



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust records full-year 14% revenue growth, 18% higher cash generation and more than a threefold increase in annual net profit

Singapore, 23 February 2016 – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or the “Trust”) reported strong performance for the quarter and the financial year ended 31 December 2015 (“4Q FY15” and “FY2015” respectively).

4Q FY15 revenue grew 6.2% year-on-year to US\$ 25.9m and contributed to an overall FY2015 revenue of US\$ 106.6m (vs. FY2014 revenue of US\$ 93.4m). The 14.1% year-on-year growth for FY2015 revenue was achieved by the FSLTM’s continued focus on optimising the Trust’s fleet employment.

Net cash generated from operations of US\$ 15.7 m in 4Q FY15 was lower than 4Q FY14 (US\$ 18.5m) mainly due to the dry-docking of two MR product tankers and some further extraordinary expenses incurred by the Trust, including the startup cost relating to the acquisition of FSL Osaka. Despite this, the Trust generated net cash of US\$ 62.8m in FY2015, 18.0% higher than in the previous year (FY2014: US\$ 53.2m).

This marks the seventh consecutive quarter of profitability for the Trust with net profit of US\$ 0.1m in 4Q FY15 (4Q FY14: US\$ 7.3m), contributing to a net profit of US\$ 14.1m for FY2015, being more than three times higher than that reported for FY2014.

Key achievements in FY2015 were:

- January: announced resumed compliance with the original 2011 loan agreement
- January: gain of US\$ 1.7m from the disposal of TORM shares
- March to November: Unit Buy-back program – 17.2m (2.6%) units purchased and cancelled at a cost of US\$2.1m
- April: secured a new two-year time charter at improved rates for FSL Hong Kong
- July: secured new time charters with a leading global commodities trader at improved rates for FSL Shanghai, FSL Hamburg and FSL Singapore
- November: cash acquisition of FSL Osaka, a 2007 Japanese-built MR tanker, for US\$ 21.8m

Review of 4Q and Full Year FY2015 Operational Performance

| | 4Q FY15 US\$'000 | 4Q FY14 US\$'000 | Inc/(Dec) % | FY2015 US\$'000 | FY2014 US\$'000 | Inc/(Dec) % |
|--|---------------------|---------------------|----------------|--------------------|--------------------|----------------|
| Rentals from vessels on bareboat charter | 14,233 | 13,456 | 5.8 | 56,784 | 55,245 | 2.8 |
| BBCE revenue of vessels on:- | | | | | | |
| Time charter | 2,397 | 1,952 | 22.8 | 8,711 | 6,130 | 42.1 |
| Pool/RSA | 2,823 | 3,504 | (19.4) | 13,135 | 10,934 | 20.1 |
| Spot | 402 | - | n.m. | 1,897 | 26 | n.m. |
| Total bareboat charter/BBCE revenue | 19,855 | 18,912 | 5.0 | 80,527 | 72,335 | 11.3 |

Total bareboat charter equivalent (“BBCE”) revenue for 4Q FY15 grew 5.0% year-on-year to US\$ 19.9m (4Q FY14: US\$18.9m). This was mainly attributable to the improved time charter rates for FSL Hong Kong, FSL Shanghai, FSL Hamburg and FSL Singapore, albeit moderated by the dry-docking of the last two vessels. The 5.8% increase in the charter income from vessels on bareboat charters is due to the positive performance of the LR2 vessels.

Total BBCE revenue grew 11.3% year-on-year to US\$ 80.5m (FY 2014: US\$ 72.3m) with the overall increase attributable to the improved commercial deployment of the fleet.

An impairment loss of US\$ 1.0m for the full year period was recognised in relation to the two containerships vessels disposed of in January 2016. As announced on 5 February 2016, the Trust disposed of the two assets for total proceeds of US\$ 10.8m incurring in a loss on disposal of US\$ 4.2m across both vessels to be recognised in 1Q FY16.

Commenting on the Trust’s performance, Alan Hatton, Chief Executive Officer of FSLTM said:

“Further progress has been achieved over the past 12 months. The recent cash purchase of FSL Osaka demonstrates the ability of the Trust to structure alternative types of deals to the sale and leaseback transactions entered into in the past.

The Trust acted quickly to sell the Ever Radiant and Ever Respect upon redelivery from charterers, Evergreen Marine. The market value of such vessels has fallen dramatically over the past few months, so it was essential to expedite the disposal of the units. Securing significant contract cover for our tanker vessels in FY 2015 did much to replace the BBCE revenue that the vessels had been providing until late January 2016.

FY 2015 was a good year for the Trust and steps have been taken to ensure that we enter 2016 with significantly more contract coverage, having taken advantage of the stronger tanker market environment over the last twelve months.”

FY2015 Full Year Results Conference Call

FSLTM will host a conference call for all registered participants on Wednesday, 24 February 2016 at 10.00 am (Singapore time) to discuss the results. An audio recording of the conference call will be available on FSL Trust's website at www.FSLTrust.com from 12.00 pm (Singapore time) on Thursday 25 February 2016.

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About First Ship Lease Trust (Bloomberg: FSLT SP; Reuters: FSLT.SI; OTCQX: FSHPY)

First Ship Lease Trust ("FSL Trust" or the "Trust") is a shipowner and a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 22 modern and high-quality vessels, comprising five containerships, 11 product tankers, three chemical tankers and two crude oil tankers. FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depositary Receipts (ADRs) are quoted on the PrimeQX tier of International OTCQX.

This news release 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 the current view of management on future events.

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