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 as Trustee Manager for First Ship Lease Trust
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For immediate release

FSL TRUST EARNS US\$22.5 MILLION OF REVENUE FOR 3QFY13

- Reduction in bareboat charter rentals due to lease defaults relating to two crude oil tankers, *FSL Hong Kong* and *FSL Shanghai*, and two dry bulk carriers, *Stella Fomalhaut* (to be renamed *FSL Antwerp*) and *FSL Durban* (formerly *Stella Eltanin*)
- Redeployment of *FSL Shanghai* on a short-term time charter arrangement which resumed competitive charter rate in October 2013; *FSL Hong Kong* redeployed in the spot market generated US\$2.4 million of freight income
- *Stella Fomalhaut* and *FSL Durban* were redelivered to the Trust in October 2013

	3QFY13 US\$'000	3QFY12 US\$'000	Dec %	YTD Sep 2013 US\$'000
Revenue	22,458	26,720	(16.0)	66,799
Loss for the quarter / period	(8,930)	(186)	N.M.	(23,229)
Net cash generated from operations	7,629	13,890	(45.1)	28,413

N.M. – Not meaningful

Singapore, 14 November 2013 – FSL Trust Management Pte. Ltd. (“**FSLTM**”), as trustee-manager of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), announced today the Trust’s financial results for the quarter ended 30 September 2013 (“**3QFY13**”) with a 16.0% decrease in revenue to US\$22.5 million from US\$26.7 million in the corresponding period in the previous financial year (“**3QFY12**”).

Bareboat charter/bareboat charter equivalent (“**BBCE**”) revenue decreased 25.8% year-on-year (“**YoY**”) to US\$16.7 million. A breakdown by charter type is provided below:-

	3QFY13 US\$'000	3QFY12 US\$'000	(Dec)/Inc %
Rentals from vessels on bareboat charter	13,940	18,250	(23.6)
BBCE revenue of vessels on:-			
- Time charter	1,154	976	18.2
- Pool	1,364	1,437	(5.1)
- Spot	194	1,769	(89.0)
Total bareboat charter/BBCE revenue	16,652	22,432	(25.8)

Bareboat charter revenue fell 23.6% YoY to US\$13.9 million from US\$18.3 million due to the payment default of US\$3.0 million for two crude oil tankers, *FSL Hong Kong* and *FSL Shanghai*, and of US\$1.5 million for two dry bulk carriers, *Stella Fomalhaut* and *FSL Durban*, which were redelivered to the Trust in October 2013.

3QFY13 time charter BBCE revenue increased 18.2% YoY to US\$1.2 million while pool BBCE revenue fell 5.1% YoY to US\$1.4 million. For the same quarter, BBCE revenue generated from spot market employment decreased 89.0% YoY to US\$0.2 million from US\$1.8 million.

The Trust suffered a 3QFY13 loss of US\$8.9 million. This was partly due to recognition of an impairment loss of US\$3.6 million caused by the lease defaults for two dry bulk carriers. Vessel-related expenses of US\$1.2 million, arising from the redeliveries of the Trust's vessels and change in technical manager, also contributed to the loss for the quarter.

The redelivered crude oil tankers, *FSL Shanghai* and *FSL Hong Kong*, were deployed on a short term time charter arrangement, incurring a BBCE loss of US\$68,000, and in the spot market, generating BBCE revenue of US\$0.2 million, respectively. The Trust's 25 vessels remain fully employed, generating revenue from long-term bareboat charters, time charters, pool and spot employment.

The Trust remains cashflow positive with 3QFY13 net cash generated from operations of US\$7.6 million. As at 30 September 2013, cash and cash equivalents stood at US\$18.1 million. No distributions have been declared for 3QFY13.

As of 30 September 2013, the Trust may be in breach of the financial covenants under its loan agreement and management is still in ongoing discussions with the lenders to clarify the position and to seek a longer and deeper covenant relaxation. Accordingly, the Trust's loan balance has been reclassified from long term to current liabilities, resulting in the deficiency in net current assets amounting to US\$373.0 million as at 30 September 2013. Barring unforeseen circumstances, the Trust's portfolio of vessels continues to generate sufficient cash flows to meet the scheduled debt and interest repayments. For further information, please refer to FSL Trust's press release "Extension on Covenants Relaxation" dated 14 November 2013.

On the outlook for FSL Trust, Alan Hatton, Chief Executive Officer of FSLTM commented:

"The third quarter has been challenging, primarily due to the defaults in relation to two aframax oil tankers and two handymax dry bulk carriers. The Trust has ensured that despite these defaults, the vessels have continued to generate a return. The defaults affect both revenues and costs, as it has been expensive to change technical management and upgrade the vessels to our standard. These costs will also impact the fourth quarter due to the timing of expenditures.

The short term focus is to address the ongoing issues and clarify the position of the lenders following the first covenant relaxation in June 2012 and to optimise earnings on the nine vessels that FSL Trust now has operational control over. Going forward, there is scope to improve cash generation and the Trust remains able to service its scheduled debt and interest payments."

3QFY13 RESULTS CONFERENCE CALL

FSLTM will host a conference call for all registered participants on Friday, 15 November 2013 at 10.00 am (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, 18 November 2013.

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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 provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 25 modern and high-quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers, two crude oil tankers and two dry bulk carriers.

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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