



**FSL Trust Management Pte. Ltd.**  
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**For immediate release**

## **FSL TRUST RENEGOTIATES CHARTER TERMS FOR TORM PRODUCT TANKERS**

- **Adjusts charter rates for the two product tankers to variable rates that TORM achieves in the market**
- **Cancels early buyout, purchase and lease extension options in the original bareboat agreements**
- **Receives equity stake in TORM**
- **No material impact expected on net tangible assets per unit for current financial year**

**Singapore, 10 April 2012** - FSL Trust Management Pte. Ltd. ("**FSLTM**"), as trustee-manager of First Ship Lease Trust ("**FSL Trust**") refers to the announcement made on 4 April 2012<sup>1</sup> by TORM A/S ("**TORM**").

FSL Trust currently leases two product tankers (the "**Vessels**"), namely, TORM Margrethe and TORM Marie, to a wholly-owned subsidiary of TORM. The Vessels are leased on bareboat charters for lease terms of seven years each and contain early buyout, purchase and lease extension options.

TORM has been in discussions with its tonnage providers, including FSL Trust, to realign its charter-in agreements. These discussions resulted in a proposed long-term comprehensive financing solution with all its tonnage providers to address its current financial difficulties. For FSL Trust, bareboat charter rates for the Vessels are to be realigned to variable rates that TORM achieves in the market. The early buyout, purchase and lease extension options in the

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<sup>1</sup> TORM's press release: "TORM reaches conditional standstill and framework agreement in principle", dated 4 April 2012.

original bareboat agreements are to be cancelled and FSL Trust will be allocated equity in TORM in exchange for the rate concessions. FSL Trust also has the option to terminate the charters in the event that actual rates achieved by TORM for the Vessels underperform the market benchmark by a pre-agreed margin, tested semi-annually. The above proposed terms require approval from FSL Trust's lenders. While some lenders have already given their consent, formal approval is still pending.

Given the variable nature of the renegotiated rates and the allocated equity stake in TORM, FSL Trust is positioned to participate in the benefits of the eventual market recovery.

Current market rates for the Vessels are significantly lower than the original bareboat charter rates. However, this is not expected to have a material impact on the net tangible assets per unit of FSL Trust for the year ending 31 December 2012. Barring unforeseen circumstances, the renegotiated terms will not cause FSL Trust to be unable to continue to service the debt obligations under its loan agreement.

The renegotiated charter-in agreements, which are part of TORM's long-term financing solution, are still subject to boards, lenders and shareholders' approvals of the respective stakeholders. To facilitate the finalisation of the agreement, all relevant charter parties have agreed to realign rates to the current market level until 30 April 2012. Further announcements will be made as and when there are material developments in this matter.

**--ends--**

**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 cashflow 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.

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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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