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For immediate release

FSL TRUST REPORTS 2QFY13 REVENUE OF US\$21.3 MILLION

- Drop in revenue and higher loss due mainly to default in lease payments for two crude oil tankers
- The two redelivered crude oil tankers have been promptly redeployed - *FSL Hong Kong* in the spot market, and *FSL Shanghai* on a short-term time charter

Singapore, 25 July 2013 – FSL Trust Management Pte. Ltd. (“**FSLTM**”), as trustee-manager of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), announced today the Trust’s financial results for the quarter ended 30 June 2013 (“**2QFY13**”).

FSL Trust’s reported revenue of US\$21.3 million for 2QFY13 was 27.2% lower than for the corresponding quarter last year (“**2QFY12**”). During the quarter, the lessees of the Trust’s two crude oil tankers defaulted on their lease payments. Nevertheless, the Trust’s other 23 vessels were fully employed, generating revenue from long-term bareboat charters, time charters and pool employment.

On a bareboat charter/bareboat charter equivalent (“**BBCE**”) basis, revenue fell 15.2% year-on-year to US\$17.7 million. A breakdown of bareboat charter/BBCE revenue by charter type is provided below:-

	2QFY13 US\$’000	2QFY12 US\$’000	(Dec)/Inc %
Rentals from vessels on bareboat charter	15,607	18,111	(13.8)
BBCE revenue of vessels on:-			
- Time charter	963	315	N.M.
- Pool	1,113	-	100.0
- Spot	-	2,422	(100.0)
Total bareboat charter/BBCE revenue	17,683	20,848	(15.2)

N.M. – Not meaningful

i) Bareboat Charter

During 2QFY13, the subsidiaries of Geden Holdings Ltd. (“**Geden**”) defaulted on their lease payments for the bareboat hires of two crude oil tankers, *Aqua* and *Action*, which have been renamed *FSL Hong Kong* and *FSL Shanghai* respectively. The payment default was the main reason for the 13.8% decrease in rentals from vessels on bareboat charter to US\$15.5 million. The Trust subsequently took redelivery of *FSL Hong Kong* and *FSL Shanghai* on 4 July 2013 and 15 July 2013 respectively.

The rentals derived from the 18 other vessels under bareboat leases supported the overall earnings of FSL Trust in 2QFY13.

ii) Time Charter

FSL Hamburg and *FSL Singapore* are employed on fixed-rate time charters with Petróleo Brasileiro S.A. (“**Petrobras**”) and generated a combined net time charter revenue of US\$2.5 million in 2QFY13. After deducting vessel operating expenses, the two product tankers earned a BBCE revenue of US\$1.0 million. *FSL Singapore* commenced its time charter employment with Petrobras in mid-May last year and contributed BBCE revenue of US\$0.3 million in 2QFY12.

iii) Pool

Since the third quarter of 2012, the Trust’s three chemical tankers – *FSL New York*, *FSL London* and *FSL Tokyo* – have been employed in the ‘Nordic Tankers 19,000 Stainless Steel Pool’ (“**Nordic Pool**”). In 2QFY13, the three vessels generated a combined net pool revenue of US\$3.2 million. After deducting vessel operating expenses, they earned a BBCE revenue of US\$1.1 million.

iv) Spot

There were no vessels deployed in the spot market in 2QFY13. In the corresponding quarter last year, the three chemical tankers and *FSL Hamburg* generated a combined BBCE revenue of US\$2.4 million from employment in their respective spot markets.

Other operating expenses rose by 11.4% year-on-year to US\$18.7 million. This increase was attributable mainly to an impairment loss of US\$3.1 million arising from the defaults on lease payments by the Geden subsidiaries, which was partially offset by a decrease in other trust expenses. In 2QFY13, other trust expenses included US\$0.3 million incurred for the redelivery of the two crude oil tankers. In the corresponding period last year, vessel-related expenses of US\$1.1 million were incurred for the redelivery of the three chemical tankers and for a change in technical manager for *FSL Hamburg* and *FSL Singapore*.

Consequently, FSL Trust recorded an operating loss of US\$1.0 million compared with an operating profit of US\$4.0 million in the corresponding period last year. After taking into account net finance expenses, the Trust incurred a net loss of US\$7.2 million in 2QFY13.

In relation to FSL Trust's bank loan facility, FSLTM has approved all the conditions for an extension of the relaxation of two loan covenants¹ from the Trust's lenders for another six months until 31 December 2013. The formal documentation of this extension is pending the final endorsement by the lenders. During the quarter, the Trust paid its quarterly loan amortisation of US\$11.0 million and also made an additional prepayment of US\$10.0 million to further reduce its outstanding loan balance.

As at 30 June 2013, cash and cash equivalents stood at US\$26.2 million (against US\$37.0 million as at 31 March 2013). No distributions have been declared for 2QFY13.

VESSEL PORTFOLIO UPDATE

The Trust's vessel portfolio comprises 25 vessels, of which 18 vessels are employed on long-term bareboat charters and two vessels are employed on three-year fixed-rate time charters. As at 30 June 2013, these 20 vessels had a dollar-weighted average remaining lease period of approximately five years².

Subsequent to the redeliveries of the Trust's two crude oil tankers in July 2013, *FSL Hong Kong* has been redeployed in the spot market and *FSL Shanghai* has been employed on a short-term variable-rate time charter with the shipping arm of a major oil trader. The remaining three

¹ Relaxation of the two loan covenants are related to: (i) the minimum security value-to-loan ratio, which is being reduced from 125% to 100% and (ii) the debt-service coverage ratio, which is being reduced from at least 1.1:1 to at least 1:1.

² Excluding extension periods and early buyout options.

chemical tankers are employed in the Nordic Pool. The combined portfolio of 25 vessels has a dollar-weighted average age of approximately eight years.

OUTLOOK

On the outlook for FSL Trust, the Board of Directors of FSLTM commented: “In view of the resignation of the Chief Executive Officer and Chief Financial Officer of FSLTM at the end of June 2013, the Board is in the process of selecting suitable candidates to ensure the operations of the Trust are not impeded by these resignations.

Following the default in lease payments by the lessees of the two crude oil tankers, FSL Trust has successfully secured their redeliveries within one month and has promptly redeployed them. The current freight rate environment for crude oil tankers remains weak, so the Trust has deployed one of the vessels, *FSL Hong Kong*, in the spot market and the second vessel, *FSL Shanghai*, on a short-term variable-rate time charter, while seeking suitable longer-term employment for them.”

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APPENDIX

A. Summary of FSL Trust Consolidated Results

	2QFY13 US\$'000	2QFY12 US\$'000	(Dec)/Inc %	1HFY13 US\$'000
Revenue	21,294	29,247	(27.2)	44,341
Results from operating activities	(1,046)	4,042	N.M.	3,708
Loss for the quarter/period	(7,232)	(2,479)	N.M.	(14,299)
Net cash generated from operations	9,109	11,580	(21.3)	20,784

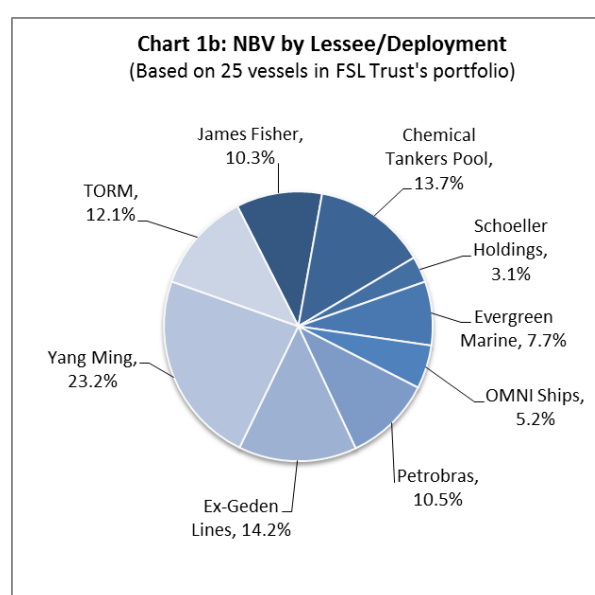
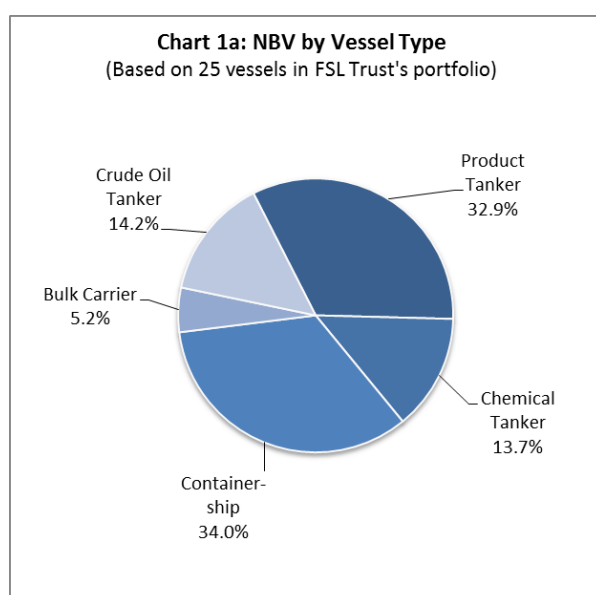
N.M. – Not meaningful

B. 2QFY13 Revenue by Charter Type

	Bareboat charter US\$'000	Time charter US\$'000	Pool US\$'000	Total US\$'000
Revenue	15,607	2,472	3,215	21,294
Less: Voyage and vessel operating expenses	-	(1,509)	(2,102)	(3,611)
Total bareboat charter/BBCE revenue	15,607	963	1,113	17,683

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

C. Net Book Value by Vessel Type and by Lessee/Deployment



Note: Net book value as at 30 June 2013 was US\$692.0 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 Depositary 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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