



**FSL Trust Management Pte. Ltd.**

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

## **FSL Trust reports continued positive cash generation despite continued challenging market conditions**

- **Impairment charges taken of US\$81.1m**

**Singapore, 26 February 2018** – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”), announced today its results for the fourth quarter and the financial year ended 31 December 2017 (“4QFY17” and “FY2017” respectively).

The Trust reported lower revenue of US\$19.9 million for 4QFY17 and US\$81.5 million for FY2017, which is 14.2% and 17.0% lower than in the previous year respectively (4QFY16 Revenue: US\$23.2 million, FY2016 Revenue: US\$98.1 million).

The decrease in revenues is attributable to ongoing market volatility and the continued softening of rates across all shipping sectors which has weighed on the Trust’s earnings from its product tankers, crude oil tankers, chemical tankers, and feeder container vessels.

In light of the continued deterioration in vessel values, the Trust recognised a non-cash impairment on vessels of US\$72.2 million on 12 vessels in FY2017, and a further US\$8.9 million impairment recognised on a vessel sold post yearend, these impairments contributing to a net loss of US\$33.9 million for Q42017 and US\$73.9 million for FY2017. Gearing improved from 47.3% in 4Q16 to 46.6% in 4Q17 notwithstanding impairment charges taken. Net Tangible Assets per unit were US\$0.27 as at 31 December 2017.

The Trust continued to generate positive cash flows, recording net cash generated from operations of US\$8.0 million in 4QFY17 and US\$40.8 million in FY2017. During the year, the Trust continued to pay down debt and strengthen its balance sheet, repaying over US\$71 million of debt during 2017 which included the proceeds from the disposal of FSL Santos in 4Q2017. The outstanding value of the loan balance was US\$151.3 million as at 31 December 2017 (versus US\$222.3 million at 31 December 2016), with year end cash and cash equivalents at US\$13.2 million. The outstanding loan was further reduced to US\$132 million with the disposal of two more vessels subsequent to year end.

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**Review of 4Q and FY2017 Operational Performance**

	<b>4Q 2017</b> <b>US\$'000</b>	<b>4Q 2016</b> <b>US\$'000</b>	<b>Inc/(Dec)</b> <b>%</b>	<b>FY 2017</b> <b>US\$'000</b>	<b>FY 2016</b> <b>US\$'000</b>	<b>Inc/(Dec)</b> <b>%</b>
Rentals from vessels on bareboat charter	8,470	9,978	(15.1)	35,516	42,183	(15.8)
BBCE revenue of vessels on:-						
-Time charter	482	4,558	(89.4)	9,919	18,238	(45.6)
-Pool	2,492	2,174	14.6	9,574	12,467	(23.2)
-Spot	305	-	100.0	305	(39)	N.M.
Total bareboat charter/BBCE revenue	11,749	16,710	(29.7)	55,314	72,849	(24.1)

Total bareboat charter equivalent ("BBCE") revenue for 4QFY17 decreased by 29.7% year-on year to US\$11.7 million (4QFY16: US\$16.7 million), while total BBCE revenue for FY2017 declined by 24.1% to US\$55.3 million (FY2016: US\$72.9 million).

During Q42017, FSLTM announced that it has been in negotiations to extend the amortising loan facility secured in December 2011 that fell due for full repayment on 20 December 2017. A majority of the lenders under the Syndicated Loan Facility have indicated their support for the Extension to the Trustee-Manager. The Extension would require the consent of all lenders under the Syndicated Loan Facility, unless the Trustee-Manager were to be successful in obtaining protection through a scheme of arrangement under section 210 of the Companies Act (Chapter 50) ("the Scheme"). To this end, the Trustee-Manager made an application to the High Court of Singapore on 18 December 2017 with regard only to its obligations under the Syndicated Loan Facility. The Scheme proposes the extension on terms that the Trustee-Manager believes the majority of the lenders have indicated their support for. FSLTM remains wholly committed to achieving a resolution for the long term future of the Trust.

In addition, FSLTM announced that it had been advised that Godan GMBH ("Godan"), the sole shareholder of FSL Holdings Pte Ltd ("FSL Holdings") the major Unitholder of First Ship Lease Trust (the "Trust") and sole indirect shareholder of the Trustee-Manager was in discussion with short-listed strategic investors for a potential sale of all of its shares in FSL Holdings. This would result in a change in the beneficial ownership of the Sponsor and Trustee-Manager. FSLTM views this as a positive development and anticipates that with the support of a strategic investor with long term objectives, the future of the Trust's financing and operational outlook would be greatly improved.

Commenting on the Trust's performance, Roger Woods, Chief Executive Officer of FSLTM said:

"This has been a challenging year for the Trust with ongoing market volatility continuing to take its toll on all areas of the shipping market. That said, the outlook for the second half of 2018 is beginning to show more encouraging signs, and we remain operationally well-positioned for the future.



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We continued to pay down our debt through a series of scheduled payments, voluntary prepayments and from vessel disposals, the net proceeds of which have been applied in full to the outstanding loan.

In addition to ensuring the efficient ongoing operational performance of the fleet, and reducing debt, the Board of Directors and Management of the Trust remain committed to securing the Trust's long term future for the benefit of our unitholders. Our priority remains to secure an acceptable refinancing solution for the long term stability of the Trust, discussions in this respect remain ongoing, and we remain optimistic for a successful outcome."

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

First Ship Lease Trust ("FSL Trust" or the "Trust") is a Singapore-based business trust which owns a fleet of vessels across major shipping sub-sectors. FSL Trust presently has a diversified portfolio of 19 well-maintained oceangoing, comprising three containerships, twelve product tankers, two chemical tankers and two crude oil tankers. FSL Trust is listed on the main board of the Singapore Exchange.

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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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