



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL TRUST PROPOSES DISTRIBUTION REINVESTMENT SCHEME

- **Scheme will enable Unitholders to reinvest distributions free of transaction costs**
- **Election of New Units by Unitholders will enlarge capital base of FSL Trust and improve trading liquidity**

Singapore, 22 September 2008 – FSL Trust Management Pte. Ltd. (“FSLTM”), trustee-manager of First Ship Lease Trust (“FSL Trust”), announced today that FSL Trust is proposing the adoption of the First Ship Lease Trust Distribution Reinvestment Scheme (the “Scheme”).

The proposed Scheme, if adopted, will enable Unitholders to elect to receive their distributions in the form of new units (“New Units”) in lieu of cash. Unitholders will have the flexibility to elect for part of their distribution to be received in the form of New Units with the remaining distribution to be paid in cash. Unitholders who do not choose to participate in the Scheme will continue to receive their distribution in cash.

The Scheme enables Unitholders to acquire additional units in FSL Trust and thus increase their unitholding incrementally without incurring brokerage or other transaction costs. With the issue of New Units in lieu of cash, the capital base of FSL Trust will be enlarged incrementally and this is expected to enhance the trading liquidity of the units in the long run. The cash retained, which would otherwise have been paid as distribution, could be deployed to fund the continuing growth and expansion of FSL Trust.

The Board of Directors of FSLTM (“The Board”) will determine the applicability of the Scheme for every distribution declared for FSL Trust. If the Scheme for a particular distribution is applicable, the Board will determine and set the issue price of the New Units, at a no more than 10% discount to the volume-weighted average traded price per unit on the Singapore Exchange Securities Trading Limited (“SGX-ST”) during the Price Determination Period⁽¹⁾. Both the applicability and the issue price of the New Units will be announced as soon as practicable. In the event that the Scheme is not applicable for a particular distribution, the distribution will be paid in cash in the usual way.

For practical reasons and to avoid any violation of the securities laws in foreign countries, the Scheme is only offered to Unitholders with registered addresses in Singapore. Overseas Unitholders⁽²⁾ who are eligible to participate in the Scheme and wish to do so must provide an address in Singapore for the service of notices and documents by notifying CDP⁽³⁾ not later than five Market Days prior to the Books Closure Date.

Mr. Philip Clausius, President and Chief Executive Officer of FSLTM said: "This Scheme provides a great opportunity for our Unitholders to reinvest their distributions in FSL Trust without incurring transaction costs and at an attractive risk-adjusted yield relative to comparable alternatives in the market. We have been providing stable and growing distributions to Unitholders every quarter since our IPO in March last year and we remain committed to ensuring the sustainability of this annuity."

The circular pertaining to the Scheme has been dispatched to Unitholders and they are advised to refer to the circular for details of the Scheme. FSL Trust will convene an Extraordinary General Meeting⁽⁴⁾ ("EGM") on 9 October 2008 to seek Unitholders' approval for the adoption of the proposed Scheme.

FSL Trust's distribution per unit ("DPU") for 2Q08 was 2.80 US cents and the DPU guidance for 3Q08 and 4Q08 are 3.05 US cents and 3.11 US cents respectively. The distributions are free of Singapore tax and Singapore withholding tax.

- (1) Price Determination Period: the period commencing on the day on which the Units are first quoted Ex-Distribution ("XD") on the SGX-ST after the announcement of the Distribution and ending on the Books Closure Date.
- (2) Unitholders that are located in the United States and Unitholders who are U.S. Persons (within the meaning of Regulation S under the United States Securities Act of 1933, as amended or are acting for the account or benefit of any such person, must be qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act or are acting for the account or benefit of any such QIB, in order to be eligible to participate in the Scheme.
- (3) Central Depository Pte. Ltd. (CDP)'s mailing address: 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807.
- (4) Date and venue of EGM: 9 October 2008 at 3 p.m. at Marina Mandarin Singapore, Level 1, Capricorn Ballroom, 6 Raffles Boulevard, Singapore 039594.

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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. Upon successful closing of the third Yang Ming vessel in October 2008, FSL Trust will have 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 3.2 years[^], and an average remaining lease period of approximately 9.2 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. With the Yang Ming acquisitions, it would have doubled the asset size of its portfolio since its listing in March 2007. More details on FSL Trust are available at www.firstshipleasetrust.com.

[^] Dollar weighted average as at 30 Jun 2008 assuming the inclusion of a container vessel to be delivered in October 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.