



FSL Trust Management Pte. Ltd.

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

FSL TRUST REVISES 4Q08 DPU GUIDANCE DOWN TO 3.08 US CENTS ON HIGHER INTEREST EXPENSE

- **Lenders invoked Market Disruption Clause**
- **3Q08 DPU guidance of 3.05 US cents remains unchanged**
- **New 1Q09 DPU guidance of 3.17 US cents**

Singapore, 9 October 2008 – FSL Trust Management Pte. Ltd. (“FSLTM”), Trustee-Manager of First Ship Lease Trust (“FSL Trust”), announced today that it has revised the distribution per unit (“DPU”) guidance for 4Q08 from 3.11 US cents⁽¹⁾ to 3.08 US cents⁽²⁾ due to higher interest cost levied by FSL Trust’s lending banks (“Lenders”) in 4Q08.

Due to the turmoil in the global financial markets, the Lenders have been unable to obtain interbank fundings at or close to the quoted London Interbank Offer Rate (“LIBOR”). As such, the LIBOR is no longer accurate in reflecting the Lenders’ actual funding cost, which has increased significantly. As a result, the Lenders have invoked a market disruption clause in the loan terms during the recent interest rate resets that allow them to levy higher interest rates on FSL Trust based on their actual cost of funds rather than on the lower 3-month LIBOR, plus margin. The incremental increase to FSL Trust in interest expense for 4Q08 is approximately US\$680,000.

Mr. Cheong Chee Tham, Senior Vice-President and Chief Financial Officer of FSLTM said: “The invocation of the market disruption clause by the Lenders reflects the state of the current credit market and is not connected to the credit quality of FSL Trust. The credit margins on our facilities at 100bps and 120bps remain unchanged. Unfortunately, the invocation of the market disruption clause has rendered our floating-to-fixed interest rate swaps ineffective as we are receiving 3-month LIBOR under these swaps, whilst paying the higher cost of funds of the Lenders during this interest period.”

The invocation of the market disruption clause will remain in effect until the next interest reset dates between mid-Dec 2008 and early January 2009.

FSLTM is providing DPU guidance of 3.17 US cents for 1Q09, assuming the market disruption clause is not invoked for the next interest rate resets. The 1Q09 DPU guidance of 3.17 US cents is 0.09 US cents higher than the revised 4Q08 DPU guidance of 3.08 US cents. The previously announced DPU guidance of 3.05 US cents for 3Q08 remains unchanged.

- (1) The previous DPU guidance of 3.11 US cents for 4Q08 was first announced on 18 September 2008 and was based on total outstanding units of 500,359,000.
- (2) The 4Q08 DPU guidance of 3.08 US cents was derived after taking into account the incremental interest cost of US\$680,000 arising from the invocation of the market disruption clause, and is mitigated by savings from earlier than projected delivery of YM Enhancer and lower than anticipated professional expenses to be incurred in 4Q08 relating mainly to the OTCQX ADR program.

Note:

- DPU guidance for 3Q08 is based on 500,359,000 total outstanding units.
- DPU guidances for 4Q08 and 1Q09 provided are based on projected total outstanding units of 501,270,000 and 502,507,000 for 4Q08 and 1Q09 respectively, assuming that the Trustee-Manager opts to receive the incentive fees for 3Q08 and 4Q08 in units in lieu of cash.

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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. 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.

[^] Dollar weighted average as at 30 Sep 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.