



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For immediate release

FSL TRUST REPORTS FY2012 REVENUE OF US\$106.1 MILLION

- Successfully redeployed all spot vessels, but overall FY2012 performance affected by tough market conditions
- Continues to pare down outstanding loan balance and build up cash reserves; cash flow from portfolio sufficient to service principal and interest obligations
- Outlook remains challenging and revenue continues to be at risk

Singapore, 21 January 2013 - FSL Trust Management Pte. Ltd. ("**FSLTM**"), as trustee-manager of First Ship Lease Trust ("**FSL Trust**" or the "**Trust**"), announced today the financial results of FSL Trust for the fourth quarter ("**4QFY12**") and for the financial year ("**FY2012**") ended 31 December 2012.

Revenue for the full year FY2012 decreased 4.2% to US\$106.1 million against the previous year ("**FY2011**"). On a bareboat charter equivalent ("**BBCE**") basis, revenue fell 7.9% to US\$84.8 million year-on-year. Excluding the impairment loss of US\$22.1 million recognised in FY2011 in relation to the redelivery of the three chemical tankers, other operating expenses declined marginally by 1.6% to US\$65.5 million in FY2012. After accounting for net finance expenses, the Trust reported a net loss of US\$8.4 million. Consequently, net cash generated from operations declined 25.4% year-on-year to US\$47.6 million.

The Trust reduced its outstanding loan balance by US\$44.0 million during FY2012 through quarterly loan repayments. The Trust continues to build up its cash reserves and as at 31 December 2012, cash and cash equivalents rose to US\$37.5 million (US\$32.3 million as at 31 December 2011).

REVIEW OF 4QFY12 PERFORMANCE

In 4QFY12, all 25 vessels in the Trust's portfolio continued to generate revenue from their respective employments on bareboat charters, time charters and in the 'Nordic Tankers 19,000 Stainless Steel Pool'¹ ("**Nordic Pool**"). Revenue for 4QFY12 declined 18.7% to US\$24.1 million compared to the same period last year. On a BBCE basis, revenue fell 14.6% year-on-year to US\$20.8 million. A breakdown of BBCE revenue by charter type is as follows:-

	4QFY12 US\$'000	4QFY11 US\$'000	Dec %
Rentals from vessels on bareboat charter	18,747	23,625	(20.6)
BBCE revenue of vessels in:-			
- Time charter	980	-	N.M.
- Pool	1,094	-	N.M.
- Spot	6	756	(99.2)
Total bareboat charter/BBCE revenue	20,827	24,381	(14.6)

i) Bareboat Charter

The rentals received from vessels leased on long-term bareboat charters continued to support the overall earnings of FSL Trust. Rentals in 4QFY12 fell 20.6% to US\$18.7 million mainly due to the payment default by the subsidiaries of PT Berlian Laju Tanker Tbk for the three chemical tankers since February 2012 and lower rentals from vessels leased to TORM A/S as the leases were restructured.

ii) Time Charter

FSL Singapore and *FSL Hamburg* entered into their time charter arrangements with Petr leo Brasileiro S.A. at a gross daily charter rate of US\$14,000 in May 2012 and August 2012 respectively. On a combined basis, these two vessels contributed BBCE revenue of US\$1.0 million in 4QFY12.

iii) Pool

The Trust's three chemical tankers, *FSL New York*, *FSL London* and *FSL Tokyo* commenced their employment in the Nordic Pool in the third quarter of 2012. Collectively, these vessels generated net pool revenue of US\$3.0 million in 4QFY12. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$1.1 million in 4QFY12.

¹ Formerly known as 'Nordic Siva' pool.

iv) Spot

In 4QFY12, there were no vessels deployed in the spot market. However, there were minor adjustments from previous spot charter transactions that were recognised in 4QFY12.

In line with the temporary loan covenant relaxation obtained in June 2012, no distributions have been declared for 4QFY12. Overall, the Trust reported a net loss of US\$1.6 million for 4QFY12. Net cash generated from operations for the quarter decreased 47.0% to US\$12.3 million.

VESSEL PORTFOLIO UPDATE

20 out of 25 vessels in the Trust's portfolio are employed on long-term bareboat charters and two vessels are employed on time charters. As at 31 December 2012, these 22 vessels have a dollar-weighted average remaining lease period of approximately five years². Including the remaining three chemical tankers employed in the pool, the combined portfolio of 25 vessels has a dollar-weighted average age of approximately seven and a half years.

The Trust is currently in restructuring discussions with two of its lessees. The discussions are in their preliminary stages and are subject to the Trust lenders' final approval. FSLTM expects these restructurings, on a combined basis, to have a material impact on revenue from the first quarter of 2013.

However, taking into consideration the potential outcomes of the restructuring discussions and barring unforeseen circumstances, the Trust will still have sufficient financial flexibility to honour its contractual debt repayments. Further details will be announced as and when there are material developments in these matters.

OUTLOOK

Mr. Philip Clausius, Chief Executive Officer of FSLTM said: "2012 has been very challenging, but the Trust's disciplined approach and wide network have helped to deploy our spot vessels to longer term arrangements within a relatively short time frame. This has enhanced our revenue visibility and improved our operational profile. However, the prolonged crisis has taken a toll on

² Excluding extension periods and early buy-out options.

many shipping companies. We are cognizant of the pressures that some of our lessees are under as can be seen from the restructuring discussions we are currently having.

The outlook remains uncertain as the industry continues to work its way through the record level of newbuilding deliveries. We remain vigilant and committed to steer FSL Trust through this unprecedented shipping down cycle, which we believe is near, if not at the bottom.”

4QFY12 AND FY2012 RESULTS CONFERENCE CALL

FSLTM will host a conference call for all registered participants on Tuesday, 22 January 2013 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 12.00pm (Singapore time) on Wednesday, 23 January 2013.

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APPENDIX

A. Summary of FSL Trust Consolidated Results

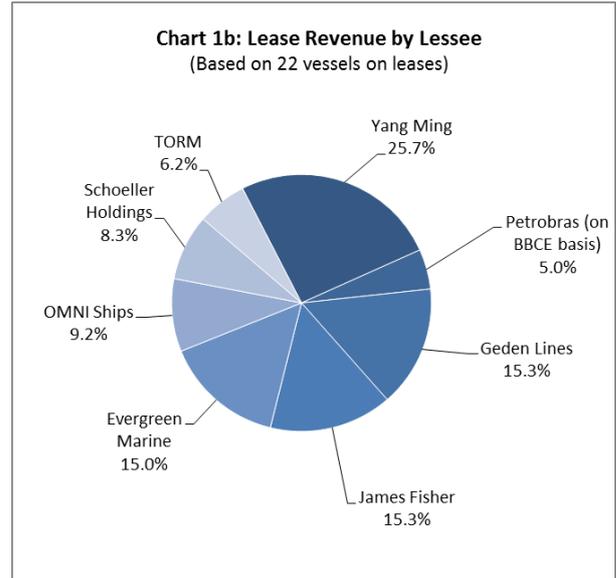
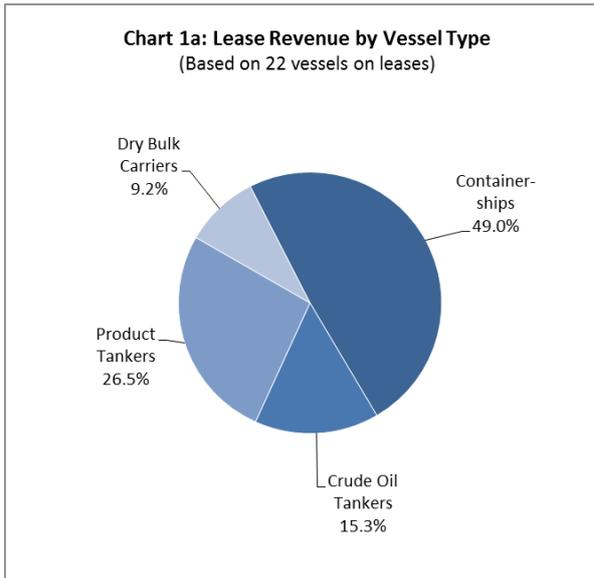
	4QFY12 US\$'000	4QFY11 US\$'000	Dec %	FY2012 US\$'000	FY2011 US\$'000	Dec %
Revenue	24,059	29,575	(18.7)	106,107	110,714	(4.2)
Loss for the quarter/year	(1,554)	(14,732)	(89.5)	(8,387)	(17,066)	(50.9)
Net cash generated from operations	12,294	23,207	(47.0)	47,608	63,846	(25.4)
Amount to be distributed	-	655	(100.0)	654	18,293	(96.4)
Distribution per unit for the period (US Cents)	-	0.10	(100.0)	0.10	2.95	(96.6)

B. 4QFY12 Revenue by Charter Type

	Bareboat charter US\$'000	Time charter US\$'000	Pool US\$'000	Spot US\$'000	Total US\$'000
Revenue	18,747	2,442	3,011	(141)	24,059
Less: Voyage and vessel operating expenses	-	(1,462)	(1,917)	147	(3,232)
Total bareboat charter/BBCE revenue	18,747	980	1,094	6	20,827

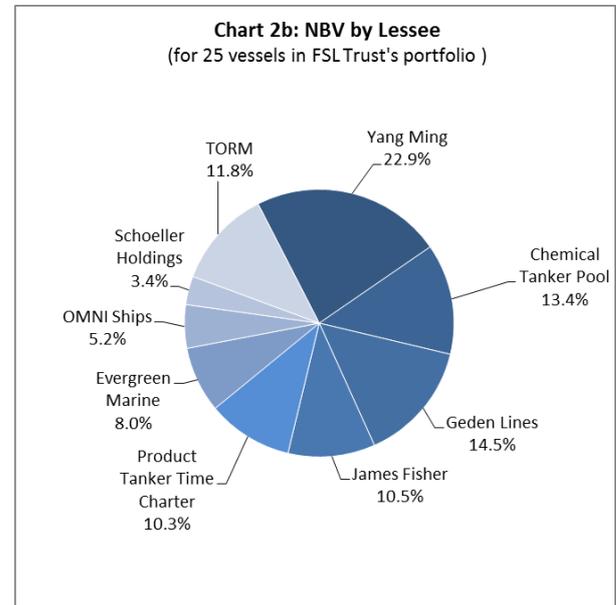
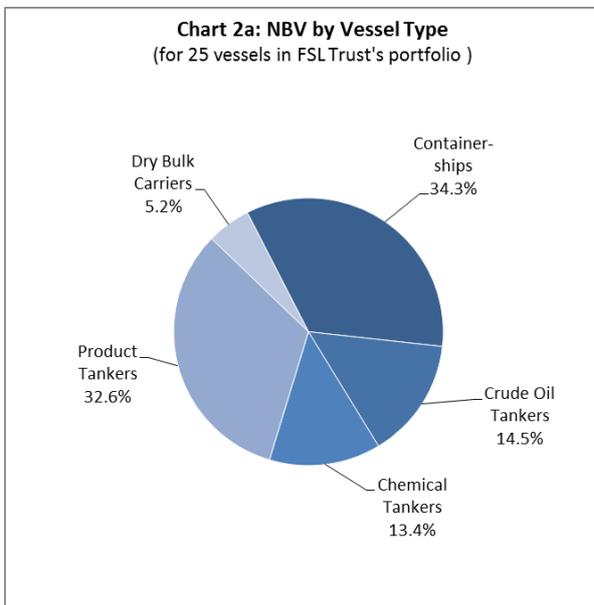
Note: Depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

C. Revenue by Vessel Type and By Lessee for the 20 Vessels on Leases



Note: Based on actual lease revenue for 4QFY12.

D. Net Book Value by Vessel Type and By Lessee/Deployment for the Trust's 25 Vessels



Note: Net book value as at 31 December 2012 is US\$723.3 million.

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 25 modern and high quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers, two crude oil tankers and two dry bulk carriers.

FSL Trust is managed by FSL Trust Management Pte. Ltd., the trustee-manager. The trustee-manager aims to grow and diversify the Trust’s portfolio through accretive acquisitions of vessels with leases, to increase predictable cash flow generation and to provide regular cash distributions to unitholders of the Trust.

FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depository Receipts (ADRs) are quoted on the PrimeQX tier of International OTCQX. FSL Trust is a component stock of the FTSE ST Maritime Index and the MSCI Global Micro Cap index.

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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