



**FSL Trust Management Pte. Ltd.**

as Trustee Manager for First Ship Lease Trust

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## For Immediate Release

### **FSL Trust begins new financial year on a much stronger footing**

- 1QFY14 revenue of US\$22.4 million
- Cash flow positive with net cash generation of US\$9.0m
- Trust benefited from improved spot market rates
- Trust now better positioned: Financially and operationally stronger

*Singapore, 15 May 2014* – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or the “Trust”), announced today that the Trust registered a revenue of US\$22.4 million for the first quarter ended 31 March 2014 (“1QFY14”). Loss for the quarter was reduced by nearly 30% to US\$4.9 million from US\$7.0 million posted the year before. The reduced loss was partly due to the impairment loss on financial assets available-for-sale in the first quarter ended 31 March 2013 (“1QFY13”). The Trust remains cash flow positive with 1QFY14 net cash generated from operations of US\$9.0 million.

2013 was a challenging year for FSL Trust. Stability has been restored and we are moving forward into 2014 in stronger stead.

During the first quarter of the year, management took a number of steps to help improve the performance of the Trust. Following prolonged discussions with the lenders, a relaxation on the loan covenant was finally agreed in late February. On 18 March 2014 an agreement was announced for the disposal of two dry bulk vessels, Stella Fomalhaut and FSL Durban, which were sold for a cash consideration of US\$23.6 million. The disposal saved FSL Trust approximately US\$3 million in dry dock capital expenditure in 2014 and reduced the cost of debt service in 1Q and 2QFY14 by approximately US\$5 million.

Bareboat charter rentals declined by 21.5% to US\$13.6 million, mainly attributable to the terminations of bareboat charter leases following the lease defaults by Geden and OMNI Ships. The loss was also partly attributable to the poorer performance of two LR2 tankers on a market related bareboat with TORM from a BBE of US\$10,700 per day in 1QFY13 to US\$6,000 per day in 1QFY14. The rentals derived from the remaining 16 vessels under bareboat leases continued to support the overall earnings of FSL Trust.

Time charter BBCE revenue for Q1FY14 declined to US\$0.3m. FSL Hamburg and FSL Singapore are employed on time charter arrangements with Petrôleo Brasileiro S.A. and together generated net time charter revenue of US\$1.6 million. FSL Hamburg was in dry dock from late December 2013 to early March 2014 due to boiler replacement and propeller repairs as a result of poor maintenance historically.

FSL Hong Kong, which has been employed on a Revenue Sharing Agreement (RSA) since December 2013 generated a BBCE revenue of US\$0.9 million despite a significant off hire in March. Excluding the contribution from FSL Hong Kong, employment of three chemical tankers in a Nordic Tankers Pool earned BBCE revenue of US\$1.7 million, a 24% increase from a year ago due to improved spot market rates.

“Despite the many challenges faced over the past year, we are now in much stronger stead and have addressed many long-standing issues in order to improve the performance of the Trust,” said Alan Hatton, Chief Executive Officer of FSLTM.

He pointed out that amongst other initiatives, The Trust now have an experienced management team on board, have reduced its debt through the disposal of two dry bulk vessels, and have secured a loan covenant relaxation.

“Overall, the Trust is now operationally and financially stronger and this provides the platform to deliver value to unitholders going forward.” said Hatton.

### **1QFY14 Results Conference Call**

FSLTM will host a conference call for all registered participants on Friday, 16 May 2014 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](http://www.FSLTrust.com) from 12.00 pm (Singapore time) on Monday, 19 May 2014.

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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 provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 23 modern and high-quality vessels, comprising seven 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.

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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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