



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For immediate release

FSL TRUST SECURES US\$479.6 MILLION 6-YEAR AMORTISING TERM LOAN FACILITY

- **Existing revolving credit facility will be refinanced with 6-year amortising term loan, extending FSL Trust's loan maturity to 2017**
- **Reaffirms unchanged distribution capacity**

Singapore, 1 December 2011 – FSL Trust Management Pte. Ltd. (“FSLTM”), the Trustee-Manager of First Ship Lease Trust (“FSL Trust”), is pleased to announce today that it has successfully entered into a Loan Agreement with its syndicate of eight lenders for a 6-year amortising term loan of US\$479.6 million, secured against its current portfolio of 25 vessels.

This new term loan facility will be used to refinance its existing revolving credit facility with an outstanding loan balance of US\$483.1 million. The remaining loan balance of US\$3.5 million will be repaid in cash from FSL Trust's internal funds.

The new term loan facility is provided by a syndicate of banks led by ABN Amro Bank N.V., Singapore Branch and Oversea-Chinese Banking Corporation Limited as Mandated Lead Arrangers and Bookrunners. The other Mandated Lead Arrangers are The Bank of Tokyo-Mitsubishi UFJ Co., Ltd. (“BTMU”), UniCredit Bank AG, Singapore Branch (“UniCredit”), Sumitomo Mitsui Banking Corporation, Singapore Branch, The Korea Development Bank, ITF International Transport Finance Suisse AG and KfW IPEX-Bank GmbH. BTMU and UniCredit are the Facility Agent and Security Trustee respectively.

Under the new term loan facility, FSL Trust will make quarterly loan repayments of US\$11 million, which will progressively reduce its outstanding loan balance and reduce its refinancing risk at the loan maturity in 2017. The drawdown of the loan is targeted before the end of this financial year.

Mr. Cheong Chee Tham, Senior Vice-President and Chief Financial Officer of FSLTM said: “The successful completion of the loan facility amidst the challenges in the global financial and shipping markets is testament to the reputation and strength of FSL Trust. With the renewed

partnerships with our existing lenders as well as strong support from our new banking partners, FSL Trust can now look forward in confidence and continue to build our business.”

The interest margin of the new term loan facility ranges between 2.6% to 3.0% above the 3-month US\$ LIBOR depending on the ratio of the charter-free fair market value of FSL Trust’s vessel portfolio over its outstanding indebtedness (See Table 1). This security-to-loan valuation ratio will be assessed semi-annually.

Table 1: Interest margin on the new term loan facility

Security-to-loan Valuation	Margin over 3-month US\$ LIBOR
> 125% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

Whilst the margin under the new term loan is substantially higher than the existing facility, the 3-month US\$ LIBOR remains low. On an overall basis, the interest expense by FSL Trust will be fairly similar post the refinancing. FSL Trust intends to hedge its exposure under the new term loan facility in order to manage interest rate volatility.

Taking full debt service (interest and debt amortisation) into account, the distribution capacity of FSL Trust will remain unchanged from the current level, barring unforeseen circumstances.

The Loan Agreement is subject to the following terms:

- a) FSL Trust’s debt-service coverage ratio shall be at least 1.1:1 during the period of the term loan. If the ratio falls below the threshold of 1.15:1, FSL Trust is required to cease all distributions to unitholders.
- b) FSL Trust shall maintain a minimum cash balance of US\$15 million during the period of the term loan.
- c) FSL Trust’s unitholders’ equity shall be more than 30% of the total assets during the period of the term loan.

Under the new term loan facility, FSL Trust also has to ensure that the charter-free valuation of the vessels is at least 125% to the outstanding loan quantum. This is an improvement over the security-to-loan valuation of 145% under the current facility.

Pursuant to Rule 704(31) of the SGX-ST's Listing Manual, the Loan Agreement provides that an event of default will occur under the Loan Agreement if it appears to the Majority Lenders of the term loan that, without their prior written consent, FSLTM (in its capacity as trustee-manager of FSL Trust and as the borrower of the term loan) ceases to be a subsidiary of FSL Holdings Pte. Ltd. (which is the Sponsor and controlling unitholder of FSL Trust). As at the date hereof, FSLTM remains a subsidiary of FSL Holdings Pte. Ltd.

Mr. Philip Clausius, President and Chief Executive Officer of FSLTM said: "We continue to believe in the traditional sale and leaseback structure which underpins FSL's strategy. Our focus is now to build on the strong foundation of the business and assess all available opportunities to maximise returns for our unitholders."

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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, 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 and the MSCI Global Micro-Cap 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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