



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 MAINTAINS DISTRIBUTION
AT US0.95¢ PER UNIT FOR 1Q FY11**

- **DPU represents annualised tax-exempt yield of 11.5¹%**
- **Bareboat charters delivering predictable long-term cashflow remains core focus**

Singapore, 20 April 2011 – 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 (“1Q FY11”) ended 31 March 2011.

For the quarter, FSL Trust will distribute US\$5.7 million or US0.95¢ per unit to its unitholders. The distribution per unit (“DPU”) of US0.95¢, unchanged since 2Q FY10, represents an annualised tax-exempt yield of 11.5%¹. The distribution will be paid on 27 May 2011 to all unitholders on record as at 29 April 2011. The Distribution Reinvestment Scheme (DRS) will not apply to the 1Q FY11 distribution.

Gross revenue for 1Q FY11 was US\$23.9 million, down 2.4% year-on-year (y-o-y). Lease revenue from the 21 vessels on long-term bareboat charter, which accounts for US\$20.8 million or 87% of the revenue in 1Q FY11, continues to underpin the overall revenue stability to the Trust. The lower revenue in 1Q FY11 was due to lower revenue contributions from two vessels ‘*FSL Hamburg*’ and ‘*FSL Singapore*’, which have been deployed in the product tanker spot market since 2Q FY10. The two vessels earned freight revenue of US\$3.1 million in 1Q FY11, compared to the US\$3.8 million lease revenue in 1Q FY10 when both vessels were on bareboat charters².

The Trust posted a net loss of US\$2.0 million for 1Q FY11, compared to a profit of US\$0.7 million in 1Q FY10. The loss was largely attributed to the lower than expected performance of ‘*FSL Singapore*’ and ‘*FSL Hamburg*’ during 1Q FY11 due to the following reasons:

- i. Timing differences between the recognition of freight revenue and the expenses. In accounting, the freight revenue is recognised on a ‘discharge-to-discharge’ basis while the expenses are recognised on an accrual basis;
- ii. Weak freight rates in the product tanker spot market;

¹ Based on FSL Trust closing price of S\$0.41 per unit on 20 April 2011 and an exchange rate of US\$1.00 = S\$1.24.

² ‘*FSL Hamburg*’ and ‘*FSL Singapore*’ were re-delivered to FSL Trust in 2Q FY10.

- iii. Higher bunker expenses due to increased bunker prices; and
- iv. Expenses incurred in ballast movements between fixtures. These were voyages made by the vessels between employment fixtures without carrying revenue-earning cargo.

The loss also resulted in lower net cash generated of US\$11.5 million for the quarter, compared to US\$16.3 million in the corresponding period a year ago.

The Trust's balance sheet remains sound with a cash balance of US\$53.2 million as at 31 March 2011. The Trust's vessel portfolio, which comprises 23 vessels of which 21 are on long-term bareboat leases, has substantial remaining contracted revenue of US\$575.7 million with an average remaining lease term of 6.9 years. All existing 21 bareboat leases are structured with recourse to the substantive entities of the respective lessees.

UPDATE ON THE CREDIT FACILITY

As at 31 March 2011, the Trust carried outstanding secured debt of US\$452.3 million. This amount was further reduced to US\$445.1 million after a loan repayment on 1 April 2011.

Two of the loan tranches, Tranches B and C, in FSL Trust revolving credit facility are maturing on 2 April 2012. The aggregate outstanding amount of these two loan tranches as at 31 March 2011 is US\$226.2 million. FSLTM has commenced discussion with its lending banks on the refinancing of these two loan tranches and the discussion is progressing well. FSLTM expects to provide a further status update of the discussion in due course.

OUTLOOK

Mr Philip Clausius, Chief Executive Officer of FSLTM said, "The results for this quarter were affected by the lower than expected performance of the two tankers that are deployed in the spot market. The freight rates in the product tanker market have been below expectations and particularly weak in late-January and February. We will continue to monitor the situation closely and will explore longer-term employment options for these two tankers.

Our portfolio of long-term bareboat charters remains the core focus and it continues to deliver stable predictable long-term cash flow. The demand for alternative shipping finance such as ship leasing is poised to continue to grow and we are well-positioned to take advantage of this opportunity to grow our portfolio."

CONFERENCE CALL FOR 1Q FY11 RESULTS

FSLTM will host a conference call for all registered participants on Thursday, 21 April 2011 at 10.00 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 12.00 p.m. (Singapore time) on 22 April 2011.

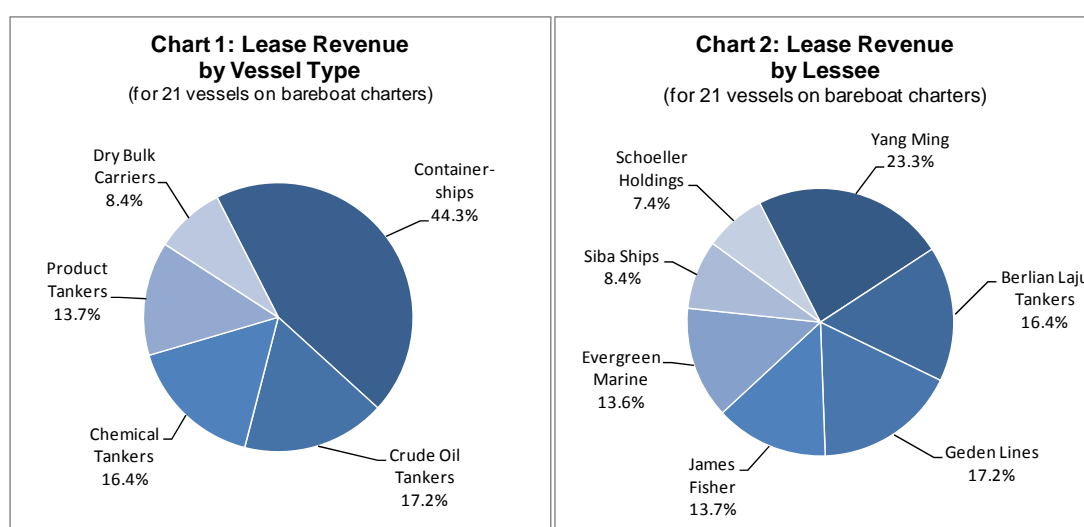
- ends -

APPENDIX: HIGHLIGHTS OF FINANCIAL RESULTS

A) Summary of financial results for the quarter and year ended 31 March 2011

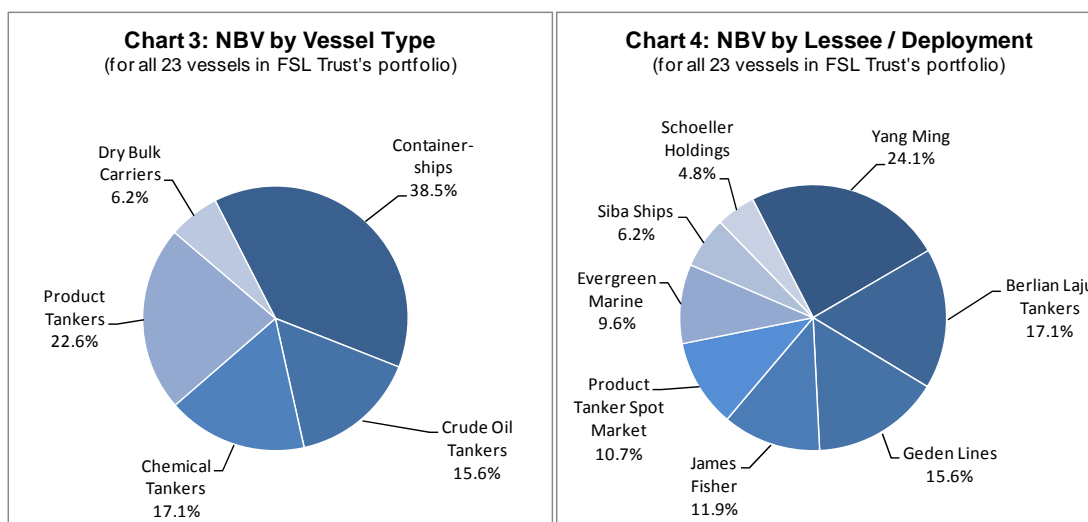
	1Q FY11 US\$'000	1Q FY10 US\$'000	y-o-y % change	4Q FY10 US\$'000	q-o-q % change
Revenue	23,852	24,432	(2.4)	24,113	(1.1)
(Loss) / Profit for the quarter	(1,995)	686	N.M.	(928)	N.M.
Net cash from operations	11,539	16,329	(29.3)	12,984	(11.1)
Net Distributable Amount	5,687	8,980	(36.7)	5,688	0.0
Amount to be distributed	5,687	8,980	(36.7)	5,688	0.0
Distribution per unit for the period (US cts)	0.95	1.50	(36.7)	0.95	0.0

B) Revenue by Vessel Type and by Lessee for the 21 vessels on long-term bareboat charter



Note: Based on annualised revenue of US\$86 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



Note: Net book value as at 31 March 2011 is US\$759.5 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 23 modern and high quality vessels, comprising seven containerships, nine product tankers, three chemical tankers, two dry bulk carriers and two crude oil tankers. Of these, 21 vessels are leased to seven 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 (ADR) 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:

FSL Trust - Investor Relations enquiries

Mr. Fung-Leng CHEN

Telephone: +65 6500-9085

email: flchen@firstshiplease.com

OakTree Advisers - 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