



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust achieves another quarter of profitability and positive cash generation

- Another profitable and cash-flow positive quarter despite challenging shipping environment and reduced fleet size
- More than US\$50 million of debt repaid in 12 months

Singapore, 4 August 2016 – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”) announced today that the Trust reported a stable and positive performance for the second quarter ended 30 June 2016 (“2QFY16”).

2QFY16 revenue decreased slightly by 8% year-on-year to US\$25.3 million, compared to the corresponding period in the previous year (“2QFY15”). The slight decline in revenue is mainly attributable to a reduced fleet following the disposal of two panamax containerships in February this year, as well as softening rates in some tanker markets. However, the decrease in total revenue was partially offset by higher revenue from MR tankers with the addition of *FSL Osaka* to the fleet, and improved performance of the three chemical tankers deployed in a pool.

Net cash generated from operations for 2QFY16 decreased by 11% year-on-year to US\$15.1 million. Despite the challenging shipping market, the Trust was still able to achieve a net profit of US\$5.5 million. These results represent another quarter of profitability and positive cash generation.

In 2QFY16, the Trust continued to strengthen its balance sheet and improve the gearing of the business, and has paid down US\$54 million of debt over a 12 month period.

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

“The financial and operational performance of the Trust in 2QFY16 remains stable notwithstanding a smaller fleet. The Trust continued to build on its positive momentum recording a further consecutive quarter of profitability and cash generation. The Trust’s diverse and strong mix of secure long-term charters and managed market exposure in better performing sectors leaves the Trust well positioned despite the challenging shipping market.”

“Market conditions are likely to remain difficult in the near term, however, the Trust’s exposure to markets under pressure remains limited. Following the disposal of two vessels in February 2016, revenue from panamax container vessels fell by 37%. This was expected and the

contracts signed in 2015 and the addition of FSL Osaka has replaced this revenue. There has been some downward pressure on spot rates, which has affected the Trust's earnings in the LR2 market. The Trust successfully renewed the long-term bareboat agreements for the vessels *Shannon Fisher* and *Solway Fisher* in 2QFY16, and the bareboat charter income provides a consistent revenue base."

"The Trust has made significant strides in our debt repayment efforts with over US\$ 50 million of debt repaid over the last 12 months. FSL Trust continues to focus on optimising the operational and commercial performance of the fleet."

2QFY16 Results Conference Call

FSLTM will host a conference call for all registered participants on Friday, 5 August 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 Monday, 8 August 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, 12 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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