



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

Update on Daxin proceedings in Japan and PRC

Singapore, 18 July 2011 – FSL Trust Management Pte. Ltd. (“FSLTM”), the trustee-manager of First Ship Lease Trust (“FSL Trust”), refers to the previous announcements titled “Arrest of ‘Verona I’” dated 5 June 2010, “Arrest of ‘Nika I’ at Qingdao” dated 8 June 2010, “Update on the Arrest of ‘Verona I’ and ‘Nika I’” dated 9 June 2010, “FSL Trust secures the release of ‘Verona I’” dated 18 June 2010 and “FSL Trust secures the release of ‘Nika I’” dated 18 July 2010, respectively.

FSLTM wishes to announce that, in the Japanese proceedings, the court has ruled in favour of FSL Trust and FSL-19 Pte. Ltd. and has set aside the arrest of ‘Verona I’ (now renamed ‘FSL Singapore’) by Daxin Petroleum Pte. Ltd. (“Daxin”). If there is no appeal, FSLTM expects the security deposit of approximately US\$1.6 million to be released by the Japanese court in due course.

As regards the PRC case, FSLTM wishes to announce that the court has ruled in favour of Daxin in its bunker claims case against Rovina Shipping Company Limited (“Rovina”, an affiliate company of Daxin) which was formerly the lessee of ‘Nika I’ (now renamed ‘FSL Hamburg’). The Chinese court had earlier allowed the arrest of ‘Nika I’ because of these alleged bunker claims. In order to secure the release of ‘Nika I’, FSLTM had to put up a US\$2.8 million banker’s guarantee in favour of Daxin as security. On the basis of this judgment, Daxin will now be able to call upon this banker’s guarantee. The judgment was for the sum of approximately US\$2,386,000, plus interest, which was less than the amount of Daxin’s full claim.

In view of the PRC judgment, FSLTM will make a financial provision for US\$2.5 million in the financial statements of FSL Trust for the financial quarter ended 30 June 2011¹. The amount of US\$2.5 million represents approximately 5% of FSL Trust’s cash and cash equivalents of US\$53.2 million as at 31 March 2011 and is not material in comparison to FSL Trust’s total equity of US\$339.4 million as at 31 March 2011.

¹ The financial results for the quarter ended 30 June 2011 will be announced on 20 July 2011

Taking into consideration the recurring lease income that FSL Trust expects to receive, such financial provision is not expected to have any material impact on FSL Trust's operating cash flow or its ability to continue to make distributions for the current financial year.

In proceedings before the Supreme Court of Singapore which were commenced on 20 July 2010², FSLTM (together with FSL-18 Pte. Ltd. and FSL-19 Pte. Ltd.) is claiming various remedies against Daxin, its affiliates and their officers and/or representatives, including all loss and damage suffered in connection with the said arrests of 'FSL Singapore' and 'FSL Hamburg'. The legal proceedings in Singapore are currently ongoing and FSLTM will make further announcements as and when there are material developments in the matter.

--ends--

² For details, please refer to the news release "FSL Trust files Writ against Daxin Petroleum, its affiliates and their officers and/or representatives" dated 22 July 2010

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, eleven product tankers, three chemical tankers, two crude oil tankers and two dry bulk carriers. 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 (ADRs) 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.

Contacts:

OakTree Advisers – Investor Relations and Media enquiries

Ms. Jasmine ZHAO

Telephone: +65 6100-1811

email: jasminezhao@oaktreadvisers.com

The IGB Group - Investor Relations enquiries (United States)

Mr. Michael CIMINI

Telephone: +1 212-477-8261

email: mcimini@igbir.com