



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FIRST SHIP LEASE TRUST TO DISTRIBUTE US\$12.3 MILLION TO UNITHOLDERS FOR 1Q FY09

- **Distribution per unit (“DPU”) of US2.45¢ for 1Q FY09**
 - Represents 73% of total distributable cash flow
 - Retained cash primarily used for voluntary loan prepayment
- **Distribution Reinvestment Scheme (“DRS”) to apply for 1Q FY09**
 - Eligible unitholders have the option to receive their distributions in the form of new units in lieu of cash, or a combination of units and cash
 - Proceeds will be principally used for voluntary loan prepayment
- **2Q FY09 DPU guidance of US2.45¢**

Singapore, 21 April 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 ended 31 March 2009 (“1Q FY09”).

For 1Q FY09, FSL Trust will distribute US\$12.3 million or a DPU of US2.45¢ to its unitholders. The DPU of US2.45¢ represents a payout of approximately 73% of the total distributable cash flow for the quarter. This is lower than the DPU of US3.08¢ in 4Q FY08 and US2.59¢ in 1Q FY08 which were based on a 100% payout ratio. The cash retained in 1Q FY09 has been primarily applied towards a voluntary loan prepayment of US\$4.0 million.

The Directors of FSLTM (“the Board”) have determined that the DRS will apply for the 1Q FY09 distribution. Eligible unitholders will thus have the option to receive their distributions in the form of new units, cash, or a combination of both. The issue price of the new units and the applicable discount, if any, will be announced after the Books Closure Date. (Please see separate release “Guide to FSL Trust’s DRS”, available at www.FSLTrust.com.)

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “Whilst the global shipping and capital market conditions remain challenging, FSL Trust’s business continues to perform well with stable cash flows from the lease portfolio.” He added: “We have started to prepay some debt voluntarily, as a signal to our lenders, and as reaffirmation of our commitment to be proactive and prudent in our capital management. The Board has decided to apply the DRS this quarter in order to increase its scope of voluntary debt repayment.”

SUMMARY OF RESULTS

	1Q FY09 US\$'000	1Q FY08 US\$'000	Change %
Revenue	24,823	16,607	49.5
Net profit after tax	1,535	1,705	(10.0)
Net cash generated from operations	16,968	13,030	30.2
Net Distributable Amount	12,327	13,030	(5.4)
Amount to be distributed	12,330	12,950	(4.8)

	1Q FY09 US Cents	1Q FY08 US Cents	Change %
Distribution Per Unit			
For the period	2.45	2.59	(5.4)
Annualized	9.80	10.36	(5.4)

1Q FY09 VS 1Q FY08

For 1Q FY09, FSL Trust's lease revenue rose 49.5% to US\$24.8 million compared to 1Q FY08. The revenue growth is attributable to the acquisitions of five vessels between April 2008 and October 2008, all of which were accretive to DPU. The acquisitions were: (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 net cash generated from operations of US\$16.9 million, a 30% improvement over the US\$13.0 million generated in the same period last year. After retaining US\$4.6 million, of which US\$4.0 million was applied towards a voluntary loan prepayment, the amount to be distributed to unitholders for 1Q FY09 is US\$12.3 million.

Net profit fell 10% to US\$1.5 million in 1Q FY09 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 eight lessees have been making full and prompt advance payment of their monthly lease rentals, including those for April 2009. There has been no attempt by any lessee to re-negotiate its lease terms. Based on a recent intensive credit due diligence conducted on all of the lessees, FSLTM expects the lessees to continue to meet their payment obligations.

DISTRIBUTION

For 1Q FY09, unitholders will receive US2.45¢ for each unit they own. Chart 1 shows FSL Trust's DPU payout since its listing in March 2007.

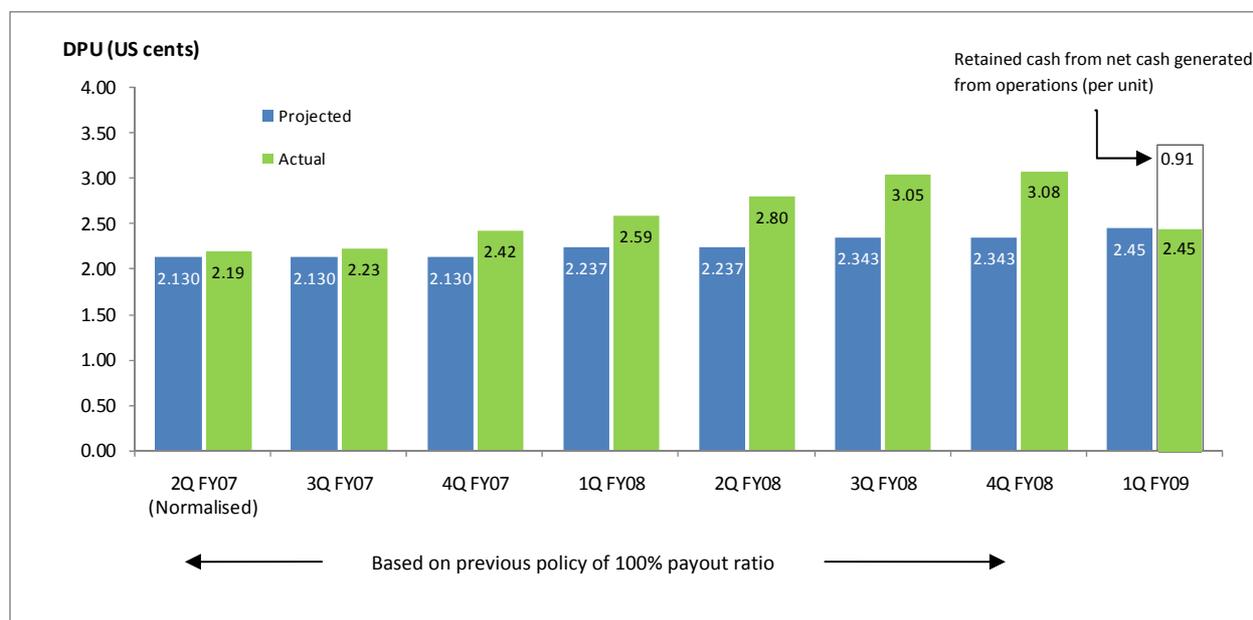


Chart 1: FSL Trust's DPU payout since its listing in March 2007.

The Books Closure Date is 29 April 2009 (Wednesday) and unitholders will receive payment of their entitled DPU in cash of US2.45¢⁽¹⁾ or equivalent in units if they elect to receive units under the DRS, on 29 May 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⁽²⁾ 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.

(1) Unitholders whose units are held directly through CDP will receive their distributions in the Singapore Dollar equivalent of the US2.45¢ declared and/or in new units for the portion they elect to receive in units under the DRS.

- a) Overseas unitholders (who are not eligible to participate in the DRS) who wish to receive the distribution in US Dollar can do so by submitting a "Currency Election Notice" to CDP by 13 May 2009.
- b) Other unitholders who wish to elect their distribution in US dollars or in a combination of new units and cash can do so by submitting a "Notice of Election" to CDP by 13 May 2009.

(2) The Sponsor is FSL Holdings Pte. Ltd. The Sponsor Group owns 30.6% of the units in FSL Trust as at 31 March 2009.

The DAU for 1Q FY09 is US2.450¢, which is the targeted minimum DAU for this quarter. Accordingly, the Sponsor and FSLTM do not have to surrender any of their distributions and management fees, respectively.

As the DAU in 1Q FY09 did not exceed US2.450¢ (115% of the benchmark quarterly DPU of US2.13¢), no incentive fee is payable to the Trustee-Manager in accordance with the terms of the deed of trust signed on 19 March 2007.

DISTRIBUTION REINVESTMENT SCHEME⁽³⁾ (“DRS”)

The DRS, when applied, provides an option for unitholders to receive their distributions in the form of new units in lieu of cash. The Board 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.

The Board has determined that the DRS will apply to the 1Q FY09 distribution after taking into account various factors, including the use of the proceeds for voluntary loan prepayment. FSLTM will announce the issue price of the new units and the applicable discount, if any, after the Books Closure Date.

Unitholders⁽⁴⁾ will have the option to receive their distributions in the form of new units, cash, or a combination of both. The new units issued under the DRS will be credited fully paid to unitholders' CDP accounts. Unitholders will not incur any associated brokerage and transaction costs.

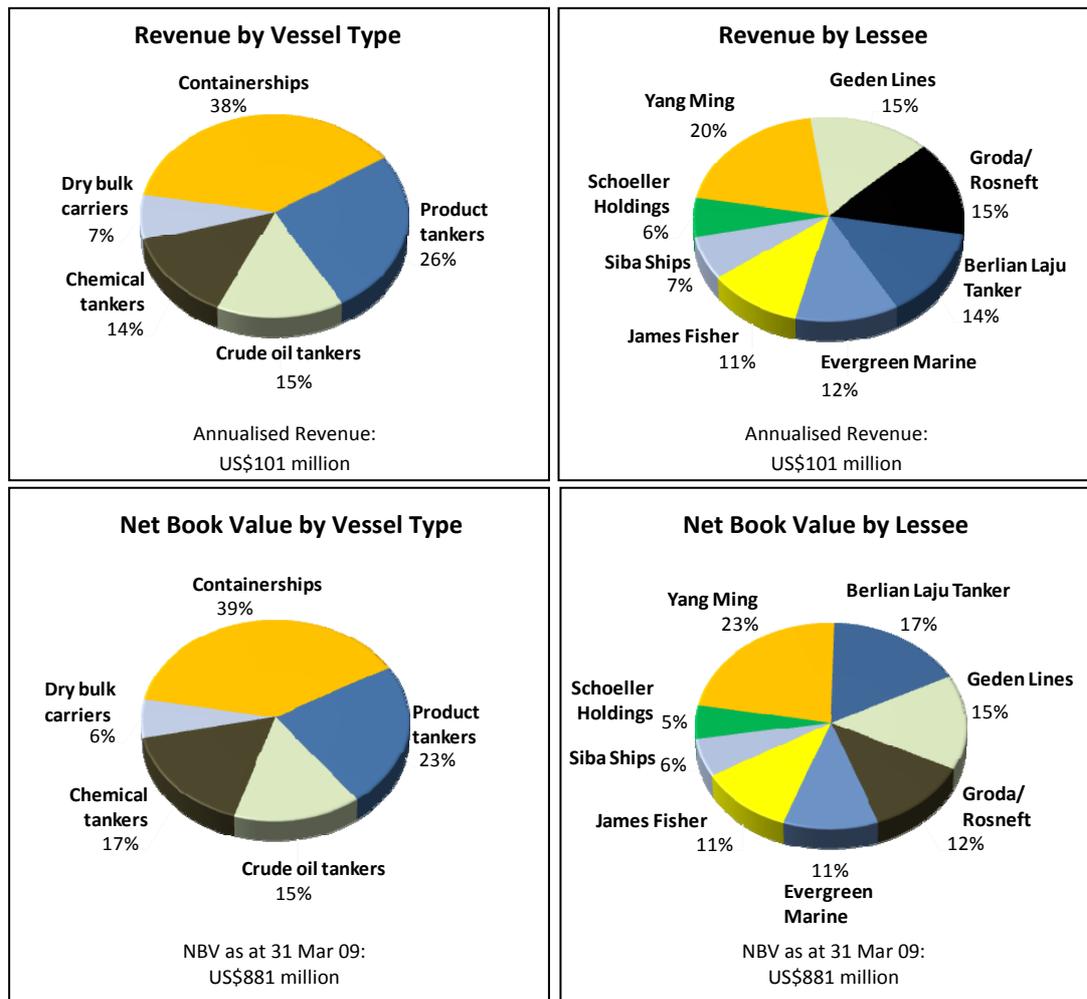
Mr Clausius said: “We note that in recent months, vessel sale transactions in the market have been few and far between. Independent vessel valuations have become difficult to obtain, especially for containerships. This poses a challenge for ship owners, such as FSL Trust, with mortgage loan agreements which customarily include loan-to-value covenants.” He added: “We are cognizant of this circumstance and we believe prepaying some debt voluntarily is the correct strategy. The Board has similarly considered these factors and determined that it is appropriate to apply the DRS for this quarter.”

(3) Details of the DRS are described in the Circular to unitholders dated 23 September 2008, as approved by unitholders at the EGM held on 9 October 2008. A copy of the Circular can be downloaded from FSL Trust's website at www.FSLTrust.com.

(4) For practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where unitholders may have their registered addresses, (unless the Trustee-Manager determines otherwise) the DRS will not be offered to unitholders with registered addresses outside Singapore and who have not provided to CDP, not later than five Market Days prior to the Books Closure Date, addresses in Singapore for the service of notices and documents.

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 March 2009, the lease portfolio has a net book value of US\$881 million, remaining contracted revenue of US\$833 million and a dollar-weighted average remaining lease term of 8.5 years (excluding extension periods and early buy-out options). The weighted-average age of the vessels by net book value is approximately 4.0 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. FSLTM made a voluntary prepayment of US\$4.0 million in 1Q FY09, which reduced the outstanding loan amount to US\$509 million.

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 natural hedges or interest rate swaps to fix the interest rates until the maturities of the facilities.

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 refinancing needs until 2012. FSL Trust is in compliance with all of its covenants under the credit facilities with its lenders.

FSL Trust's lending banks have rolled-over the various loan tranches during the most recent interest rate resets without invocation of the Market Disruption Clause; hence there is no additional interest costs levied on FSL Trust for 2Q FY09.

Mr Cheong Chee Tham, Chief Financial Officer of FSLTM, said: "The voluntary prepayment of the loan is part of our proactive and prudent approach to capital management. We will continue to calibrate the allocation strategy of FSL Trust's free cash flow for distribution, loan prepayment and cash retention for growth opportunities, with the objective of achieving a more balanced yield / growth equity story over time."

OUTLOOK AND PROSPECTS

With the long-term secure cash flows from its lease portfolio, FSL Trust's business is robust and stable. It has no unfunded capital expenditure and no loan maturity in the next three years. Hence, there is no immediate need to raise substantial capital.

For 2Q FY09, the Trustee-Manager is providing a DPU guidance of US2.45¢, which represents approximately 75% of the projected distributable cash flow. The cash retained, together with any proceeds from unitholders who have elected to receive their 1Q FY09 distributions in units under the DRS, will be principally used to reduce the outstanding loan balance.

The Board is committed to optimising unitholders' value, strengthening FSL Trust's balance sheet and seeking cash flow-accretive growth opportunities.

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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 4.0 years[^] and an average remaining lease period of approximately 8.5 years[^] (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.

[^] As at 31 March 2009, and on a dollar-weighted average basis by net book value.

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