



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\$15.3 MILLION TO UNITHOLDERS FOR 3Q FY08

- **Distribution per unit (“DPU”) of US3.05¢**
 - **+36.8% compared to DPU of US2.23¢ in 3Q FY07**
 - **+8.9% compared to DPU of US2.80¢ in 2Q FY08**
- **Distribution Reinvestment Scheme not to apply**
- **Reaffirms DPU guidance of US3.08¢* for 4Q FY08 and US3.17¢+ for 1Q FY09**

Singapore, 21 October 2008 - 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 2008 (“3Q FY08”).

FSL Trust will distribute US\$15.3 million or a DPU of US3.05¢ to its unitholders for the quarter. This is 8.9% higher than the previous quarter’s DPU of US2.80¢ and 36.8% higher than the DPU of US2.23¢ for the same period a year ago. FSLTM also reaffirmed FSL Trust’s DPU guidance of US3.08¢ for 4Q FY08 and US3.17¢ for 1Q FY09.

Mr. Philip Clausius, Chief Executive Officer of FSLTM, said: “We are pleased to have continued to deliver a strong set of results and again have grown DPU for 3Q FY08. The DPU for FSL Trust has grown from an initial US2.19¢[^] in 2Q FY07 to US3.05¢ in 3Q FY08, an increase of 39% over a period of just six quarters. This has been made possible through a series of DPU-accretive acquisitions over the same period that enlarged FSL Trust’s portfolio from the initial 13 vessels at IPO to 23 vessels today. The immediate focus for us now is to protect what we have built and to continue to deliver a very attractive DPU.”

* DPU guidance of US3.08¢ for 4Q FY08 is based on projected total outstanding units of 501,270,000.

+ DPU guidance of US3.17¢ for 1Q FY09 is based on projected total outstanding units of 502,507,000 and on the assumption that FSL’s lenders do not invoke the market disruption clause at the next interest rate reset in late Dec 2008 / early January 2009.

[^] Normalised on a quarterly basis (actual DPU for the period 19 March 2007 to 30 June 2007 was US2.30¢).

SUMMARY OF RESULTS

| | 3Q FY08 US\$'000 | 3Q FY07 US\$'000 | Change % |
|--------------------------|-----------------------------|-----------------------------|---------------------|
| Revenue | 23,685 | 12,820 | +84.8 |
| Net profit after tax | 672 | 2,114 | -68.2 |
| Net Distributable Amount | 15,812 | 11,123 | +42.2 |
| Amount to be distributed | 15,261 | 11,150 | +36.9 |

| | 3Q FY08 US Cents | 3Q FY07 US Cents | Change % |
|------------------------|-----------------------------|-----------------------------|---------------------|
| Distribution Per Unit* | | | |
| For the period | 3.05 | 2.23 | +36.8 |
| Annualized | 12.20 | 8.92 | +36.8 |

3Q FY08 VS 3Q FY07

FSL Trust generated lease revenue of US\$23.7 million for 3Q FY08, up 84.8% from 3Q FY07. The growth was primarily contributed by the DPU-accretive sale and leaseback transactions of six vessels post 30 September 2007. The six vessels were two product tankers acquired from Groda Shipping & Transportation Ltd. in November 2007, two crude oil tankers from Geden Lines in April 2008 and two containerships acquired from Yang Ming Marine Transport Corporation in May 2008 and June 2008, respectively.

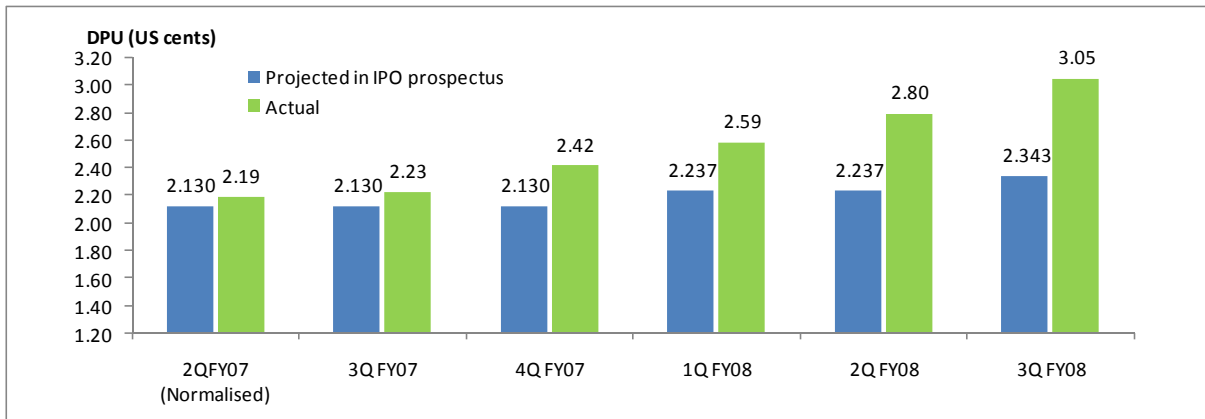
The higher revenue resulted in a higher Net Distributable Amount of US\$15.8 million, a 42.2% improvement over the US\$11.1 million generated in the same period last year. After accounting for an incentive fee of US\$551,000 payable to FSLTM, US\$15.3 million will be distributed to unitholders for this quarter.

DISTRIBUTION

For 3Q FY08, unitholders will receive US3.05¢ for each unit they own. This translates into an annualized DPU of US12.20¢. Based on FSL Trust's closing unit price of S\$0.430 and at an exchange rate of US\$1 = S\$1.477 on 20 Oct 2008, this translates into an annualised distribution yield of 41.9%.

* FSL Trust's distribution policy is to apply at least 90% of the Net Distributable Amount towards payment of distributions and incentive fee. For 3Q FY08, FSL Trust will apply 100% of the Net Distributable Amount for distribution to unitholders and incentive fee payment to the Trustee-Manager.

The chart below shows FSL Trust's progressive DPU growth since its listing in March 2007:



The Books Closure Date is 30 October 2008 and unitholders will receive payment of their entitled DPU of US3.05¢[^] on 28 November 2008 (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 3Q FY08 is US3.160¢, 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. In addition, in accordance with the terms of the Trust Deed signed on 19 March 2007, as the DAU in 3Q FY08 of US3.160¢ exceeds US2.450¢ (115% of the benchmark quarterly DPU of US\$2.13¢), an incentive fee of US\$551,000 is payable to FSLTM. FSLTM has elected to receive 99.93% of the incentive fee in the form of new units to be issued with the balance 0.07% in the form of cash.

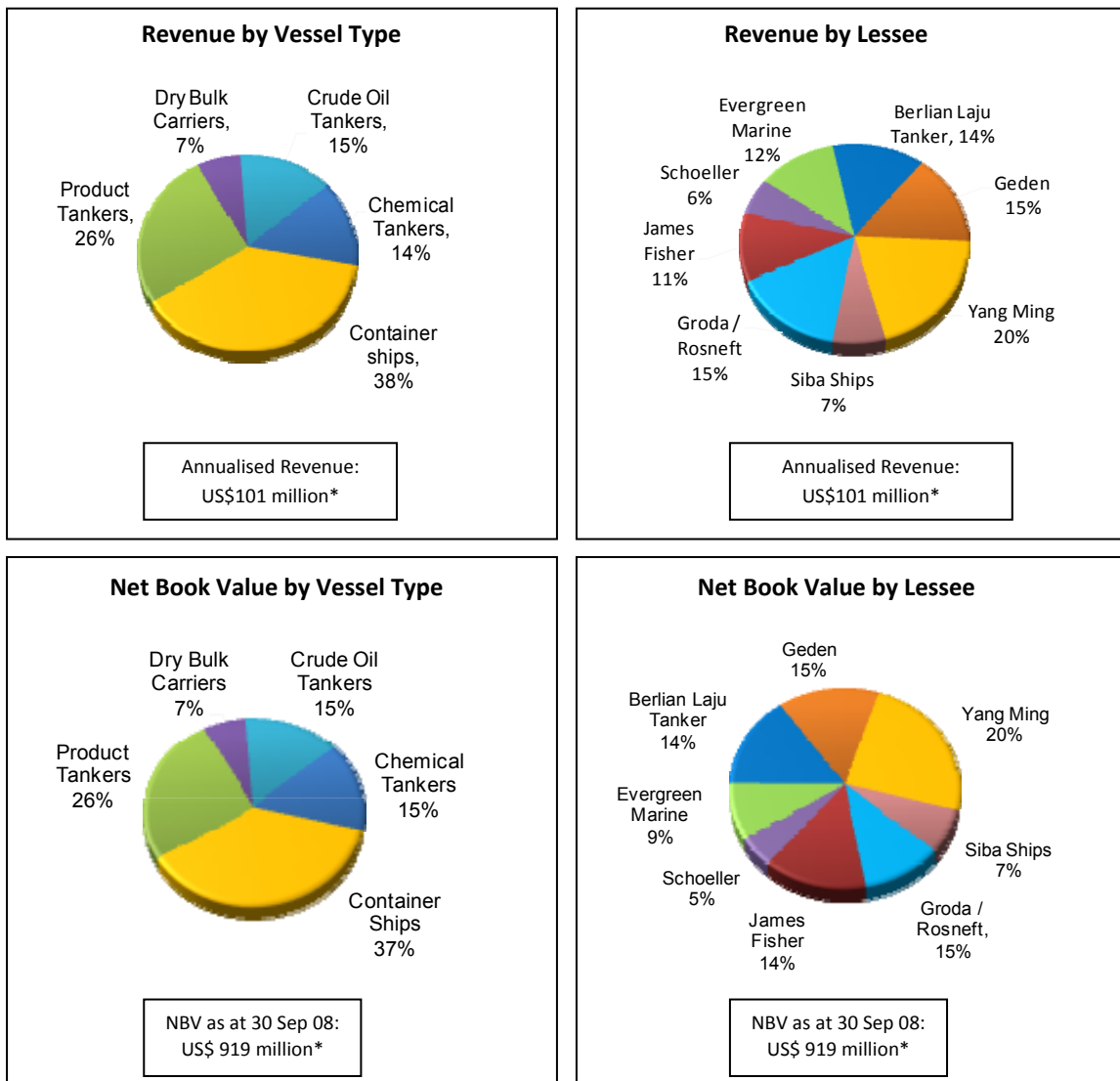
[^] Unitholders whose units are held directly through CDP will receive their distributions in Singapore Dollar equivalent of the US3.05¢ declared. Unitholders who wish to receive the distribution in US Dollar can do so by submitting a “Distribution Election Notice” to CDP by 11 November 2008.

* The Sponsor is First Ship Lease Pte. Ltd. As at 30 September 2008, the Sponsor Group owns 30.2% of the units in FSL Trust.

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\$0.8615 (US\$0.6043 equivalent) per unit, which was the volume-weighted average traded price for the last 10 business days of 3Q FY08.

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 7 years at lease inception. As at 30 September 2008, the lease portfolio has an average remaining lease term of 8.9 years*, contracted revenue of US\$883 million* and a net book value of US\$919 million*.



* Assuming the YM Enhancer acquired on 9 October 2008 had been part of the FSL Trust’s portfolio as at 30 September 2008.

CREDIT FACILITIES

FSL Trust has total revolving credit facilities of US\$515 million which are fully secured on FSL Trust's existing 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. As at 30 September 2008, US\$442.4 million of the facilities were utilised. A further US\$70.7 million was drawn on 9 October 2008 to finance the acquisition of the YM Enhancer.

FSL Trust does not have any loan maturity for at least 3 years from 30 September 2008 under the three loan tranches that it has entered into with its lenders. FSLTM has obtained independent charter-free appraisals for its portfolio of 23 ships. The current fair market value of the ships without taking into consideration the long-term leases is US\$896 million, representing 175% of the outstanding indebtedness of US\$513 million. One of the loan covenants mandates a minimum coverage ratio of 145%.

DISTRIBUTION REINVESTMENT SCHEME

At the Extraordinary General Meeting held on 9 October 2008, unitholders approved the adoption of 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 3Q FY08, in particular taking into consideration the current depressed unit price. As such, all unitholders will receive their distributions in cash.

OUTLOOK AND PROSPECTS

FSL Trust completed the sale and leaseback of a container vessel (YM Enhancer) from Yang Ming Marine Transport Corporation on 9 October 2008. With the earlier than expected completion of the acquisition of YM Enhancer, FSLTM has provided DPU guidance of US3.08¢* for 4Q FY08. The full impact of this acquisition will be reflected from 1Q FY09 onwards and the DPU guidance for 1Q FY09 is US3.17¢+.

FSLTM has injected US\$350 million worth of vessels into FSL Trust's lease portfolio in 2008, exceeding its target of US\$300 million. All vessels in FSL Trust's lease portfolio are fully financed and there is no committed capital expenditure that requires additional funding.

FSLTM has no further acquisition plans for the balance of 2008 and is now focused on DPU sustainability, pending further developments in the shipping and capital markets.

FSLTM is pleased to inform unitholders that the United States Securities and Exchange Commission (SEC) has approved the registration statement filed by FSL Trust for the establishment of its Level 1 American Depository Receipt ("ADR") program. FSL Trust's ADRs will be quoted and traded on the PrimeQX Tier of International OTCQX. FSLTM will make an announcement in due course when the trading commencement date is confirmed.

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* DPU guidance of US3.08¢ for 4Q FY08 is based on projected total outstanding units of 501,270,000.

+ DPU guidance of US3.17¢ for 1Q FY09 is based on projected total outstanding units of 502,507,000 and on the assumption that FSL's lenders do not invoke the market disruption clause at the next interest rate reset in late Dec 2008 / early January 2009.

About First Ship Lease Trust (“FSL Trust”)

First Ship Lease Trust (Reuters: FSLT.SI; Bloomberg: FSLT SP) 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 3.5 years[^], and an average remaining lease period of approximately 8.9 years[^] (excluding extension periods and early buy-out options).

FSL Trust is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and 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.firstshipleasetrust.com.

* Including one containership (YM Enhancer) which was acquired on 9 October 2008.

[^] On dollar weighted average basis, assuming the YM Enhancer had been part of the FSL Trust’s portfolio as at 30 September 2008.

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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.