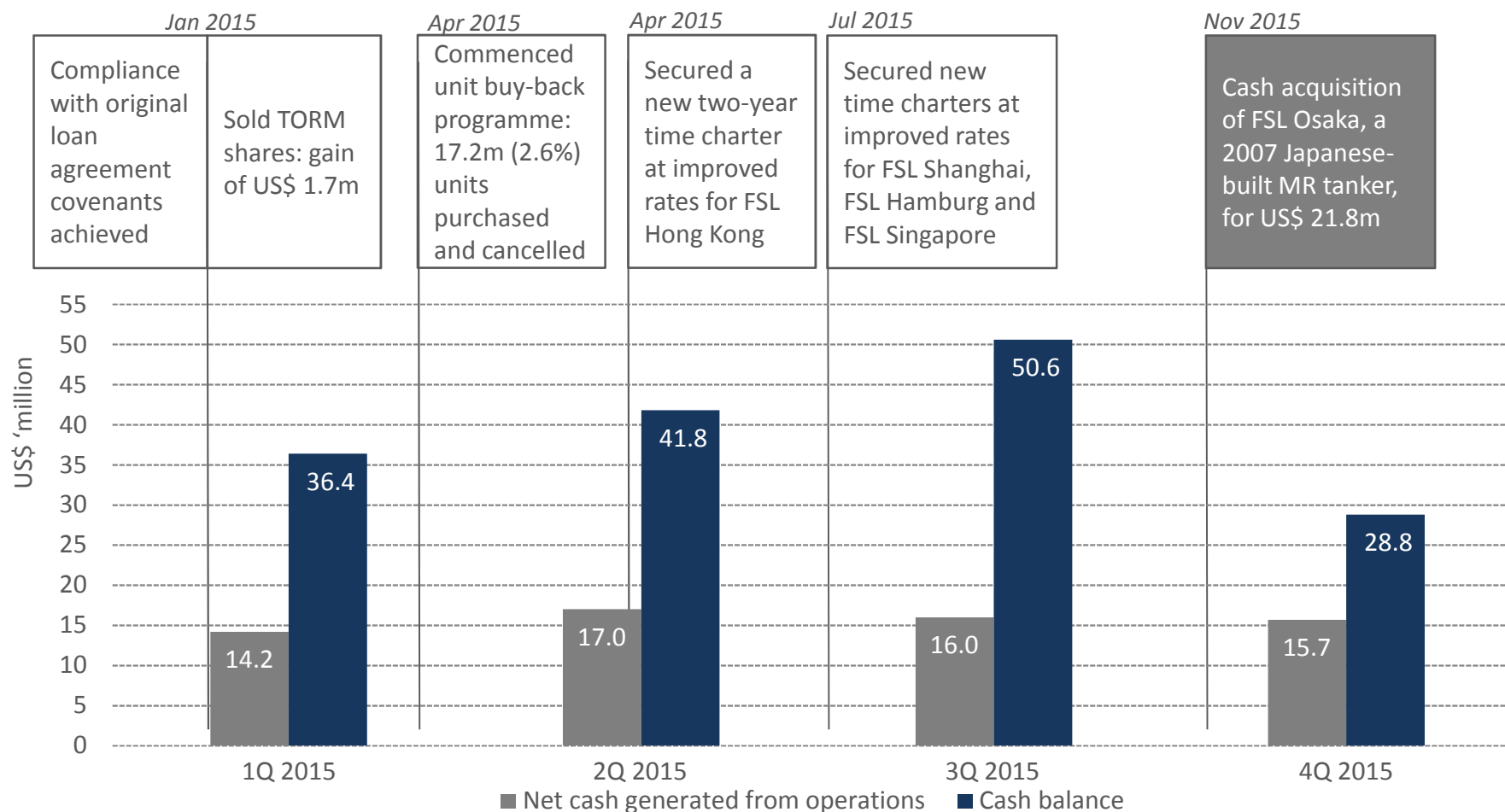
# 2015: Key milestones



“The deal is estimated to generate up to \$61m in revenue for FSL over the next three years”

Lloyd’s List Asia  
6 July 2015

# 2015: Key milestones



**“The acquisition of FSL Osaka was the first purchase by the Trust which was not a sale and leaseback structure and is expected to deliver an annual cash-on-cash yield of 14.5% .”**

Tankers and Shipping  
5 November 2015



## The start of 2016

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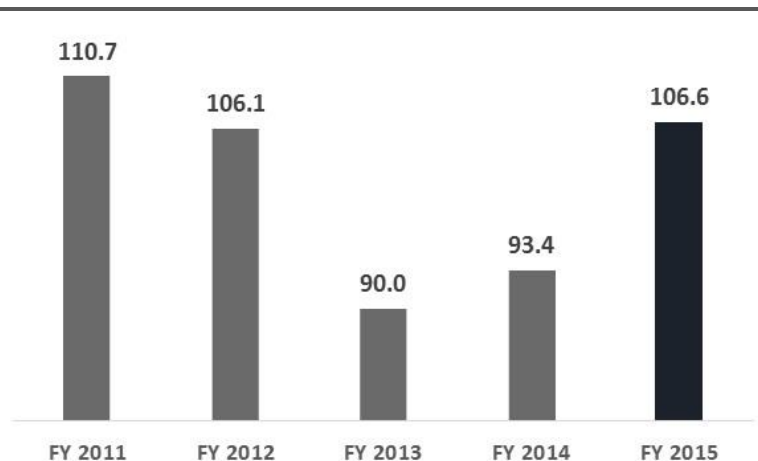


- Sold two panamax container vessels for US\$ 10.8m
  - Vessels redelivered by Evergreen and swiftly sold
    - Challenging panamax market conditions affected employment prospects
    - Steel price fell significantly in early January 2016
  
- FSL Holdings restructuring
  - FSL Holdings now 100% subsidiary of Godan GMBH, in turn a 100% subsidiary of HSH Nordbank
  
- Currently negotiating bareboat extension with James Fisher for the vessels Shannon Fisher and Solway Fisher

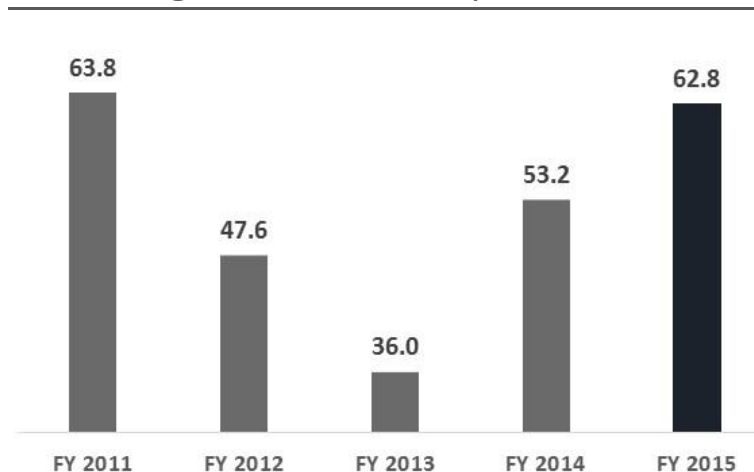
# 2015: Financial highlights



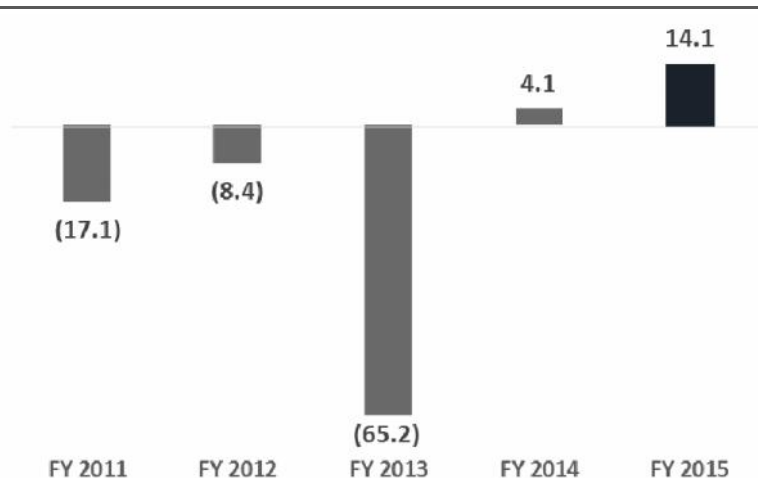
### Revenue



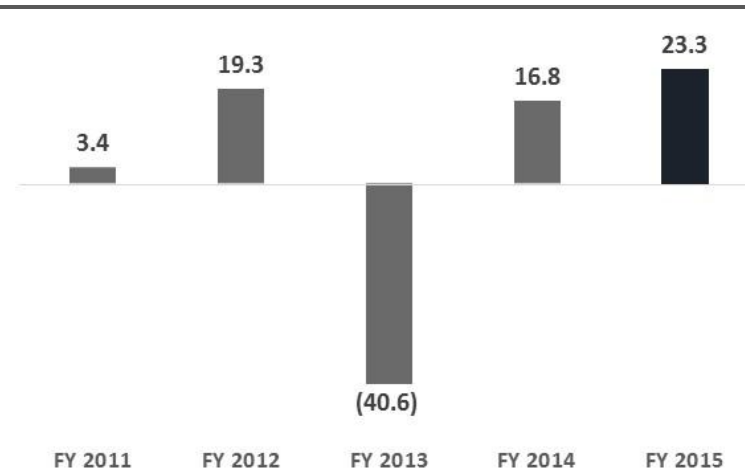
### Net cash generated from operations



### Net profit



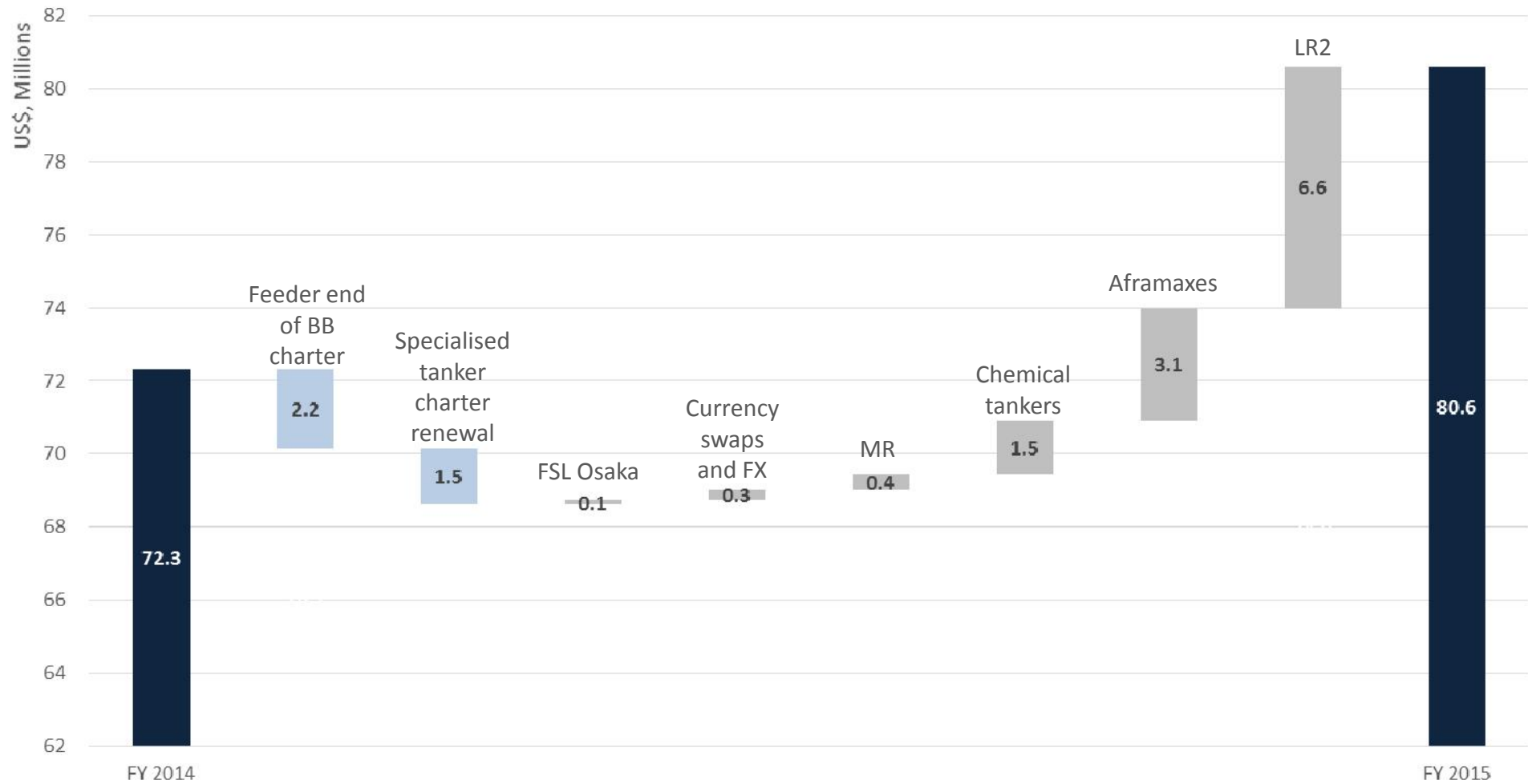
### Results from operating activities



(US\$ million)

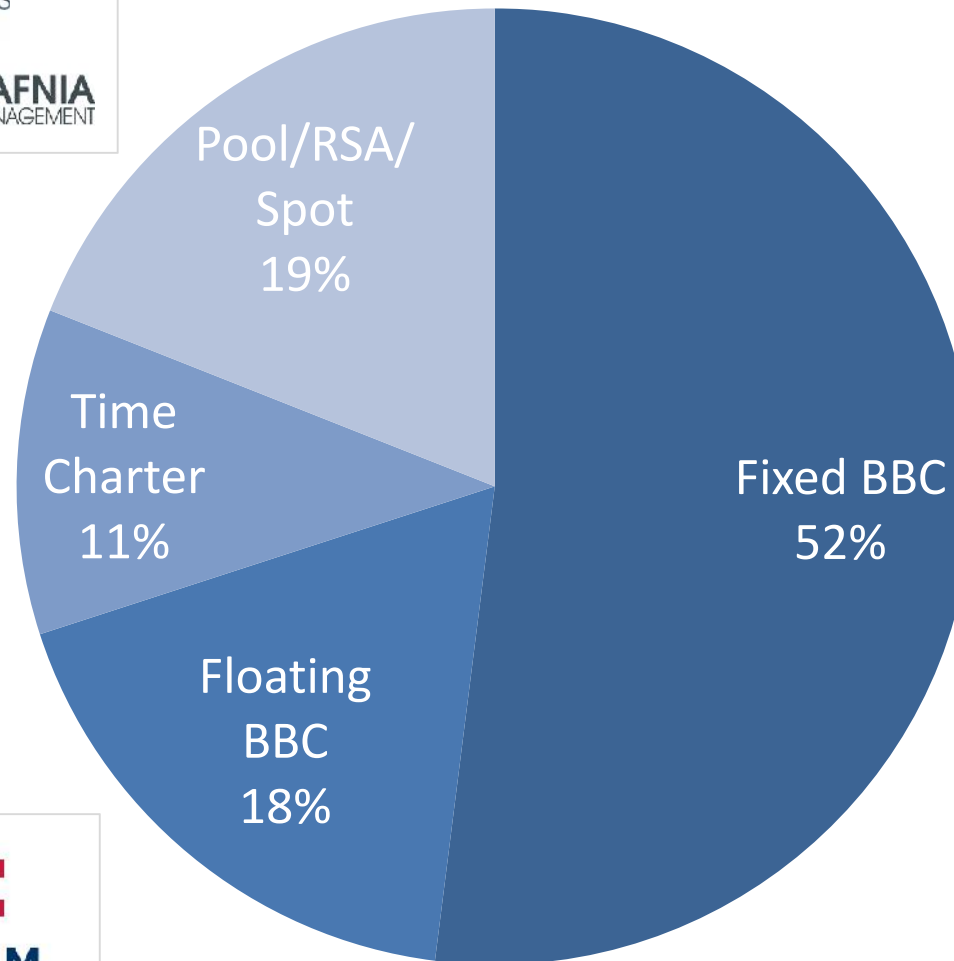
# 2015: Revenue development

Bareboat charter equivalent revenues (BBCE)



Revenues improved despite the natural end of original bareboat contracts

# 2015: Fleet deployment by revenue<sup>(1)</sup>

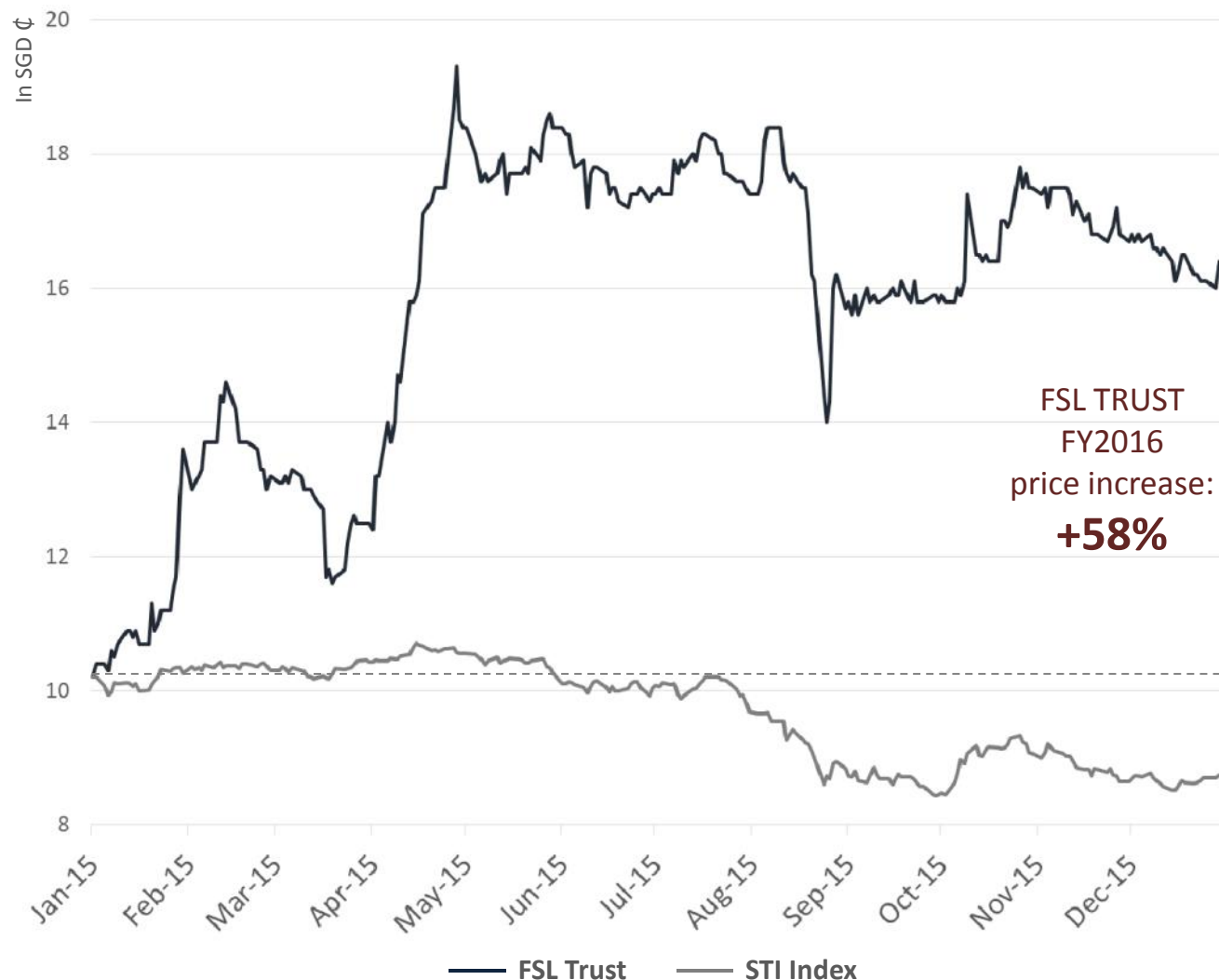


Note 1: BBCE revenue for the year ended 31 December 2015

# Unit price performance



## Performance comparison between FSL Trust and STI Index (rebased)



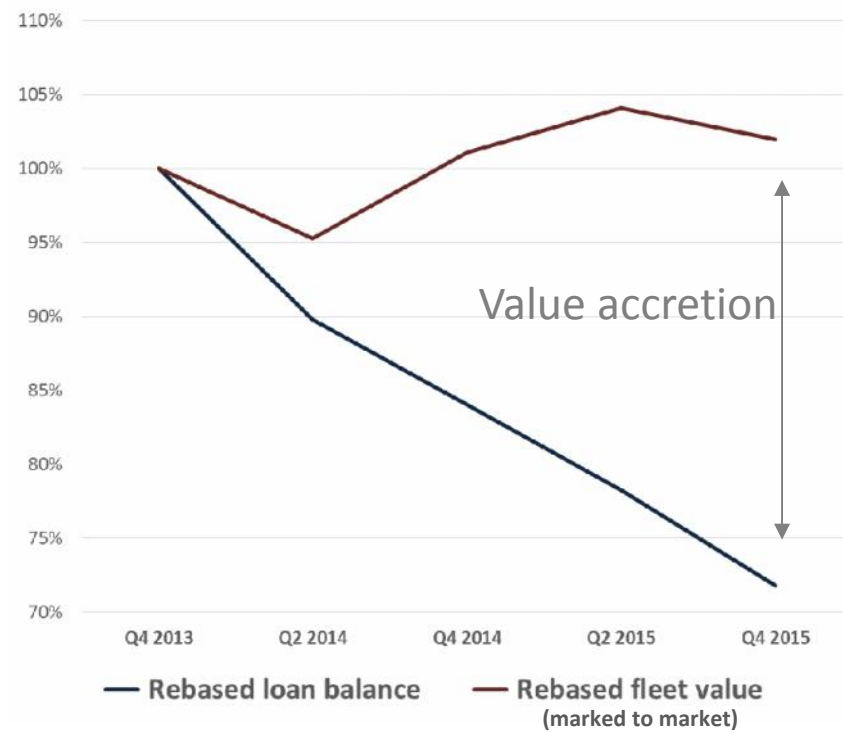
## TSR – Singapore business trusts

Name	Total Return YTD
First Ship Lease Trust	72%
Keppel Infrastructure Trust	12%
Ascendas India Trust	12%
Religare Health Trust	8%
Croesus Retail Trust	1%
Asian Pay Television Trust	0%
Accordia Golf Trust	(7%)
Hutchison Port Holdings Trust	(9%)
Rickmers Maritime	(35%)
Indiabulls Properties Investment Trust	(48%)

Source: SGX market update, 6 November 2015

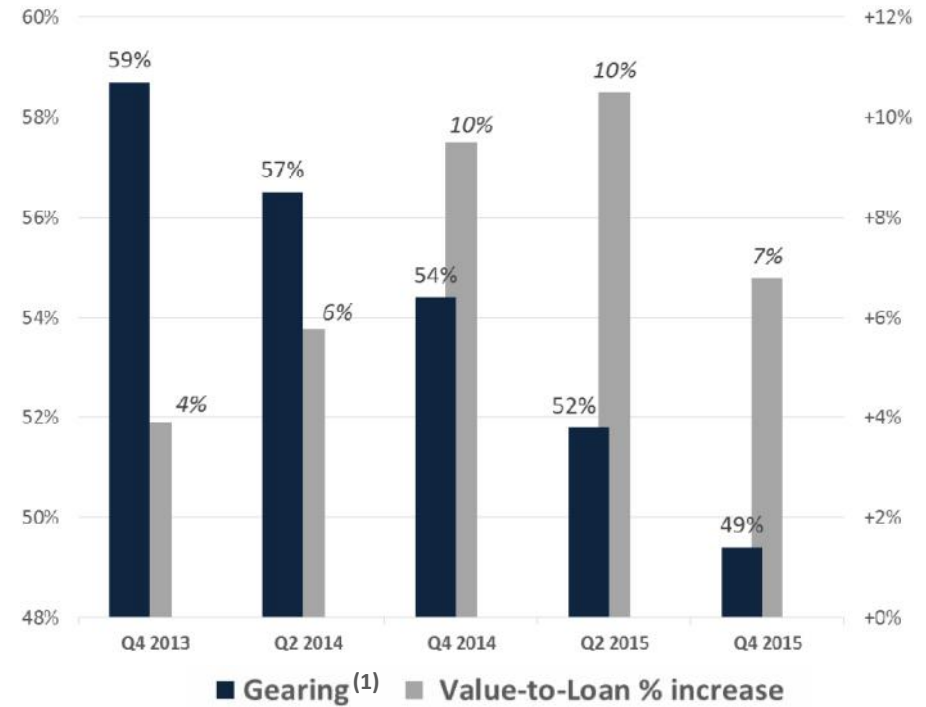
# 2015: Gearing and value-to-loan analysis

Rebased outstanding loan and fleet value



Value accretion through fleet appreciation and over US\$ 100m debt paid down in two years...

Gearing and Value-to-loan (VTL) development

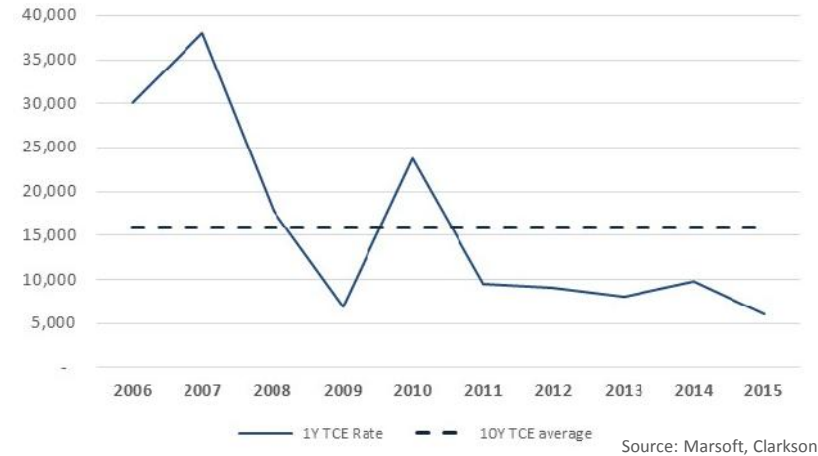


...that led to a better gearing and an improved VTL ratio

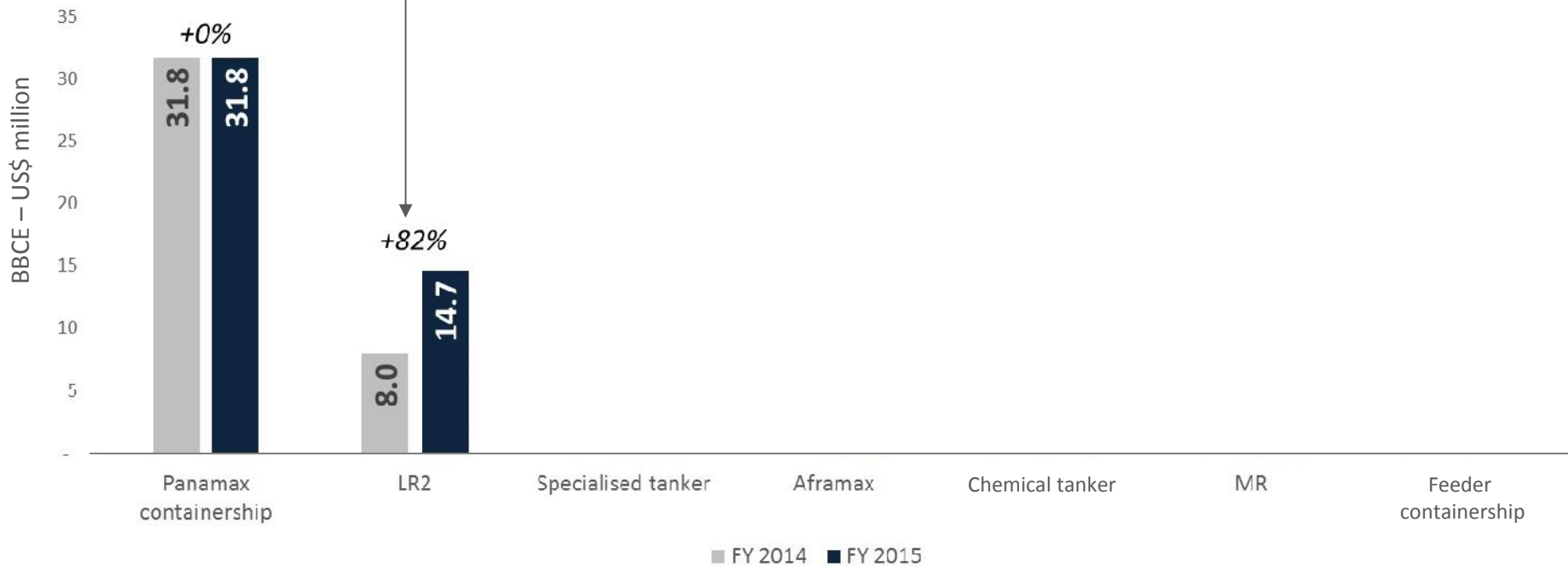
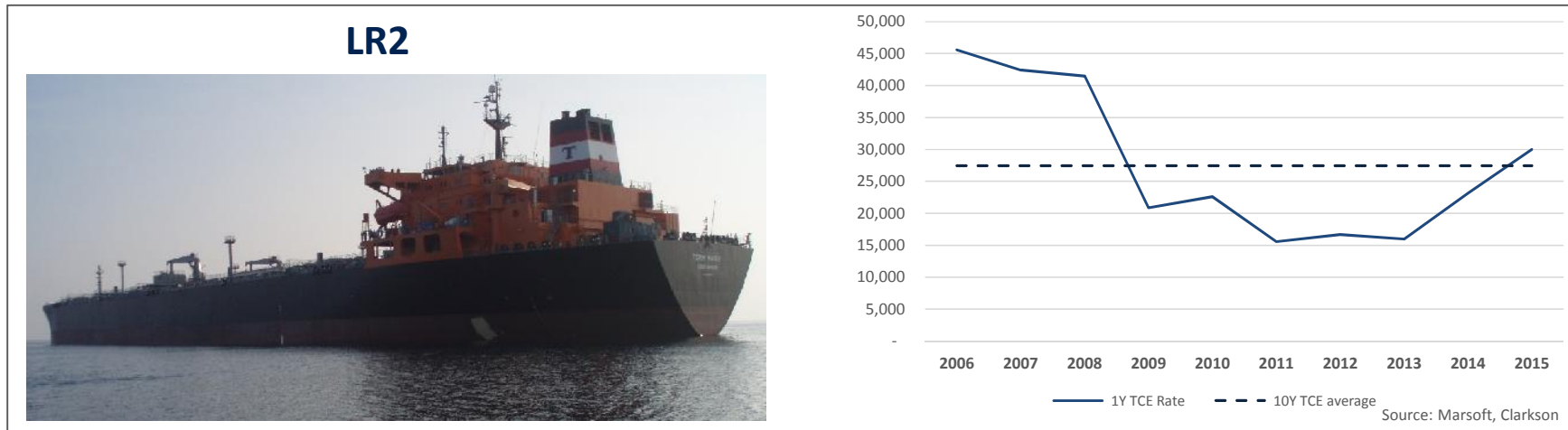
Note 1: Gearing = secured banks loans / (total unitholder's funds + secured bank loans)

# Operational performance and market trend

Panamax containership

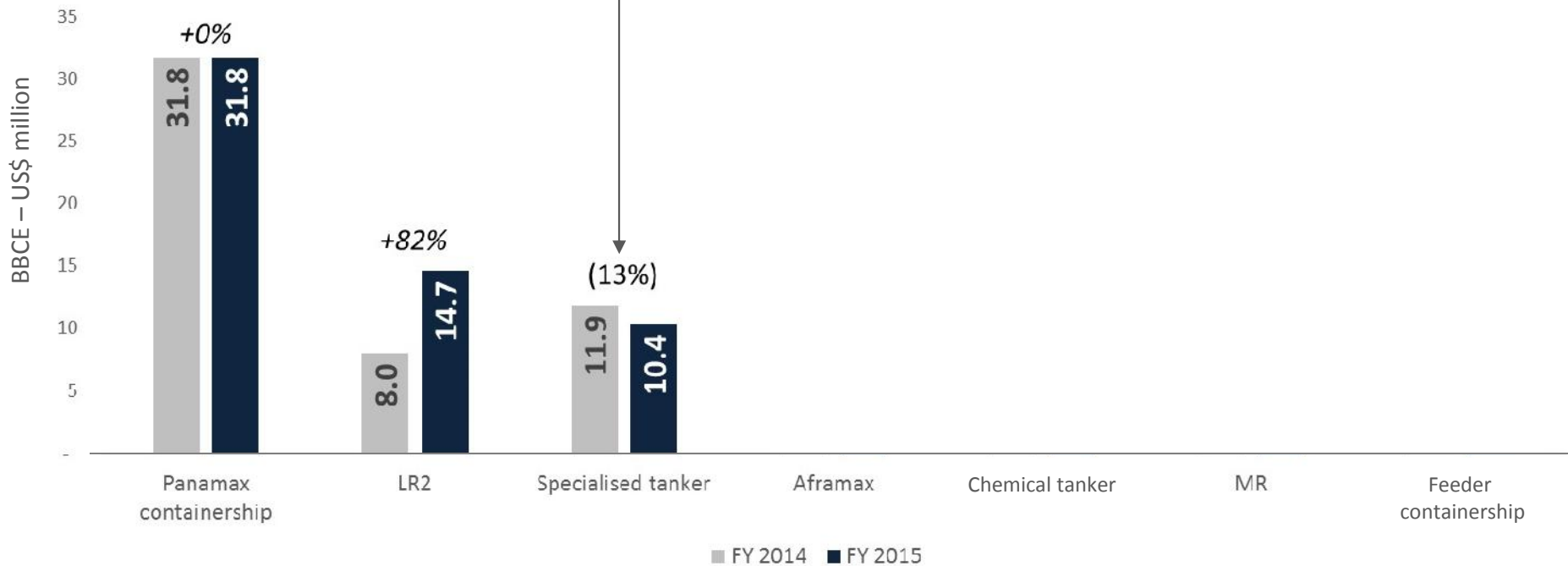
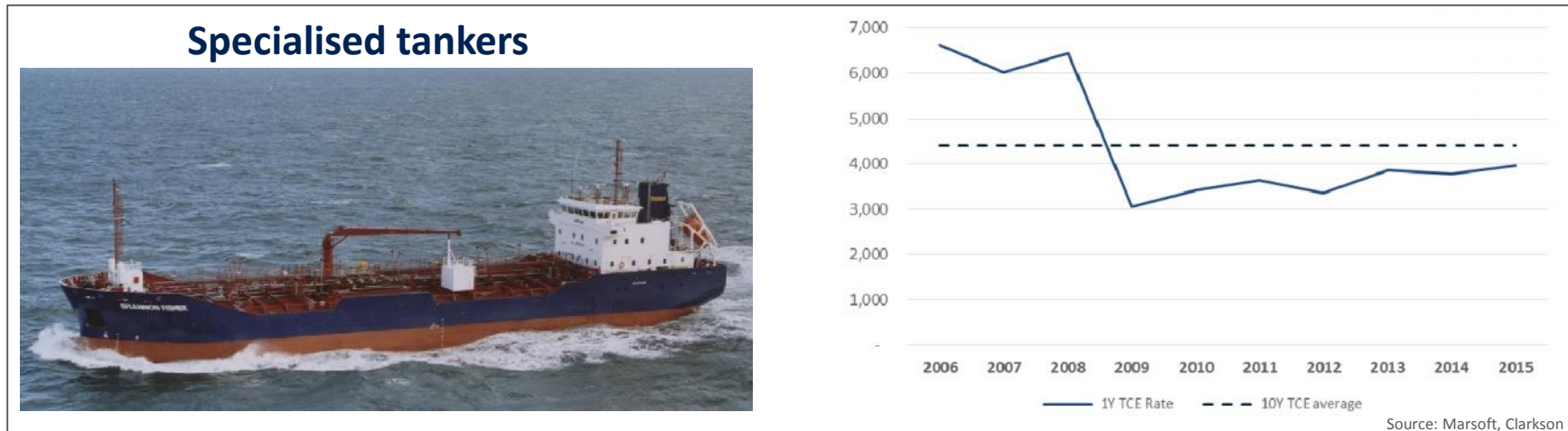


# Operational performance and market trend

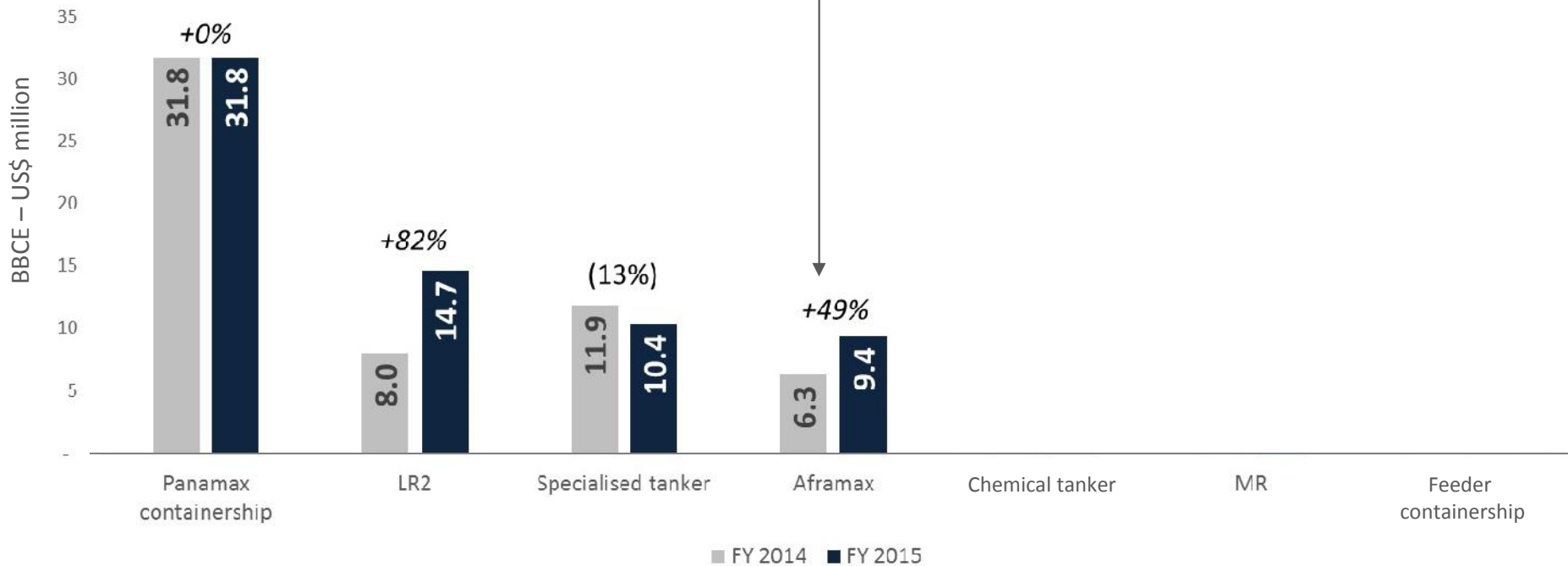
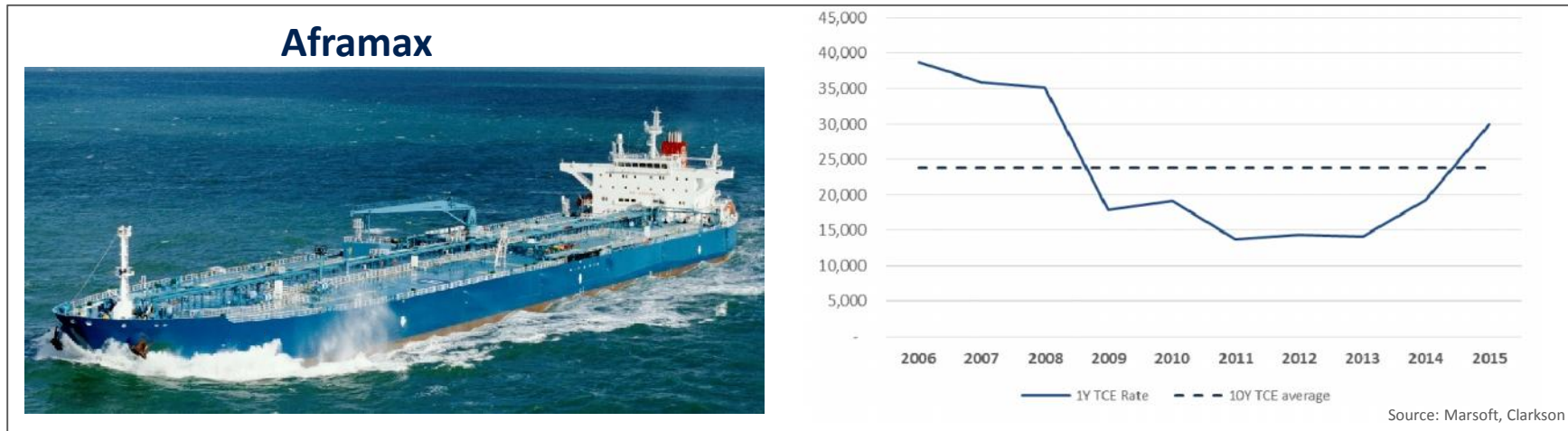




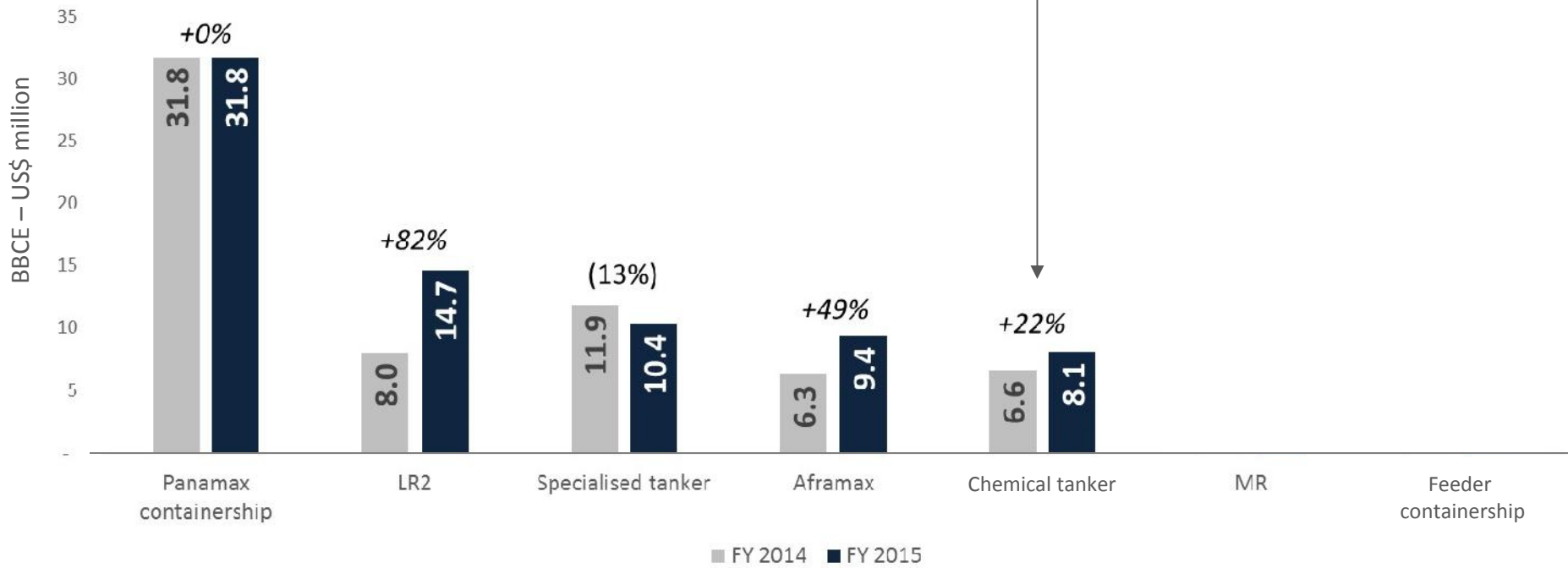
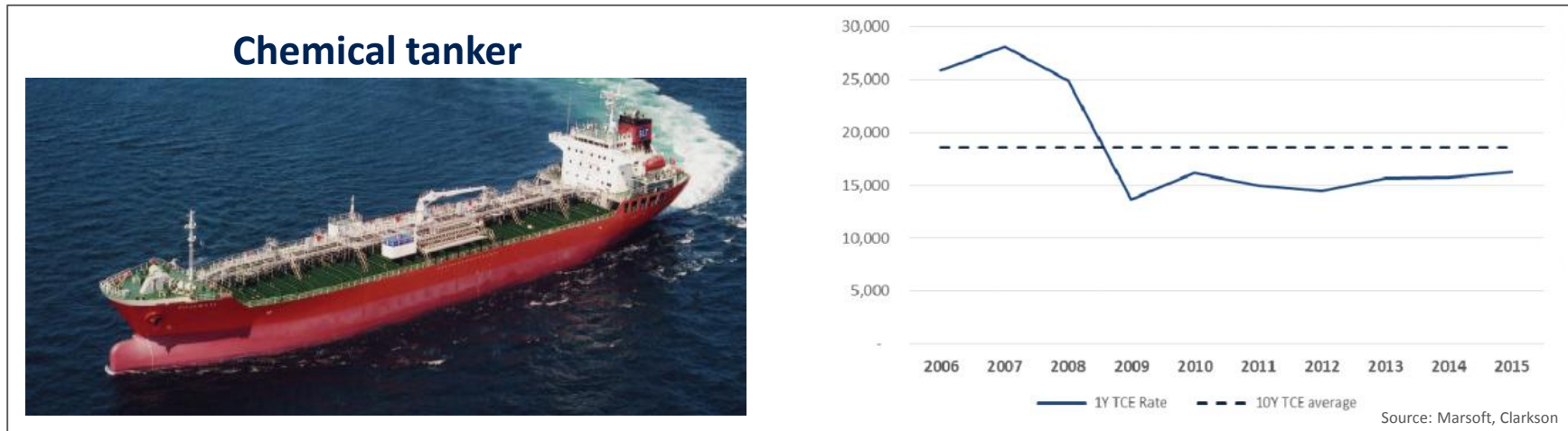
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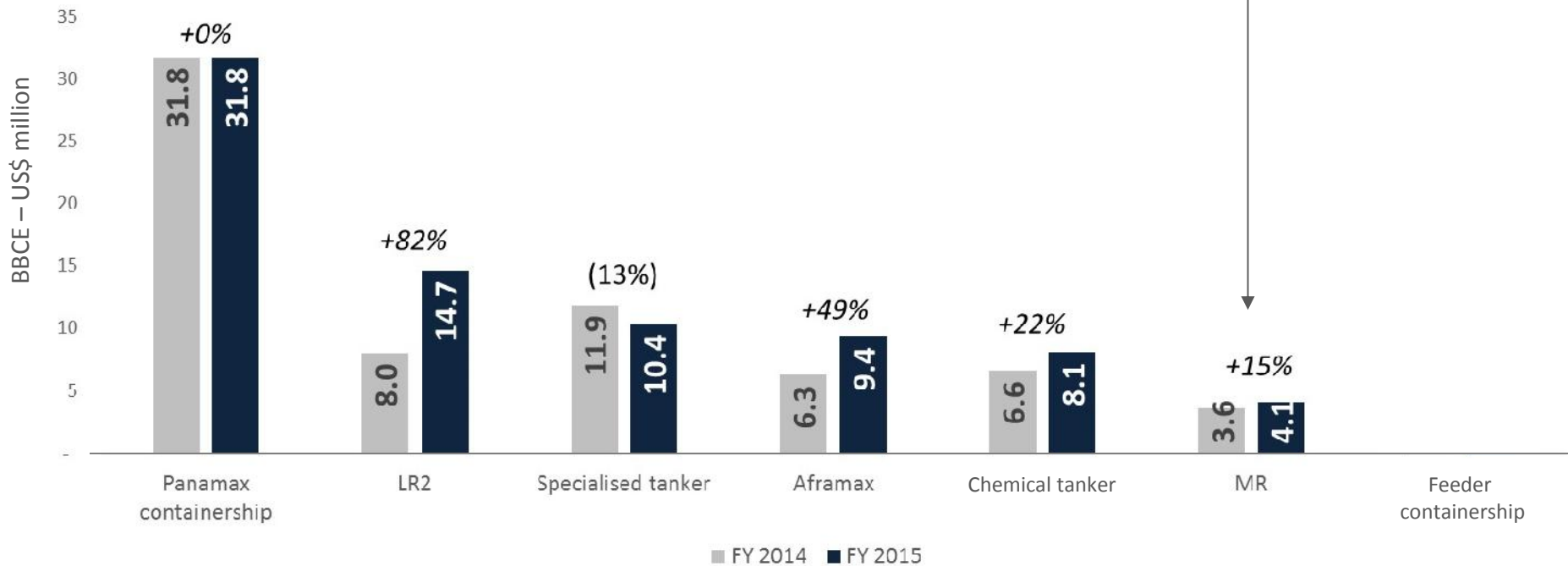
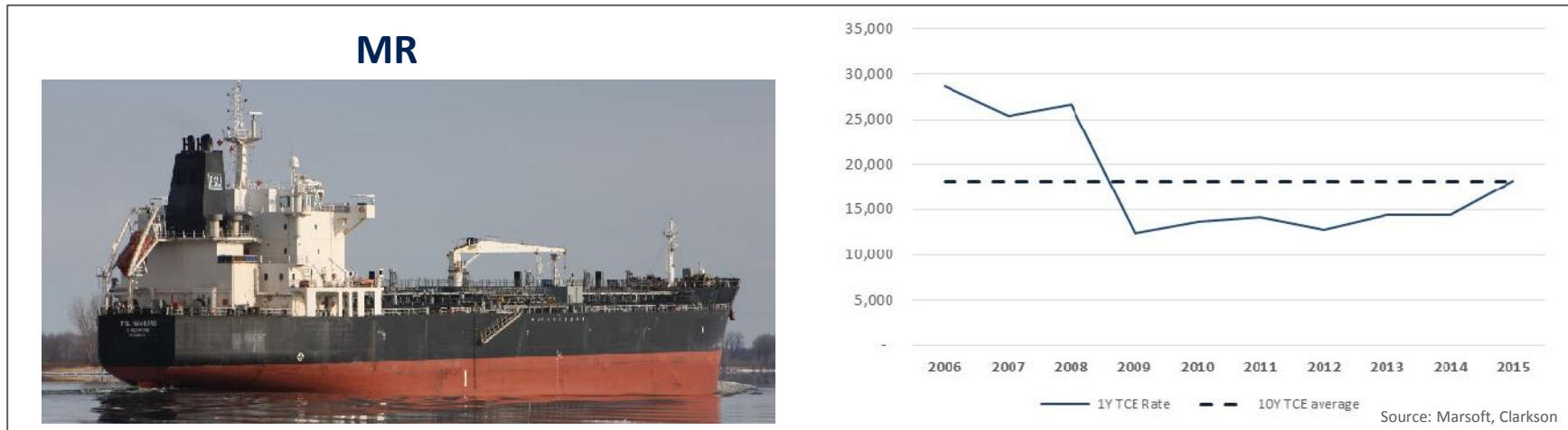
# Operational performance and market trend



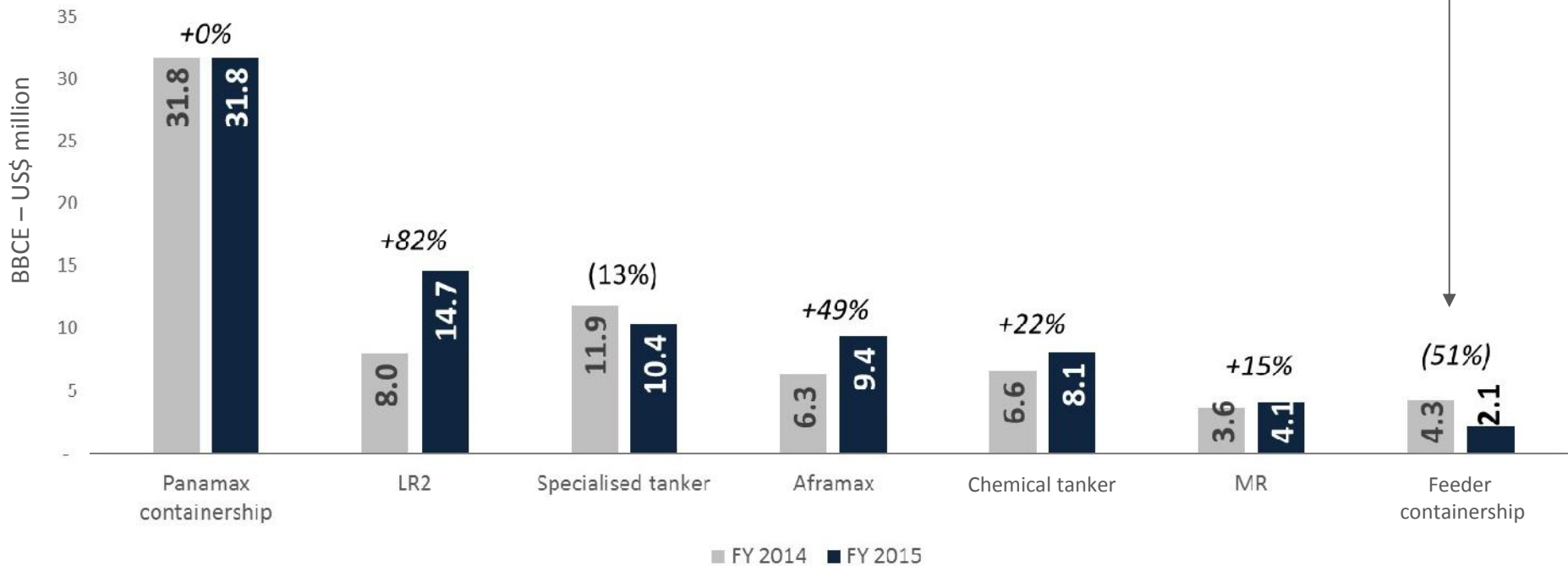
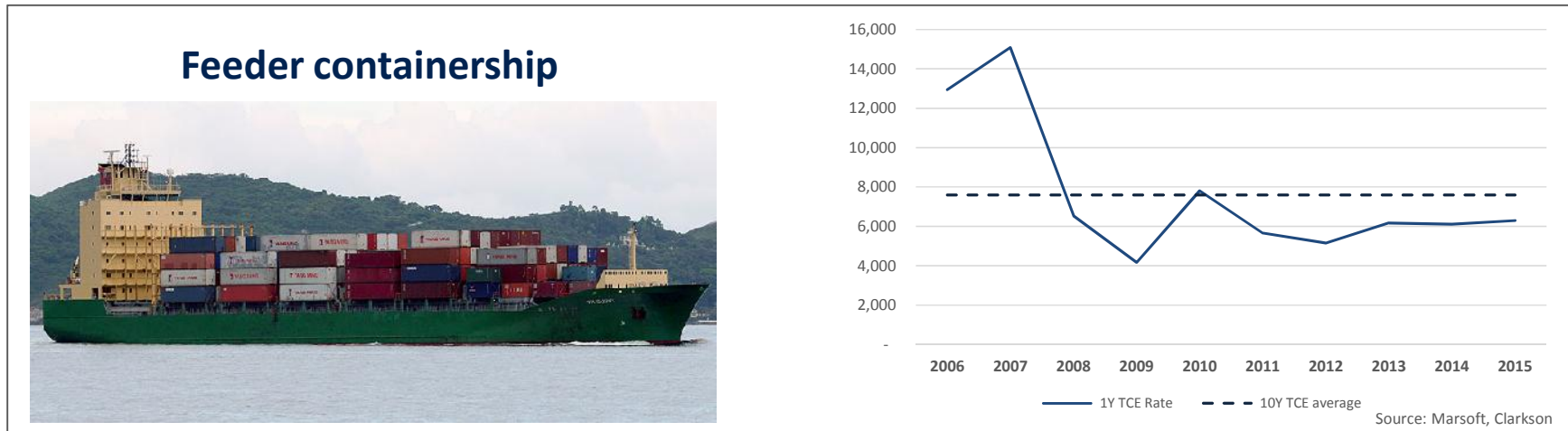
# Operational performance and market trend



# Operational performance and market trend



# Operational performance and market trend



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Recent developments

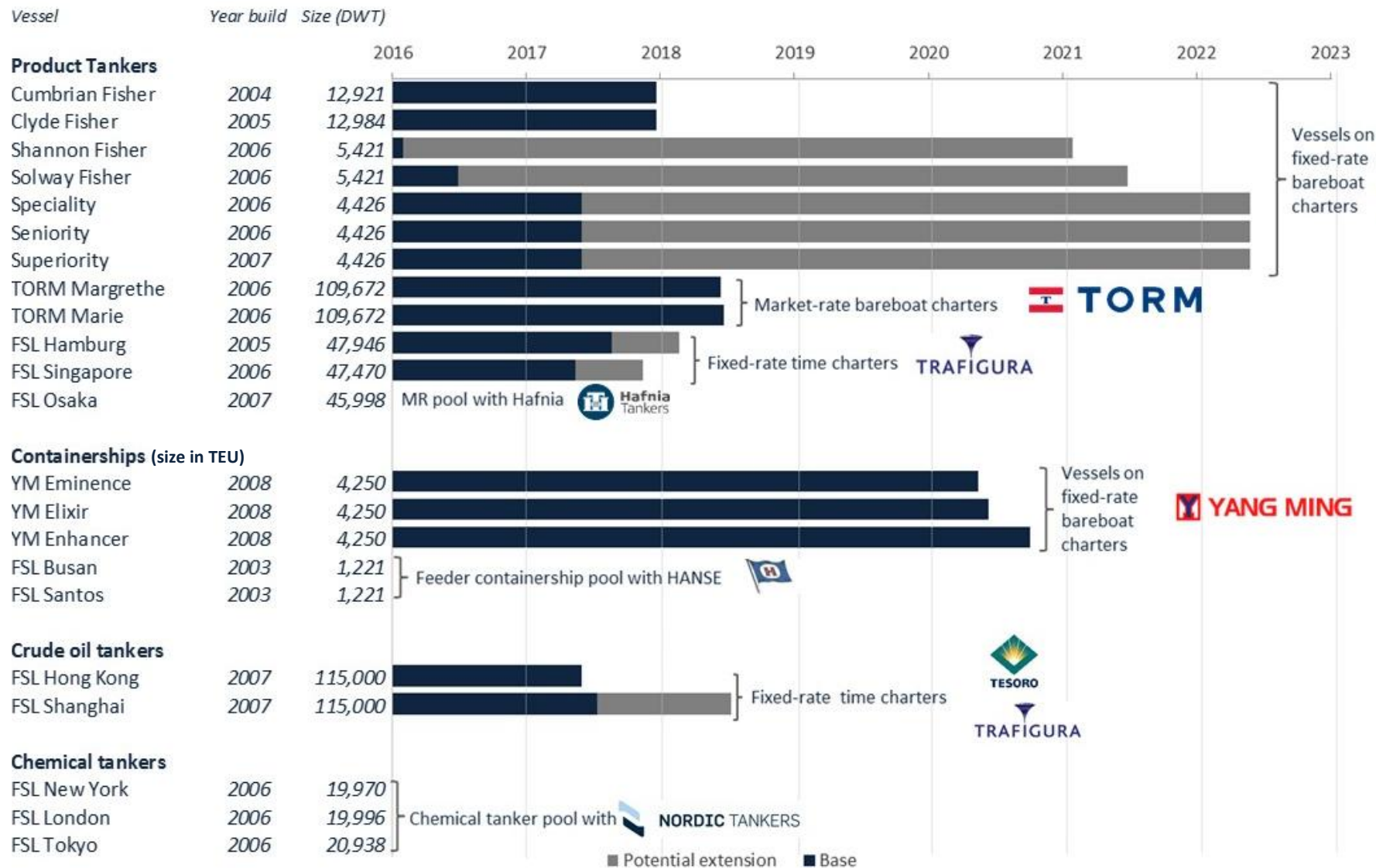
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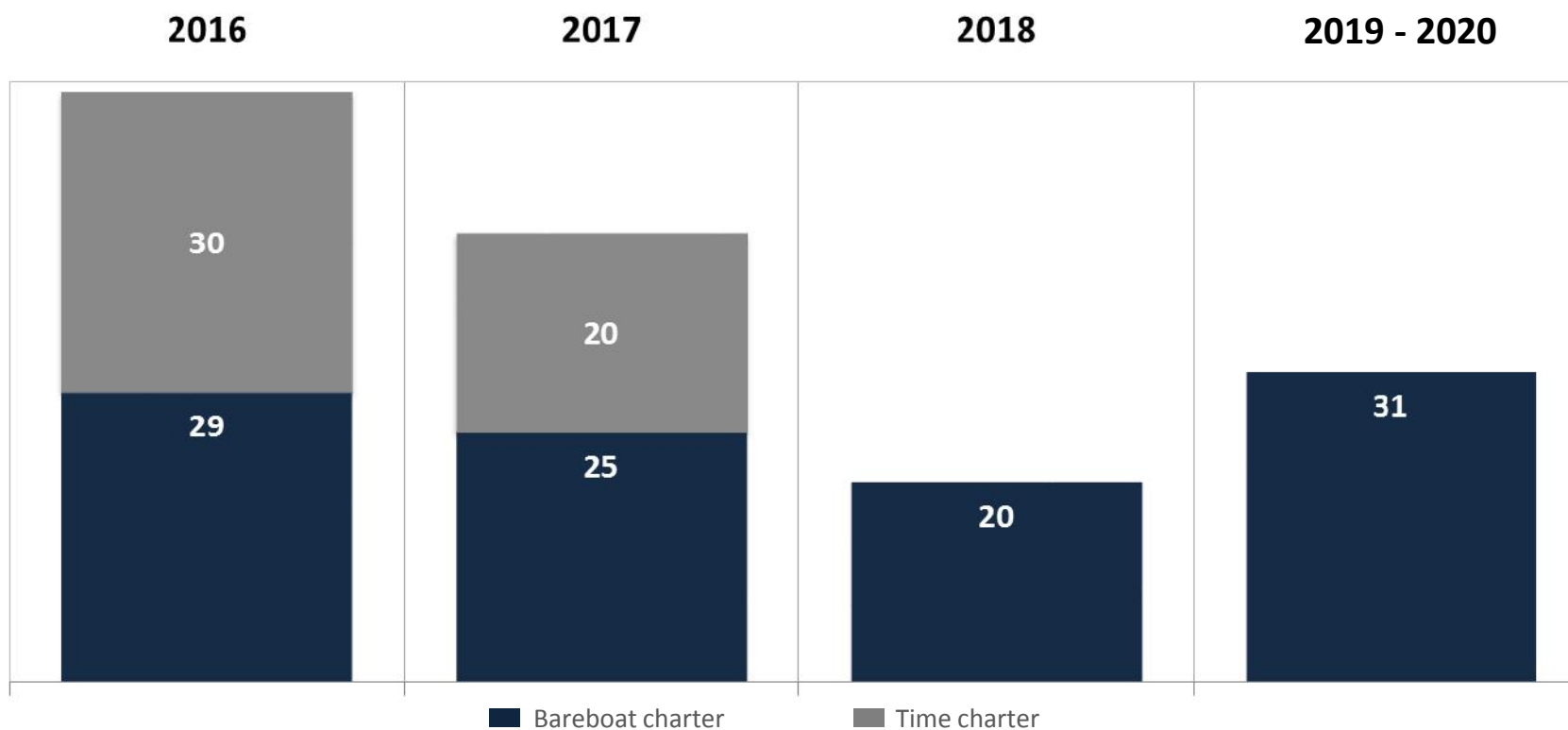


# Moving forward: Lean portfolio



# Revenue backlog

Remaining contracted revenue stood at US\$155 m <sup>(1)</sup>  
as of 31 December 2015



Note 1: Based on revenue from 12 bareboat charters (excluding the TORM charters on variable rates) and from fixed time charter contracts with Tesoro and Trafigura



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# Sponsor capital reduction

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- On 27 January 2016, the Trust announced that FSL Holdings, the Sponsor of FSL Trust, had undertaken a capital reduction
  - This leaves Godan GMBH as 100% shareholder in FSL Holdings
    - Godan GMBH is a 100% subsidiary of HSH Nordbank
  
- There has been no day-to-day impact on the operations of the Trust
  
- Tim Reid was appointed as a director of FSL Holdings in 2013 with the support of HSH Nordbank
  - Tim negotiated the restructuring of FSL Holdings during 2015/16

- Refinancing is a priority of the Trustee-Manager
- Fleet currently has good contract cover
- Fleet now has an average age of nine years
  - Raising finance is more straightforward on newer tonnage
  - Repayment schedules often short on older vessels
- Aim to provide the Trust with medium term coverage and full fleet financing
- Discussions with potential lenders (new and current) are ongoing

## Unit buy-back strategy

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- Unit buy-back programme ran from April to December 2015
- Spent US\$ 2.1m on units from the open market
- Reduced the free float of units by 2.6%
- Accretive at the levels paid as the units remain undervalued
  - Price / book ratio of 0.26x as at 31 December 2015
  - Book Net Asset Value of US\$ 0.44/unit (up from US\$ 0.41/unit at end 2014)
- Given the current focus on refinancing, the buy-back programme has been halted
  - Aim to conserve cash to increase refinancing optionality

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- 2015 performance was very strong by all measures:
  - Total unitholder return of 58%
  - Revenue up 14%, net profit up 249%, cash from operations up 18%
  
- Steps were taken to consolidate the position of the Trust
  - New contracts and FSL Osaka acquisition replaced revenue
  - Entered 2016 with stronger balance sheet and lower gearing
  
- Prospects for 2016
  - Focus on refinancing the fleet
  - The Trust remains well positioned

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