



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For immediate release

EXTENSION ON COVENANTS RELAXATION

Singapore, 14 November 2013 - FSL Trust Management Pte. Ltd. (“**FSLTM**”), as trustee-manager of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), refers to the announcements dated 3 July 2013 and 31 July 2013 (“**Announcements**”) in relation to the relaxation of certain loan covenants to 31 December 2013 (the “**Extension**”).

The Extension is subject to, *inter alia*, a condition that security be created in favour of FSL Trust’s lenders over the shares of the companies holding the vessels owned by FSL Trust (“**Security**”), as well as a right for the lenders to review the Extension in the event FSLTM and its lenders are unable to agree on reasonable steps to be taken following the involuntary resignation or replacement of two or more of FSLTM’s independent directors or any of its senior management executives.

Subsequent to the Announcements, the current Board of FSLTM has become aware of certain communications in relation to the inclusion of the abovementioned conditions into the terms of the Extension that warrant further investigation.

The current Board of FSLTM is extremely concerned with these circumstances, in particular that relating to the inclusion of the term granting the Security. The current Board of FSLTM has taken independent legal advice on this matter and will further investigate the negotiations that led to the Extension and the enforceability of the above-mentioned condition requiring the creation of the Security. FSLTM will release a further announcement in respect of any material developments.

The current Board of FSLTM has communicated this to the lenders and has also indicated to the lenders that it would consider granting the Security as part of new mutually agreed covenant relaxations to be overseen by the current Board of FSLTM.

However, as the Security has not been provided to the lenders, this condition to the Extension has not been met, in which event FSL Trust would not be able to meet certain financial covenants and this may result in an event of default that would entitle the lenders the right to accelerate the loan.

Separately, the current Board of FSLTM has also become aware of an adjusting post-balance sheet event, which may result in the Trust not being able to comply with one of the financial covenants under the relaxed terms of the Extension, which may also result in an event of default that would entitle the lenders the right to accelerate the loan.

By order of the board of directors of
FSL Trust Management Pte. Ltd.