



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

With new Sponsor, and significant refinancing progress, FSL Trust reports positive cash generation and continued debt reduction.

Singapore, 9 May 2018 – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”), announces its results for the first quarter ended 31 March 2018 (“1QFY18”).

The Trust generated revenue of US\$16.9 million for 1QFY18, a 23.2% decline compared to US\$21.9 million reported in 1QFY17. The decrease in revenue is primarily due to ongoing rate pressures across all sectors and the Trust’s reduced fleet size following the disposal of two containerships and one chemical tanker in 4QFY17 and 1QFY18.

With the continued softening of rates, the Trust earned a modest profit of US\$0.9 million in 1QFY18 compared to 1QFY17 at US\$3.45 million. Despite the challenging shipping industry environment, the Trust continued to generate positive cash flows from operations of US\$7.2 million.

During the quarter, the Trust made further progress in reducing the outstanding debt under the Existing Loan Facility and in strengthening its balance sheet. Utilising the proceeds from the disposal of FSL Busan and FSL Tokyo in 1QFY18 and cash from ongoing operations, the Trust made a prepayment of US\$20.1 million, thereby reducing the outstanding value of the loan to US\$124.9 million as at 1QFY18. Consequently, gearing was considerably reduced to 41.7% as at 1QFY18, from 46.6% in 4QFY17.

On 28 February 2018, FSLTM announced that ownership of the Sponsor of the Trust had changed to Prime Shareholdings Inc. (“Prime”). Stathis Topouzoglou was subsequently appointed Non-Independent Non-Executive Chairman of the Board and Michael Chalkias as Non-Independent Non-Executive Director.

Commenting on the results, Roger Woods, Chief Executive Officer, said:

“While market conditions continue to impact the Trust’s revenue and profitability, we have proactively taken steps to ensure the sustained performance of our fleet. To that end, I am pleased to be reporting another quarter of positive cash generation. With Prime as our new Sponsor, the Trust has the backing of a committed investor which has bought considerable shipping and finance experience to the Board. As a result, the Trust is in a better position to capitalise on any future market recovery.”

Post-Period End – Refinancing

The Trust made significant progress towards reducing and refinancing the outstanding debt under the Existing Loan to restore its financial stability.

On 24 April 2018, FSLTM announced the proposed partial refinancing of the Existing Loan having entered term sheets with two groups of financiers for the provision of loan facilities representing US\$90 million in total.

In addition, FSLTM announced the proposed issuance of US\$7.25 million of 7% convertible bonds, of which 95% of the proceeds will be utilised for repayment of the Existing Loan.

An unscheduled repayment of US\$5.0 million was made on 3 May 2018, reducing the Existing Loan further to US\$119.97 million.

Commenting on the 1QFY18 results and post-period end activity, Stathis Topouzoglou, Non-Independent Non-Executive Chairman of the Trust, said:

“Despite the significant difficulties faced by the Trust over recent years, I am pleased to be reporting a number of positive developments in my first set of results as Chairman of the Trust. Market conditions remain volatile, yet Management continues to ensure the Trust’s fleet is effectively optimised to face these challenges. With a hands-on and committed team, the Board has proactively sought solutions to address both refinancing and operational requirements. Our focus remains on the refinancing to ensure the future sustainability of the Trust.”

END

1QFY18 Results Conference Call

FSLTM will host a conference call for all registered participants on Thursday, 10 May 2018 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 Friday, 11 May 2018.

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.

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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