



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

FIRST SHIP LEASE TRUST TO DISTRIBUTE US\$9.0 MILLION TO UNITHOLDERS FOR 1Q FY10

- **Maintains distribution per unit (“DPU”) of US1.50¢ for 1Q FY10**
- **1Q FY10 net cash from operations remains steady at US\$16.3 million**
- **Portfolio charter-free value improves to US\$623 million, reflecting recovery in asset values and industry credit profile**
- **Provides DPU guidance of US1.50¢ for 2Q FY10; represents prospective annualised yield of 13%¹**

Singapore, 20 April 2010 – 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 first quarter ended 31 March 2010 (“1Q FY10”).

For 1Q FY10, FSL Trust will distribute US\$9.0 million to its unitholders, which represents a DPU of US1.50¢. The 1Q FY10 DPU of US1.50¢ is in line with the DPU guidance provided previously and represents a payout of 55% of the net cash from operations for the quarter. It is unchanged from the DPU in 4Q FY09 and is 39% lower than the DPU of US2.45¢ in 1Q FY09.

Net cash generated from operations for 1Q FY10 held steady at US\$16.3 million compared with US\$16.2 million in 4Q FY09 and is 4% lower compared with US\$17.0 million in 1Q FY09.

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “FSL Trust’s lease portfolio continues to deliver steady cash flow that underpins the sustainability of regular distribution to unitholders. We continue to be encouraged by the positive signs of a demand recovery in the shipping industry, although the oversupply of new ships continues to be an overhang over the mid-term. Our focus for this year remains on growing and diversifying the portfolio. We believe that asset values in the shipping industry have begun to bottom out, and we see the second half of this year as an exciting period for growth.”

¹ Based on FSL Trust’s closing price of S\$0.64 on 20 April 2010 and at an exchange rate of US\$1.00:S\$1.376

SUMMARY OF RESULTS

	1Q FY10	1Q FY09	Inc/(Dec)
	US\$'000	US\$'000	%
Revenue	24,432	24,832	(1.6)
Net profit after tax	686	1,535	(55.3)
Net cash from operations	16,329	16,968	(3.8)
Net Distributable Amount	8,980	12,327	(27.2)
Amount to be distributed	8,980	12,330	(27.2)
Distribution per unit ("DPU")(US cts)			
For the period	1.50	2.45	(38.8)
Annualised	6.00	9.80	(38.8)

PERFORMANCE REVIEW: 1Q FY10 VS 1Q FY09

The financial performance for 1Q FY10 was predictably similar to that in the previous four quarters as the number of vessels and lease terms of FSL Trust's lease portfolio have remained unchanged since October 2008.

Lease revenue in 1Q FY10 declined marginally by 1.6% (-US\$0.4 million) to US\$24.4 million compared with 1Q FY09. The decrease is due primarily to lower lease payments received from two vessels leased to Geden Lines ("Geden"). The Geden leases are pegged to the US\$ 3-month Libor and reset on a quarterly basis. The US\$ 3-month Libor has declined between 1Q FY09 and 1Q FY10.

Operating expenditure in 1Q FY10 held steady at US\$17.1 million, compared with US\$17.0 million in 1Q FY09. Operating expenditure relates to depreciation expense on vessels, management fees and other trust expenses.

Finance expenses for 1Q FY10 increased 5.6% or US\$0.4 million due to higher interest margin on the outstanding indebtedness, following the credit facility amendment agreement with FSL Trust's lenders in September 2009. The increase in finance expenses was partially offset by (i) lower interest expense on the floating rate loans (pegged to US\$ 3-month Libor) drawn to acquire the Geden vessels and (ii) a decrease in interest expense due to the reduction of the loan principal arising from partial repayments.

Net profit for 1Q FY10 was US\$0.7 million, down 55% from the year-ago period, due primarily to the increased interest margin during the amendment period².

² Under the credit facility amendment agreement, the interest margin over 3-month US\$ Libor of 1.70% applies on all loan tranches until the end of 2Q FY11 ("amendment period")

DISTRIBUTION FOR 1Q FY10

For 1Q FY10, unitholders will receive US\$1.50¢ for each unit they own. The distribution for 1Q FY10 will be paid on 26 May 2010 to all unitholders of record as of 28 April 2010. Unitholders whose units are held directly through the Central Depository (the “CDP”) will receive their distributions in Singapore Dollar equivalent³.

Unitholders who wish to receive their distributions in US Dollar can do so by submitting a “Currency Election Notice” to CDP. The submission cut-off time for the “Currency Election Notice” is 11 May 2010, 5.00 p.m. (Singapore time).

All unitholders are exempted from Singapore income tax and Singapore withholding tax on the distributions made by FSL Trust regardless of whether they are corporate or individual unitholders.

The Distribution Reinvestment Scheme (DRS) will not apply for the 1Q FY10 distribution.

LEASE PORTFOLIO

FSL Trust’s current lease portfolio comprises 23 vessels which have all been leased out on long-term bareboat charters. All lease contracts into which FSL Trust has entered are structured on a “hell and high water” bareboat charter basis, the tightest contractual standard in the shipping industry.

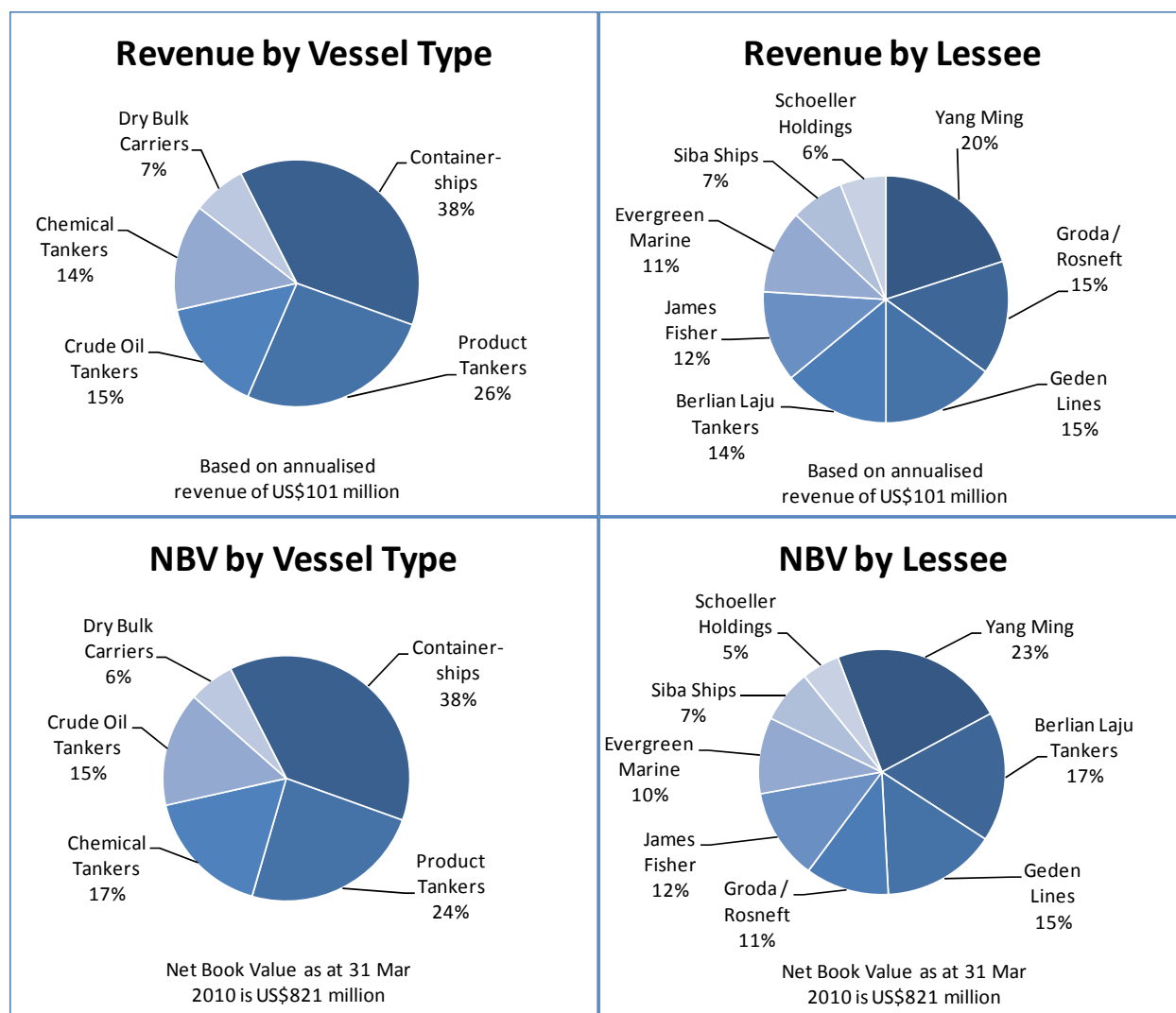
As at 31 March 2010, the lease portfolio had a net book value (“NBV”) of US\$821.2 million, remaining contracted revenue of US\$731.4 million and a dollar-weighted average remaining lease term of 7.5 years (excluding extension periods and early buy-out options). The weighted-average age of the vessels by NBV is approximately 4.9 years. The charts on page 4 show the portfolio revenue and NBV diversification by vessel type and lessee.

In March 2010, FSLTM obtained independent charter-free appraisals for its portfolio of 23 vessels. The aggregate charter-free value of the 23 vessels, which refers to the fair market value of the vessels without taking into consideration the long-term leases, stood at US\$623.0 million as at March 2010. This is 5.5% higher than the charter-free value of US\$590.5 million that FSLTM obtained in October 2009.

The charter-free value of US\$623.0 million as at March 2010 represents 129% of the outstanding secured indebtedness of US\$484.3 million, which was comfortably above the minimum value-to-loan coverage ratio of 100%⁴ mandated by one of the loan covenants in FSL Trust’s credit facility.

³ The USD/SGD exchange rate will be announced approximately one week before the payment date.

⁴ The minimum ratio of the charter-free value to the outstanding secured indebtedness until end-2Q FY11 is 100%; thereafter, the minimum ratio will be 145%.



* The annualised revenue of US\$101 million assumes that the daily lease rentals from the two vessels leased to Geden Lines are fixed at US\$20,335 per vessel.

CREDIT FACILITY

FSLTM, on behalf of FSL Trust, secured a total revolving credit facility of US\$515 million, of which US\$513 million has been utilised to acquire an additional 10 vessels post IPO.

The outstanding loan amount was US\$484.3 million as at 31 March 2010, and was further reduced to US\$477.1 million after the repayment in April 2010. FSL Trust is making regular loan amortisation payments of US\$8.0 million per quarter which progressively reduce its outstanding secured indebtedness. FSL Trust does not have any loan tranche maturing until April 2012.

The loans are fully secured on all of FSL Trust's vessels. The facility is provided on a floating rate basis. FSL Trust has hedged its interest rate risk through a combination of natural hedges and interest rate swaps to fix the interest rates until the maturities of the loans. The all-in effective interest rates range from 4.74% per annum to 6.94% per annum.

OUTLOOK AND GUIDANCE

Commenting on the industry outlook, Mr Clausius said: “The shipping industry is not out of the woods yet, but prospects should get better with demand on a recovery path, asset values slowly improving and access to capital becoming more readily available. Against this background we are now making progress in finalising our first acquisition post-crisis. Such acquisition, when consummated, will further diversify our portfolio from a lessee and sector perspective.”

Mr Cheong Chee Tham, Chief Financial officer of FSLTM added: “We continue to constantly analyse all capital raising options available to FSL Trust. Looking at the bond markets, we observe that the high yield bond market in Asia has been far less buoyant than that in the US. We continue to be ready to access the bond markets at very short notice but reiterate that we will only do so on terms that we deem beneficial for FSL Trust, given that we have no refinancing pressure. With great encouragement we note however that the bank debt markets, particularly in Asia, are beginning to show signs of renewed interest in the shipping industry. Whilst we do not expect interest margins to return to pre-crisis level in the near-term, we think the mere availability of bank debt capital to Asian borrowers will give us a competitive advantage in this global industry.”

For 2Q FY10, FSLTM is providing a DPU guidance of US\$1.50¢. This represents an annualised yield of approximately 13%⁵ based on the closing price of S\$0.64 as at 20 April 2010.

CONFERENCE CALL FOR 1Q FY10 RESULTS

FSLTM will host a conference call for all registered participants on Wednesday, 21 April 2010 at 8.00 a.m. (Singapore time) / 8.00 p.m. (U.S. ET) 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 p.m. (Singapore time) on 23 April 2010.

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⁵ Based on FSL Trust’s closing price of S\$0.64 on 20 April 2010 and at an exchange rate of US\$1.00:S\$1.376

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 23 modern and high quality vessels, consisting of seven containerships, nine product tankers, three chemical tankers, two dry bulk carriers and two crude oil tankers. These vessels have an average age of approximately 4.9 years[^] and an average remaining lease period of approximately 7.5 years[^] (excluding extension periods and early buy-out options). FSL Trust Management Pte. Ltd., the Trustee-Manager of the Trust, is focused on growing and diversifying the portfolio of the Trust through accretive acquisitions of vessels with long-term leases.

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.

[^] As at 31 March 2010, and on a dollar-weighted average basis by net book value.

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:**FSL Trust - Investor Relations enquiries**

Mr. Fung-Leng CHEN

Telephone: +65 6500-9085

email: flchen@firstshiplease.com

OakTree Advisers - Media enquiries

Mr. Kok-Ping TAN

Telephone: +65 6100-1811

email: kokping@oaktreadvisers.com

The IGB Group - Investor Relations enquiries (United States)

Mr. Michael CIMINI

Telephone: +1 212-477-8261

email: mcimini@igbir.com