



**FSL Trust Management Pte. Ltd.**

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

## **FSL Trust grows fleet with cash acquisition of MR tanker**

**Singapore, 26 October 2015** – FSL Trust Management Pte. Ltd. (“FSLTM”), as the trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”), announced today that the Trust has entered into a memorandum of agreement to purchase a 2007, Japanese-built, 45,998-dwt MR product tanker for US\$21.8 million, delivering on its stated strategy to improve revenues by 2016.

The acquisition will be financed through existing cash reserves that totalled US\$41.8 million at 30 June 2015.

The vessel is expected to be delivered to the Trust between 1 November 2015 and 31 January 2016, and is intended to be employed in the spot market through a first class commercial manager. FSLTM expects this to deliver an annual cash-on-cash yield of 14.5% based on a conservative TCE of US\$16,500 per day over the next three years. Upon delivery of the vessel, FSL Trust’s fleet will stand at 24 vessels, comprising seven containerships, 12 product tankers, three chemical tankers and two crude oil tankers.

Commenting on the acquisition, Chief Executive Officer of FSLTM, Alan Hatton said, “We are pleased to announce the acquisition of this MR product tanker. It’s a sector we know well and where we have achieved good results this year, both with vessels in the spot market and, now, on time charter. Moreover, this acquisition demonstrates the ongoing execution of our strategy, outlined earlier this year, to renew the fleet and generate incremental revenue ahead of the scheduled redelivery in 2016 of the Panamax containership vessels, currently on bareboat charter to Evergreen.

The acquisition will be entirely cash-financed. This is possible due to strengthened cash generation in the Trust resulting from the improved deployment of redelivered vessels and by attaining new time charters with quality counterparties at higher rates. The new investment will, therefore, have a positive effect on our ability to generate cash moving forward, as well as our overall fleet leverage.”

In April, the Trust announced a two-year time charter agreement with a prominent US domestic oil company for FSL Hong Kong, a crude oil tanker. Underpinned by the continued improvement in the tanker market, the Trust recently secured new time charter agreements, worth up to US\$61.0 million over the next three years, for the Aframax crude oil tanker, FSL Shanghai and, MR product tankers, FSL Hamburg and FSL Singapore, with a leading global commodities trader.

Mr. Hatton continued, “With the addition of this tanker, we will increase our fleet size and near-term earnings potential. The success of this transaction is a result of our measured and disciplined approach towards managing the Trust’s portfolio. We have analysed the market and determined that the acquisition of an MR tanker of this age and type provides a strong yield for our unitholders and we are comfortable with the fundamentals of the product tanker market.”

Tim Reid, Chairman of FSLTM added, “The financial performance of the Trust has improved dramatically in no small part due to the very effective redeployment of the vessels that had been returned to the Trust from defaulting charter parties. The Board is committed to ensuring that projected revenue stream, expenses and principal loan repayments will allow sustained distributions to unitholders in the near future. The cash purchase of this vessel is a significant milestone in the turnaround of the Trust and is demonstrative of the very significant improvement in the Trust’s financial performance and position that has been achieved over the last two years.”

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**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 24 modern and high-quality vessels, comprising seven containerships, 12 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.

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