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**FIRST SHIP LEASE TRUST  
 UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

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First Ship Lease Trust (“FSL Trust”) is a shipowner and a provider of leasing services on a bareboat charter basis to the international shipping industry and is listed on the Singapore Exchange Securities Trading Limited (“SGX”).

As at 30 September 2014, FSL Trust has a modern, high quality and diverse portfolio of 23 vessels consisting of seven containerships, eleven product tankers, three chemical tankers and two crude oil tankers. 14 vessels are employed on long-term bareboat charters as at 30 September 2014 and have a dollar-weighted average remaining lease period of approximately four years (excluding extension periods and early buy-out options). The remaining nine vessels are employed on time charter arrangement and in pool. The combined portfolio of 23 vessels has a dollar-weighted average age of approximately eight years.

**Summary of FSL Trust Consolidated Results**

	<b>3Q 2014</b>	<b>3Q 2013</b>	<b>Inc/(Dec)</b>	<b>YTD Sep 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>
Revenue	23,619	22,458	5.2	69,000
Profit/(Loss) for the quarter/period	744	(8,930)	N.M.	(3,208)
Net cash generated from operations	12,812	7,629	67.9	34,734

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**1(a)(i) Consolidated Income Statements**

		Group				
Note	3Q 2014	3Q 2013	Inc/ (Dec)	YTD Sep 2014	YTD Sep 2013	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	23,619	22,458	5.2	69,000	66,799	3.3
	(11,525)	(13,307)	(13.4)	(37,207)	(41,139)	(9.6)
	-	(3,639)	(100.0)	-	(6,773)	(100.0)
	(8)	(1,731)	(99.5)	29	(1,731)	N.M.
	(5,251)	(3,999)	31.3	(15,098)	(10,622)	42.1
	(684)	(693)	(1.3)	(2,093)	(2,177)	(3.9)
	(31)	(36)	(13.9)	(95)	(113)	(15.9)
	(531)	(2,013)	(73.6)	(1,983)	(3,496)	(43.3)
(a)	(1,203)	-	100.0	(1,292)	(5,298)	(75.6)
	<b>4,386</b>	<b>(2,960)</b>	<b>N.M.</b>	<b>11,261</b>	<b>(4,550)</b>	<b>N.M.</b>
	6	13	(53.8)	17	56	(69.6)
	(3,675)	(5,982)	(38.6)	(13,091)	(18,711)	(30.0)
(b)	27	-	100.0	(1,378)	-	100.0
	744	(8,929)	N.M.	(3,191)	(23,205)	(86.2)
	-	(1)	(100.0)	(17)	(24)	(29.2)
	744	(8,930)	N.M.	(3,208)	(23,229)	(86.2)

Note:

- (a) This relates to an impairment loss recognised on FSL Trust's investment in TORM A/S ("TORM") due to a decline in the quoted price of the shares in TORM.
- (b) This relates to the disposal of the two dry bulk carriers in March 2014. The reduction in Q3 2014 mainly attributable by over accrual of disposal costs.

**1(a)(ii) Statements of Comprehensive Income**

		Group			
		3Q 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/period</b>		744	(8,930)	(3,208)	(23,229)
<b>Other comprehensive income</b>					
<b>Items that are or may be classified subsequently to profit or loss:</b>					
Translation differences relating to financial statements of foreign subsidiaries		(2,282)	1,036	(2,394)	658
Exchange differences on monetary items forming part of net investment in foreign subsidiaries		(73)	111	(404)	(105)
Effective portion of changes in fair value of cash flow hedges		(1,921)	(1,091)	(4,524)	584
Net change in fair value of cash flow hedges transferred to income statement		2,916	2,060	7,334	6,124
Net change in fair value of available-for-sale financial assets		(1,203)	579	(3,015)	(660)
Net change in fair value of available-for-sale financial assets reclassified to income statement		1,203	-	1,292	5,298
<b>Other comprehensive income, net of tax</b>		<b>(1,360)</b>	<b>2,695</b>	<b>(1,711)</b>	<b>11,899</b>
<b>Total comprehensive income</b>		<b>(616)</b>	<b>(6,235)</b>	<b>(4,919)</b>	<b>(11,330)</b>

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**1(a)(iii) Distribution Statements**

	Note	Group			
		3Q 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/period</b>		744	(8,930)	(3,208)	(23,229)
Add: Non-cash adjustments		12,068	16,559	37,942	51,642
<b>Net cash generated from operations</b>		12,812	7,629	34,734	28,413
Less: Repayment of secured bank loans		(11,000)	(11,000)	(28,000)	(33,000)
Prepayment of secured bank loans	(a)	-	-	-	(10,000)
<b>Income available for distribution</b>		1,812	(3,371)	6,734	(14,587)
Add: Utilisation of cash retained from previous periods		-	3,371	-	14,587
Less: Cash retained in the current period		(1,812)	-	(6,734)	-
<b>Net distributable amount</b>	(b)	-	-	-	-
Amount available for distribution		-	-	-	-
Comprising: (i) Tax-exempt distribution		-	-	-	-
(ii) Tax-exempt (one-tier) distribution		-	-	-	-
<b>Amount to be distributed</b>		-	-	-	-
Units at the end of the quarter ('000)		654,665	654,665	654,665	654,665
<b>Distribution per unit (US Cents)</b>		-	-	-	-

Notes:

- (a) In Q2 2013 a negotiated prepayment of US\$10 million was paid to reduce the final balloon of loan. In Q1 2014, a prepayment of US\$22 million was paid to further reduce the outstanding loan. This was facilitated from the cash proceeds from the sale of the two dry bulk vessels.
- (b) In connection with a loan covenant relaxation from its lenders, FSL Trust is restricted from paying any distributions to unitholders until 31 December 2014. This has been the case since June 2012.

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**1(b)(i) Statements of Financial Position**

		30 Sep 2014		31 Dec 2013	
		Group	Trust	Group	Trust
Note		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>					
Vessels		568,258	-	630,968	-
Subsidiaries		-	472,936	-	479,750
Available-for-sale financial assets		1,534	-	4,550	-
Derivative assets		467	467	233	233
		570,259	473,403	635,751	479,983
<b>Current assets</b>					
Inventories		96	-	1,185	-
Derivative assets		61	61	-	-
Trade and other receivables		6,645	4,986	5,324	64,139
Cash and cash equivalents	(a)	20,052	14,067	20,367	12,091
		26,854	19,114	26,876	76,230
<b>Total assets</b>					
		597,113	492,517	662,627	556,213
<b>Equity attributable to unitholders of FSL Trust</b>					
Units in issue		525,412	525,412	525,412	525,412
Reserves		(264,695)	(363,444)	(259,776)	(351,832)
<b>Total equity</b>		260,717	161,968	265,636	173,580
<b>Non-current liabilities</b>					
Secured bank loans		284,384	284,384	-	-
Derivative liabilities		102	102	727	727
Deferred income		3,928	-	5,011	-
		288,414	284,486	5,738	727
<b>Current liabilities</b>					
Trade and other payables		511	560	6,335	1,020
Lease income received in advance		524	-	2,588	-
Derivative liabilities		1,503	1,503	3,394	3,394
Secured bank loans		44,000	44,000	377,492	377,492
Deferred income		1,444	-	1,444	-
		47,982	46,063	391,253	381,906
<b>Total liabilities</b>		336,396	330,549	396,991	382,633
<b>Total equity and liabilities</b>		597,113	492,517	662,627	556,213

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**1(b)(i) Statements of Financial Position (cont'd)**

Note:

(a) Cash and cash equivalents comprise:

	30 Sep 2014		31 Dec 2013	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash <sup>^</sup>	10,000	10,000	10,000	10,000
Cash at Bank	7,181	3,974	7,499	1,998
Short-term deposits	2,871	93	2,868	93
Cash and cash equivalents	20,052	14,067	20,367	12,091
Less: Restricted cash	(10,000)	(10,000)	(10,000)	(10,000)
Cash and cash equivalents in the statement of cash flows	10,052	4,067	10,367	2,091

<sup>^</sup>This relates to a deposit placed with the security agent of the amortising term loan facility (see paragraph 1(b)(ii)).

**1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**

	30 Sep 2014	31 Dec 2013
	US\$'000	US\$'000
<b>Secured bank loans</b>		
Amount repayable within one year	44,000	381,558
Amount repayable after one year	287,558	-
Less: Unamortised debt upfront fees	(3,174)	(4,066)
	328,384	377,492

The Trustee-Manager, on behalf of FSL Trust, secured a 6-year amortising term loan facility in December 2011 and the outstanding loan balance was US\$328.4 million as at 30 September 2014.

In February 2014, the lenders granted a loan covenant relaxation extension until 31 December 2014 ("Relaxation extension"), with the following additional conditions to be adhered to during the Relaxation extension.

- i) a cash sweep mechanism whereby if cash balances are over US\$20 million for two consecutive quarters (e.g. Quarter 1 and Quarter 2), the lesser of i) Quarter 1 cash balance less US\$20 million, or ii) Quarter 2 cash balance less US\$20 million, will be immediately applied against settlement of the loan outstanding.

The cash sweep only applies until the end of the relaxation period or when VTL reaches up to 125%, whichever is earlier;

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**1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities (cont'd)**

- ii) an upfront fee of 5bps on the loan outstanding; and
- iii) Pledge of the shares of all the vessel-owning subsidiaries.

The original and relaxed covenants are as follow:

Covenants	Original	After Relaxation			
		1Q 2014	2Q 2014	3Q 2014	4Q 2014
VTL ratio	125%	105%	105%	110%	110%
Debt Service Coverage ratio	at least 1.10:1	at least 0.90:1	at least 0.95:1	at least 1.00:1	at least 1.10:1

Liquid Assets during the Relaxation Period shall be not less than the figures applicable for the specified periods in the schedules as follows:

Period	1Q 2014	2Q 2014	3Q 2014	4Q 2014
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Liquid Assets	11,500	17,500	20,000	20,000

Other conditions imposed during the period of Relaxation extension include the retention of a US\$10 million security deposit with the security agent, and a levy of 2% per annum imposed on the shortfall amount. The shortfall amount is the difference between the outstanding loan balance and the theoretical loan balance assuming VTL ratio is 125%.

The interest margin of the term loan:

VTL ratio	Margin over US\$ 3-month LIBOR
>100% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

For 3Q 2014, the applicable margin over US\$ 3-month LIBOR was 3.0%. The VTL ratio will be assessed semi-annually.

As at 30 September 2014, the Trust is in compliance with the conditions relating to Relaxation extension.

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**1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities (cont'd)**

The term loan is secured on the following:

- (i) a first priority mortgage over the Group's vessels in the portfolio;
- (ii) a first priority assignment of the Group's rights, title, interest in the insurances to and for each vessel, including insurance for hull and machinery, protection and indemnity and war risks;
- (iii) a first priority assignment of the Group's rights, title and interest in and to the charter agreements and the charter income of each vessel; and
- (iv) a pledge over the Group's shares in TORM.

FSL Trust has hedged part of its interest rate risk through a combination of interest rate swaps and/or natural hedges to fix the interest rates. The fixed interest rates range from 1.06% per annum to 1.65% per annum.

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**1(c) Consolidated Cash Flow Statements**

	Group			
	3Q 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities:</b>				
Profit/(Loss) before tax	744	(8,929)	(3,191)	(23,205)
Adjustments for:				
Depreciation expense on vessels	11,525	13,307	37,207	41,139
Impairment loss on vessels	-	3,639	-	6,773
Impairment loss on available-for-sale financial assets	1,203	-	1,292	5,298
Amortisation of debt upfront fees and initial direct costs	416	442	1,269	1,408
Amortisation of deferred income	(361)	(361)	(1,083)	(1,083)
Interest income	(6)	(13)	(17)	(56)
Interest expense	3,482	5,855	12,379	17,793
Loss on disposal of vessels	(27)	-	1,378	-
Unrealised exchange differences	(88)	(237)	(408)	(312)
	16,888	13,703	48,826	47,755
Changes in working capital:				
Trade and other receivables	(1,396)	(2,361)	(1,399)	(2,035)
Inventories	(97)	(1,923)	1,088	(1,990)
Trade and other payables	(778)	662	(5,504)	51
Lease income received in advance	524	(1,384)	(2,064)	(2,375)
<b>Cash generated from operations</b>	<b>15,141</b>	<b>8,697</b>	<b>40,947</b>	<b>41,406</b>
Income tax (paid)/refund	-	-	(17)	(37)
<b>Cash flows from operating activities</b>	<b>15,141</b>	<b>8,697</b>	<b>40,930</b>	<b>41,369</b>
<b>Investing activities:</b>				
Interest received	6	13	17	78
Net proceed on disposal of vessels	27	-	22,261	-
Costs incurred for dry-docking	(460)	-	(903)	-
<b>Cash flows from investing activities</b>	<b>(427)</b>	<b>13</b>	<b>21,375</b>	<b>78</b>
<b>Financing activities:</b>				
Distribution to unitholders	-	-	-	-
Repayment of secured bank loans	(11,000)	(11,000)	(28,000)	(33,000)
Prepayment of secured bank loans	-	-	(22,000)	(10,000)
Interest paid	(3,515)	(5,850)	(12,620)	(17,851)
<b>Cash flows from financing activities</b>	<b>(14,515)</b>	<b>(16,850)</b>	<b>(62,620)</b>	<b>(60,851)</b>
Net decrease in cash and cash equivalents	199	(8,140)	(315)	(19,404)
Cash and cash equivalents at beginning of period	9,853	16,224	10,367	27,488
Cash and cash equivalents at end of period	10,052	8,084	10,052	8,084
<b>Comprising:-</b>				
Cash at Bank	7,181	3,566	7,181	3,566
Short-term deposits	2,871	4,518	2,871	4,518
	10,052	8,084	10,052	8,084



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**1(d)(i) Statements of Changes in Unitholders' Funds**

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair value reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2014 Group</b>						
At 1 July 2014	525,412	(2,073)	(1,868)	-	(260,138)	261,333
Total comprehensive income for the quarter	-	995	(2,355)	-	744	(616)
At 30 September 2014	525,412	(1,078)	(4,223)	-	(259,394)	260,717

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair value reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2013 Group</b>						
At 1 July 2013	525,412	(6,560)	(3,014)	1,571	(205,272)	312,137
Total comprehensive income for the quarter	-	969	1,147	579	(8,930)	(6,235)
At 30 September 2013	525,412	(5,591)	(1,867)	2,150	(214,202)	305,902

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2014 Trust</b>				
At 1 July 2014	525,412	(2,073)	(358,235)	165,104
Total comprehensive income for the quarter	-	995	(4,131)	(3,136)
At 30 September 2014	525,412	(1,078)	(362,366)	161,968

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2013 Trust</b>				
At 1 July 2013	525,412	(6,560)	(330,770)	188,082
Total comprehensive income for the quarter	-	969	(6,595)	(5,626)
At 30 September 2013	525,412	(5,591)	(337,365)	182,456

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**1(d)(ii)(iii) Details of any changes in Units**

	<b>3Q 2014 Units</b>	<b>FY 2013 Units</b>
At the beginning of the period	654,665,077	654,665,077
Units issued during the period	-	-
At the end of the period	654,665,077	654,665,077

**1(d)(iv) Sales, Transfers, Disposal, Cancellation and/or use of Treasury Units**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

Not applicable.

**3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Except for the change as disclosed in paragraph 5, FSL Trust has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Depreciation on containerships - Ever Radiant and Ever Respect

The residual value of each of the two vessels was reviewed and revised.

The changes in residual value of the vessels constitute a change in estimates. The effects of the change were applied prospectively from January 2014. As a result of the change, depreciation expense for 3Q 2014 increased by US\$0.9 million for the two vessels (YTD Sep 2014 : US\$2.8 million).

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Depreciation on containerships -FSL Busan and FSL Santos (previously known as Cape Ferro and Cape Falcon, respectively)

The two vessels were redelivered to FSL Trust upon the expiry of bareboat lease; both vessels are currently deployed in a 1200-1400/1700 TEU earnings pool which is managed by HANSE Bereederung GmbH ('Hanse Pool'). With the expiry of the bareboat charter operating lease arrangements, the expected useful life of each of the two vessels was revised from 10 years to 25 years and the basis of estimating the respective residual values was also changed.

The changes in the expected useful life and residual value of the vessels constitute a change in estimates. The effects of the change were applied prospectively from July 2014. As a result of the change, depreciation expense for 3Q 2014 increased by US\$0.1 million for the two vessels (YTD Sep 2014 : US\$ 0.1 million).

**6. Earnings per Unit ("EPU") and Distribution per Unit ("DPU") for the financial period**

	Group			
	3Q 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
Basic and diluted earnings per unit is based on: Profit/(Loss) for the quarter/period (US\$'000)	744	(8,930)	(3,208)	(23,229)
Weighted average number of issued units (basic and diluted) ('000)	654,665	654,665	654,665	654,665
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.11	(1.36)	(0.49)	(3.55)
Number of issued units at end of quarter ('000)	654,665	654,665	654,665	654,665
Distribution per unit (US Cents)	-	-	-	-

**7. Net Asset Value ("NAV") per Unit based on units at the end of the period**

	Note	30 Sep 2014		31 Dec 2013	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.40	0.25	0.41	0.27

Note:

(a) Net asset value per unit was calculated based on the applicable number of units issued as at the end of the respective period/year.

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**8. Review of Performance**

The breakdown of the revenue (on a bareboat charter/bareboat charter equivalent (“BBCE”) basis) by the respective charter types and the net result from operations are as follows:

3Q 2014 vs 3Q 2013

	Group		
	3Q 2014	3Q 2013	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	13,762	13,940	(1.3)
BBCE revenue of vessels on:-			
-Time charter	1,816	1,154	57.4
-Pool	2,576	1,364	88.9
-Spot	-	194	(100.0)
Total bareboat charter/BBCE revenue	18,154	16,652	9.0
Less:			
Depreciation expense on vessels <sup>1</sup>	(11,319)	(13,231)	(14.4)
Impairment loss on vessels	-	(3,639)	(100.0)
Management fees	(684)	(693)	(1.3)
Trustee fees	(31)	(36)	(13.9)
Other trust expenses <sup>2</sup>	(531)	(2,013)	(73.6)
Impairment loss on available-for-sale financial assets	(1,203)	-	100.0
Other operating expenses	(13,768)	(19,612)	(29.8)
<b>Results from operating activities</b>	4,386	(2,960)	N.M.
Finance income	6	13	(53.8)
Finance expenses	(3,675)	(5,982)	(38.6)
Disposal of vessels	27	-	100.0
<b>Profit/(Loss) before tax</b>	744	(8,929)	N.M.
Income tax (expense)/write-back	-	(1)	(100.0)
<b>Profit/(Loss) for the quarter</b>	744	(8,930)	N.M.

<sup>1</sup> For this analysis, depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

<sup>2</sup> Included in the other trust expenses are vessel inspection fees, valuation fees, insurance, director fees, professional fees, take over costs, printing, investor relations and others.

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8. Review of Performance (cont'd)

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals declined by 1.3% (US\$0.2 million) to US\$13.8 million, mainly attributable by:

- i) the sale of FSL Durban and Stella Fomalhaut in Q1 2014, (US\$ 0.2 million),
- ii) the expiry of bareboat lease for FSL Busan and FSL Santos, (US\$ 1.2 million),
- iii) better performance of the 2 LR2 tankers, TORM Margrethe and Torm Marie, US\$ 1.2 million.

The rentals derived from the remaining 14 vessels under bareboat leases continued to support the overall earnings of FSL Trust.

Time charter

i) Product tanker

The two vessels (*FSL Hamburg* and *FSL Singapore*) are employed on time charter arrangements with Petróleo Brasileiro S.A. These vessels together generated a net time charter revenue of US\$2.5 million. After deducting vessel operating expenses, these vessels generated BBCE revenue of US\$1.0 million in the quarter under review.

ii) Crude oil tanker

In July 2014, *FSL Shanghai* was deployed on a time charter arrangement with Tesoro Corporation and generated a BBCE revenue of \$0.7 million in the quarter under review.

Pool/RSA

i) Chemical tanker

The three chemical tankers are employed in 'Nordic Tankers 19,000 Stainless Steel Pool'. Collectively, these vessels generated net pool revenue of US\$3.2 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$1.3 million in the quarter under review.

ii) Crude oil tanker

*FSL Hong Kong*, employed on a RSA (Revenue Sharing Agreement) since December 2013, generated a BBCE revenue of US\$0.8 million in the quarter under review.

iii) Containership

*FSL Busan (ex Cape Ferro)* and *FSL Santo (ex Cape Falcon)* were redelivered to FSL Trust in July 2014 and employed in a 1200-1400/1700 TEU earnings pool which is managed by HANSE Bereederung GmbH ('Hanse Pool'). Collectively, these vessels generated net pool revenue of US\$1.0 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$0.4 million in the quarter under review.

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b. Other operating expenses

Other operating expenses declined 29.8% (US\$5.8 million) to US\$13.8 million due mainly to:

- Lower depreciation expenses of US\$1.9 million arising from changes in the expected useful life and residual value for certain vessels taken last year and the quarter under review.
- It was assessed that the carrying amounts of Stella Fomalhaut and FSL Durban had exceeded the recoverable amount and an impairment loss of US\$3.6 million for both vessels was recognized in Q3 2013. No impairment recognised in the quarter under review.
- Included in other trust expenses in Q3 2013 were vessel-related expenses of US\$1.2 million arising from the redeliveries of its two crude oil tankers (*FSL Hong Kong and FSL Shanghai*) and two dry bulk carriers (*Stella Fomalhaut and FSL Durban*).
- Available-for-sale financial assets relate to the shares in TORM received by FSL Trust as part of an agreement to permanently amend the terms on its two charter contracts. In Q3 2014, an impairment loss of US\$1.2 million was recognised due to a decline in the quoted price of the shares in TORM.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$4.4 million in this quarter as compared to a loss of US\$3 million over the same period last year.

d. Finance expenses

Finance expenses in Q3 2014 excluding exchange gain of US\$112,000 (Q2 2013: exchange gain of US\$201,000) decreased 38.6% (US\$2.3 million) mainly due to:

- lower outstanding indebtedness arising from prepayment of US\$22 million in Q1 2014.
- the termination of high cost interest rate SWAPs resulting in lower finance expense.

For 3Q 2014, FSL Trust achieved net profits of US\$0.7 million.

**9. Variance from Prospect Statement**

Not applicable.

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**10. Outlook and Prospects**

The 3Q 2014 results further illustrate that restructuring efforts by the management team are bearing fruit. The bareboat charter element of the FSL Trust portfolio is driven by relationships with first class counterparties and continues to provide stable cash flow. Revenues from the redelivered fleet in 3Q was also pleasing and the sectors we have spot and short term market exposure have good fundamentals to support future performance.

**11. Distribution**

**(a) Current financial period**

Any distributions declared for the : No  
current financial period

**(b) Corresponding Period of the Immediate Preceding Financial Period**

Any distributions declared for the : No  
previous corresponding period

**12. If no distribution has been declared/recommendeded, a statement to that effect**

No distribution has been declared.

**13. If the Group has obtained a general mandate from unitholders for Interested Party Transaction (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

FSL Trust does not have any unitholders’ mandate for IPT.

**14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial results of the Group for the quarter ended 30 September 2014 to be false or misleading in any material aspect.

<p>This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, changes in operating expenses, trust expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.</p>
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BY ORDER OF THE BOARD  
FSL TRUST MANAGEMENT PTE. LTD.  
(COMPANY REGISTRATION NO. 200702265R)  
AS TRUSTEE-MANAGER OF FIRST SHIP LEASE TRUST

Alan Hatton  
Chief Executive Officer  
30 October 2014