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For Immediate Release

FIRST SHIP LEASE TRUST TO DISTRIBUTE US\$8.0 MILLION TO UNITHOLDERS FOR 3Q FY09

- **Distribution per unit (“DPU”) of US1.50¢ for 3Q FY09, comprising:**
 - Stub distribution of US1.27¢ for period 1 July 2009 to 16 September 2009
 - DPU of US0.23¢ for period 17 September 2009 to 30 September 2009
- **All lease contracts continue to perform as expected**
 - All lessees made full and prompt payment of lease rentals monthly in advance, including those for October 2009
 - Remaining contracted revenue of lease portfolio stands at US\$782 million
- **4Q FY09 DPU guidance of US1.50¢**

Singapore, 23 October 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 30 September 2009 (“3Q FY09”).

For 3Q FY09, FSL Trust will distribute an aggregate amount of US\$8.0 million or DPU of US1.50¢ to its unitholders. This is in line with the DPU guidance provided previously. Pursuant to the equity placement announced on 4 September 2009, 80 million new units were issued on 17 September 2009 and a stub distribution of US1.27¢ was declared for the period 1 July to 16 September 2009 for the then existing unitholders. The enlarged unitholder base post equity placement will receive the remaining DPU of US0.23¢ for the period 17 September to 30 September 2009.

The aggregate 3Q FY09 DPU of US1.50¢ is 51% lower than the DPU of US3.05¢ in 3Q FY08 and 39% lower than the DPU of US2.45¢ in 2Q FY09. The lower distribution amount for the quarter under review resulted in surplus cash of US\$9.6 million, of which US\$8.0 million has been applied towards voluntary loan prepayments on 18 September (US\$0.8m) and 1 October 2009 (US\$7.2m) respectively.

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “FSL Trust’s business is robust and has continued to deliver stable and predictable cash flows as the global shipping industry navigates through this challenging period. The recent corporate developments, including the loan-to-value covenant waiver arrangement with our lenders and the equity capital raising, have propelled FSL Trust to a stronger position and allows FSL Trust to evaluate a number of opportunities for the Trust to grow and further diversify its lease portfolio.”

SUMMARY OF RESULTS

	3Q FY09 US\$'000	3Q FY08 US\$'000	Change %
Revenue	24,628	23,685	4.0
Net profit after tax	2,737	672	307.3
Net cash generated from operations	17,628	15,812	11.5
Net Distributable Amount	7,964	15,812	(49.6)
Amount to be distributed	7,964	15,261	(47.8)

	3Q FY09 US Cents	3Q FY08 US Cents	Change %
Distribution Per Unit			
For the period	1.50	3.05	(50.8)
Annualized	6.00	12.20	(50.8)

PERFORMANCE REVIEW: 3Q FY09 VS 3Q FY08

FSL Trust's lease revenue rose 4.0% (+US\$0.9 million) to US\$24.6 million, compared to 3Q FY08. This revenue growth was primarily driven by contributions from YM Enhancer, the third and final containership acquired on 9 October 2008, in the acquisition and leaseback transaction with Yang Ming Marine Transport Corporation.

Consequently, net cash generated from operations for 3Q FY09 rose 11.5% (+US\$1.8 million) to US\$17.6 million. After voluntary loan prepayment of US\$0.8 million in September 2009 and cash retention of US\$8.8 million¹, the net distributable amount of US\$8.0 million will be distributed to unitholders.

Operating expenditure, which includes depreciation expense of US\$15.3 million, remains stable at US\$17.0 million compared to the same quarter a year ago.

Net profit in 3Q FY09 was US\$2.7 million, which is approximately 307.3% or US\$2.1 million higher than 3Q FY08.

On 17 September 2009, FSL Trust issued 80 million new units in an equity placement which raised approximately S\$41 million or US\$28 million in net proceeds. This brings the total outstanding issued units of FSL Trust to 598,665,077.

¹ Of the US\$8.8 million retained in 3Q FY09, US\$7.2 million has been applied towards voluntary loan repayment on 1 October 2009.

DISTRIBUTION FOR 3Q FY09

FSL Trust will distribute an aggregate DPU of US1.50¢ for 3Q FY09 to its unitholders as follows:

Period	DPU Amount	Ex-distribution date	Books closure date	Payment date
1 Jul to 16 Sep 09	US 1.27¢	14 Sep 09	16 Sep 09	30 Oct 09
17 Sep to 30 Sep 09	US 0.23¢	29 Oct 09	2 Nov 09	26 Nov 09
Total for 3Q FY09	US 1.50¢			

Unitholders whose units are held directly through CDP will receive their distributions in the Singapore Dollar equivalent² of the respective DPUs outlined above.

Unitholders who wish to receive their distributions in USD can do so by submitting a “Currency Election Notice” to the CDP. The submission cut-off time of the “Currency Election Notice” for the distribution of US 0.23¢ DPU is 5.00pm on Friday, 13 November 2009 (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.

As the Net Distributable Amount per unit or DAU in 3Q FY09 did not exceed US2.45¢ (115% of the benchmark quarterly DPU of US2.13¢), no incentive fee is payable to FSLTM in accordance with the terms of the deed of trust dated 19 March 2007.

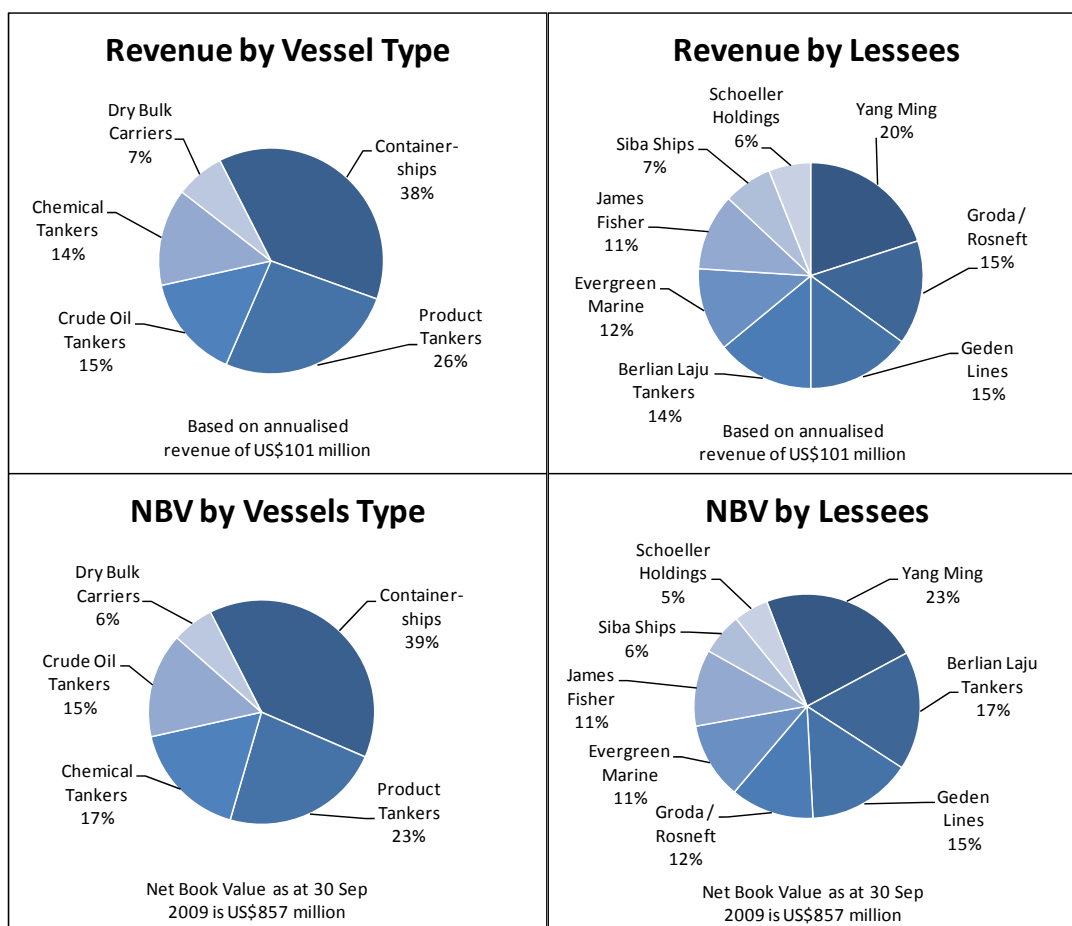
LEASE PORTFOLIO

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. All the lease contracts that FSL Trust has entered into are structured on a “Hell and High Water” bareboat charter basis, the tightest contractual standard in the shipping industry.

As at 30 September 2009, the lease portfolio has a net book value (“NBV”) of US\$857 million, remaining contracted revenue of US\$782 million and a dollar-weighted average remaining lease term of 8.0 years (excluding extension periods and early buy-out options). The weighted-average age of the vessels by net book value is approximately 4.5 years. The charts on page 4 show the portfolio revenue and NBV diversification by vessel type and lessees.

FSLTM reiterates that there has been no attempt by any lessee to re-negotiate lease terms. All lease rentals have been received promptly, including the rentals for October 2009.

² The USD/SGD exchange rate will be announced approximately one week before payment date.



CREDIT FACILITY

FSLTM, on behalf of FSL Trust, secured a total revolving credit facility of US\$515 million, of which US\$513 million have been utilised to acquire an additional 10 vessels post IPO. The outstanding loan amount was reduced to US\$500 million as at 30 September 2009, and was further reduced to US\$493 million after the voluntary prepayment on 1 October 2009. FSL Trust does not have any loan maturing until 2 April 2012.

In September 2009, FSL Trust successfully secured from its syndicate of lenders a 2-year waiver for the loan-to-value covenant in its credit facility³, which will extend until the end of 2Q 2011⁴ ("Waiver Period"). During this Waiver Period, the minimum coverage ratio of the charter-free fair market value of FSL Trust's vessel portfolio over its outstanding indebtedness is reduced from 145% to 100%. FSL Trust will also make quarterly loan repayment of US\$8 million during the Waiver Period. Interest margin will also increase by 50-70 bps under the respective tranches.

³ For more details, please refer to press releases: "FSL Trust secures 2 years waiver for loan-to-value covenants from Lenders", and "FSL Trust provides further information on loan-to-value covenant waiver arrangement with Lenders", dated 2nd and 3rd September 2009 respectively. The press releases are available on www.FSLTrust.com.

⁴ Subject to documentation closing.

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 (assuming the higher margins under the Waiver Period apply).

OUTLOOK AND GUIDANCE

FSL Trust's business is robust and its portfolio of lease contracts continues to deliver predictable and stable cash flows for the Trust.

Mr Cheong Chee Tham, Chief Financial Officer of FSLTM said: "Our recent equity placement exercise which raised about US\$28 million in net proceeds is a testament to our ability to access the equity capital market in a difficult environment. We will certainly put these funds to good use by investing in modern vessels with good quality counterparties as we are currently evaluating a number of attractive acquisition-and-leaseback proposals. The current scarcity of credit also presents an opportune time for FSL Trust to select and structure accretive transactions thereby adding more value to the Trust and diversifying our lease portfolio."

FSLTM is providing a DPU guidance of US1.50¢ for 4Q FY09. This represents an annualised yield of approximately 14%⁵ based on the closing price of S\$0.605 as at 22 October 2009.

FSLTM will continue to focus on prudent capital and risk management, and to remain vigilant to developments in the global shipping and capital markets.

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⁵ Based on an exchange rate of S\$1.398 to US\$1.00

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 long-term 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 4.5 years[^] and an average remaining lease period of approximately 8.0 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 quoted 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 acquisitions of vessels with long-term bareboat charters. More details on FSL Trust are available at www.FSLTrust.com.

[^] As at 30 September 2009, and on a dollar-weighted average basis by net book value.

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