



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\$12.7 MILLION
TO UNITHOLDERS FOR 2Q FY09**

- **Distribution per unit (“DPU”) of US2.45¢ for 2Q FY09**
 - Represents 74% of net cash generated from operations
 - Retained cash primarily used for voluntary loan prepayment
 - Distribution Reinvestment Scheme not to apply for 2Q FY09
- **All lease contracts continue to perform as expected**
 - All lessees made full and prompt payment of lease rentals monthly in advance, including those for July 2009
 - Contracted revenue of lease portfolio stands at US\$807 million
- **Prudent capital management**
 - Remains in compliance with loan covenants
 - Continues voluntary prepayment strategy
- **Outlook and guidance**
 - Target to allocate approximately 50% of free cash flow for distribution to unitholders from 3Q FY09
 - 3Q FY09 DPU guidance of US1.50¢

Singapore, 21 July 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 June 2009 (“2Q FY09”).

For 2Q FY09, FSL Trust will distribute US\$12.7 million or a DPU of US2.45¢ to its unitholders. The DPU of US2.45¢, unchanged from 1Q FY09, represents a payout of 74% of the net cash generated from operations for the quarter. This is lower than the DPU of US2.80¢ in 2Q FY08 which was based on a 100% payout ratio. The aggregate of cash retained during the quarter, and the proceeds of US\$3.8 million raised from the Distribution Reinvestment Scheme (“DRS”) in May 2009, have been principally applied towards a voluntary loan prepayment of US\$8.0 million in June 2009.

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “Whilst the global shipping landscape remains difficult, all our lease contracts continue to perform as expected. Notwithstanding the very challenging market conditions, our broadly sector-diversified lease portfolio remains robust and we expect it to continue generating stable cash flows going forward.”

SUMMARY OF RESULTS

	2Q FY09 US\$'000	2Q FY08 US\$'000	Change %
Revenue	24,841	20,667	20.2
Net profit after tax	2,347	1,990	17.9
Net cash generated from operations	17,106	14,243	20.1
Net Distributable Amount	12,707	14,243	(10.8)
Amount to be distributed	12,707	14,003	(9.3)

	2Q FY09 US Cents	2Q FY08 US Cents	Change %
Distribution Per Unit*			
For the period	2.45	2.80	(12.5)
Annualized	9.80	11.20	(12.5)

* Payout ratio for 2Q FY09 is 74% compared to 100% for 2Q FY08

PERFORMANCE REVIEW: 2Q FY09 VS 2Q FY08

FSL Trust's lease revenue rose 20.2% to US\$24.8 million, compared to 2Q FY08. The revenue growth was primarily driven by contributions from three containerships acquired from Yang Ming Marine Transport Corporation ("Yang Ming") in May 2008, June 2008 and October 2008 respectively. Consequently, net cash generated from operations for 2Q FY09 rose 20.1% to US\$17.1 million, of which 74% or US\$12.7 million will be distributed to unitholders.

Operating expenditure increased 9.8% to US\$17.0 million due mainly to incremental depreciation expenses arising from the acquisition of the three Yang Ming containerships. As these additional vessels were acquired and financed fully by debt, finance expenses rose 50.0% (+US\$2.1 million) to US\$6.3 million.

Net profit for the quarter increased 17.9% (+US\$0.4 million) to US\$2.3 million.

In May 2009, FSL Trust issued 15,554,077 new units to unitholders who elected to receive their 1Q FY09 distributions in the form of units under the DRS. This brings the total outstanding issued units of FSL Trust to 518,665,077.

DISTRIBUTION FOR 2Q FY09

For 2Q FY09, unitholders will receive US2.45¢ for each unit they hold as at Books Closure Date, 29 July 2009 (Wednesday). The distributions will be paid on 28 August 2009 (Friday). Unitholders whose units are held directly through CDP will receive their distributions in the Singapore Dollar equivalent⁽¹⁾ of the DPU of US2.45¢. Unitholders who wish to receive their distributions in US Dollar can do so by submitting a “Currency Election Notice” to CDP by 13 August 2009 (Thursday).

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.

Taking into account the current unit price performance, the proposed reduction in payout ratio and the absence of immediate requirement for incremental capital, the Directors of FSLTM (“the Board”) have determined that the DRS will not apply for the 2Q FY09 distribution.

SUBORDINATION AND FEES PAID TO FSLTM

The quarter under review is the final period under the Subordination Period which expired on 30 June 2009. During this Subordination Period, the Sponsor⁽²⁾ 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 2Q FY09 is US2.45¢, 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 2Q 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.

(1) The foreign exchange rate (US:SGD) will be fixed and announced approximately one week before the payment date.

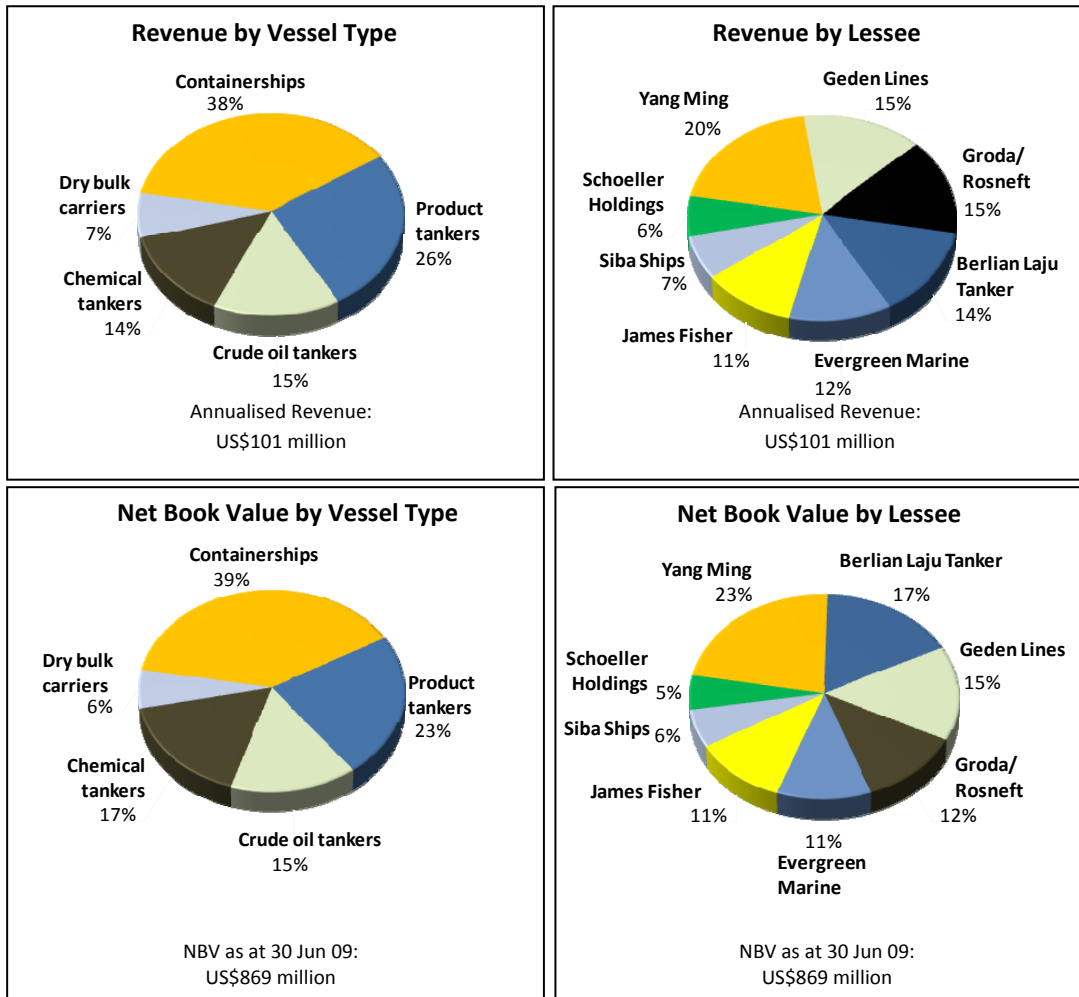
(2) The Sponsor is FSL Holdings Pte. Ltd. The Sponsor Group owns 30.4% of the units in FSL Trust as at 30 June 2009.

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 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 June 2009, the lease portfolio has a net book value of US\$869 million, remaining contracted revenue of US\$807 million and a dollar-weighted average remaining lease term of 8.24 years (excluding extension periods and early buy-out options). The weighted-average age of the vessels by net book value is approximately 4.25 years.

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 July 2009.



CREDIT FACILITIES

FSLTM, on behalf of FSL Trust, had secured total revolving credit facilities of US\$515 million, of which US\$513 million have been utilised to acquire additional 10 vessels post IPO. As at 30 June 2009, after the voluntary prepayment of US\$8 million in 2Q FY09, the outstanding loan amount was reduced to US\$501 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 loans.

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 and it is in compliance with its covenants under the credit facilities with its lenders.

Mr Clausius said: "One of the current challenges facing many ship owners is the decline in asset values of vessels, with potential impact on loan-to-value covenants, common in many mortgage loan agreements. FSL Trust is taking a two-pronged approach to address this challenge: one, we will continue making voluntary prepayments to reduce our total outstanding loan amount; two, we are proactively engaging our lenders in regular dialogues on this issue. Our lenders have been supportive and receptive, and we are making good progress in our discussions."

OUTLOOK AND GUIDANCE

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

To achieve a more balanced capital structure in the near-term, FSLTM will continue making quarterly voluntary prepayments to the lenders. Mr Cheong Chee Tham, Chief Financial Officer of FSLTM said: "Voluntary prepayment to our lenders is part of our strategy to allocate the Trust's free cash flows for loan prepayment, distribution to unitholders and retention for growth opportunities."

Mr Cheong added: "Unitholders can expect to receive approximately 50% of the free cash flows under this allocation strategy. Hence, FSLTM is providing a quarterly DPU guidance of US1.50¢[^] from 3Q FY09. This represents an annualised yield of 12.5% based on the closing price of S\$0.69 as at 20 July 2009. The cash retained will again be used principally to reduce our debt voluntarily."

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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[^] Based on 518,665,077 outstanding units in issue

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 4.25 years[^] and an average remaining lease period of approximately 8.24 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 Depositary 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 cash flow accretive acquisitions with long-term bareboat charters. More details on FSL Trust are available at www.FSLTrust.com.

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

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