



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\$14.0 MILLION TO UNITHOLDERS FOR 2Q FY08

- ***Distribution per unit (“DPU”) of US2.80¢***
 - ***27.9% higher than DPU of US2.19¢[^] for 2Q FY07***
 - ***8.1% higher than DPU of US2.59¢ for 1Q FY08***
- ***Revenue of US\$20.7 million for 2Q FY08***
 - ***71.2% higher compared to 2Q FY07***
- ***Total asset acquisitions of US\$280 million for the six months ended 30 June 2008***
 - ***Trustee-Manager on track to meet US\$300 million target for FY08***

Singapore, 22 July 2008 - FSL Trust Management Pte Ltd (“FSLTM”), Trustee-Manager of First Ship Lease Trust (“FSL Trust”), today announced a total distribution of US\$14.0 million to unitholders of FSL Trust for the quarter ended 30 June 2008 (“2Q FY08”). This represents 100% of the amount available for distribution.

Based on 500,098,000 outstanding units, the Distribution per Unit (“DPU”) is US2.80¢, an increase of 8.1% over the previous quarter’s DPU of US2.59¢.

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “This has been another excellent quarter for FSL Trust. Since our listing in March last year, we have increased our DPU every single quarter. The DPU of US2.80¢ to be paid for the second quarter is 28% more than the DPU paid a year ago.”

He added: “The acquisition of the three Yang Ming vessels announced in May will further raise DPU from the next quarter onwards. This is testament of our commitment to enhance value for our unitholders.”

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

SUMMARY OF RESULTS

	2Q FY08	2Q FY07	Change
	US\$'000	US\$'000	%
Revenue	20,667	12,072	+71.2
Net profit after tax	1,990	2,195	-9.3
Net Distributable Amount	14,243	10,952	+30.0
Amount to be distributed	14,003	11,500	+21.8

	2Q FY08	2Q FY07	Change
	US Cents	US Cents	%
Distribution Per Unit ("DPU") ¹			
For the period	2.80	2.19 [^]	+27.9
Annualised	11.20	8.76	+27.9

[^] Actual DPU for the period 19 March 2007 to 30 June 2007 was US2.30 cents.

2Q FY08 VS 2Q FY07

The acquisitions and concurrent leasebacks of six vessels after 30 June 2007 contributed primarily to the 71.2% increase in lease revenue for 2Q 2008 compared to the same period last year. The six vessels acquired were two product tankers from Groda Shipping & Transportation Ltd ("Groda") in November 2007, two crude oil tankers from Geden Lines ("Geden") in April 2008 and two containerships from Yang Ming Marine Transport Corporation ("Yang Ming") in May and June 2008 respectively.

The increased revenue resulted in a higher Net Distributable Amount of US\$14.2 million against US\$11.0 million generated in 2Q FY07. After accounting for an incentive fee of US\$239,000 payable to the Trustee-Manager, US\$14.0 million will be distributed to unitholders for this quarter.

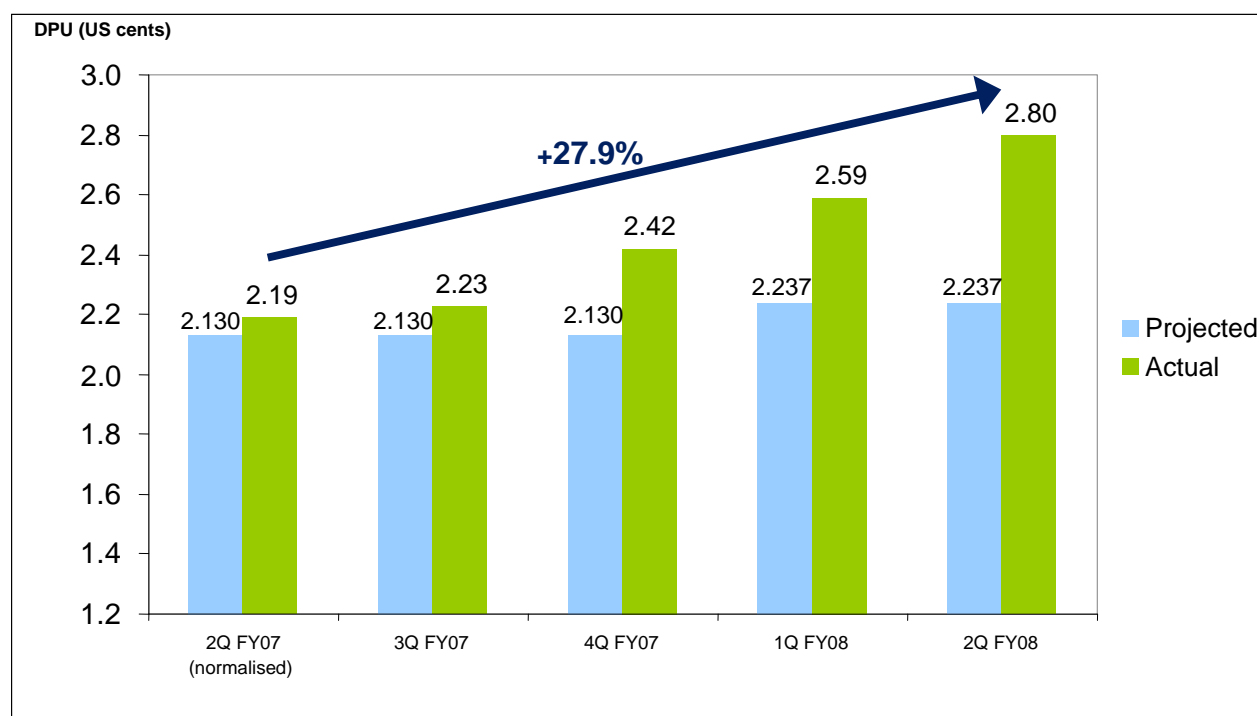
DISTRIBUTION

For 2Q FY08, unitholders will receive US2.80¢ for each unit they own. This translates into an annualised DPU of US11.20¢, or 27.9% higher than the annualised DPU of US8.76¢ for 2Q FY07. Based on FSL Trust's closing unit price of S\$1.23 and assuming an exchange rate of US\$1 = S\$1.35 on 21 July 2008, this translates into a distribution yield of 12.3% p.a.

¹ FSL Trust's distribution policy is to apply at least 90% of the Net Distributable Amount towards payment of distributions and incentive fee. For 2Q FY08, FSL Trust will apply 100% of the Net Distributable Amount for distribution to unitholders and incentive fee payment to the Trustee-Manager.

The increase in DPU of US0.61¢ (or 27.9%) from US2.19¢ in 2Q FY07 to US2.80¢ in 2Q FY08 was made possible by incremental cash flows resulting from the acquisition and concurrent leaseback of two product tankers with Groda in November 2007, two crude oil tankers with Geden in April 2008 and two containerships with Yang Ming in May and June 2008. A full quarter's cash flow impact from the acquisition of the two Yang Ming vessels will come into effect from 3Q FY08 onwards.

FSLTM has progressively raised FSL Trust's DPU since its listing in March 2007.



The Books Closure Date is 30 July 2008, and payment to unitholders of the distribution of US2.80¢ per unit² will be made on 26 August 2008.

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 Sponsor³ 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 (“DAU”) per unit not be achieved in any quarter.

² Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the US2.80¢ declared. Unitholders who wish to receive the distribution in US dollars can do so by submitting a “Distribution Election Notice” to CDP by 13 Aug 2008.

³ The Sponsor is First Ship Lease Pte. Ltd. As at 30 June 2008, the Sponsor owns 30.1% of the units in FSL Trust.

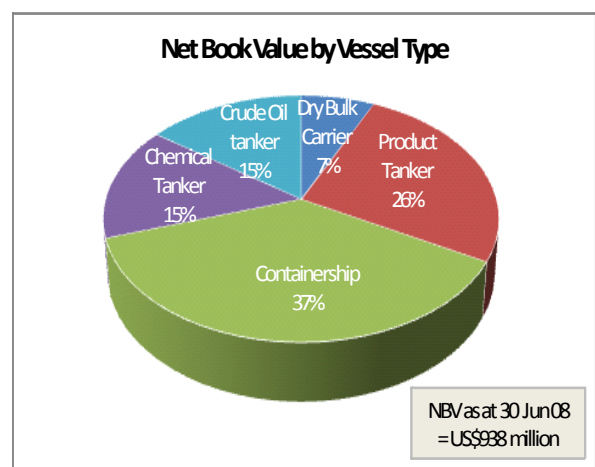
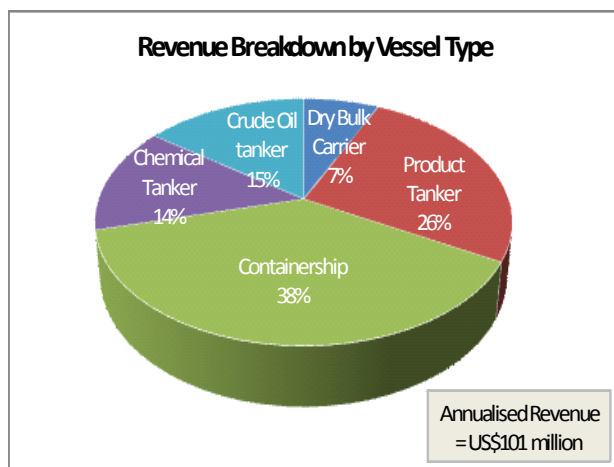
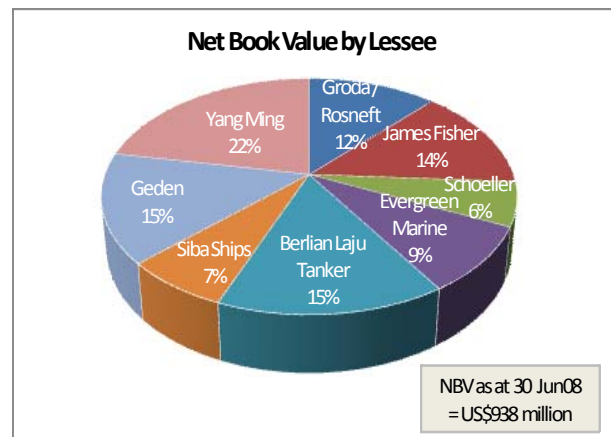
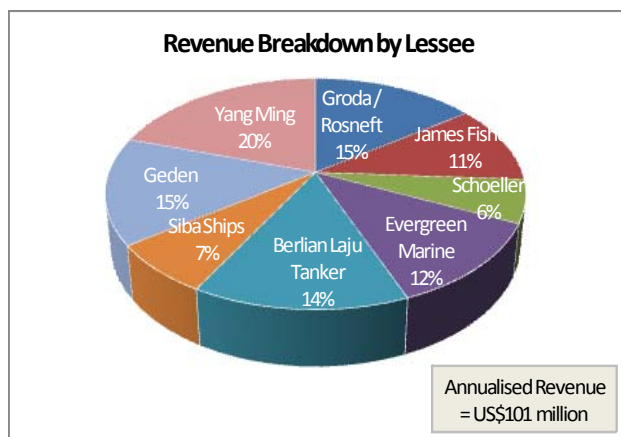
The DAU per unit for 2Q 2008 is US2.848¢, which exceeds the targeted minimum DAU per unit of US2.237¢ for this quarter. Accordingly, the Sponsor and FSLTM do not have to surrender any of their distributions and management fees respectively.

In addition, in accordance with the terms of the Trust Deed signed on 19 March 2007, as the DAU per unit in 2Q 2008 of US2.848¢ exceeds US2.450¢ (115% of the benchmark DPU of US\$2.13¢), an incentive fee of US\$239,000 is payable to FSLTM.

FSLTM has elected to receive 99.99% of the incentive fee in the form of new units to be issued with the balance 0.01% in the form of cash. The issue of new units is subject to the in-principle approval of the Singapore Exchange Securities Trading Limited.

LEASE PORTFOLIO

Assuming the third containership from Yang Ming (currently subject to financing, documentation and closing) had been part of FSL Trust's portfolio as at 30 June 2008, the pro-forma breakdown by revenue and net book value for FSL Trust is as follows:



OUTLOOK AND PROSPECTS

The third containership to be acquired from Yang Ming in October 2008, costing US\$70.0 million, is subject to financing, documentation and closing. FSLTM is currently in discussions with the lead arrangers of the recent US\$200 million revolving credit facility (The Bank of Tokyo-Mitsubishi UFJ Co., Ltd, Singapore Branch and Bayerische Hypo- und Vereinsbank AG, Singapore Branch) to increase the facility to US\$265 million. This increased facility will be drawn upon to acquire the third containership from Yang Ming. FSLTM will give guidance on the DPU accretion for the acquisition of this vessel once the financing has been finalised.

With the completion of the third Yang Ming vessel expected in October 2008, FSLTM will have injected US\$350 million worth of vessels into FSL Trust, exceeding the target of US\$300 million set for this financial year.

FSLTM will continue to pursue DPU accretive acquisition opportunities to grow FSL Trust, while exploring various capital raising options to facilitate the growth.

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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. It has a modern, high quality and diverse portfolio of 23[^] 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 three[^] years, and an average remaining lease period of approximately nine[^] years (excluding extension periods and early buy-out options).

FSL Trust is listed on the Singapore Exchange Securities Trading Limited and is managed by FSL Trust Management Pte. Ltd. (“FSLTM”), the Trustee-Manager. FSLTM is focused on rapidly growing the vessel portfolio of FSL Trust through accretive acquisitions with long-term bareboat charters. It has an acquisition target of US\$300 million for financial year 2008.

[^] Assuming the third containership from Yang Ming is part of FSL Trust’s portfolio as at 30 June 2008.

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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.

This announcement has been prepared and released by FSL Trust Management Pte. Ltd., as trustee-manager of First Ship Lease Trust. Deutsche Bank AG, Singapore Branch and J.P. Morgan (S.E.A.) Limited, in their capacity as Joint Lead Managers and Joint Bookrunners, are not required to and have not been involved in the preparation or release of this announcement and have not verified the accuracy, completeness or adequacy of the information contained herein. The Joint Lead Managers and Joint Bookrunners do not accept any responsibility for, and disclaim any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.