



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust achieves 20% revenue increase and 25% cash generation increase in 3QFY15

- Revenue grew 20% from US\$23.6 million in 3QFY14 to US\$28.4 million in 3QFY15
- Profit increased nearly four times to US\$2.8 million from the previous year
- Net cash generated from operations increased by 25% to US\$16.0 million
- Entered into an MOA on 26 October 2015 to acquire an MR tanker for US\$21.8 million

Singapore, 5 November 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 achieved revenue of US\$28.4 million for the third quarter ended 30 September 2015 (“3QFY15”), a 20% increase from the US\$23.6 million reported in the corresponding quarter the previous year (“3QFY14”). The growth can be attributed to the improved deployment of the redelivered vessels and the Trust’s ability to secure new time charters on improved rates. The Trust also reported a 25% increase in net cash generated from operations from US\$12.8 million in 3QFY14 to US\$16.0 million in 3QFY15.

The Trust recorded a profit of US\$2.8 million for 3QFY15 almost a fourfold increase from 3QFY14. Profit was however impacted by depreciation expenses for the Ever Radiant and Ever Respect which increased by US\$2.4 million in 3QFY15 due to a revision in the residual value of each of the two vessels given the recent capitulation in the steel and demolition price levels.

The Trust recently announced that it has entered into a Memorandum of Agreement (MOA) to acquire a 2007, Japanese-built, MR tanker for US\$21.8 million, financed through existing cash reserves. The new acquisition will have a positive effect on the Trust’s ability to generate cash moving forward and is expected to deliver a cash-on-cash yield of 14.5% per annum based on a conservative TCE estimate of US\$16,500 per day over the next three years.

Commenting on the Trust’s performance, Chief Executive Officer of FSLTM, Alan Hatton said,

“We are pleased to be reporting another strong set of results, with a notable improvement in cash generation and earnings. Clearly the corporate strategy outlined earlier this year has proven to be effective and it has enabled the Trust to achieve its highest quarterly revenue for two years.

The recent MR tanker acquisition was a significant milestone for the Trust. It demonstrates the execution of our stated aim of improving revenue and renewing the fleet ahead of the scheduled redelivery of two Panamax containership vessels from Evergreen in January 2016.”

3QFY15 Financial & Operational Performance Review

In 3QFY15, total bareboat charter/BBCE revenue grew 13% year-on-year from US\$18.2 million to US\$20.4 million. The improvement reflects the higher BBCE revenue overall achieved by vessels employed by the Trust on market rate bareboat charters, time charters, in pools and in the spot market. This is despite a lower contribution from the specialised tankers which were renewed at lower rates and from the feeder containerhips which were redelivered to the Trust from bareboat charters and subsequently employed in a pool.

The LR2 product tankers, TORM Margrethe and TORM Marie, which are on market rate bareboat charters reported improved performance in the third quarter and achieved higher spot rates in a strong tanker market. Similarly, the stainless-steel chemical tankers – deployed in a pool – saw a 58% increase in revenue despite FSL New York and FSL London having off-hire days under the period of review. BBCE revenue contribution from the Trust's Aframax tankers, FSL Hong Kong and FSL Shanghai, increased by 41% compared to the same period of the prior year reflecting the new improved time charter contracts signed by the Trust earlier this year.

The Trust is expecting to take delivery of the recently acquired MR tanker in 4QFY15 and anticipates working capital being required for pool entries and management takeover. Furthermore, FSL Hamburg and FSL Singapore are currently undergoing their second special surveys ahead of delivery to their new time charterers. Special surveys are scheduled once every five years and the work undertaken is required for the vessels to comply with class and new time charter requirements. The cost of dry docking vessels will arise in 4QFY15 and this will negatively affect cash generation in the quarter, but is necessary to ensure that the vessels can earn the significantly higher contracted charter rates.

Mr Hatton added, "Significant progress in the turnaround of FSL Trust has been made to date. The Trust has recorded six consecutive quarters of profit, signed lucrative new time charter contracts, funded a highly accretive unit buy-back programme, and laid the foundations for sustainable growth through a cash financed vessel acquisition. These positive factors should result in the further enhancement of unitholder value."

3QFY15 Results Conference Call

FSLTM will host a conference call for all registered participants on Friday, 6 November 2015 at 10.00am (Singapore time) to discuss the results. An audio recording of the conference call will be available on FSL Trust's website at www.FSLTrust.com from 12.00 pm (Singapore time) on Monday, 9 November 2015.

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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. On 26 October 2015, the Trust entered into an MOA to purchase a 2007, Japanese-built, MR product tanker. The vessel is expected to be delivered to the Trust between 1 November 2015 and 31 January 2016. Upon delivery of the vessel, The Trust will have a further diversified portfolio of 24 modern and high-quality vessels.

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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