



FSL Trust Management Pte. Ltd.
as Trustee Manager for First Ship Lease Trust
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For immediate release

FSL TRUST TO BE COMPLIANT WITH LOAN COVENANTS

Singapore, 6 January 2015 – FSL Trust Management Pte. Ltd. (“**FSLTM**”), as trustee-manager of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), announces today that it will be compliant with the terms of its original loan agreement dated 1 December 2011 following a covenant relaxation period of two and a half years.

FSL Trust has had confirmation from its lenders that the value-to-loan (“**VTL**”) ratio at year-end 2014 is compliant with the terms of the original loan agreement, i.e. in excess of 125%, without taking into account the security deposit of US\$10.0 million that FSL Trust placed in July 2012 (“**Security Deposit**”). Subject to confirmed compliance with the trailing four quarters’ debt service cover ratio (“**DSCR**”), the security deposit will be released. DSCR is forecast to be in excess of 1.2x at the end of 4QFY14, well over the 1.1x required for loan covenant compliance and the 1.15x hurdle for the release of the Security Deposit.

Unaudited cash and cash equivalents at 31 December 2014 were US\$32.7 million, including the Security Deposit. This is up from US\$20.1 million at 30 September 2014 due to improved operational revenues on redelivered vessels, income in relation to a legal settlement secured by FSLTM and some working capital movements. The increased cash balance and expected covenant compliance demonstrate that the Trust is in a much improved financial position.

Mr. Alan Hatton, Chief Executive Officer of FSL Trust Management commented:

“From recent correspondence with our lenders and due to recent financial performance, it is apparent that the Trust will be compliant with the terms of its original loan agreement of 2011. This is the clearest demonstration yet that restructuring efforts are working and we continue to focus on ensuring the long-term stability of the Trust. With two older container vessels likely to be redelivered in early 2016, our focus will be on replacing that revenue stream and renewing the fleet. Recent improved performance and a resultant healthier cash

position will help facilitate this. These initiatives are vital to ensuring that the Trust delivers sustainable unit holder value.”

Mr. Tim Reid, Chairman of FSL Trust Management added:

“The Board and Management have worked tirelessly to move the Trust back into compliance with its banks. We thank all our stakeholders, including our lenders, for the support they have shown the Trust over this difficult period. It has been clear that our lenders have seen that the Trust’s performance has dramatically improved both in terms of commercial performance and the upkeep of our fleet since the Board was replaced and new management was installed during 2013. We hope this significant financial and operational improvement goes a long way to restoring the market’s faith in the Trust.”

[END]

About First Ship Lease Trust (Bloomberg: FSLT SP; Reuters: FSLT.SI; OTCQX: FSHPY)

First Ship Lease Trust (“FSL Trust” or the “Trust”) is a shipowner and a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 23 modern and high-quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers and two crude oil tankers. 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.

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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