



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust holds 3QFY11 distribution steady at US0.95¢ per unit

- **Distribution per unit represents attractive annualised tax-exempt yield of 15.8%¹; is 18th consecutive quarterly distribution since IPO**
- **Recently acquired *TORM* vessels helped lift y-o-y quarterly revenue by 22% to US\$28.6m**
- **Secures firm commitment to refinance 90% of outstanding debt**

Singapore, 20 October 2011 – First Ship Lease Trust (“FSL Trust” or the “Trust”), which is managed by the Trustee-Manager, FSL Trust Management Pte. Ltd. (“FSLTM”), is maintaining its distribution to unitholders at US0.95¢ per unit for the third quarter ended 30 September 2011 (3QFY11). This payment, the Trust’s 18th consecutive distribution payment since its IPO in 2007, represents an attractive tax-exempt yield of 15.8%¹.

This was partly supported by the Trust’s recent yield accretive acquisitions, ‘*TORM Margrethe*’ and ‘*TORM Marie*’², whose contributions helped lift 3QFY11 revenue 22% higher year-on-year to US\$28.6 million and net cash generated from operations to US\$15.6 million against 3QFY10’s US\$14.1 million.

The Trust reported a net profit of US\$152,000 in 3QFY11 compared with US\$649,000 in the previous corresponding quarter due largely to higher depreciation charges and vessel operating and voyage expenses. The two product tankers trading in the spot market generated a time charter equivalent revenue of US\$1.4 million and a bareboat charter equivalent revenue of US\$172,000 in spite of the difficult trading conditions.

The Trust continues to own a modern and high quality fleet of 25 vessels, of which 23 are on long-term bareboat leases, with a remaining lease revenue of US\$611 million and a weighted remaining lease term of 6.5 years (as at 30 September 2011).

¹ Based on closing price of S\$0.305 on 20 October 2011 and exchange rate of US\$1.00 to S\$1.27

² *MT TORM Margrethe* and *MT TORM Marie* were added to the Trust’s portfolio of 23 vessels in June 2011, increasing the portfolio to 25 vessels

UPDATE ON THE REFINANCING OF CREDIT FACILITY

FSL Trust has an existing revolving credit facility of US\$515 million (“Credit Facility”) with an outstanding loan balance of US\$483.1 million as at 30 September 2011.

Tranche A of the Credit Facility, comprising about 50% of the outstanding loan will mature in March 2014, while the balance (Tranches B and C) will be due in April 2012. The Trustee-Manager has commenced refinancing the entire outstanding loan balance.

Reflecting the lending community’s confidence, the Trust has to-date secured commitments from six lenders (both Asian and European) for a total of US\$437 million on the basis of a new 6-year amortizing term loan. The commitments remain subject to satisfactory documentation, a process which has already commenced.

The Trustee-Manager is in the process of securing the remaining 10% balance required to close the refinancing.

Mr. Philip Clausius, the Trust’s President and Chief Executive Officer said: “The firm commitments obtained so far speak volumes about the reputation FSL Trust enjoys in the international lending market, when measured against what is probably the tightest banking market ever for shipping related borrowers. With existing and new lenders firmly behind us, we look forward to grow our portfolio and strengthen our balance sheet further. We expect to conclude the refinancing of the entire credit facility by the end of this year.”

FSLTM will make the appropriate announcement when the refinancing is concluded and at that point also provide further details about the terms of the new credit facility.

OUTLOOK

Commenting on the Trust’s outlook, Mr Clausius said: “The Trust remains focused on growing its long-term lease portfolio with a view to further diversify cash-flows. In this respect, we will work to renew the Trust’s balance sheet and re-deploy the two product tankers which are currently trading spot.

“We continue to be positive on the Trust’s prospects and the traditional sale and leaseback structure, which underpins our strategy. We think this is a particularly attractive strategy in the current market environment of moderate asset prices and uncertain shipping market recovery prospects.”

UPDATE ON LEGAL PROCEEDINGS IN JAPAN, CHINA AND SINGAPORE

With regard to the legal proceedings in Japan and the PRC arising from the arrest of our two vessels by Daxin Petroleum Pte. Ltd. in June 2010, there are no further updates regarding these proceedings as both cases are under appeal. As for the legal proceedings in Singapore, trial has been set for November 2011.

CONFERENCE CALL FOR 3Q FY11 RESULTS

FSLTM will host a conference call for all registered participants on Friday, 21 October 2011 at 10 a.m. (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 12.00pm (Singapore time) on Tuesday, 25 October 2011.

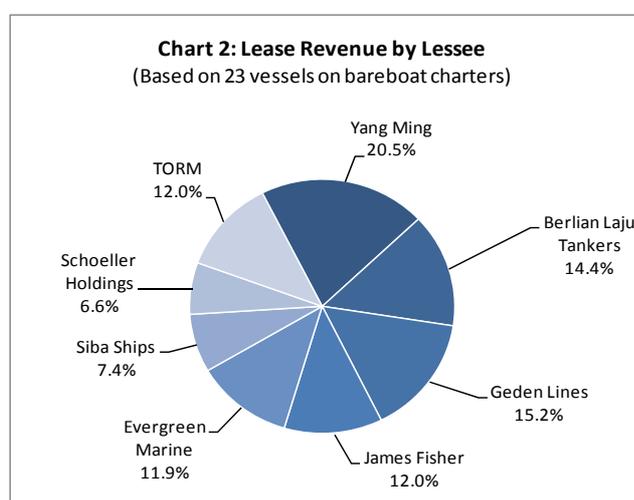
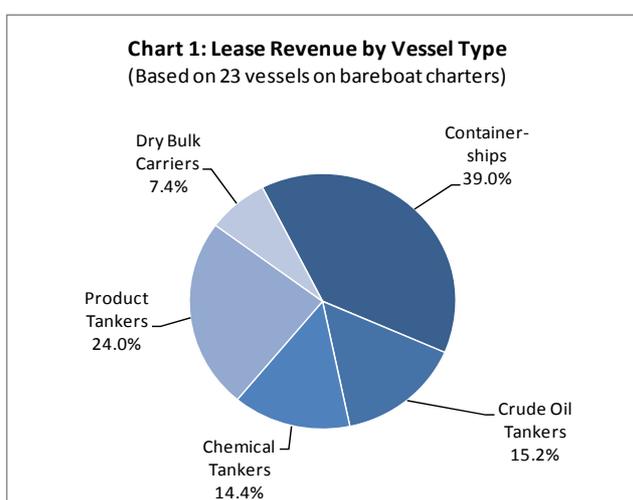
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APPENDIX

A. Summary of FSL Trust Consolidated Results

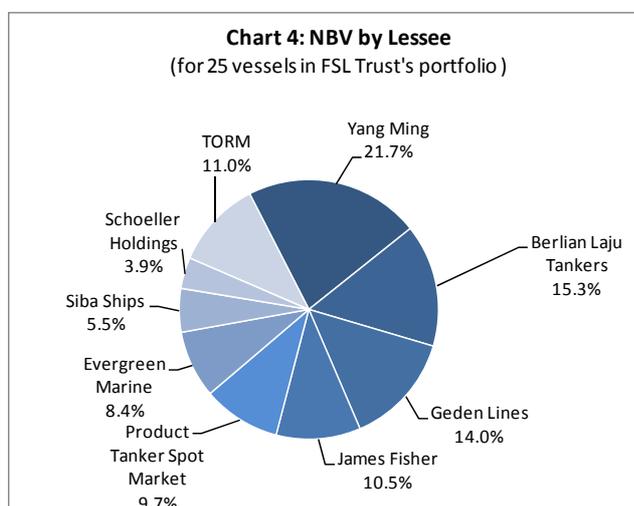
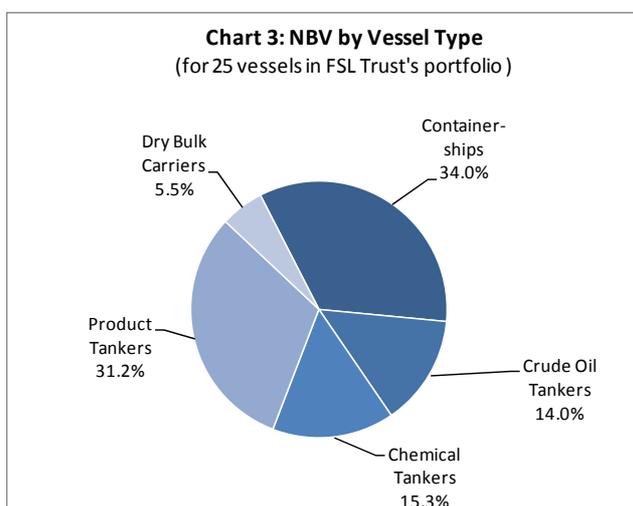
	3Q 2011 US\$'000	3Q 2010 US\$'000	Inc/(Dec) %
Revenue	28,587	23,421	22.1
Profit for the quarter	152	649	(76.6)
Net cash generated from operations	15,614	14,077	10.9
Net Distributable Amount	6,219	5,687	9.4
Amount to be distributed	6,219	5,687	9.4
Distribution Per Unit ("DPU") (US Cents)			
For the period	0.95	0.95	-
Annualised	3.80	3.80	-

B. Revenue by Vessel Type and By Lessee for the 23 vessels on long-term bareboat charter



Note: Based on annualized revenue of US\$98 million, which assumes that the daily lease rental from the two vessels leased to Geden Lines are fixed at US\$20,335 per vessel.

C. Net Book Value by Vessel Type and by Lessee/Deployment for the 25 vessels in FSL Trust's vessel portfolio



Note: Net book value as at 30 September 2011 is US\$818.9 million

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 of seven containerships, eleven product tankers, three chemical tankers, two dry bulk carriers and two crude oil tankers. Of these, 23 vessels are leased to eight reputable international shipping companies on long-term bareboat charter basis and two vessels are presently deployed in the product tanker spot market.

FSL Trust is managed by FSL Trust Management Pte. Ltd., the trustee-manager. The trustee-manager aims to grow and diversify the Trust’s portfolio through accretive acquisitions of vessel with leases, to increase predictable cashflow generation and to provide sustainable regular cash distributions to unitholders of the Trust.

FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depository Receipts are quoted on the PrimeQX tier of International OTCQX. FSL Trust is a component stock of the FTSE ST Maritime Index.

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 current view of management on future events.

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