



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL Trust delivers healthy FY2011 results and positions for opportunities and challenges in FY2012

- Balance sheet strengthened with successful refinancing via US\$479.6m 6-year amortising term loan facility
- Resolution of Daxin lawsuit enables the Trust to focus on managing and growing the business
- Board reduces distribution per unit (“DPU”) to US0.10¢ for 4QFY11 to position the Trust for future success

Singapore, 19 January 2012 – FSL Trust Management Pte. Ltd. (“FSLTM”), the Trustee-Manager of First Ship Lease Trust (“FSL Trust” or the “Trust”), announced today the financial results for FSL Trust for the quarter (“4QFY11”) and financial year (“FY2011”) ended 31 December 2011. For 4QFY11, FSL Trust will distribute US\$0.7 million or US0.10¢ per unit to its unitholders. This is the Trust’s nineteenth consecutive distribution since its IPO in 2007.

Despite the difficult market conditions, FSL Trust achieved healthy revenue of US\$29.6 million in 4QFY11, 22.7% higher than the same period last year. For the full year FY2011, revenue rose by 10.2% to US\$110.7 million. Excluding the effect of the US\$6.0 million security deposit arising from the re-delivery of two vessels in the previous year ended 31 December 2010 (“FY2010”), revenue increased by 17.2%. The net increase was mainly attributable to the incremental lease revenue from the Trust’s two vessels acquired and leased back to TORM in June 2011 and to higher freight income generated by the two product tankers trading in the spot market.

In 4QFY11, the lawsuit between FSL Trust and Daxin Petroleum Pte. Ltd. (“Daxin”)¹ was resolved with a US\$5.0 million settlement in the Trust’s favour. Overall, the Trust delivered a full year net profit of US\$5.1 million in FY2011 compared with a net loss of US\$5.7 million in FY2010. Net cash generated from operations was up 5.5% from US\$60.5 million in FY2010 to US\$63.8million.

The Trust has moved to weather the crises that have struck the global financial and shipping sectors and to ensure its long-term future. Deteriorating freight rates and asset values continue to threaten the

¹ Please refer to the announcement dated 9 November 2011 “Settlement for Daxin Proceedings”.

shipping industry and result in heightened counterparty risk. In view of the weak outlook and in order to prepare the Trust for the opportunities that the end of these twin crises will bring, the Board has decided to reduce DPU to US0.10¢ for 4QFY11. While giving the Trust an unbroken record of quarterly distributions, this step will allow the Trust both to conserve cash and to signal to investors and markets its resolve to maintain long-term viability. The total distribution for FY2011 is US\$18.3 million or US2.95¢ per unit, which is 32.2% lower than FY2010.

Commenting on the distributions, Mr Philip Clausius, Chief Executive Officer of FSLTM said: “The Board has decided to reduce distributions in order to strengthen its balance sheet and conserve liquidity as it faces a difficult environment. With stronger cash reserves, we will be better able to stay within our loan covenants. At the same time, it allows us to start building some financial flexibility to seize potential opportunities when they arise. Since the IPO of FSL Trust in 2007, the landscape of the global financial and shipping markets has changed dramatically. The decision to reduce distribution and accumulate cash this quarter underlines our renewed commitment to protect the Trust and prepare it for a sustainable future.”

On a positive note, the Trust successfully refinanced its loan facility with a US\$479.6 million 6-year amortising term loan, stretching its loan maturity to 2017. The continued support from lenders reflects their faith and confidence in management and in the Trust’s business model. The successful resolution of the lawsuit between FSL Trust and Daxin has also allowed management to better focus on managing and growing the business.

Mr Clausius added: “We believe that 2012 will turn out to be the most difficult year yet for shipping in this crisis. The completion of our loan refinancing and lower distribution payments should now ease any worries that existing or potential unitholders might have regarding going-concern risk of the Trust.”

Conference Call for 4QFY11 Results

FSLTM will host a conference call for all registered participants on Friday, 20 January 2012 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 Wednesday, 25 January 2012.

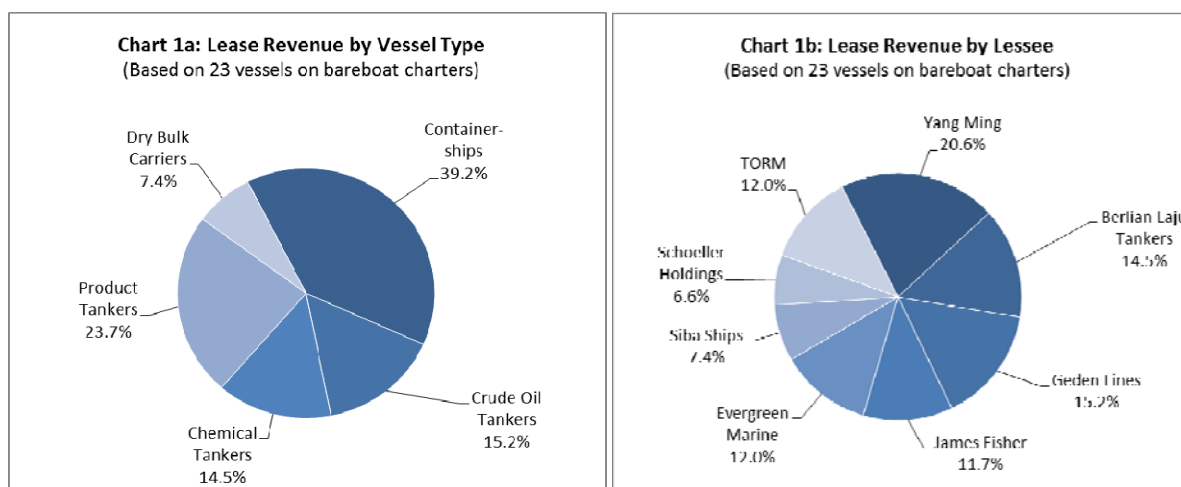
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APPENDIX

A. Summary of FSL Trust Consolidated Results

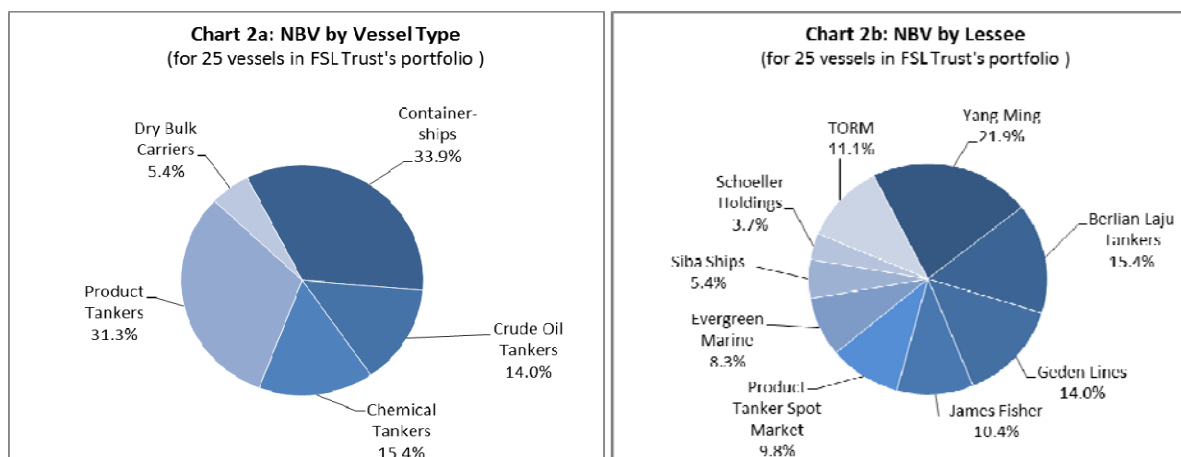
	4Q 2011 US\$'000	4Q 2010 US\$'000	Inc/(Dec) %	FY 2011 US\$'000
Revenue	29,575	24,113	22.7	110,714
Profit/(Loss) for the quarter	7,385	(928)	N.M.	5,051
Net cash generated from operations	23,207	12,984	78.7	63,846
Net Distributable Amount	655	5,688	(88.5)	18,293
Amount to be distributed	655	5,688	(88.5)	18,293
Distribution Per Unit ("DPU") (US Cents)				
For the period	0.10	0.95	(89.5)	2.95
Annualised	0.4	3.80	(89.5)	-

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 31 December 2011 is US\$802.0 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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