Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	FSL TRUST MANAGEMENT PTE. LTD.
Securities	FIRST SHIP LEASE TRUST - SG1U66934613 - D8DU
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Announcement Details

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For Financial Period Ended	30/09/2015

Attachments	3QFY15 financial statements.pdf 3QFY15 results press release.pdf 3QFY2015 results presentation.pdf Total size =1175K

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

First Ship Lease Trust ("FSL Trust" or "the Trust") is a shipowner and a provider of leasing services on a bareboat charter basis to the international shipping industry and is listed on the Singapore Exchange Securities Trading Limited ("SGX").

As at 30 September 2015, FSL Trust has a modern, high quality and diversified portfolio of 23 vessels consisting of seven containerships, eleven product tankers, three chemical tankers and two crude oil tankers. 14 vessels are employed on long-term bareboat charters as at 30 September 2015 and have a dollar-weighted average remaining lease period of approximately three years (excluding extension periods and early buy-out options). The remaining nine vessels are employed on time charter arrangements, spot and in pools. The combined portfolio of 23 vessels has a dollar-weighted average age of approximately nine years.

Summary of FSL Trust Consolidated Results

	3Q 2015	3Q 2014	Inc/ (Dec)	YTD Sep 2015	YTD Sep 2014	Inc/ (Dec)
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	28,358	23,619	20.1	80,655	69,000	16.9
Profit/(Loss) for the quarter/period	2,849	744	282.9	14,064	(3,208)	N.M.
Income available for distribution	4,971	1,812	174.3	14,128	6,734	109.8

1(a)(i) Consolidated Income Statements

	Note	Group					
		3Q 2015	3Q 2014	Inc/ (Dec)	YTD Sep 2015	YTD Sep 2014	Inc/ (Dec)
		US$'000	US$'000	%	US$'000	US$'000	%
Revenue		28,358	23,619	20.1	80,655	69,000	16.9
Depreciation expense on vessels		(13,768)	(11,525)	19.5	(36,759)	(37,207)	(1.2)
Voyage expenses		(1,323)	(8)	16437.5	(2,152)	29	N.M.
Vessel operating expenses		(6,287)	(5,251)	19.7	(16,821)	(15,098)	11.4
Management fees		(896)	(684)	31.0	(2,631)	(2,093)	25.7
Trustee fees		(29)	(31)	(6.5)	(88)	(95)	(7.4)
Other Trust expenses		(498)	(531)	(6.2)	(1,458)	(1,983)	(26.5)
Impairment loss on available-for-sale financial assets		-	(1,203)	(100.0)	-	(1,292)	(100.0)
Results from operating activities		5,557	4,386	26.7	20,746	11,261	84.2
Other income		500	-	100.0	1,507	-	100.0
Finance income		3	6	(50.0)	9	17	(47.1)
Finance expenses		(3,211)	(3,675)	(12.6)	(9,864)	(13,091)	(24.7)
Gain on disposal of available-for-sale financial assets	(a)	-	-	N.M.	1,710	-	100.0
Loss on disposal of vessels	(b)	-	27	(100.0)	-	(1,378)	(100.0)
Profit/(Loss) before tax		2,849	744	282.9	14,108	(3,191)	N.M.
Income tax expense		-	-	N.M.	(44)	(17)	158.8
Profit/(Loss) for the quarter/ period		2,849	744	282.9	14,064	(3,208)	N.M.

Note:
(a) This relates to the disposal of the entire shareholdings in TORM A/S for a total consideration of US$2.6 million in January 2015.
(b) This relates to the disposal of the two dry bulk carriers in March 2014.

1(a)(ii) Statements of Comprehensive Income

	Group			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	US$'000	US$'000	US$'000	US$'000
Profit/(Loss) for the quarter/period	2,849	744	14,064	(3,208)
Other comprehensive income/(losses)				
Items that are or may be classified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign subsidiaries	40	(2,282)	(829)	(2,394)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	(73)	-	(404)
Effective portion of changes in fair value of cash flow hedges	(465)	(1,921)	(1,103)	(4,524)
Net change in fair value of cash flow hedges transferred to income statement	311	2,916	1,012	7,334
Net change in fair value of available-for-sale financial assets	-	(1,203)	-	(3,015)
Net change in fair value of available-for-sale financial assets reclassified to income statement	-	1,203	-	1,292
Other comprehensive income/(loss), net of tax	(114)	(1,360)	(920)	(1,711)
Total comprehensive income/(loss)	2,735	(616)	13,144	(4,919)

1(a)(iii) Distribution Statements

	Note	Group			
		3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
		US$'000	US$'000	US$'000	US$'000
Profit/(Loss) for the quarter/ period		2,849	744	14,064	(3,208)
Add: Non-cash adjustments	(a)	13,122	12,068	33,064	37,942
Net cash generated from operations		15,971	12,812	47,128	34,734
Less: Repayment of secured bank loans		(11,000)	(11,000)	(33,000)	(28,000)
Prepayment of secured bank loans	(b)	-	-	-	-
Income available for distribution		4,971	1,812	14,128	6,734
Add: Utilisation of cash retained from previous periods		-	-	-	-
Less: Cash retained in the current period		(4,971)	(1,812)	(14,128)	(6,734)
Net distributable amount	(c)	-	-	-	-
Amount available for distribution		-	-	-	-
Comprising: (i) Tax-exempt distribution		-	-	-	-
(ii) Tax-exempt (one-tier) distribution		-	-	-	-
Amount to be distributed		-	-	-	-
Units at the end of the quarter ('000)		640,193	654,665	640,193	654,665
Distribution per unit (US Cents)		-	-	-	-

Notes:

(a) Non-cash adjustments

	Group			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	US$'000	US$'000	US$'000	US$'000
Depreciation expense on vessels	13,455	11,319	35,749	36,698
Impairment loss on available-for-sale financial assets	-	1,203	-	1,292
Unrealised exchange differences	6	(88)	43	(408)
Loss on disposal of vessels	-	(27)	-	1,378
Gain on disposal of available-for-sale financial assets	-	-	(1,710)	-
Amortisation of deferred income	(361)	(361)	(1,083)	(1,083)
Amortisation of initial direct costs	22	22	65	65
	13,122	12,068	33,064	37,942

(b) In 1Q and 2Q of 2014, a total of US$22.0 million of the proceeds from the sale of the two dry bulk vessels was applied to Prepayment and Repayment of secured bank loans in the amounts of US$17.0 million and US$5.0 million respectively. As these amounts were not generated from operations they have not been included in this statement.

(c) No distribution has been recommended by the Board for the third quarter of 2015. The income available for distribution this quarter has been retained.

1(b)(i) Statements of Financial Position

		30 Sep 2015		31 Dec 2014	
		Group	Trust	Group	Trust
	Note	US$'000	US$'000	US$'000	US$'000
Non-current assets					
Vessels		518,297	-	556,019	-
Subsidiaries		-	423,725	-	423,725
Available-for-sale financial assets		-	-	919	-
Derivative assets		-	-	339	339
		518,297	423,725	557,277	424,064
Current assets					
Inventories		623	-	-	-
Derivative assets		174	174	122	122
Trade and other receivables		3,608	61	4,767	32,241
Cash and cash equivalents	(a)	50,558	34,489	32,750	21,605
		54,963	34,724	37,639	53,968
Total assets		573,260	458,449	594,916	478,032
Equity attributable to unitholders of FSL Trust					
Units in issue		523,673	523,673	525,412	525,412
Reserves		(245,535)	(377,625)	(258,679)	(367,157)
Total equity		278,138	146,048	266,733	158,255
Non-current liabilities					
Secured bank loans	(b)	241,457	241,457	273,642	273,642
Derivative liabilities		264	264	155	155
Deferred income		2,484	-	3,567	-
		244,205	241,721	277,364	273,797
Current liabilities					
Trade and other payables		2,669	25,669	1,296	664
Lease income received in advance		1,793	-	2,763	-
Derivative liabilities		1,011	1,011	1,316	1,316
Secured bank loans	(b)	44,000	44,000	44,000	44,000
Deferred income		1,444	-	1,444	-
		50,917	70,680	50,819	45,980
Total liabilities		295,122	312,401	328,183	319,777
Total equity and liabilities		573,260	458,449	594,916	478,032

1(b)(i) Statements of Financial Position (cont'd)

Note:

(a) Cash and cash equivalents comprise:

	30 Sep 2015		31 Dec 2014	
	Group	**Trust**	**Group**	**Trust**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Restricted cash^	2,630	2,630	10,000	10,000
Cash at Bank	45,052	31,765	19,878	11,512
Short-term deposits	2,876	94	2,872	93
Cash and cash equivalents	50,558	34,489	32,750	21,605
Less: Restricted cash	(2,630)	(2,630)	(10,000)	(10,000)
Cash and cash equivalents in the statement of cash flows	47,928	31,859	22,750	11,605

^ This relates to the cash proceeds from the sale of TORM A/S shares in 1Q 2015. (see paragraph (b)). The security deposit of US$10.0 million placed with the security agent of the amortising loan facility was released in 1Q 2015.

(b) Aggregate Amount of Group's Borrowings and Debt Securities

	30 Sep 2015	31 Dec 2014
	US$'000	**US$'000**
Secured bank loans		
Amount repayable within one year	44,000	44,000
Amount repayable after one year	243,531	276,531
Less: Unamortised debt upfront fees	(2,074)	(2,889)
	285,457	317,642

The Trustee-Manager, on behalf of FSL Trust, secured a 6-year amortising term loan facility in December 2011 and the outstanding face value of the loan balance was US$287.5 million as at 30 September 2015.

The interest margin of the term loan:

VTL ratio	Margin over US$ 3-month LIBOR
>100% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

As at 30 September 2015, the Trust is in compliance with the terms of the original loan agreement.

For 3Q 2015, the applicable margin over US$ 3-month LIBOR was 3.0%. The VTL ratio will be assessed semi-annually.

(b) Aggregate Amount of Group's Borrowings and Debt Securities (cont'd)

The term loan is secured on the following:

(i) a first priority mortgage over the Group's vessels in the portfolio;

(ii) a first priority assignment of the Group's rights, title, interest in the insurances to and for each vessel, including insurance for hull and machinery, protection and indemnity and war risks;

(iii) a first priority assignment of the Group's rights, title and interest in and to the charter agreements and the charter income of each vessel;

(iv) a pledge over the Group's shares in TORM or upon disposal, the cash proceeds from the sale of these shares; and

(v) pledge of the shares of all the vessel-owning subsidiaries.

FSL Trust has hedged part of its interest rate risk through a combination of interest rate swaps and/or natural hedges to fix the interest rates. The fixed interest rates range from 1.06% per annum to 1.65% per annum.

1(c) Consolidated Cash Flow Statements

	Group			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	US$'000	US$'000	US$'000	US$'000
Operating activities:				
Profit/(Loss) before tax	2,849	744	14,108	(3,191)
Adjustments for:				
Depreciation expense on vessels	13,768	11,525	36,759	37,207
Impairment loss on available-for-sale financial assets	-	1,203	-	1,292
Amortisation of debt upfront fees and initial direct costs	390	416	1,192	1,269
Amortisation of deferred income	(361)	(361)	(1,083)	(1,083)
Interest income	(3)	(6)	(9)	(17)
Interest expense	2,913	3,482	8,969	12,379
Loss on disposal of vessels	-	(27)	-	1,378
Gain on disposal of available-for-sale financial assets	-	-	(1,710)	-
Unrealised exchange differences	6	(88)	43	(408)
	19,562	16,888	58,269	48,826
Changes in working capital:				
Trade and other receivables	3,306	(1,396)	1,155	(1,399)
Inventories	(253)	(97)	(623)	1,088
Trade and other payables	831	(778)	1,328	(5,504)
Lease income received in advance	(3)	524	(970)	(2,064)
Cash generated from operating activities	23,443	15,141	59,159	40,947
Income tax paid	-	-	(44)	(17)
Cash flows from operating activities	23,443	15,141	59,115	40,930
Investing activities:				
Interest received	3	6	13	17
Net proceed on disposal of vessels	-	27	-	22,261
Net proceed on disposal of available-for-sale financial assets	-	-	2,629	-
Costs incurred for dry-docking	(276)	(460)	(286)	(903)
Cash flows from/ (used in) investing activities	(273)	(427)	2,356	21,375
Financing activities:				
Repayment of secured bank loans	(11,000)	(11,000)	(33,000)	(28,000)
Prepayment of secured bank loans	-	-	-	(22,000)
Interest paid	(2,909)	(3,515)	(8,924)	(12,620)
Security deposit	-	-	10,000	-
Pledged deposit	(1)	-	(2,630)	-
Purchase of the Trust's units	(455)	-	(1,739)	-
Cash flows used in financing activities	(14,365)	(14,515)	(36,293)	(62,620)
Net increase/(decrease) in cash and cash equivalents	8,805	199	25,178	(315)
Cash and cash equivalents at beginning of period	39,123	9,853	22,750	10,367
Cash and cash equivalents at end of period	47,928	10,052	47,928	10,052
Comprising:-				
Cash at Bank	45,052	7,181	45,052	7,181
Short-term deposits	2,876	2,871	2,876	2,871
	47,928	10,052	47,928	10,052

1(d)(i) Statements of Changes in Unitholders' Funds

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015						
Group						
At 1 July 2015	524,128	(948)	(6,402)	-	(240,920)	275,858
Cancellation of units bought back	(455)	-	-	-	-	(455)
Total comprehensive income/ (loss) for the quarter	-	(154)	40	-	2,849	2,735
At 30 September 2015	523,673	(1,102)	(6,362)	-	(238,071)	278,138

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014						
Group						
At 1 July 2014	525,412	(2,073)	(1,868)	-	(260,138)	261,333
Total comprehensive income/ (loss) for the quarter	-	995	(2,355)	-	744	(616)
At 30 September 2014	525,412	(1,078)	(4,223)	-	(259,394)	260,717

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US$'000	US$'000	US$'000	US$'000
2015				
Trust				
At 1 July 2015	524,128	(948)	(373,194)	149,986
Cancellation of units bought back	(455)	-	-	(455)
Total comprehensive income/(loss) for the quarter	-	(154)	(3,329)	(3,483)
At 30 September 2015	523,673	(1,102)	(376,523)	146,048

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US$'000	US$'000	US$'000	US$'000
2014				
Trust				
At 1 July 2014	525,412	(2,073)	(358,235)	165,104
Total comprehensive income/ (loss) for the quarter	-	995	(4,131)	(3,136)
At 30 September 2014	525,412	(1,078)	(362,366)	161,968

1(d)(ii)(iii) Details of any changes in Units

	Note	3Q 2015 Units	FY 2014 Units
At the beginning of the period		644,419,677	654,665,077
Units issued during the period		-	-
Units cancelled during the period	(a)	(4,226,700)	-
At the end of the period		640,192,977	654,665,077

Note:
(a) Pursuant to the "Unit Buy-back Mandate" obtained on 29 April 2015.

1(d)(iv) Sales, Transfers, Disposal, Cancellation and/or use of Treasury Units

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except for the change as disclosed in paragraph 5, FSL Trust has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

<u>Depreciation on containerships - Ever Radiant and Ever Respect</u>

The residual value of each of the two vessels was reviewed and revised.

The changes in residual value of the vessels constitute a change in estimates. The effects of the change were applied prospectively from July 2015. As a result of the change, depreciation expense for 3Q 2015 increased by US$2.4 million for the two vessels.

6. Earnings per unit ("EPU") and Distribution per unit ("DPU") for the current financial period reported on and the corresponding period of the immediately preceding financial year

	Group			
	3Q 2015	**3Q 2014**	**YTD Sep 2015**	**YTD Sep 2014**
Basic and diluted earnings per unit is based on:				
Profit/(Loss) for the quarter/ period (US$'000)	2,849	744	14,064	(3,208)
Weighted average number of issued units (basic and diluted) ('000)	642,664	654,665	648,479	654,665
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.44	0.11	2.17	(0.49)
Number of issued units at end of quarter ('000)	640,193	654,665	640,193	654,665
Distribution per unit (US Cents)	-	-	-	-

7. Net Asset Value ("NAV") per unit based on units at the end of the current financial period reported on and immediately preceding financial year

		30 Sep 2015		31 Dec 2014	
	Note	**Group**	**Trust**	**Group**	**Trust**
Net asset value per unit (US$)	(a)	0.43	0.23	0.41	0.24

Note:
(b) Net asset value per unit was calculated based on the applicable number of units issued as at the end of the respective period/year.

8. Review of Performance

The breakdown of the revenue (on a bareboat charter/bareboat charter equivalent ("BBCE") basis) by the respective charter types and the net result from operations are as follows:

3Q 2015 vs 3Q 2014

	Group		
	3Q 2015	3Q 2014	Inc/(Dec)
	US$'000	US$'000	%
Rentals from vessels on bareboat charter	14,459	13,762	5.1
BBCE revenue of vessels on:-			
-Time charter	2,422	1,816	33.4
-Pool	2,653	2,576	3.0
-Spot	901	-	100.0
Total bareboat charter/BBCE revenue	20,435	18,154	12.6
Less:			
Depreciation expense on vessels [1]	(13,455)	(11,319)	18.9
Management fees	(896)	(684)	31.0
Trustee fees	(29)	(31)	(6.5)
Other Trust expenses [2]	(498)	(531)	(6.2)
Impairment loss on available-for-sale financial assets	-	(1,203)	(100.0)
Other operating expenses	(14,878)	(13,768)	8.1
Results from operating activities	5,557	4,386	26.7
Other income	500	-	100.0
Finance income	3	6	(50.0)
Finance expenses	(3,211)	(3,675)	(12.6)
Disposal of vessels	-	27	(100.0)
Profit before tax	2,849	744	282.9
Income tax expense	-	-	N.M.
Profit for the quarter	2,849	744	282.9

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals increased by 5.1% (US$0.7 million), mainly attributed by:

i) the better performance of the 2 LR2 tankers, TORM Margrethe and Torm Marie, US$1.4 million; offset with
ii) the expiry of bareboat lease for FSL Busan and FSL Santos (US$0.4 million), subsequent to which the revenue is classified as "Pool/RSA" revenue; and
iii) Cumbrian Fisher and Clyde Fisher bareboat contracts renewed at a lower daily rate (US$0.3 million).

The rentals derived from the remaining 10 vessels under bareboat leases continued to support the overall earnings of FSL Trust.

[1] For this analysis, depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.
[2] Included in the other Trust expenses are vessel inspection fees, valuation fees, insurance, directors fees, professional fees, take over costs, printing, investor relations and others.

8. Review of Performance (cont'd)

Time charter

i) Product tankers

FSL Hamburg is employed on time charter arrangements with Petròleo Brasileiro S.A. and generated a net time charter revenue of US$1.1 million. After deducting vessel operating expenses, the vessel generated BBCE revenue of US$0.3 million in the quarter under review. *FSL Hamburg* time charter with Petròleo Brasileiro S.A. ended on 21 September 2015.

ii) Crude oil tankers

FSL Shanghai entered a time charter arrangement with Trafigura Maritime from 17 August 2015 after its time charter agreement with Tesoro Corporation matured and generated a BBCE revenue of $0.9 million in the quarter under review.

FSL Hong Kong was deployed on a time charter arrangement with Tesoro Corporation from 14 June 2015 and generated a BBCE revenue of $1.2 million in the quarter under review.

Pool/RSA

i) Chemical tankers

The three chemical tankers are employed in 'Nordic Tankers 19,000 Stainless Steel Pool'. Collectively, these vessels generated net pool revenue of US$4.6 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US$2.1 million in the quarter under review.

ii) Containerships

FSL Busan (ex Cape Ferro) and *FSL Santos (ex Cape Falcon)* were redelivered to FSL Trust in July 2014 and employed in a 1200-1400/1700 TEU earnings pool which is managed by HANSE Bereederung GmbH ('Hanse Pool'). Collectively, these vessels generated net pool revenue of US$1.5 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US$0.5 million in the quarter under review.

Spot

i) *FSL Singapore* was deployed in the spot market since 1 June 2015 after its time charter agreement matured and generated US$2.8 million of freight income in the quarter under review. After deducting voyage and vessel operating expenses, *FSL Singapore* generated BBCE revenue of US$0.9 million in the quarter under review.

b. Other operating expenses

Other operating expenses increased by 8.1% (US$1.1 million) due mainly to:

- Higher depreciation expenses of US$2.1 million arising mainly from changes in the residual value for the two Evergreen vessels. Please see paragraph 5 for details.

- Included in other trust expenses in 3Q 2014 was an impairment loss of US$1.2 million in recognition of the decline in the quoted price of the TORM shares.

- Higher management fees of US$0.2 million arising from better performance of the vessels.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US$5.6 million in this quarter as compared to US$4.4 million over the same period last year.

d. Finance expenses

Finance expenses in 3Q 2015 including exchange loss of US$19,000 (3Q 2014: exchange gain of US$112,000) decreased 12.6% (US$0.5 million) mainly due to:

- lower outstanding indebtedness and the absence of additional interest paid on shortfall amount during the Relaxation Period in 3Q 2014; and

- the declining value of existing swaps.

For 3Q 2015, FSL Trust achieved net profits of US$2.8 million.

9. Variance from Prospect Statement

Not applicable.

10. Outlook and Prospects

The outlook for the Trust remains positive. Our bareboat charter counterparties continue to perform and revenue going forward will be improved by the recently announced contracts and MR acquisition.

The Trust is expecting to take delivery of the MR tanker recently purchased for US$21.8 million in 4QFY15. It also anticipates working capital being required for pool entry and management takeover costs. 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 the 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.

11. Distribution

(a) Current financial period

Any distributions declared for the current financial period	:	No

(b) Corresponding Period of the Immediate Preceding Financial Period

Any distributions declared for the previous corresponding period	:	No

12. If no distribution has been declared/recommended, a statement to that effect

No distribution has been declared.

13. If the Group has obtained a general mandate from unitholders for Interested Party Transaction ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

FSL Trust does not have any unitholders' mandate for IPT.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial results of the Group for the quarter ended 30 September 2015 to be false or misleading in any material aspect.

This announcement 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 current view of management on future events.

BY ORDER OF THE BOARD
FSL TRUST MANAGEMENT PTE. LTD.
(COMPANY REGISTRATION NO. 200702265R)
AS TRUSTEE-MANAGER OF FIRST SHIP LEASE TRUST

Alan Hatton
Chief Executive Officer
5 November 2015

FSL Trust Management Pte. Ltd.
as Trustee Manager for First Ship Lease Trust
9 Temasek Boulevard, #19-03 Suntec Tower Two, Singapore 038989
Tel: 65 6836 3000 Fax: 65 6836 6001 Co. Reg. No. 200702265R

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 containerships 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 Aframaxes 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.

[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. 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 1 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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FSL Trust

3Q FY2015 Financial Results

6 November 2015

3QFY15 – Key financial highlights

FSL TRUST

- Revenue grew 20.1% from US$23.6 million to US$28.4m in 3QFY15
  - Record quarterly revenue in two years
- Generated profit of US$2.8 million, more than three times that of the corresponding period in FY14
- Net cash generated from operations increased by 24.7% year-on-year to US$16.0 million
- Gearing improved from 55.7% as at 3QFY14 to 50.6% as at 3QFY15 (1)

Note 1: Gearing ratio = secured bank loans/(total unitholders' funds + secured bank loans)

Performance review

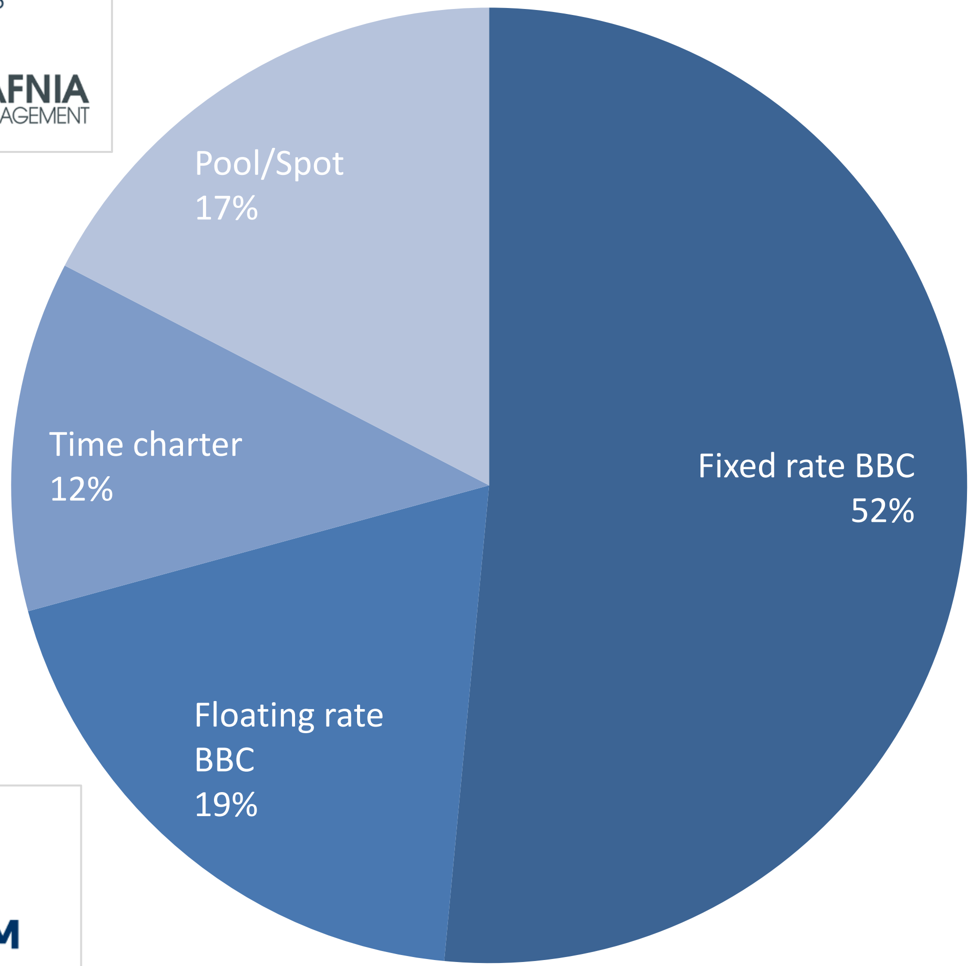
US$'000	3QFY14	3QFY15	Inc/(Dec) %
Revenue	23,619	28,358	20.1
Operating profit	4,386	5,557	26.7
Profit for the quarter	744	2,849	282.9
Net cash generated from operations	12,812	15,971	24.7
Debt outstanding	328,384	285,457	(13.1)

- Notable increase in cash generation and revenue due to improved deployment of fleet
- Recent cash acquisition of MR tanker to have positive effect on the Trust's ability to generate revenue

Significant developments in 3Q FY2015

- July 2015 – Secured new time charter agreements with a leading global commodities trader on improved rates for FSL Shanghai, FSL Hamburg and FSL Singapore
  - Worth up to US$61.0 million over the next three years
  - FSL Shanghai commenced its employment in August 2015
  - FSL Hamburg and FSL Singapore to commence employment in November 2015
- October 2015 – Renewal of fleet
  - Entered into an MOA to acquire a 2007, Japanese-built, MR tanker for US$21.8 million
  - Estimated delivery by end of November 2015
  - Expected cash-on-cash yield – 14.5% (based on a TCE of US$16,500 per day over the next three years)

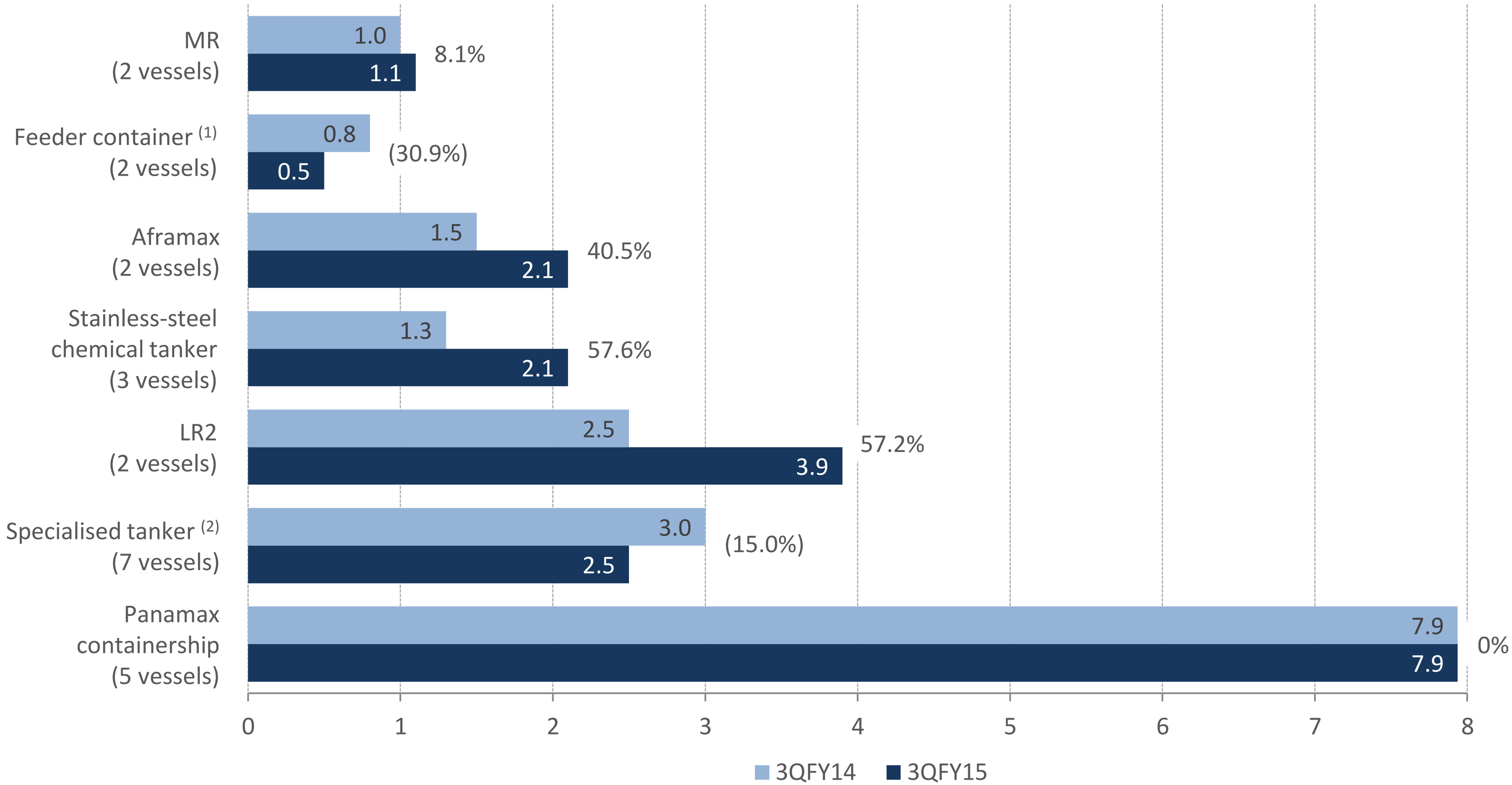
Fleet deployment by revenue (1)



Note 1: BBCE revenue for the 3 months ended 30 September 2015

Operational performance review

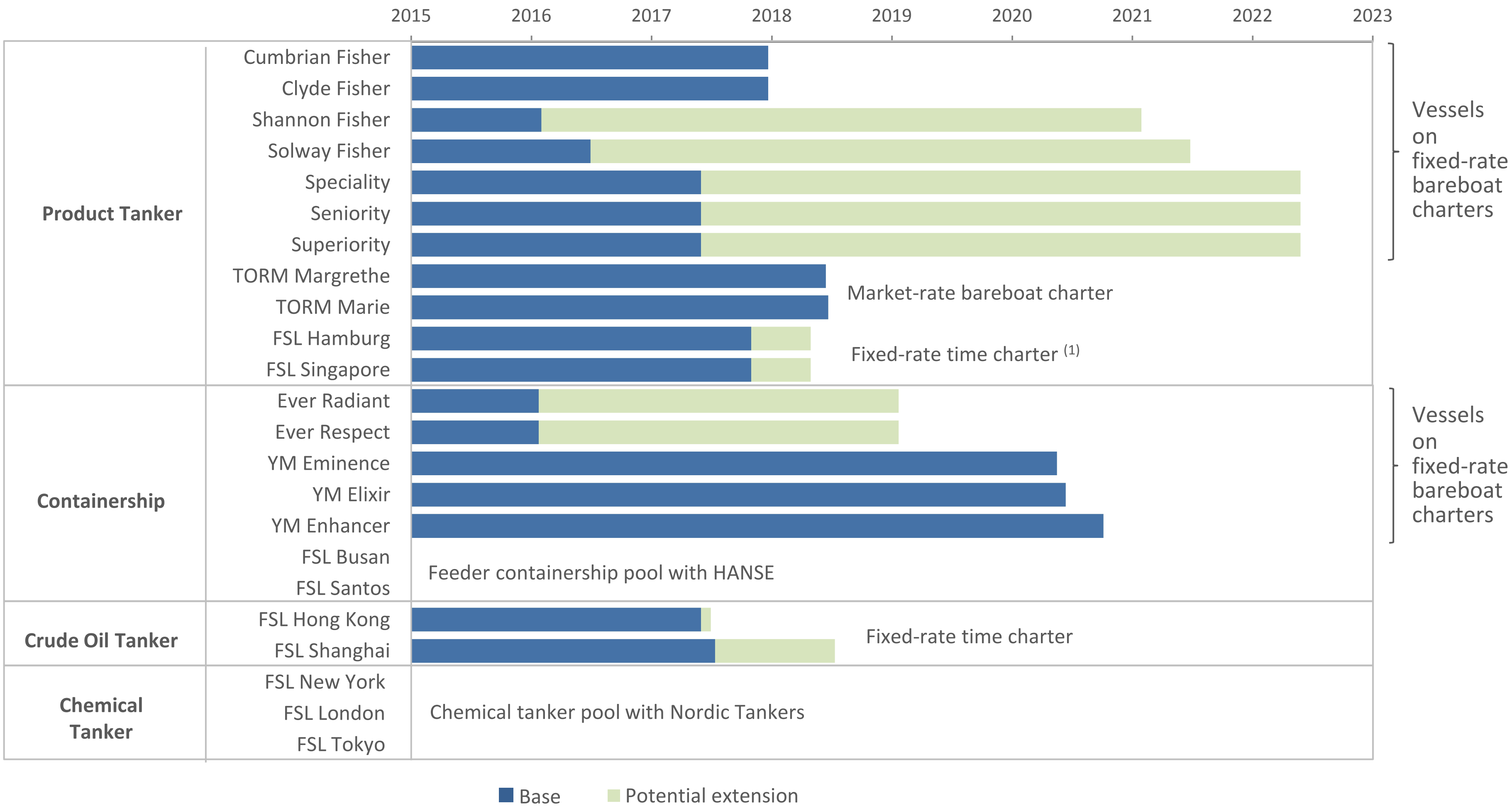
BBCE revenue by vessel type (US$ million)



Note 1: Feeder container vessels redelivered from bareboat charters in July 2014

Note 2: Two of the specialised tanker bareboat charters renewed at slightly lower rates in December 2014 and February 2015, respectively

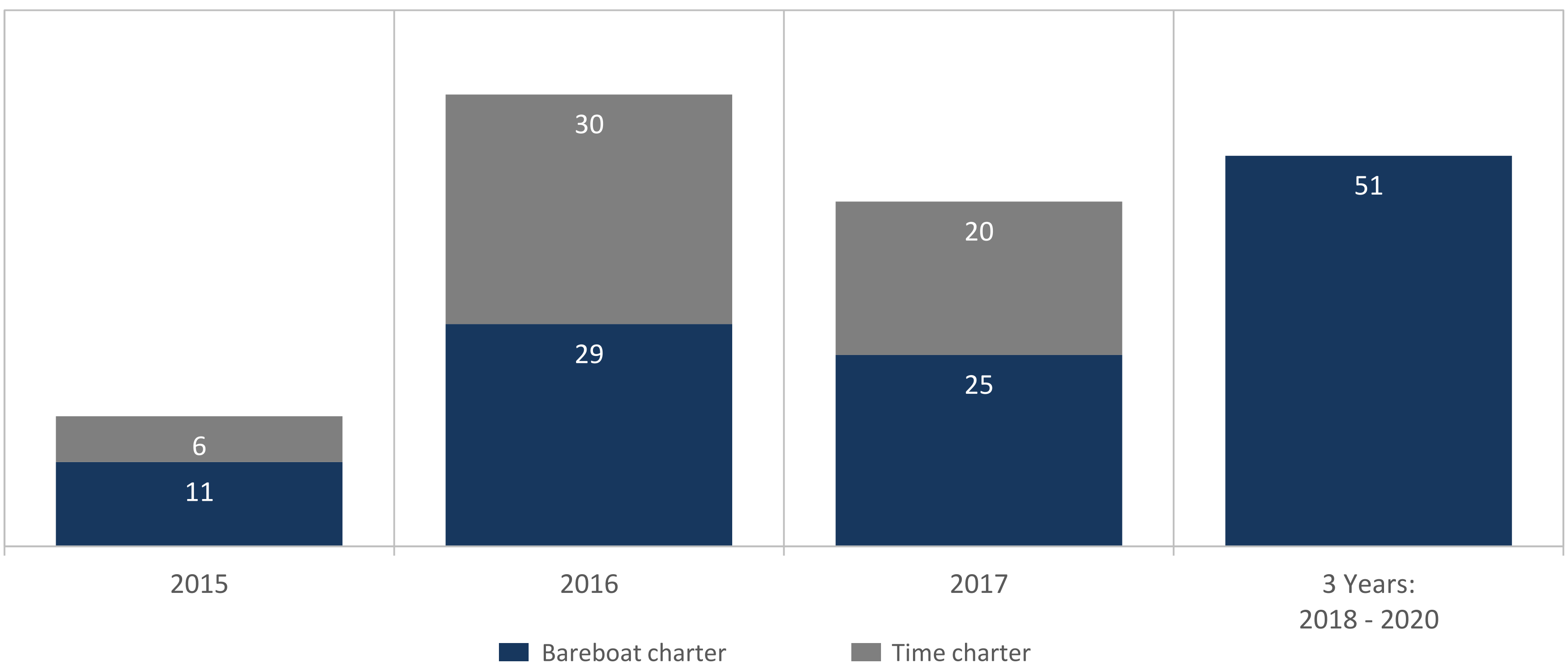
Lease maturity profile



Note 1: The new time charter agreements for FSL Hamburg and FSL Singapore will commence in November 2015

Revenue backlog

Remaining contracted revenue stood at US$172 million (1)
as of 30 September 2015



Note 1: Based on revenue from 12 bareboat charters (excluding the TORM charters on variable rates) and from fixed time charter contracts with Tesoro and Trafigura

Scheduled dry docks for the next 12 months

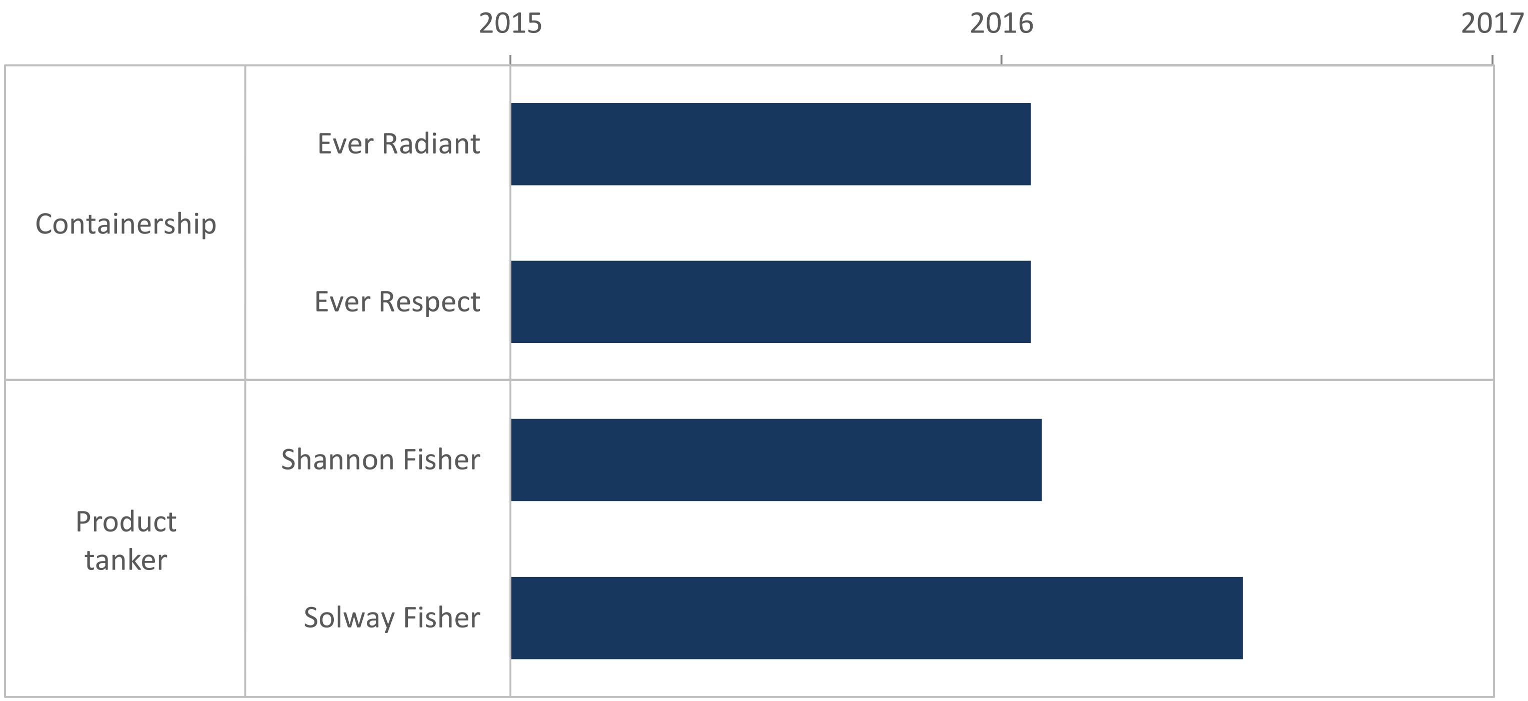
FSL managed fleet - Vessels planned for dry docking

Vessel	Date
FSL New York	2Q FY2016
FSL Tokyo	3Q FY2016
FSL London	3Q FY2016

Latest dry dock

Vessel	Date
FSL Hamburg	4Q FY2015
FSL Singapore	4Q FY2015

Upcoming scheduled redeliveries



- Four vessels on fixed rate bareboat charters redelivering in 2016
- Ever Radiant and Ever Respect will be 21 and 22 years old, respectively, and are likely to be sale or demolition candidates on redelivery

Summary and outlook

- Summary
  - Another strong quarter of financial performance
    - Over 20.0% increase in both cash generation and revenue
    - Significant increase in profitability year-on-year
  - Recently announced cash purchase of MR tanker in 4QFY15 demonstrates the ongoing execution of the Trust's strategy to renew the fleet and support revenue
- Outlook
  - Continue to focus on ensuring the replacement of the bareboat charter revenue expected to come off in 2016
  - Revenue and cash flow are expected to be affected in 4Q FY2015 due to:
    - Dry docking of FSL Hamburg and FSL Singapore prior to delivery into new time charter arrangements
    - Off-hire days as a result of FSL Shanghai and FSL Santos currently undergoing repair works

Thank You