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The Board of Directors
FSL Trust Management Pte. Ltd.
(in its capacity as Trustee-Manager
of First Ship Lease Trust)
9 Temasek Boulevard
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Singapore 038989

Our ref YC/ZA/130

Attention: Mr Alan Hatton

14 November 2013

Dear Sirs

First Ship Lease Trust
Independent auditor's report on review of condensed consolidated interim
financial information

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of First Ship Lease Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position of the Group and the Trust as at 30 September 2013, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in unitholders' funds and condensed consolidated statement of cash flows of the Group for the period then ended, and certain explanatory notes (the "condensed consolidated interim financial information"). The Trustee-Manager is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3 of the condensed consolidated interim financial information, which indicates that the lenders of the amortising term loan facility, with a carrying amount of US\$388,183,000 as at 30 September 2013, had previously granted the Trust temporary relaxation of two loan covenants relating to Security Value-to-Loan ratio and Debt Service Coverage ratio ('the Covenants') which expired on 30 June 2013. The Trust has obtained the lenders' agreement to grant the extension of the relaxation period as of 1 July 2013 until 31 December 2013 ('Relaxation extension') subject to compliance with certain conditions ('Conditions') by stipulated deadlines.

Management is of the view that the Trust may not have fully complied with the Conditions and management is still in discussion with the lenders regarding Relaxation extension. Should the Relaxation extension be deemed effective, the Covenants under the Relaxation extension would apply and the Trust would have breached the Debt Service Coverage Ratio covenant as at 30 September 2013. Should the Relaxation extension not be deemed effective, the Covenants prior to the loan relaxation would prevail and the Trust would have breached such Covenants as at 30 September 2013.

Should the lenders not waive the breach of the Covenants or where the Trust breaches either of the Covenants upon the expiry of the Relaxation extension, the lenders shall have the ability to exercise their remedies under the loan agreement. As a result, the entire bank loan may be called for repayment at any time upon notification by the lenders. Accordingly, this loan balance has been classified within current liabilities giving rise to the deficiency in net current assets, amounting to US\$373,047,000 as at 30 September 2013.



Management is of the view that such existing and potential breaches of loan covenants shall be resolved and the estimated cash flows from the portfolio of vessels will be sufficient to meet the scheduled principal repayments and interest payments and accordingly, it is appropriate to continue using going concern basis for the preparation of the condensed consolidated interim financial information.

The above circumstances indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern. The accompanying condensed consolidated interim financial information does not include any adjustments that might result from the outcome of this material uncertainty. In the event that the Group is unable to continue as a going concern, it may not be able to realise its assets and discharge its liabilities in the normal course of business.

Restriction on use

Our report is provided on the basis that it is solely for the private information of the directors of FSL Trust Management Pte. Ltd. and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors of FSL Trust Management Pte. Ltd., the Trust or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

14 November 2013