



**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\$15.4 MILLION TO UNITHOLDERS FOR 4Q FY08**

- **Distribution per unit (“DPU”) of US3.08¢**
  - +27.3% compared to DPU of US2.42¢ in 4Q FY07
  - Distribution Reinvestment Scheme not to apply for 4Q FY08
- **Board revises distribution policy to increase financial flexibility**
  - 1Q FY09 DPU guidance of US2.45¢
- **No Invocation of Market Disruption Clause for 1Q FY09**
  - Latest interest rate resets revert to quoted LIBOR basis<sup>^</sup>

**Singapore, 21 January 2009** - FSL Trust Management Pte Ltd (“FSLTM”), Trustee-Manager of First Ship Lease Trust (“FSL Trust”), today announced the financial performance for FSL Trust for the quarter and financial year ended 31 December 2008.

For the quarter ended 31 December 2008 (“4Q FY08”), FSL Trust will distribute US\$15.4 million or a DPU of US3.08¢ to its unitholders. This is 27.3% higher than the DPU of US2.42¢ for the same period a year ago.

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “2008 was an eventful and challenging year for the global economy. Despite the difficult global market situation particularly in the last quarter, FSL Trust’s business continues to perform solidly and delivered consistent DPU growth for our unitholders. This was a result of a series of DPU-accretive acquisitions transacted post IPO which generate long-term steady cash flows for the Trust.”

---

<sup>^</sup> As announced previously on 9 October 2008, FSL Trust’s Lenders had invoked the Market Disruption Clause on certain interest rate resets in early October 2008. Those affected loans were charged interest rates at the lenders’ actual cost of funds rather than the quoted 3-month LIBOR, plus margin.

## **SUMMARY OF RESULTS**

	<b>4Q FY08 US\$'000</b>	<b>4Q FY07 US\$'000</b>	<b>Change %</b>	<b>FY2008 US\$'000</b>
Revenue	25,662	15,079	+70.2	86,621
Net profit after tax	456	1,882	-75.8	4,823
Net Distributable Amount	16,029	12,100	+32.5	59,114
Amount to be distributed	15,439	12,100	+27.6	57,653

	<b>4Q FY08 US Cents</b>	<b>4Q FY07 US Cents</b>	<b>Change %</b>	<b>FY2008 US Cents</b>
Distribution Per Unit For the period	3.08	2.42	+27.3	11.52
Annualized	12.32	9.68	+27.3	-

### **4Q FY08 VS 4Q FY07**

For 4Q FY08, FSL Trust's lease revenue rose 70.2% to US\$25.7 million compared to 4Q FY07. The strong growth is attributable to the following acquisitions, all of which were accretive to DPU: (a) two crude oil tankers from Geden Lines in April 2008 and (b) three containerships from Yang Ming Marine Transport Corporation in May 2008, June 2008 and October 2008, respectively.

The increased revenue resulted in a higher Net Distributable Amount of US\$16.0 million, a 32.5% improvement over the US\$12.1 million generated in the same period last year. After accounting for an incentive fee of US\$590,000 payable to FSLTM, US\$15.4 million will be distributed to unitholders for this quarter.

Net profit fell 75.8% to US\$456,000 in 4Q FY08 compared to the same period last year. This is because, as the vessels acquired post IPO were financed 100% by debt, the net profit of FSL Trust will fall as the periodic interest expense and depreciation expense charges relating to the acquired vessels exceed the lease rentals received.

All of FSL Trust's lessees have been prompt in their lease rental payments, which FSLTM receives monthly in advance. As part of its on-going risk management and monitoring protocol, FSLTM continues to remain vigilant to developments in the shipping market and maintains frequent dialogue with its lessees. There are no indications that any of the lessees will have near-term issues in meeting its payment obligations to FSL Trust.

## **DISTRIBUTION**

For 4Q FY08, unitholders will receive US3.08¢ for each unit they own. Total distribution for 2008 amounts to US\$54.3 million or DPU of US11.52¢. Chart 1 shows FSL Trust's progressive DPU growth since its listing in March 2007.

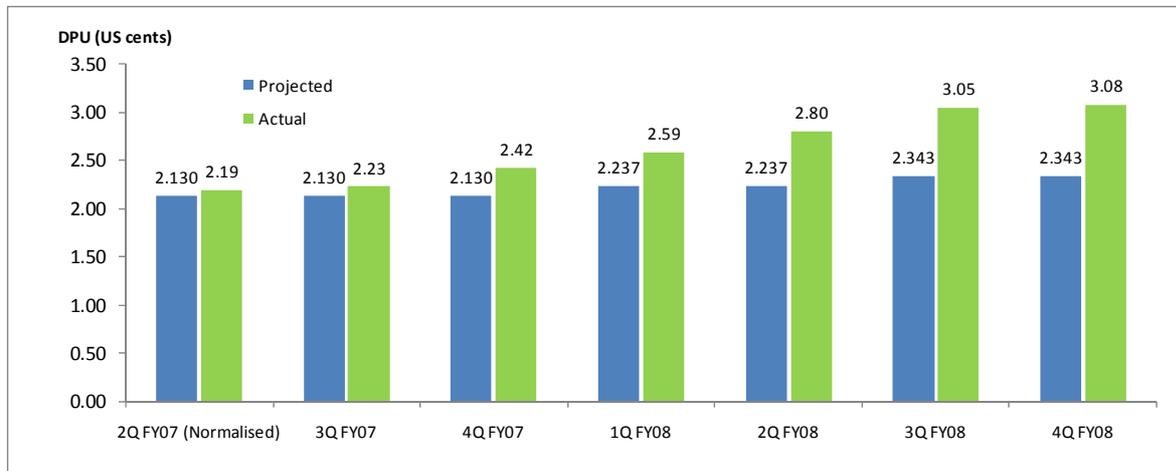


Chart 1: FSL Trust's progressive DPU growth since its listing in March 2007.

The Books Closure Date is 2 February 2009 and unitholders will receive payment of their entitled DPU of US3.08¢<sup>^</sup> on 27 February 2009 (Friday). 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.

## **SUBORDINATION AND FEES PAID TO FSLTM**

The period under review falls under the Subordination Period (listing date of 27 March 2007 to 30 June 2009). During this Subordination Period, the Sponsor\* has agreed to subordinate its entitlement to the distribution in respect of 50% of its units, and FSLTM has agreed to subordinate its management fees, should the forecasted Net Distributable Amount per unit ("DAU") not be achieved in any quarter.

The DAU for 4Q FY08 is US3.198¢, which exceeds the targeted minimum DAU of US2.343¢ for this quarter. Accordingly, the Sponsor and FSLTM do not have to surrender any of their distributions and management fees respectively.

<sup>^</sup> Unitholders whose units are held directly through CDP will receive their distributions in the Singapore Dollar equivalent of the US3.08¢ declared. Unitholders who wish to receive the distribution in US Dollar can do so by submitting a "Currency Election Notice" to CDP by 12 February 2009.

\* The Sponsor is FSL Holdings Pte. Ltd. (formerly First Ship Lease Pte. Ltd.). The Sponsor Group owns 30.3% of the units in FSL Trust as at 31 December 2008.

In addition, in accordance with the terms of the Trust Deed signed on 19 March 2007, as the DAU in 4Q FY08 of US3.198¢ exceeds US2.450¢ (115% of the benchmark quarterly DPU of US\$2.13¢), an incentive fee of US\$590,000 is payable to FSLTM. FSLTM has elected to receive 99.98% of the incentive fee in the form of new units to be issued with the balance 0.02% in the form of cash.

The issue of new units is subject to the in-principle approval of the Singapore Exchange Securities Trading Limited. If approved, the new units will be issued at S\$0.4623 (US\$0.3204 equivalent) per unit, which was the volume-weighted average traded price for the last 10 business days of 4Q FY08.

### **DISTRIBUTION POLICY FOR 2009**

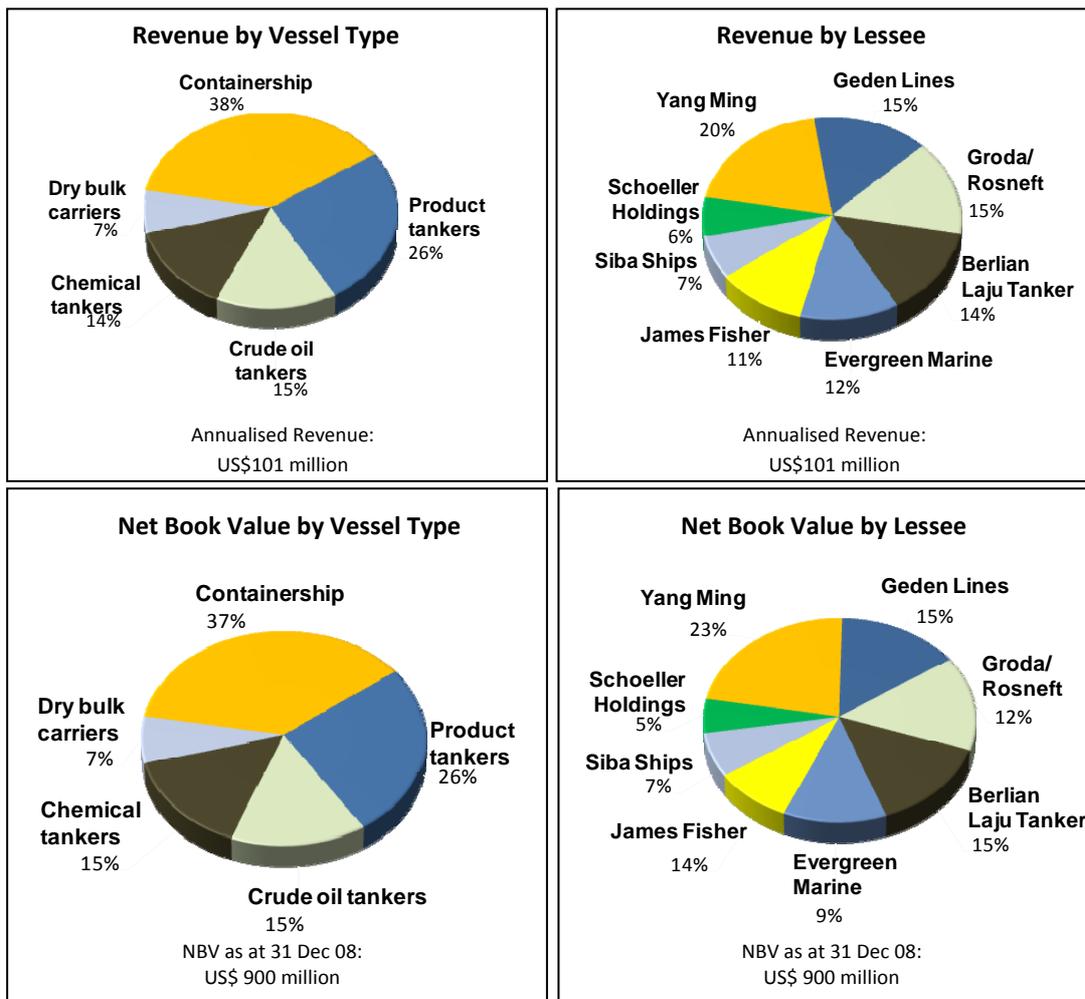
As part of a broader business review for FSL Trust, the Board of Directors has completed a review of FSL Trust's distribution policy for 2009. In view of the uncertainties in the shipping and capital markets, the Board has determined that it is prudent to reduce the 100% payout ratio of the Trust to increase financial flexibility going forward.

Beginning 1Q FY09, FSLTM will provide DPU guidance on a quarterly basis until longer term visibility returns. For 1Q FY09, FSLTM is targeting a DPU of US2.45¢, which represents about 75 to 80% of expected distributable cash flow. The retained cash will be applied to reduction in financial gearing and potentially to funding growth opportunities when they become available.

Mr Cheong Chee Tham, Chief Financial Officer of FSLTM, said: "Given FSL Trust's secure long-term cash flows and lack of near-term refinancing needs, we believe that we are extremely well-positioned to take advantage of attractive opportunities which we expect will present themselves in the next 24 months. Our revised payout strategy will give us the needed financial flexibility to take advantage of these opportunities and will result in a more balanced yield / growth equity story for the capital markets."

### **LEASE PORTFOLIO**

FSL Trust's current lease portfolio comprises 23 vessels which are all leased out on long-term bareboat charters with lease terms of at least seven years at lease inception. As at 31 December 2008, the lease portfolio has a net book value of US\$900 million, remaining contracted revenue of US\$858 million and a dollar-weighted average remaining lease term of 8.7 years (excluding extension periods and early buy-out options). The weighted-average age of the vessels by net book value is approximately 3.7 years.



## **CREDIT FACILITIES**

Of the total revolving credit facilities of US\$515 million secured by FSL Trust, US\$513 million have been utilised to acquire the additional 10 vessels post IPO. The loans are fully secured on all of FSL Trust's vessels. The facilities are provided on a floating rate basis. FSL Trust has hedged its interest rate risk through interest rate swaps to fix the interest rates until the maturities of the facilities.

FSL Trust's lending banks ("Lenders") have rolled-over the various interest rate resets in mid-December 2008/early January 2009 on loans extended to FSL Trust. During this latest round of interest rate resets, the Lenders did not invoke the Market Disruption Clause; hence no additional interest costs were levied on FSL Trust. FSLTM notes that whilst the conditions in the interbank market have improved somewhat since October 2008, the near-term outlook remains volatile and uncertain.

All vessels in FSL Trust's lease portfolio are fully financed and there is no committed capital expenditure that requires additional funding. FSL Trust does not have any loan maturity for at least three years from 31 December 2008. FSL Trust is in compliance with all of its covenants under the credit facilities with its Lenders, including the minimum coverage ratio of the fair market value of its vessel portfolio over the outstanding indebtedness.

### **DISTRIBUTION REINVESTMENT SCHEME**

Under the Distribution Reinvestment Scheme ("DRS"), the Directors of FSLTM will determine the applicability of the DRS for a particular quarterly distribution after considering the potential use of the retained cash arising from the application of the DRS to achieve the two main objectives of sustaining and enhancing the distributions for unitholders. The DRS, if applicable for a particular quarterly distribution, gives unitholders the option to receive their distributions in the form of new units in lieu of cash.

The Directors of FSLTM have determined that the DRS will not apply to the distribution for 4Q FY08 after taking into account various factors including the current unit price of FSL Trust as well as the revised distribution policy. As such, all unitholders will receive their distributions in cash.

### **OUTLOOK AND PROSPECTS**

FSL Trust is a robust business extremely well-positioned in generally very trying economic and shipping markets. It has long-term secure cash flows, no unfunded capital expenditure nor near-term refinancing needs. The Board continues to focus on maximising unitholders' value by improving balance sheet strength, considering capital management measures and seeking growth opportunities.

Mr Philip Clausius concluded: "There is no doubt in our mind that given our relative industry positioning we will emerge strengthened from this shipping crisis. By that time, a number of market participants will have disappeared and we will have significantly reinforced our credibility with existing and potential customers as well as banks and capital markets."

--end--

## **About First Ship Lease Trust (“FSL Trust”)**

First Ship Lease Trust (Reuters: FSLT.SI; Bloomberg: FSLT SP; OTCQX: FSHPY) is a provider of leasing services on a bareboat charter basis to the international shipping industry. FSL 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 3.7 years<sup>^</sup> and an average remaining lease period of approximately 8.7 years<sup>^</sup> (excluding extension periods and early buy-out options).

FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and its American Depository Receipts (“ADRs”) are traded on the PrimeQX tier of International OTCQX. It is managed by FSL Trust Management Pte. Ltd. (“FSLTM”), the Trustee-Manager. FSLTM is focused on growing the vessel portfolio of FSL Trust through accretive acquisitions with long-term bareboat charters. More details on FSL Trust are available at [www.FSLTrust.com](http://www.FSLTrust.com).

<sup>^</sup> As at 31 December 2008, and on a dollar-weighted average basis by net book value.

## **Contacts:**

### **FSL Trust Management Pte. Ltd., as Trustee-Manager of First Ship Lease Trust**

- **Chen Fung Leng**, Tel: +65 6500-9085, Email: [FLChen@firstshiplease.com](mailto:FLChen@firstshiplease.com)

### **Weber Shandwick Worldwide (except United States)**

- **Ivan Tan**, Tel: +65 6825-8027, Email: [itan@webershandwick.com](mailto:itan@webershandwick.com)

### **IGB Group (United States)**

- **Leon Berman**, Tel: +1 212-477-8438, Email: [lberman@igbir.com](mailto:lberman@igbir.com)
- **Michael Cimini**, Tel: +1 212-477-8261, Email: [mcimini@igbir.com](mailto:mcimini@igbir.com)

*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.*

*The initial public offering of units of First Ship Lease Trust (the “Offering”) commenced on 19 March 2007 and closed on 22 March 2007. In the Offering, Deutsche Bank AG, Singapore Branch was the Sole Global Co-ordinator, Joint Lead Manager and Joint Bookrunner, and J.P. Morgan (S.E.A.) Limited was the Joint Lead Manager and Joint Bookrunner. The Co-Lead Managers to the Offering were CLSA Merchant Bankers Limited and Macquarie Securities (Asia) Pte Limited. The Manager and Co-ordinator of the Singapore Public Offer was Oversea-Chinese Banking Corporation Limited.*