FIFTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (BUSINESS TRUSTS)(NO.2) REGULATIONS 2005

OFFER INFORMATION STATEMENT

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.

A copy of this offer information statement (the "**Offer Information Statement**") has been lodged with the Monetary Authority of Singapore (the "**Authority**") pursuant to Section 282ZB of the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgment of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the New Units (as defined herein) being offered, or in respect of which an invitation is made, for investment.

An application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed herein. Any approval granted by the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST is not to be taken as an indication of the merits of First Ship Lease Trust ("**FSL Trust**"), its subsidiaries, the New Units or the Placement (as defined herein).

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these New Units or determined if this Offer Information Statement is truthful or complete. Any representation to the contrary is a criminal offence.

The New Units have not been registered, and are not expected to be registered, under the Securities Act of 1933, as amended, (the "Securities Act") nor under the securities laws of any other jurisdiction. Therefore, the New Units are only being offered in the United States to qualified institutional buyers ("QIBs") as defined in Rule 144A under the Securities Act, and to persons outside the United States in compliance with Regulation S of the Securities Act. The New Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or an available exemption therefrom.

No New Units shall be allotted or, as the case may be, allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgment of this Offer Information Statement. Your attention is drawn to the section on "Risk Factors" of this Offer Information Statement which you should review carefully.

FIRST SHIP LEASE TRUST

(A BUSINESS TRUST CONSTITUTED ON 19 MARCH 2007 UNDER THE LAWS OF THE REPUBLIC OF SINGAPORE)

MANAGED BY FSL TRUST MANAGEMENT PTE. LTD. (THE "**TRUSTEE-MANAGER**")
(INCORPORATED IN THE REPUBLIC OF SINGAPORE ON 8 FEBRUARY 2007)
(COMPANY REGISTRATION NUMBER 200702265R)

PLACEMENT OF UP TO 100,000,000 NEW UNITS IN FIRST SHIP LEASE TRUST

Date of lodgment with the Authority: 4 September 2009

IMPORTANT INFORMATION ABOUT THIS OFFER INFORMATION STATEMENT

The information in this Offer Information Statement is current only as of the date on its cover. For any time after the cover date of this Offer Information Statement, the information contained herein may have changed.

This Offer Information Statement is based on information provided by the Trustee-Manager and other sources that it believes are reliable. The Placement Agent (as defined herein) makes no representation or warranty that this information is accurate or complete and is not responsible for this information. Nothing in this Offer Information Statement is, or may be relied upon as a promise or representation by the Placement Agent, the Trustee-Manager or the Directors as to the future performance of FSL Trust.

No person has been authorised to give any information or make any representations about FSL Trust that are not contained in this Offer Information Statement in connection with the Placement. If any information is given or any representations are made to you outside of this Offer Information Statement, they should not be relied upon as having been authorised by the Trustee-Manager, the Directors or the Placement Agent.

The Trustee-Manager, the Directors and the Placement Agent reserve the right to reject all or part of any offer to purchase New Units for any reason. The Trustee-Manager, the Directors and the Placement Agent also reserve the right to sell less than all of the New Units offered by this Offer Information Statement or to sell to any purchaser less than the full amount of New Units such purchaser has offered to purchase.

Neither the Trustee-Manager, the Directors nor the Placement Agent is/are giving you legal, business, financial or tax advice about any matter.

You must comply with all applicable laws and regulations (including obtaining required consents, approvals or permissions) in force in any jurisdiction in which you purchase, offer or sell the New Units. Neither FSL Trust, the Trustee-Manager, the Directors nor the Placement Agent has/have any responsibility for any purchase, offer or sale of the New Units by you.

RESALE AND TRANSFER RESTRICTIONS APPLICABLE TO PURCHASERS IN THE UNITED STATES

The New Units discussed herein have not been and are not expected to be registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons (as defined in Rule 902 under the Securities Act) unless the interests are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Therefore, the New Units are only being offered to QIBs and to persons outside of the United States in compliance with Regulation S of the Securities Act. The New Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or an available exemption therefrom. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Offer Information Statement provided to purchasers in the United States is provided on a confidential basis. This Offer Information Statement has been prepared solely for use in connection with the Placement. Purchasers in the United States may not reproduce or distribute this Offer Information Statement or disclose its contents, in whole or in part, to other U.S. persons, except as specifically provided herein, or use any information contained in this Offer Information Statement for any purpose other than considering an investment in the New Units. By accepting delivery of this Offer Information Statement, purchasers in the United States expressly agree to the foregoing and expressly agree to maintain the information contained in this Offer Information Statement in confidence.

Transfer Restriction Details

Because the following restrictions will apply to the Placement, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the New Units.

Rule 144A New Units

Each purchaser of the New Units under the Placement within the United States pursuant to Rule 144A will be deemed to have represented, agreed and acknowledged that:

(1) It is not an affiliate of FSL Trust or the Trustee-Manager or acting on behalf of an affiliate of FSL Trust or the Trustee-Manager and it is (a) a qualified institutional buyer, or QIB, within the meaning of Rule 144A of the Securities Act, (b) acquiring such New Units for its own account or for the account of another QIB, and (c) aware, and each beneficial owner has been advised, that the sale of such New Units to it is being made in reliance on Rule 144A.

(2) It understands that the New Units under the Placement have not been and are not expected to be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of another QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States.

(3) If it is acquiring any New Units under the Placement for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(4) That (I) no portion of the assets used by it to acquire and hold the New Units constitutes assets of (a) any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (b) any plan, individual retirement account or other arrangement subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), or (c) an entity whose underlying assets are considered to include "plan assets" of such plans, accounts or arrangements (any of the foregoing, a "**Benefit Plan Investor**") and (II) if at any time the holder will be an employee benefit plan that is not a Benefit Plan Investor and that is subject to any U.S. federal, state or local law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), the purchase and holding of the security do not and will not violate any Similar Law. Any purported transfer of this security that does not comply with these requirements shall be null and void *ab initio.*

(5) FSL Trust, the Trustee-Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Regulation S New Units

Each purchaser of the New Units under the Placement outside the United States pursuant to Regulation S and each subsequent purchaser of those New Units in resales prior to the expiration of the distribution compliance period will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time the New Units under the Placement are purchased pursuant to Regulation S will be, the beneficial owner of such New Units and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of FSL Trust or the Trustee-Manager or a person acting on behalf of such an affiliate.

(2) It understands that the New Units under the Placement have not been and will not be registered under the Securities Act and that, prior to the expiration of the period ending 40 days after the closing of the offering, it will not offer, sell, pledge or otherwise transfer such New Units except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of another QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

(3) FSL Trust, the Trustee-Manager, their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

General

Each purchaser of the New Units under the Placement will be deemed to have represented and agreed that neither FSL Trust, the Trustee-Manager nor any other person responsible for this Offer Information Statement or any part of it, including the Placement Agent, will have any liability for any information or representation except to the extent such information or representation is contained in this Offer Information Statement.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED, 1955, AS AMENDED ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

TAX NOTICE

Notwithstanding the above and anything else herein to the contrary, except as reasonably necessary to comply with applicable securities laws, effective from the date of commencement of discussions concerning the Placement, you and each of your employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) and all materials of any kind, including opinions or other tax analyses, of the Placement that are provided to you (or your representatives) relating to such tax treatment and tax structure. However, the foregoing does not constitute an authorisation to disclose the identity of the Trustee-Manager or FSL Trust or the identity of the affiliates, agents or advisers of the Trustee-Manager or FSL Trust or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information.

U.S. TAXATION

The following is a discussion of certain tax matters arising under the laws, regulations, rulings and decisions now in effect in the United States, all of which are subject to change (possibly with retrospective effect) and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. Prospective investors should consult their tax advisers regarding the tax implications of owning or disposing of the New Units.

United States Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, FSL Trust's United States counsel, the following are the material United States federal income tax consequences to FSL Trust of its activities and to U.S. Holders and Non-U.S. Holders, each as defined below, of the New Units. This discussion does not purport to deal with the tax consequences of owning New Units to all categories of investors, some of which, such as dealers in securities, regulated investment companies, tax-exempt organisations, investors whose functional currency is not the United States dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of the New Units, may be subject to special rules. This discussion deals only with holders who purchase New Units in connection with the Placement and hold the New Units as a capital asset. Potential investors are encouraged to consult their own tax advisers concerning the overall tax consequences arising in their own particular situation under United States federal, state, local or foreign law of the ownership of New Units.

The following discussion of United States federal income tax matters is based on the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. This discussion is based in part upon Treasury Regulations promulgated under Section 883 of the Code. The discussion below is based, in part, on the description of FSL Trust's business as described in paragraph 9(b) of the section entitled "Part IV: Key Information" of this Offer Information Statement and assumes that FSL Trust conducts its business as described in that section.

Pursuant to United States Internal Revenue Service ("**IRS**") regulations, FSL Trust and its tax advisers hereby inform you that: (i) any tax advice contained herein is not intended and was not written to be used, and cannot be used by any taxpayer, for the purposes of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice was written to support the promotion or marketing of the New Units described in this Offer Information Statement; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

United States Federal Income Taxation of FSL Trust

Characterisation of the Trust

Treasury Regulation section 301.7701-3 provides that, subject to certain exceptions, a foreign entity with two or more members may be classified as a partnership or a corporation for United States federal income tax purposes. Unless a contrary election is made, a foreign entity with at least two members will be classified as a corporation for United States federal income tax purposes where each member has "limited liability". The applicable Treasury Regulations provide that a member of an entity will have "limited liability" if such member has no personal liability for the debts of, or claims against, the entity by reason of being a member. The determination of "limited liability" is made by reference solely to the statute or law pursuant to which the entity is formed.

Since each Unitholder has limited liability for the debts of, or claims against, FSL Trust, FSL Trust is classified as a corporation for United States federal income tax purposes. In addition, FSL Trust intends to make an affirmative protective election to be classified as a corporation for United States federal income tax purposes.

Taxation of Operating Income: In General

Unless exempt from United States federal income taxation under the rules discussed below, a foreign corporation is subject to United States federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which is referred to as "shipping income," to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States, which is referred to as "U.S.-source shipping income."

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. FSL Trust is not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

In the absence of exemption from tax under Section 883, FSL Trust's gross U.S.-source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

Exemption of Operating Income from United States Federal Income Taxation

Under Section 883 of the Code, FSL Trust will be exempt from United States federal income taxation on its U.S.-source shipping income if:

- it is organised in a foreign country (the "**country of organisation**") that grants an "equivalent exemption" to corporations organised in the United States; and

either:

- more than 50% of the value of the ownership interests is owned, directly or indirectly, by individuals who are "residents" of its country of organisation or of another foreign country that grants an "equivalent exemption" to corporations organised in the United States, which is referred to as the "50% Ownership Test," or

- the ownership interests of FSL Trust are "primarily and regularly traded on an established securities market" in its country of organisation, in another country that grants an "equivalent exemption" to United States corporations, or in the United States, which is referred to as the "Publicly-Traded Test."

Singapore, FSL Trust's country of organisation, and each of the jurisdictions where its ship-owning subsidiaries are incorporated, each grant an "equivalent exemption" to United States corporations. Therefore, FSL Trust will be exempt from United States federal income taxation with respect to its U.S.-source shipping income if it satisfies either the 50% Ownership Test or the Publicly-Traded Test. Due to the widely-held ownership of the ownership interests of FSL Trust, it may be difficult for FSL Trust to satisfy the 50% Ownership Test. The ability of FSL Trust to satisfy the Publicly-Traded Test is discussed below.

The regulations provide, in pertinent part, that stock of a foreign corporation will be considered to be "primarily traded" on an established securities market if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. The sole class of FSL Trust's issued and outstanding ownership interests, are currently, and are expected to continue to be, "primarily traded" on the SGX-ST.

Under the regulations, FSL Trust's ownership interests will be considered to be "regularly traded" on an established securities market if one or more classes of FSL Trust's ownership interests representing more than 50% of FSL Trust's outstanding ownership interests, by total combined voting power of all classes of ownership interests entitled to vote and total value, is listed on the market which is referred to as the listing threshold. Since FSL Trust's ownership interests are listed on the SGX-ST, FSL Trust currently satisfies the listing requirement and expects that it will continue to do so.

It is further required that with respect to each class of stock relied upon to meet the listing threshold (i) such class of the stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or $^{1}/_{6}$ of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. FSL Trust believes it currently satisfies and will continue to satisfy the trading frequency and trading volume tests.

Notwithstanding the foregoing, the regulations provide, in pertinent part, the New Units will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the outstanding ownership interests of FSL Trust are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the ownership interests ("**5% Unitholders**"), which is referred to as the "5 Percent Override Rule."

FSL Trust believes that it satisfied the Publicly-Traded Test and was not subject to the 5 Percent Override Rule for its 2007 and 2008 taxable years and anticipates that it will continue to so qualify for the Publicly-Traded Test after the Placement, although there is no assurance that this will be the case. For example, after the Placement, FSL Trust expects that the Sponsor will own at least 24.96% of the outstanding ownership interests (assuming that all of the 100,000,000 New Units are issued). If other 5% Unitholders were, in combination with the Sponsor, to own 50% or more of the outstanding ownership interests on more than half the days during the taxable year, then FSL Trust would be subject to the 5 Percent Override Rule, unless it could establish that among the closely-held group of 5% Unitholders, there are sufficient 5% Unitholders that are qualified stockholders for purposes of Section 883 to preclude non-qualified 5% Unitholders in the closely-held group from owning 50% or more of the ownership interests for more than half the number of days during the taxable year. In order to establish this, sufficient 5% Unitholders that are qualified stockholders would have to comply with certain documentation and certification requirements designed to substantiate their identity as qualified stockholders. These requirements are onerous and there is no guarantee that FSL Trust would be able to satisfy them.

Taxation In Absence of Exemption

To the extent the benefits of Section 883 are unavailable, FSL Trust's U.S.-source shipping income, to the extent not considered to be "effectively connected" with the conduct of a United States trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, no more than 50% of FSL Trust's shipping income would be treated as being derived from United States sources, the maximum effective rate of United States federal income tax on its shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and FSL Trust's U.S.-source shipping income is considered to be "effectively connected" with the conduct of a United States trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the United States federal corporate income tax currently imposed at rates of up to 35%. In addition, FSL Trust may be subject to the 30% "branch profits" taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of its United States trade or business.

FSL Trust's U.S.-source shipping income would be considered "effectively connected" with the conduct of a United States trade or business only if:

- FSL Trust has, or is considered to have, a fixed place of business in the United States involved in the earning of shipping income; and

- substantially all of FSL Trust's U.S.-source vessel leasing income is attributable to such fixed place of business.

FSL Trust does not intend to maintain a fixed place of business in the United States to which its vessel leasing income will be attributable. Based on the foregoing and on the expected mode of FSL Trust's shipping operations and other activities, it is anticipated that none of FSL Trust's U.S.-source shipping income will be "effectively connected" with the conduct of a United States trade or business.

United States Taxation of Gain on Sale of Vessels

Regardless of whether FSL Trust qualifies for exemption under Section 883, FSL Trust will not be subject to United States federal income taxation with respect to gain realised on a sale of a vessel, provided the sale is considered to occur outside of the United States under United States federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by FSL Trust will be considered to occur outside of the United States.

United States Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of New Units that is a United States citizen or resident, United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership (or entity treated as a partnership for United States federal income tax purposes) holds the New Units, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Potential investors who are partners in a partnership holding the New Units are encouraged to consult their tax adviser.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special United States federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company for United States federal income tax purposes. In general, FSL Trust will be treated as a passive foreign investment company with respect to a U.S. Holder if, for any taxable year in which such holder held the New Units, either:

- at least 75% of FSL Trust's gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether FSL Trust is a passive foreign investment company, FSL Trust will be treated as earning and owning its proportionate share of the income and assets, respectively, of any of its subsidiary corporations in which it owns at least 25% of the value of the subsidiary's stock. In general, the income that FSL Trust derives from the bareboat leasing of a vessel will be treated as "passive income" unless FSL Trust were treated under specific rules as deriving its rental income in the active conduct of a trade or business.

Since FSL Trust derives and expects to continue to derive substantially all of its income from the bareboat leasing of vessels and such income is unlikely to be treated as derived in the active conduct of a trade or business, FSL Trust will likely be treated as a passive foreign investment company.

As discussed more fully below, assuming FSL Trust is a passive foreign investment company, a U.S. Holder will be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat FSL Trust as a "Qualified Electing Fund," which is referred to as a "QEF election." As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to the New Units, as discussed below.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election (an "**Electing Holder**") the Electing Holder must report each year for United States federal income tax purposes his *pro-rata* share of FSL Trust's ordinary earnings and FSL Trust's net capital gain, if any, for FSL Trust's taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from FSL Trust by the Electing Holder. The Electing Holder's adjusted tax basis in the New Units will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the New Units and will not be taxed again once distributed. An Electing Holder would generally recognise capital gain or loss on the sale, exchange or other disposition of the New Units. A U.S. Holder would make a QEF election with respect to any year that FSL Trust is a passive foreign investment company by filing IRS Form 8621 with his United States federal income tax return. FSL Trust intends to provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Since FSL Trust is a passive foreign investment company, under applicable attribution rules, a U.S. Holder will be treated as owning shares in any of FSL Trust's subsidiaries which are treated as passive foreign investment companies. A U.S. Holder who is treated as constructively owning shares in any such subsidiaries would be required to make a separate QEF election with respect to each such subsidiary.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if, as is currently the case, the New Units are treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to the New Units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the New Units at the end of the taxable year over such holder's adjusted tax basis in the New Units. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the New Units over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his New Units would be adjusted to reflect any such income or loss amount. Gain realised on the sale, exchange or other disposition of the New Units would be treated as ordinary income, and any loss realised on the sale, exchange or other disposition of the New Units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder. A mark-to-market election would likely not be available for any of FSL Trust's subsidiaries that are treated as passive foreign investment companies.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year (a "**Non-Electing Holder**") would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the New Units in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the New Units), and (2) any gain realised on the sale, exchange or other disposition of the New Units. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the New Units;

- the amount allocated to the current taxable year and any taxable year before FSL Trust became a passive foreign investment company would be taxed as ordinary income; and

- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organisation that did not borrow funds or otherwise utilise leverage in connection with its acquisition of the New Units. If a Non-Electing Holder who is an individual dies while owning the New Units, such holder's successor generally would not receive a step-up in tax basis with respect to such stock.

Distributions

Since FSL Trust will be a passive foreign investment company, dividends paid on the New Units to a U.S. Holder who is an individual, trust or estate (a "**U.S. Individual Holder**") will generally not be treated as "qualified dividend income" that is taxable to U.S. Individual Holders at preferential tax rates (through 2010). Rather, such dividends will be taxable as ordinary income to U.S. Individual Holders.

United States Federal Income Taxation of "Non-U.S. Holders"

A beneficial owner of New Units that is not a U.S. Holder is referred to herein as a "Non-U.S. Holder."

Dividends on the New Units

Non-U.S. Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from FSL Trust with respect to the New Units, unless that income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of New Units

Non-U.S. Holders generally will not be subject to United States federal income tax or withholding tax on any gain realised upon the sale, exchange or other disposition of the New Units, unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the New Units, including dividends and the gain from the sale, exchange or other disposition of the New Units that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax. In addition, if you are a corporate Non-U.S. Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to a U.S. Holder will be subject to information reporting requirements. Such payments will also be subject to backup withholding tax if paid to a non-corporate U.S. Holder who:

- fails to provide an accurate taxpayer identification number;

- is notified by the IRS that he has failed to report all interest or dividends required to be shown on his federal income tax returns; or

- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable.

If a unitholder sells the New Units to or through a United States office or broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless the unitholder certifies that he is a non-U.S. person, under penalties of perjury, or otherwise establishes an exemption. If a unitholder sells the New Units through a non-United States office of a non-United States broker and the sales proceeds are paid to him outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to a unitholder outside the United States, if the unitholder sells the New Units through a non-United States office of a broker that is a United States person or has some other contacts with the United States.

Backup withholding tax is not an additional tax. Rather, a taxpayer generally may obtain a refund of any amounts withheld under backup withholding rules that exceed his income tax liability by filing a refund claim with the IRS.

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DEFINITIONS

In this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated: -

General

"**1H2008**"	:	The six months ended 30 June 2008
"**1H2009**"	:	The six months ended 30 June 2009
"**Adjusted VWAP**"	:	S$0.59, being the volume weighted average price of the Units for trades done on the SGX-ST for the full Market Day preceding the date on which the Placement Agreement was signed and adjusted to exclude the Estimated Stub Distribution to be distributed to the Existing Unitholders. Please refer to paragraph 5(a) of the section entitled "Part VI: The Offering and Listing" of this Offer Information Statement for more information on the Stub Distribution
"**Authority**"	:	The Monetary Authority of Singapore
"**Business Trusts Act**" or "**BTA**"	:	Business Trusts Act, Chapter 31A of Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**CLSA**" or "**Placement Agent**"	:	CLSA Singapore Pte Ltd
"**Code**"	:	United States Internal Revenue Code of 1986
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Directors**"	:	The directors of the Trustee-Manager as at the date of this Offer Information Statement
"**Distribution**"	:	Net Distributable Amount paid to Unitholders
"**DPU**"	:	Distribution per Unit
"**Estimated Stub Distribution**"	:	1.27 US cents, being the quantum of the distribution per Existing Unit which the Trustee-Manager currently expects to distribute under the Stub Distribution
"**Existing Unitholders**"	:	Holders of the Existing Units
"**Existing Units**"	:	Units in issue on the day immediately prior to the date on which the New Units are issued under the Placement
"**FSL Distribution Reinvestment Scheme**"	:	First Ship Lease Trust Distribution Reinvestment Scheme
"**FSL Trust**"	:	First Ship Lease Trust
"**FY2007**"	:	Financial year ended 31 December 2007

"**FY2008**"	:	Financial year ended 31 December 2008
"**Group**"	:	Collectively, FSL Trust and its SPCs
"**Incentive Fees**"	:	Incentive fees payable quarterly and calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Incentive Fees shall be determined on the basis of comparing the Net Distributable Amount (less any Retained Distributable Amount and excluding non-recurring income and related costs) as at the end of the relevant quarter per Unit then in issue against a benchmark annualised quarterly DPU, in accordance with the formula described in the Trust Deed
"**Issue Price**"	:	The price at which each New Unit will be offered pursuant to the Placement Agreement, to be determined by the Placement Agent in consultation with the Trustee-Manager following a book-building process on the Pricing Date; the final price per New Unit shall not be less than S$0.525 and not greater than S$0.575 unless otherwise agreed between the Placement Agent and the Trustee-Manager, provided however that the price per New Unit shall not be at a discount of more than 20.0% to the Adjusted VWAP
"**Latest Practicable Date**"	:	3 September 2009, being the latest practicable date preceding the date of lodgment of this Offer Information Statement
"**Listing Manual**"	:	The listing manual issued by the SGX-ST, as may be amended, supplemented or revised from time to time
"**Management Fees**"	:	4.0% per annum of the cash lease rentals in the relevant financial year, net of any commissions or deductions by third parties, which is payable to the Trustee-Manager on a monthly or quarterly basis, as the case may be, as set out in the Trust Deed
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Net Distributable Amount**"	:	Net lease income and after-tax interest income less Management Fees**,** financing costs and other trust expenses (excluding depreciation and amortisation of debt up-front fees) after deduction of credit facility repayments and any other additional amount as the Trustee-Manager may determine to be reasonable to be set aside to meet any payment obligations of FSL Trust, but before deduction of any Incentive Fees payable to the Trustee-Manager
"**New Units**"	:	Up to 100,000,000 new Units which will be issued in connection with the Placement, the number of which will be determined by the Placement Agent in consultation with the Trustee-Manager following a book-building process
"**Offer Information Statement**"	:	This document including any supplementary or replacement document which may be issued by FSL Trust and lodged with the Authority in connection with the Placement
"**Placement**"	:	The placement of the New Units at the Issue Price

"**Placement Agreement**"	:	The placement agreement dated 4 September 2009 entered into between the Trustee-Manager, on behalf of FSL Trust, and the Placement Agent in relation to the Placement
"**QIBs**"	:	Qualified institutional buyers as defined in Rule 144A
"**Regulation S**"	:	Regulation S under the Securities Act
"**Retained Distributable Amount**"	:	The balance of the Net Distributable Amount that is not used for payment of distributions and Incentive Fees
"**Rule 144A**"	:	Rule 144A under the Securities Act
"**Securities Account**"	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"**Securities Act**"	:	United States Securities Act of 1933, as amended
"**Securities and Futures Act**" or "**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SPCs**"	:	Special Purpose Companies
"**Sponsor**"	:	FSL Holdings Pte. Ltd. (formerly known as First Ship Lease Pte. Ltd.)
"**Stub Distribution**"	:	Distribution for the period from 1 July 2009 to the day immediately preceding the date on which the New Units will be issued under the Placement. The New Units are expected to be issued on 17 September 2009
"**Substantial Unitholder**"	:	A person who holds directly or indirectly 5% or more of the total issued Units of FSL Trust
"**Treasury Regulations**"	:	United States Treasury Regulations
"**Trust Deed**"	:	The deed of trust dated 19 March 2007 constituting FSL Trust
"**Trust Property**"	:	Has the meaning ascribed to it in the Business Trusts Act, Chapter 31A of Singapore, including the authorised investments (as defined in the Trust Deed) of FSL Trust for the time being held or deemed to be held upon the terms of the Trust Deed
"**Trustee-Manager**"	:	FSL Trust Management Pte. Ltd., as trustee-manager of FSL Trust
"**Unit**"	:	An undivided interest in FSL Trust as provided for in the Trust Deed
"**Unitholders**"	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units

"**Unit Registrar**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**United States**"	:	The United States of America
"**Vessels**"	:	The 23 vessels in the portfolio of FSL Trust

Currencies, Units and Others

"**S$**", "**Singapore dollar**" and "**Singapore cents**"	:	The lawful currency of Singapore
"**US$**", "**US dollar**" and "**US cents**"	:	The lawful currency of the United States
"**%**"	:	Per centum or percentage

The term "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them in Section 130A of the Companies Act.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa.* References to persons shall, where applicable, include corporations.

Any reference to the time of day in this Offer Information Statement shall be a reference to Singapore time unless otherwise stated. Any reference to a date and/or time in this Offer Information Statement in relation to the Placement shall include such other dates(s) and/or time(s) as may be announced from time to time by or on behalf of FSL Trust.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the BTA, the Companies Act, the SFA or the Listing Manual or such statutory modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the BTA, the Companies Act, SFA, or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Offer Information Statement between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by FSL Trust or the Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as, without limitation, “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, operating results, business strategies, plans and future prospects are forward-looking statements.

These forward-looking statements, including but not limited to statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual, future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither FSL Trust, the Directors, the Placement Agent, nor any other person represent(s) or warrant(s) that the Group’s actual future results, performance or achievements will be as discussed or implied in those statements.

Further, FSL Trust, the Directors and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such development, events or circumstances occur after the lodgment of this Offer Information Statement with the Authority and are material, or are required to be disclosed by law and/or the SGX-ST, FSL Trust may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. FSL Trust is also subject to the provisions of the Listing Manual regarding corporate disclosure.

PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

1. Provide the names and addresses of each of the directors of the trustee-manager of the relevant business trust.

Name of Directors	Address
Wong Meng Meng (Independent Director and Chairman of the Board)	6A Rochalie Drive Singapore 248236
Phang Thim Fatt (Independent Director and Chairman of the Audit Committee)	20E East Coast Avenue, Singapore 459215
Michael John Montesano III (Independent Director)	8 Mount Sinai Lane Henry Park Singapore 276999
Philip Clausius (Non-Independent Director and Chief Executive Officer)	206 Ocean Drive #06-08 Singapore 098627
Cheong Chee Tham (Non-Independent Director and Chief Financial Officer)	2 Butterworth Lane #02-04 Singapore 439445

Advisers

2. Provide the names and addresses of —

(a) the issue manager to the offer, if any;

(b) the underwriter to the offer, if any; and

(c) the legal adviser for or in relation to the offer, if any.

	Name	Address
Placement Agent	CLSA Singapore Pte Ltd	9 Raffles Place #19-20/21 Republic Plaza II Singapore 048619
Legal Advisers to FSL Trust (*as to Singapore law*)	Allen & Gledhill LLP	One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Placement Agent (*as to Singapore law*)	Allen & Overy LLP	24 Raffles Place #22-00 Clifford Centre Singapore 048621

Legal Advisers to FSL Trust (*as to United States law*)	Seward & Kissel LLP	One Battery Park Plaza New York, New York 10004

Registrars and Agents

3. Provide the names and addresses of the registrars, transfer agents and receiving bankers for the units or derivatives of units, as the case may be, in the relevant business trust being offered, where applicable.

	Name	**Address**
Unit Registrar	Boardroom Corporate & Advisory Services Pte. Ltd.	3 Church Street #08-01 Samsung Hub Singapore 049483

PART III: OFFER STATISTICS AND TIMETABLE

Offer Statistics

1. For each method of offer, state the number of units or derivatives of units, as the case may be, being offered.

The Placement : Up to 100,000,000 New Units are offered.

Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to —

(a) the offer procedure; and

(b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.

See below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

The Placement will commence from the time and date this Offer Information Statement is lodged with the Authority and will remain open until the close of the book of orders for the Placement, which is currently expected to be no later than 7 September 2009.

After the number of New Units to be issued pursuant to the Placement Agreement and the Issue Price have been determined by the Placement Agent in consultation with the Trustee-Manager following a book-building process, these will be announced by the Trustee-Manager on the SGXNET. The number of New Units to be issued pursuant to the Placement Agreement and the Issue Price are currently expected to be determined no later than 7 September 2009 (the "**Pricing Date**") but is subject to change.

Pursuant to the Placement Agreement, CLSA has agreed to procure subscribers, on a best-efforts basis, for up to 100,000,000 New Units, subject to and on the terms and conditions of the Placement Agreement. Completion of the Placement is conditional upon, *inter alia*, (a) the in-principle approval for the listing of and quotation for the New Units on the Main Board of the SGX-ST being obtained and not having been revoked or amended; and (b) the allotment, issue and subscription of the New Units not being prohibited by any statute, order, rule, regulation, request or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Authority and the SGX-ST) in Singapore or any other jurisdiction(s) which is applicable to the Trustee-Manager, FSL Trust or the Placement Agent.

The Placement Agreement also provides that completion of the Placement is to take place on 17 September 2009 (or such other date as the Trustee-Manager and the Placement Agent may agree) (the "**Completion Date**").

The name and address of the Placement Agent are set out in paragraph 2 of Part II of this Offer Information Statement.

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4. State the method and time limit for paying up for the units or derivatives of units, as the case may be, in the relevant business trust and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

Pursuant to the Placement Agreement, on the Completion Date, the Placement Agent shall pay, or procure to be paid, to the Trustee-Manager, receiving such payments on behalf of FSL Trust, in immediately available funds in Singapore dollars, the aggregate Issue Price for the total number of New Units that are successfully placed pursuant to the Placement Agreement (the "**Sale Proceeds**") less the placement fee and the incentive fee (if any) payable to the Placement Agent pursuant to the Placement Agreement (including any costs and expenses plus any applicable taxes contemplated under the Placement Agreement payable to the Placement Agent) by:

(a) bank transfer to such account of the Trustee-Manager with such bank in Singapore as the Trustee-Manager may designate in writing no later than two business days before the Completion Date; or

(b) cashier's order or bank draft issued by a licensed bank in Singapore made out in favour of the Trustee-Manager.

The New Units will be fully paid-up.

5. State, where applicable, the methods of and time limits for —

(a) the delivery of the documents evidencing title to the units or derivatives of units, as the case may be, being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the units or derivatives of units, as the case may be, being offered in favour of subscribers or purchasers.

The Trustee-Manager shall, against receipt of the Sale Proceeds from the Placement Agent on the Completion Date, allot and issue such number of New Units for which subscription and payment have been procured to CDP for the account of each of the subscribers with the relevant number of New Units as notified by the Placement Agent and instruct CDP to credit the CDP securities account of each of the subscribers with the relevant number of New Units as notified by the Placement Agent.

6. In the case of any pre-emptive rights to subscribe for or purchase units or derivatives of units, as the case may be, being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.

Not applicable.

7. Provide a full description of the manner in which results of the allotment or allocation of the units or derivatives of the units in the relevant business trust, as the case may be, are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

The Trustee-Manager will announce the completion of the Placement by a SGXNET announcement to be posted on the Internet at the SGX-ST's website www.sgx.com.

PART IV: KEY INFORMATION

Use of Proceeds from Offer and Expenses Incurred

1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.

See below.

2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust), indicate the amount that will be raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust). If none of the proceeds will go to the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust), provide a statement of that fact.

Assuming that all of the 100,000,000 New Units are issued at an assumed Issue Price of S$0.59 per New Unit (being the Adjusted VWAP), FSL Trust estimates that it will receive net proceeds from the Placement of approximately S$57.3 million, after deducting the placement fee and estimated offering expenses (the "**Estimated Net Proceeds**").

3. Disclose how the net proceeds raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors of the trustee-manager of the relevant business trust, must be raised by the offer of units or derivatives of units, as the case may be.

FSL Trust intends to use the Estimated Net Proceeds for the acquisitions of vessels with leases or companies holding such vessels. As at the Latest Practicable Date, FSL Trust has not identified any specific assets to be acquired with the Estimated Net Proceeds.

Pending application of the net proceeds of the Placement, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

There is no minimum amount which, in the reasonable opinion of the Directors, must be raised by the Placement.

4. For each dollar of the proceeds from the offer that will be raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust), state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.

Assuming that all of the 100,000,000 New Units are issued at an assumed Issue Price of S$0.59 per New Unit, for each dollar of the gross proceeds to be raised by FSL Trust from the Placement:

(a) approximately S$0.972 will be used for the acquisitions of vessels with leases or companies holding such vessels; and

(b) approximately S$0.028 will be used to pay for expenses incurred in connection with the Placement.

5. If any of the proceeds to be raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant business trust, identify the interested person and state how the cost to the relevant business trust is or will be determined.

Not applicable.

6. If any of the proceeds to be raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

Not applicable.

7. If any material part of the proceeds to be raised by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) will be used to discharge, reduce or retire the indebtedness of the trustee-manager of the relevant business trust arising from his acting on behalf of the relevant business trust or, if the relevant business trust is part of a group, of the group and the trustee-manager arising from his acting on behalf of the relevant business trust, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the trustee-manager of the relevant business trust acting in its capacity as trustee-manager of the relevant business trust. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.

Under the Placement Agreement, the Placement Agent shall be entitled to a placement fee of 2% in respect of the Sale Proceeds, subject to a minimum fee of US$750,000. In addition, the Trustee-Manager may, at its sole discretion, pay an additional incentive fee of up to 0.5% of the Sale Proceeds.

Information on the Relevant Business Trust

9(a) The address and telephone and facsimile numbers of the registered office of the trustee-manager of the relevant business trust and the principal place of business of the trustee-manager (if different from those of its registered office);

Registered Office and Principal Place of Business

Address	:	9 Temasek Boulevard #19-03 Suntec Tower Two Singapore 038989
Tel	:	+65 6836 3000
Fax	:	+65 6836 6001

9(b) The nature of the operations and principal activities of the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) or, if the relevant business trust is part of a group, of the group;

FSL Trust was established on 19 March 2007 as a business trust under the BTA and the Trustee-Manager was incorporated on 8 February 2007. FSL Trust is managed by the Trustee-Manager, which provides management services to FSL Trust. The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for investment and financing strategies, asset acquisition and disposal policies, and the overall management of the business of FSL Trust.

FSL Trust provides ship leasing services on long-term bareboat charter basis to the international maritime industry. It currently owns 23 modern and high quality ocean-going vessels, which have all been leased to eight international maritime operators on a bareboat charter basis. The portfolio of vessels comprises crude oil tankers, product tankers, chemical tankers, containerships and dry bulk carriers. Further details on FSL Trust's lease portfolio are set out below.

FSL Trust differentiates itself from its competition through its well-diversified lease portfolio, strong ability in transaction structuring, risk management expertise, financial competence and strong support from the Sponsor.

FSL Trust is well-positioned in the growing global ship leasing market with focus on the long-term bareboat charter segment. Its main objectives are to derive a stable income stream from its lease portfolio and to seek growth from cash flow accretive acquisitions to deliver steady and regular distributions to Unitholders.

As at the Latest Practicable Date, FSL Trust's lease portfolio comprises 23 vessels that are diversified across five shipping sub-sectors and eight lessees, as follows:

Name Of Vessel	Year Built	Capacity	Lessee	Lease Commencement	Lease Term + Extension Option, if any (Years)
Crude Oil Tanker					
Aqua	2007	115,000 DWT	Geden Holdings Limited	19 April 2008	10
Action	2007	115,000 DWT	Geden Holdings Limited	19 April 2008	10
Product Tanker					
Verona I	2006	47,496 DWT	Groda Shipping & Transportation Ltd/ OJSC Rosneft Oil Company	7 November 2007	7 + 3
Nika I	2005	47,470 DWT	Groda Shipping & Transportation Ltd/ OJSC Rosneft Oil Company	7 November 2007	7 + 3
Clyde Fisher	2005	12,984 DWT	James Fisher & Sons PLC	18 February 2005	10 + 5
Cumbrian Fisher	2004	12,921 DWT	James Fisher & Sons PLC	23 December 2004	10 + 5
Shannon Fisher	2006	5,421 DWT	James Fisher & Sons PLC	1 February 2006	10 + 5
Solway Fisher	2006	5,421 DWT	James Fisher & Sons PLC	30 June 2006	10 + 5
Speciality	2006	4,426 DWT	James Fisher & Sons PLC	1 June 2007	10 + 5 + 5
Seniority	2006	4,426 DWT	James Fisher & Sons PLC	1 June 2007	10 + 5 + 5
Superiority	2007	4,426 DWT	James Fisher & Sons PLC	1 June 2007	10 + 5 + 5
Chemical Tanker					
Prita Dewi	2006	19,998 DWT	PT Berlian Laju Tanker Tbk	26 July 2006	12
Pertiwi	2006	19,970 DWT	PT Berlian Laju Tanker Tbk	7 July 2006	12
Pujawati	2006	19,900 DWT	PT Berlian Laju Tanker Tbk	28 September 2006	12
Containership					
YM Eminence	2008	4,250 TEU	Yang Ming Marine Transport Corporation	20 May 2008	12
YM Elixir	2008	4,250 TEU	Yang Ming Marine Transport Corporation	16 June 2008	12
YM Enhancer	2008	4,250 TEU	Yang Ming Marine Transport Corporation	9 October 2008	12
Ever Radiant	1994	4,229 TEU	Evergreen Marine Corp. (Taiwan) Ltd.	24 January 2006	10 + 3
Ever Respect	1995	4,229 TEU	Evergreen Marine Corp. (Taiwan) Ltd.	24 January 2006	10 + 3
Cape Ferro (formerly known as YM Subic)	2003	1,221 TEU	Schoeller Holdings Ltd	5 July 2005	9
Cape Falcon	2003	1,221 TEU	Schoeller Holdings Ltd	5 July 2005	9
Dry Bulk Carrier					
Stella Eltanin	1999	46,693 DWT	Siba Ships S.p.A.	11 January 2007	10
Stella Fomalhaut	1999	46,685 DWT	Siba Ships S.p.A.	11 January 2007	10

Notes:
- TEU refers to Twenty-Foot Equivalent Unit
- DWT refers to Deadweight Tonne

Other details:
- Average age of vessels – 4.25 years^
- Average remaining lease term (excluding lease extension and early buyout options) – 8.24 years^

^ On a dollar-weighted basis by net book value as at 30 June 2009

9(c) The general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant business trust or the group, as the case may be, since —

(i) the end of the most recent completed financial year for which financial statements of the relevant business trust have been published; or

(ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;

The significant developments in the business of the Group in chronological order since incorporation are set out below. Investors are advised to refer to the related announcements released by FSL Trust via SGXNET for further details.

Key Developments in FY2007

FSL Trust raised gross proceeds in excess of US$360 million (the "**IPO proceeds**") in its initial public offering on 19 March 2007 (the "**IPO**"), and was subsequently admitted to the Official List of the SGX-ST on 27 March 2007. The IPO proceeds were used to acquire an initial portfolio which comprised long-term bareboat charters over 13 vessels held through the SPCs.

On 15 February 2007, FSL Trust also secured a revolving credit facility for the amount of US$250 million.

Subsequent to the IPO, on 1 June 2007, FSL Trust acquired three additional product tankers from James Fisher & Sons PLC for a total consideration of US$45 million. These three vessels were concurrently leased back to James Fisher & Sons PLC for a base lease term of 10 years.

On 7 November 2007, FSL Trust acquired two product tankers from Groda Shipping & Transportation Ltd ("**Groda**") for a total consideration of US$113 million. These two vessels were concurrently leased back to Groda and employed under a contract of affreightment with Russian state-controlled energy company, OJSC Rosneft Oil Company. Both leases have a base lease term of 7 years.

FSL Trust changed the trading currency of its Units on the SGX-ST from US Dollar to Singapore Dollar on 30 November 2007.

Key Developments in FY2008

FSL Trust obtained a US$200 million revolving credit facility on 30 January 2008.

FST Trust proceeded to acquire two crude oil tankers for US$140 million from Geden Holdings Limited ("**Geden**") on 18 April 2008. The two vessels were concurrently leased back to Geden for 10 years.

FSL Trust also entered into a conditional agreement to acquire three containerships from Yang Ming Marine Transport Corporation ("**Yang Ming**") for a total consideration of US$210 million on 12 May 2008. The vessels were delivered in May, June and October 2008 respectively and were concurrently leased back to Yang Ming for a lease term of 12 years.

FSL Trust successfully applied for quotation of a Level 1 American Depository Receipt ("**ADR**") program on the PrimeQX Tier of International OTCQX. Each ADR is represented by 10 underlying Units. The ADRs were quoted on International OTCQX with effect from 29 October 2008.

On 18 September 2008, FSL Trust secured an additional revolving credit facility for the amount of US$65 million, bringing the total amount available under the credit facilities of the Group to US$515 million.

Unitholders approved the adoption of the FSL Distribution Reinvestment Scheme at an extraordinary general meeting held on 9 October 2008.

Key Developments since 1 January 2009 to the Latest Practicable Date

The FSL Distribution Reinvestment Scheme was applied in respect of the distribution for the quarter ended 31 March 2009. Unitholders holding 30.9% of the total number of issued Units opted to receive their distribution for the quarter ended 31 March 2009 in the form of new Units under the FSL Distribution Reinvestment Scheme. As a result, 15.6 million new Units were issued at an issue price of US$0.245 (S$0.365). The total cash retained arising from Unitholders' election to receive new Units in respect of their distribution for the quarter ended 31 March 2009 pursuant to the FSL Distribution Reinvestment Scheme amounted to US$3.8 million.

FSL Trust also made voluntary loan prepayments of US$4 million and US$8 million in March and June 2009 respectively.

As part of a proactive measure to manage future exposure to fluctuations in vessel valuations, FSL Trust had entered into negotiations with its lending banks, and had obtained a waiver from the application of the loan-to-value covenants under the said credit facilities until the end of the quarter ending 30 June 2011 (the "**Waiver Period**"), subject to formal documentation closing (the "**LTV waiver arrangement**"). During the Waiver Period, the minimum coverage ratio of the charter-free fair market value of FSL Trust's vessel portfolio over its outstanding indebtedness will be reduced from 145% to 100%. FSL Trust will also make quarterly loan repayments of US$8 million during the Waiver Period (which will be applied on a *pro-rata* basis to all three tranches of the credit facilities), which will progressively reduce FSL Trust's outstanding loan balance and lower its refinancing risk at the respective loan maturities in 2012 and 2014. As at the Latest Practicable Date, FSL Trust has already voluntarily pre-paid US$12 million of its indebtedness. The formalised LTV waiver arrangement will also include, *inter alia*, the following terms:

- FSL Trust's unitholders' equity shall be at least 68% of the total outstanding secured indebtedness during the Waiver Period. After the Waiver Period, this percentage will increase to 80%.

- FSL Trust shall maintain a minimum annual revenue of US$85 million during the Waiver Period.

In connection with the LTV waiver arrangement, all loan tranches under the credit facilities will also bear a higher interest margin.

Save as disclosed herein, or otherwise previously disclosed publicly by FSL Trust, there has been no material changes in the affairs of the Group during the period from 1 January 2009 to the Latest Practicable Date.

9(d) The unitholders' equity and loan capital of the relevant business trust, as at the latest practicable date, showing —

(i) in the case of the unitholders' equity, the total amount of units in the relevant business trust issued; or

(ii) in the case of the loan capital, the total amount of the debentures issued by the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) and outstanding, together with the rate of interest payable thereon;

As at the Latest Practicable Date, the total issued Units of FSL Trust comprised:

Issued Capital	:	US$482,043,000 divided into 518,665,077 Units
Loan Capital	:	Nil

9(e) The number of units in the relevant business trust owned by each substantial unitholder as at the latest practicable date;

Based on the notifications received from the Substantial Unitholders as of the Latest Practicable Date, the Substantial Unitholders of FSL Trust and the number of Units in which they have an interest were as follows:

	Direct Interest		Deemed Interest		Total Interest	
Substantial Unitholder	**No. of Units**	**%**(1)	**No. of Units**	**%**(1)	**No. of Units**	**%**(1)
FSL Holdings Pte. Ltd.(2)	154,430,600	29.77	3,422,100(3)	0.66(3)	157,852,700	30.43
Deutsche Bank AG	-	-	40,444,000(4)	7.80	40,444,000	7.80
American International Assurance Company, Limited	-	-	56,340,000(4)	10.86	56,340,000	10.86

Notes:
(1) Based on 518,665,077 issued Units as at the Latest Practicable Date.
(2) Schoeller Investments Limited is the beneficial holder of 41.25% of the issued share capital of FSL Holdings Pte. Ltd. Accordingly, Schoeller Investments Limited and its ultimate shareholder, Mr Heinrich-Leopold Felix Schoeller, are deemed under Section 4 of the SFA to be interested in all of the Units in which FSL Holdings Pte. Ltd. has an interest. In addition, Mr Heinrich-Leopold Felix Schoeller also has an interest in 2,860,000 Units held through a nominee.
(3) This deemed interest arises through FSL Holdings Pte. Ltd.'s shareholding interests in the Trustee-Manager.
(4) Based on the notifications received from these Substantial Unitholders as of the Latest Practicable Date, the Trustee-Manager understands that these deemed interests are held through nominees.

9(f) Any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant business trust or, where the relevant business trust is part of a group, of the group;

As at the date of this Offer Information Statement, the Directors are not aware of any legal or arbitration proceedings to which the Group is a party or which is pending or known to be contemplated that may have or would have had in the 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

9(g) Where any units or derivatives of units in the relevant business trust have been issued within the 12 months immediately preceding the latest practicable date —

(i) if the units or derivatives of units have been issued for cash, state the prices at which the units or derivatives of units have been issued and the number of units or derivatives of units issued at each price; or

(ii) if the units or derivatives of units have been issued for services, state the nature and value of the services and give the name and address of the person who received units or derivatives of units; and

No Units have been issued for cash or for services within the 12 months immediately preceding the Latest Practicable Date, save for the issue of Units to the Trustee-Manager as payment of Incentive Fees in accordance with the terms of the Trust Deed and the issue of Units pursuant to the FSL Distribution Reinvestment Scheme as set out in the table below:

Date of Issue	Price (S$)	No. of Units issued	Purpose
3 November 2008	0.8615	911,000	Issue of Units as payment of Incentive Fees to the Trustee-Manager
9 February 2009	0.4623	1,841,000	Issue of Units as payment of Incentive Fees to the Trustee-Manager
28 May 2009	0.365	15,554,077	Issue of Units pursuant to the FSL Distribution Reinvestment Scheme

9(h) A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) or a subsidiary or subsidiary entity of the relevant business trust is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) or the subsidiary or subsidiary entity of the relevant business trust.

There are no material contracts other than contracts entered into in the ordinary course of business, to which any member of the Group is a party, for the period of two years immediately preceding the date of lodgment of this Offer Information Statement.

PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

1. Provide selected data from —

(a) the audited income statement of the relevant business trust or, if the relevant business trust is part of a group, the audited consolidated income statement of the relevant business trust or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and

(b) any interim income statement of the relevant business trust or, if the relevant business trust is part of a group, any interim consolidated income statement of the relevant business trust or interim combined income statement of the group, for any subsequent period for which that statement has been published.

2. The data referred to in paragraph 1 shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:

(a) distributions declared per unit in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;

(b) earnings or loss per unit; and

(c) earnings or loss per unit, after any adjustment to reflect the sale of new units or derivatives of units.

The table below sets out the audited consolidated income statements of the Group for FY2007 and FY2008 and the unaudited consolidated income statements of the Group for 1H2008 and 1H2009:

	FY2007[1]	FY2008	1H2008	1H2009
	(US$'000)	**(US$'000)**	**(US$'000)**	**(US$'000)**
Revenue	40,596	86,621	37,274	49,664
Depreciation expense on vessels	(28,573)	(54,744)	(24,487)	(30,648)
Management Fees	(1,629)	(3,496)	(1,514)	(1,983)
Trustee Fees	(77)	(151)	(62)	(93)
Incentive Fees	-	(1,458)	(317)	-
Other Trust Expenses	(1,046)	(2,655)	(1,614)	(1,219)
Results from operating activities	9,271	24,117	9,280	15,721
Finance Income	460	1,111	1,149	734
Finance Expenses	(3,340)	(20,449)	(6,715)	(12,564)
Net Finance Expenses	(2,880)	(19,338)	(5,566)	(11,830)
Profit before income tax	6,391	4,779	3,714	3,891
Income tax credit/(expenses)	(88)	44	(19)	(9)
Profit for the year/period	6,303	4,823	3,695	3,882
Income available for distribution	34,750	57,653	29,953	25,037
Distribution per Unit (US cents)	6.95	11.52	5.39	4.90
Adjusted Distribution per Unit (US cents)[2]	5.79	9.60	4.49	4.10
Distribution per Unit (Singapore cents)[3]	10.19	16.85	7.48	7.11
Adjusted Distribution per Unit (Singapore cents)[2][3]	8.49	14.05	6.24	5.95
Earning per Unit (US cents)				
Basic	1.26	0.96	0.74	0.77
Diluted	1.26	0.96	0.74	0.77
Adjusted Earning per Unit (US cents)[2]				
Basic	1.05	0.80	0.62	0.64
Diluted	1.05	0.80	0.62	0.64

Notes:

(1) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, being the listing date of FSL Trust. As such, the results for FY2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.

(2) Calculated based on the total number of Units in issue after the Placement assuming that all of the 100,000,000 New Units were issued at the beginning of the financial year/period.

(3) Translated to Singapore cents at the following exchange rates:
   (a) FY2007: US$1.00 = S$1.4658;
   (b) FY2008: US$1.00 = S$1.4630;
   (c) 1H2008: US$1.00 = S$1.3882; and
   (d) 1H2009: US$1.00 = S$1.4518.

3. In respect of —

(a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant business trust or, if the relevant business trust is part of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant business trust or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

FY2008 as compared to FY2007

FSL Trust's revenue for FY2008 more than doubled to US$86.6 million compared to its initial year of operations from 27 March 2007 (listing date of FSL Trust) to the end of the same year. The increase was primarily attributable to the acquisition of five vessels in 2008 as well as the full year impact of five vessels acquired in 2007 after the listing of FSL Trust on 27 March 2007.

Operating expenditure for FY2008 increased by 99.5%, approximately US$31.2 million, to US$62.5 million primarily on account of higher depreciation due to the larger portfolio of vessels and increase in various fees payable to the Trustee-Manager. Finance expenses also increased from US$3.3 million for FY2007 to US$20.4 million for FY2008 as a result of debt-funded vessel acquisitions following the listing of FSL Trust. Net profit fell by 23.5%, approximately US$1.5 million, to US$4.8 million.

As the acquisitions after the listing of FSL Trust were accretive to distribution, income available for distribution to Unitholders grew 65.9%, approximately US$22.9 million, to US$57.7 million. Consequently, FSL Trust's quarterly DPU grew from 2.19 US cents (normalised) for the quarter ended 30 June 2007 to 3.08 US cents for the quarter ended 31 December 2008.

1H2009 as compared to 1H2008

Lease revenue for 1H2009 reached US$49.7 million, up 33.2% compared to 1H2008, reflecting the impact of the acquisition of the third containership from Yang Ming in October 2008 and the full half year impact of the acquisition of two crude oil tankers from Geden in April 2008 and two containerships from Yang Ming in May 2008 and June 2008.

Operating expenditure increased by 21.3% to US$33.9 million for 1H2009 compared to 1H2008. This was mainly contributed by the incremental depreciation expenses arising from the acquisition of three containerships from Yang Ming and two crude oil tankers from Geden. As these additional vessels were acquired and financed fully by debt, finance expenses rose 87.1% to US$12.6 million.

Net profit for 1H2009 increased 5.1% to US$3.9 million.

Financial Position

4. **Provide selected data from the balance sheet of the relevant business trust or, if the relevant business trust is part of a group, the group as at the end of —**

   (a) the most recent completed financial year for which audited financial statements have been published; or

   (b) if interim financial statements have been published for any subsequent period, that period.

5. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant business trust or the group, as the case may be, and shall in addition include the following items:**

   (a) number of units after any adjustment to reflect the sale of new units or derivatives of units;

   (b) net assets or liabilities per unit; and

   (c) net assets or liabilities per unit after any adjustment to reflect the sale of new units or derivatives.

The unaudited consolidated balance sheet of the Group as at 30 June 2009, is set out below:

(US$'000)	**As at 30 June 2009**
Non-current assets	
Vessels	874,736
Current Assets	
Prepayments and other receivables	282
Cash and cash equivalents	23,557
Total assets	898,575
Equity attributable to unitholders of FSL Trust	
Units in issue	482,043
Reserves	(113,504)
Total equity	368,539
Non-current liabilities	
Secured bank loans	497,642
Derivative liabilities	15,237
	512,879

(US$'000)	As at 30 June 2009
Current liabilities	
Trade and other payables	3,520
Lease income received in advance	1,727
Derivative liabilities	11,885
Current tax payable	25
	17,157
Total liabilities	530,036
Total equity and liabilities	898,575
Number of Units in issue	518,665,077
Net asset value per Unit attributable to Unitholders (US$)	0.71
Total equity after adjustment to reflect the Placement (US$'000)[1]	408,347
Number of Units in issue after adjustment to reflect the Placement[1]	618,665,077
Net asset value per Unit attributable to Unitholders after adjustment to reflect the Placement (US$)[1]	0.66

Note:

(1) Calculated based on the maximum issue size of 100,000,000 New Units and net proceeds of S$57.3 million or US$39.8 million (after translation based on the exchange rate of US$1.00: S$1.4404).

Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of —

(a) the most recent completed financial year for which financial statements have been published; and

(b) if interim financial statements have been published for any subsequent period, that period.

An evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of FY2008 and 1H2009 is set out as follows:

(US$'000)	FY2008	1H2009
Operating activities		
Profit before income tax	4,779	3,891
Adjustments for:		
Depreciation expense on vessels	54,744	30,648
Amortisation of debt upfront fees and initial direct costs	1,172	833
Interest Income	(607)	(113)
Interest Expense	19,562	12,037
Equity-settled unit-based payment transactions	1,457	-
Exchange differences	(524)	(643)
	80,583	46,653
Changes in working capital:		
Prepayments and other receivables	524	(71)
Trade and other payables	(384)	(611)
Cash generated from operations	80,723	45,971
Income taxes paid	(1)	(24)
Cash flows from operating activities	80,722	45,947
Investing activities:		
Acquisition of vessels	(354,109)	-
Interest received	648	139
Cash flows from investing activities	(353,461)	139
Financing activities:		
Distribution to unitholders	(54,314)	(23,954)
Proceeds from borrowings (net of transaction cost)	350,481	-
Repayment of secured bank loans	-	(12,000)
Interest paid	(15,195)	(13,291)
Cash flows from financing activities	280,972	(49,245)
Net increase/decrease in cash and cash equivalents	8,233	(3,159)
Cash and cash equivalents at beginning of year/period	18,483	26,716
Cash and cash equivalents at end of year/period	26,716	23,557
Comprising:		
Cash at bank	7,591	5,253
Short-term deposits	19,125	18,304
	26,716	23,557

Evaluation for FY2008

Net cash generated from operating activities amounted to US$80.7 million, contributed primarily by the rentals received.

Bank loans of US$350.5 million were drawn in FY2008 to finance the acquisition of two crude oil tankers from Geden and three containerships from Yang Ming amounting to US$354.1 million.

Other major cash flows in FY2008 were (i) four quarterly distributions to Unitholders of US$54.3 million; and (ii) interest payment of US$15.2 million for the loans drawn to acquire the vessels.

Net cash flows for FY2008 was a surplus of US$8.2 million.

Evaluation for 1H2009

Net cash generated from operating activities for 1H2009 amounted to US$45.9 million, contributed primarily by the rentals received.

Major cash flows for 1H2009 were (i) two quarterly distributions to Unitholders of US$24.0 million; (ii) two voluntary loan prepayments of US$12.0 million in total; and (iii) interest payment of US$13.3 million for loans drawn to acquire the vessels.

Net cash flows for 1H2009 was a deficit of US$3.2 million.

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7. Provide a statement by the directors of the trustee-manager of the relevant business trust as to whether, in their reasonable opinion, the working capital available to the trustee-manager (acting in its capacity as trustee-manager of the relevant business trust) or, if the relevant business trust is part of a group, to the trustee-manager (acting in its capacity as trustee-manager of the relevant business trust) or to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors to be necessary is proposed to be provided.

In the reasonable opinion of the Directors, taking into consideration the Group's internal resources, operating cash flows and available credit facilities, the working capital available to the Trustee-Manager or to the Group as at the date of lodgment of this Offer Information Statement is sufficient to meet its present requirements.

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8. If the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the financial position and results or business operations of the relevant business trust, or the investments by holders of units or derivatives of units in the relevant business trust, provide —

(a) a statement of that fact;

(b) details of the credit arrangement or bank loan; and

(c) any action taken or to be taken by the trustee-manager (acting in its capacity as trustee-manager of the relevant business trust) or entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

As part of a proactive measure to manage future exposure to fluctuations in vessel valuations, FSL Trust had entered into negotiations with its lending banks, and had obtained a waiver from the application of the loan-to-value covenants under the said credit facilities until the end of the quarter ending 30 June 2011, subject to formal documentation closing. During the Waiver Period, the minimum coverage ratio of the charter-free fair market value of FSL Trust's vessel portfolio over its outstanding indebtedness will be reduced from 145% to 100%. FSL Trust will also make quarterly loan repayments of US$8 million during the Waiver Period (which will be applied on a *pro-rata* basis to all three tranches of the credit facilities), which will progressively reduce FSL Trust's outstanding loan balance and lower its refinancing risk at the respective loan maturities in 2012 and 2014. As at the Latest Practicable Date, FSL Trust has already voluntarily pre-paid US$12 million of its indebtedness. The formalised LTV waiver arrangement will also include, *inter alia*, the following terms:

- FSL Trust's unitholders' equity shall be at least 68% of the total outstanding secured indebtedness during the Waiver Period. After the Waiver Period, this percentage will increase to 80%.

- FSL Trust shall maintain a minimum annual revenue of US$85 million during the Waiver Period.

In connection with the LTV waiver arrangement, all loan tranches under the credit facilities will also bear a higher interest margin.

In addition, as at the Latest Practicable Date, FSL Trust has not received any notification of any breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan.

Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant business trust or, if the relevant business trust is part of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

While the global shipping and capital market conditions remain challenging, FSL Trust's business continues to perform well with the stable and long-term cash flows from its lease portfolio. It has no committed capital expenditure and no loan maturity until 2012.

The Board is committed to optimising unitholders' value, strengthening FSL Trust's balance sheet and seeking cash flow accretive growth opportunities.

In addition to the above, the risk factors that are material to prospective investors in making an informed judgement on the Placement are set out in Appendix A of this Offer Information Statement. Prospective investors should carefully consider and evaluate each of the considerations set out in Appendix A and all other information contained in this Offer Information Statement before deciding to invest in the New Units.

10. **Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**

Not applicable.

11. **Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors of the trustee-manager of the relevant business trust have based their profit forecast or profit estimate, as the case may be.**

Not applicable.

12. **Where a profit forecast is disclosed, include a statement by an auditor of the relevant business trust as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted for the relevant business trust, and is presented in accordance with the accounting standards adopted for the relevant business trust in the preparation of its financial statements.**

Not applicable.

13. **Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant business trust, provide in addition to the statement referred to in paragraph 12 of this Part —**

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors of the trustee-manager of the relevant business trust after due and careful enquiry and consideration; or

(b) a statement by an auditor of the relevant business trust, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant business trust, provide in addition to the statement referred to in paragraph 12 of this Part —

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

(b) a statement by an auditor of the relevant business trust, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 9 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable.

Significant Changes

15. Disclose any event that has occurred from the end of —

(a) the most recent completed financial year for which financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the relevant business trust or, if the relevant business trust is part of a group, the group, or, if there is no such event, provide an appropriate negative statement.

Save as disclosed under the sections "Key Developments since 1 January 2009 to the Latest Practicable Date" and "Risk Factors" and as disclosed in the announcements made by FSL Trust on the SGXNET, to the best of the knowledge of the Directors, there is no event which has occurred from 1 July 2009 (being the date to which the most recent interim financial statements of FSL Trust have been published) to the Latest Practicable date which may have a material effect on the financial position and results of the Group.

Meaning of "published"

16. In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.

Noted.

PART VI: THE OFFER AND LISTING

Offer and Listing Details

1. Indicate the price at which the units or derivatives of units, as the case may be, are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which it is to be determined must be explained.

The Issue Price will be determined by the Placement Agent in consultation with the Trustee-Manager following a book-building process on the Pricing Date. The issue price per New Unit shall not be less than S$0.525 and not greater than S$0.575 unless otherwise agreed between the Placement Agent and the Trustee-Manager, provided however that the issue price per New Unit shall not be at a discount of more than 20.0% to the Adjusted VWAP. A SGXNET announcement will be posted on the Internet at the website www.sgx.com once the Issue Price has been determined on the Pricing Date.

In addition, the Placement Agent may charge the subscribers a brokerage fee of up to 1.0% of the Issue Price.

2. If there is no established market for the units or derivatives of units, as the case may be, being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.

Not applicable as there is already an established market for the Units.

3. If —

(a) any of the unitholders of the relevant business trust have pre-emptive purchase rights to subscribe for or purchase the units or derivatives of units being offered; and

(b) the exercise of the rights by the unitholder is restricted, withdrawn or waived,

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

None of the existing Unitholders has pre-emptive rights to subscribe for the New Units.

4. If units or derivatives of units, as the case may be, in the relevant business trust of the same class as those being offered are listed for quotation on any securities exchange —

(a) in a case where the first-mentioned units or derivatives of units have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units or derivatives of units —

(i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or

(b) in a case where the first-mentioned units or derivatives of units have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units or derivatives of units —

(i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;

(c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the units or derivatives of units have been listed for quotation for less than 3 years, during the period from the date on which the units or derivatives of units were first listed to the latest practicable date; and

(d) disclose information on any lack of liquidity, if the units or derivatives of units are not regularly traded on the securities exchange.

(a) The price range and volume of the Units traded on the SGX-ST during each of the last 12 calendar months immediately preceding September 2009, being the calendar month in which the Latest Practicable Date falls and for the period from 1 September 2009 to the Latest Practicable Date are as follows:

Month	**High (S$)**	**Low (S$)**	**Volume of Units Traded ('000 Units)**
September 2008	1.110	0.810	32,278
October 2008	0.815	0.390	51,729
November 2008	0.520	0.420	14,213
December 2008	0.525	0.445	7,243
January 2009	0.500	0.430	14,259
February 2009	0.440	0.340	9,862
March 2009	0.405	0.340	23,056
April 2009	0.435	0.370	16,028
May 2009	0.585	0.390	30,117
June 2009	0.645	0.555	44,198

Month	High (S$)	Low (S$)	Volume of Units Traded ('000 Units)
July 2009	0.690	0.600	32,357
August 2009	0.615	0.565	29,003
1 September 2009 to Latest Practicable Date	0.615	0.595	3,225

Source: Bloomberg L.P. Bloomberg L.P. has not consented to the inclusion of the prices quoted under this section for purposes of Section 282I of the SFA. Accordingly, Bloomberg L.P. is not liable for such information under Sections 282N and 282O of the SFA. FSL Trust has included the above information in their proper form and context in this Offer Information Statement and has not verified the accuracy of these statements.

(b) Not applicable, as the Units have been listed for quotation on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

(c) There has been no significant trading suspension that has occurred on the SGX-ST since 27 March 2007, being the date of listing of FSL Trust, up to the Latest Practicable Date.

(d) The Units are regularly traded on the SGX-ST. Please refer to paragraph 4(a) of the section entitled "Part VI: The Offer and Listing" of this Offer Information Statement for the volume of Units traded during each of the last 12 calendar months immediately preceding September 2009, being the calendar month in which the Latest Practicable Date falls and for the period from 1 September 2009 to the Latest Practicable Date.

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5. Where the units or derivatives of units being offered are not identical to the units or derivatives of units already issued by the relevant business trust, provide —

(a) a statement of the rights, preferences and restrictions attached to the units or derivatives of units being offered; and

(b) an indication of the resolutions, authorisations and approvals by virtue of which the trustee-manager of the relevant business trust (acting in its capacity as trustee-manager of the relevant business trust) may create or issue further units or derivatives of units, to rank in priority to or *pari passu* with the units or derivatives of units being offered.

In conjunction with the Placement, the Trustee-Manager will declare a distribution for the period from 1 July 2009 to the day immediately preceding the date on which the New Units will be issued under the Placement (the "**Stub Distribution**"), instead of the period from 1 July 2009 to 30 September 2009 as originally scheduled. The New Units are expected to be issued on 17 September 2009. The next distribution following the Stub Distribution is expected to be in respect of the period from the day the New Units are issued under the Placement to 30 September 2009. Quarterly distributions are expected to resume thereafter.

The Stub Distribution is proposed as a means to ensure fairness to holders of the Units in issue on the day immediately prior to the date on which the New Units are issued under the Placement (the "**Existing Units**").

The current expectation of the Trustee-Manager is that the quantum of the distribution per Existing Unit under the Stub Distribution will be 1.27 US cents ("**Estimated Stub Distribution**").

The actual quantum of the distribution per Existing Unit under the Stub Distribution will be announced after the amount for distribution has been determined by the Trustee-Manager. The Trustee-Manager currently expects to make payment of the Stub Distribution by 30 October 2009.

Except for the Stub Distribution, the New Units will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may be paid for the period from the date the New Units are issued to 30 September 2009, as well as all distributions thereafter.

For the avoidance of doubt, the New Units will not be entitled to participate in the Stub Distribution.

Plan of Distribution

6. Indicate the amount, and outline briefly the plan of distribution, of the units or derivatives of units in the relevant business trust that are to be offered otherwise than through underwriters. If the units or derivatives of units are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

The Trustee-Manager, on behalf of FSL Trust, and the Placement Agent have entered into the Placement Agreement on 4 September 2009, pursuant to which the Placement Agent has been appointed to procure, on a best-efforts basis, subscribers for up to 100,000,000 New Units, subject to and on the terms and conditions of the Placement Agreement.

In consideration of the agreement of the Placement Agent to procure subscribers for the New Units, FSL Trust shall pay to the Placement Agent a placement fee of 2% in respect of the Sale Proceeds subject to a minimum fee of US$750,000. In addition, the Trustee-Manager may, at its sole discretion, pay an additional incentive fee of up to 0.5% of the Sale Proceeds.

The number of New Units to be issued pursuant to the Placement Agreement and the Issue Price will be determined by the Placement Agent in consultation with the Trustee-Manager following a book-building process on the Pricing Date and will be announced through a SGXNET announcement posted on the Internet at the SGX-ST's website www.sgx.com on the Pricing Date.

7. Provide a summary of the features of the underwriting relationship together with the amount of units or derivatives of units being underwritten by each underwriter.

Not applicable as the Placement is not underwritten.

PART VII: CONSENTS

Statements by Experts

1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.

No statement or report made by an expert is included in this Offer Information Statement.

2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert —

(a) state the date on which the statement was made;

(b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and

(c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

No statement or report made by an expert is included in this Offer Information Statement.

3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 17(2) or (3) applies.

Not applicable.

Consents from Issue Managers and Underwriters

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

Not applicable as no issue manager or underwriter has been appointed in respect of the Placement.

PART VIII: OTHER MATTERS

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1. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly —

(a) the business operations or financial position or results of the relevant business trust; or

(b) investments by holders of units or derivatives of units in the relevant business trust.

Save as disclosed in this Offer Information Statement, the Trustee-Manager is not aware of any other matters which could materially affect, directly or indirectly, FSL Trust's business operations or financial position or results or investments by holders of units in FSL Trust.

PART IX: ADDITIONAL PARTICULARS REQUIRED FOR OFFER OF UNITS OR DERIVATIVES OF UNITS BY WAY OF RIGHTS ISSUE

Not applicable.

Appendix A

RISK FACTORS

RISKS RELATING TO THE BUSINESS OF FSL TRUST

FSL Trust is exposed to concentration risks and lessee credit risks and is dependent on the due performance of the lessees under the bareboat charters

FSL Trust's portfolio comprises long-term bareboat charters over the 23 vessels held through the SPCs. These Vessels are leased out to eight lessees and FSL Trust's income is derived from the lease income on these Vessels. On the basis of such portfolio, the three largest lessees (in terms of total contribution to the revenue of FSL Trust) currently account for 50% of the lease revenue of FSL Trust. Accordingly, FSL Trust is dependent on the due performance by the lessees of their respective obligations under the bareboat charters, and a default or delay by a lessee in the payment of the lease income, or other failure by a lessee to perform its obligations under a bareboat charter, including re-delivery of the Vessels in the conditions specified under the bareboat charter, could result in a loss of income or additional costs incurred by FSL Trust. In the event that FSL Trust is unable to expand its lease portfolio and FSL Trust ultimately derives its income solely from these eight lessees, any loss of income from any of such lessees could have a material adverse effect on the financial performance of FSL Trust.

Political, economic and other risks in the markets where FSL Trust's lessees have operations may cause serious disruptions to the business of FSL Trust or its lessees, which may result in a decline in the value of the Units

The Vessels ply ports, and their lessees are located, in various countries around the world, including emerging markets. As such, FSL Trust's business is subject to political, economic and social conditions of the countries where these ports are located. For example, FSL Trust will be indirectly exposed to risks of political unrest, war and economic and other forms of instability, such as natural disasters, epidemics, widespread transmission of communicable or infectious diseases, acts of God, terrorist attacks and other events beyond its control which may adversely affect local economies, infrastructures and livelihoods. These events could result in disruption to FSL Trust's lessees' businesses and seizure of, or damage to, FSL Trust's lessees' assets, or could give rise to difficulties to FSL Trust in protecting its assets, including by enforcing its rights, in these jurisdictions. These events could also cause the partial or complete closure of particular ports and sea passages, such as the Suez or Panama canals, potentially resulting in higher costs, vessel delays and cancellations on some lines. Furthermore, these events could lead to reductions in, or in the growth rate of, world trade, which could reduce demand for vessels and/or services. The political, economic or social conditions in any of these countries may have an effect on FSL Trust's lessees' businesses and financial conditions which may affect the creditworthiness of FSL Trust's lessees, and increase the risk of default on the lessee, which would adversely impact on the ability of FSL Trust's lessees to pay lease income under the lease agreements for the Vessels and consequently, affect the stability of income flow to FSL Trust and its ability to expand its business.

FSL Trust may face constraints in respect of the contractual arrangements with lessees

The lease agreements entered into with respect to the Vessels are for an initial term of between seven to 12 years and have fixed lease rates (except for two leases where such lease rates are pegged to the 3-month London Inter-bank Offered Rate or LIBOR). Accordingly, the Trustee-Manager will be bound by the terms of these agreements (including the lease rates) and will not be free to deploy the Vessels to take advantage of any future increase in lease rates in the market during the tenure of the agreements.

Furthermore, all of the lease agreements provide purchase options over the asset which allow the lessees or certain other third parties to purchase the lease asset on the expiry of the base lease period. Some of the lease agreements also provide early buyout options which allow the purchase of an asset on a pre-agreed date prior to the expiry of the base lease period. If such purchase options or early buyout options (in the absence of default) are exercised, there can be no assurance that the Trustee-Manager will be able to redeploy the proceeds on vessels with similar or better lease terms, which could result in a reduction of income to FSL Trust.

FSL Trust's ability to lease out vessels either at the expiration or upon default of the initial lease and its ability to dispose of the vessels profitably are subject to availability of lessees, lease rates and vessel market values at that time

Some leases have extension options. With respect to vessels acquired or leased out by the Trustee-Manager on behalf of FSL Trust, it is not uncommon for lessees to have sole discretion as to whether or not they wish to extend the leases after expiration of the initial lease term. In these circumstances, the Trustee-Manager will not be able to predict whether such lessees will exercise such an option. If lessees decide not to extend, the Trustee-Manager may not be able to re-lease the vessels on similar terms. The Trustee-Manager's ability to lease out vessels and re-lease vessels on the expiration or termination of the initial leases, the lease hire payable under any renewal or replacement lease and the Trustee-Manager's ability to dispose of vessels profitably will depend upon, among other things, the then prevailing availability of lessees and economic conditions in the relevant market at that time. If the Trustee-Manager is unable to lease out a vessel, FSL Trust may be required to bear substantial costs and expenses for insurance, maintenance and compliance with government regulations. If FSL Trust receives less income as a result of lower lease hire under replacement leases or is unable to lease out the vessels on expiry of their initial leases, this may have an adverse impact on the level of distributions to Unitholders.

The Trustee-Manager may not be able to implement its investment strategy

FSL Trust's policies with respect to certain activities, including investments and acquisitions, will be determined by the Trustee-Manager. The Trustee-Manager's investment strategy includes the investment, primarily, in vessels with long-term bareboat charters in the shipping industry. There can be no assurance that the Trustee-Manager will be able to implement its investment strategy successfully or that it will be able to expand FSL Trust's portfolio further, or at any specified rate or specified size. The Trustee-Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

FSL Trust may be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms, or at all. Further, the Trustee-Manager may not be able to make disposals of its investments on favourable terms or within a desired time frame. The selling price of any investment would depend on market conditions at the time of the intended sale of the investment.

The Trustee-Manager may change FSL Trust's investment strategy

While the Trustee-Manager has stated its intention to invest primarily in assets with a view to provide leasing on a long-term basis and such investment strategy may not be changed for a period of three years commencing from the listing date (as the Listing Manual prohibits a departure from the Trustee-Manager's stated investment objective and policies for FSL Trust for the said period unless otherwise approved by a special resolution), the Trust Deed gives the Trustee-Manager wide powers of management and the Trustee-Manager may depart from the investment objectives and policies after the three-year period. Any change to the investment objectives and policies after the three-year period will be subject to the approval of Unitholders by way of a special resolution. There are also inherent risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

FSL Trust's acquisition strategy is dependent on the availability of credit facilities and new equity from capital markets

In order to grow and maintain the business and portfolio of FSL Trust, the Trustee-Manager acquired vessels with drawings under its US$515 million secured revolving credit facility with certain lenders, including The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch and Bayerische Hypo- und Vereinsbank AG, Singapore Branch as facility and security agent respectively (the "**Credit Facility**"). Since the Credit Facility has been fully drawn, FSL Trust will need to procure additional debt and equity financing in order to continue to grow its portfolio. To a certain extent, the business of FSL Trust is dependent on the availability of credit facilities on favourable terms. Failure to obtain or maintain adequate levels of credit facilities at favourable terms and conditions (including interest rates and amortisation requirements) could adversely impact the distribution yields and returns on the lease assets owned by FSL Trust. Such an impact will be magnified when it coincides with a fall in lease rates and vessel values, which may adversely affect the distributions to Unitholders. Furthermore, there is no assurance that future credit facilities may not be subject to conditions that may restrict the expansion of the portfolio of FSL Trust.

In addition, FSL Trust may need to obtain additional debt or equity financing to re-finance or fund its capital expenditure. Additional equity financing may result in dilution of existing Unitholders' interests and rights. Additional debt financing may:

- limit FSL Trust's ability to pay distributions;
- increase FSL Trust's vulnerability to general adverse economic and industry conditions;
- require FSL Trust to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of its cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit its flexibility in planning for, or reacting to, changes in its business and its industry.

FSL Trust is not able to assure investors that it will be able to obtain the additional debt and/or equity financing or re-financing on terms that are acceptable to it, or at all. An inability to secure additional debt and/or equity financing or re-financing may adversely affect FSL Trust's business, implementation of its business strategy and future plans and results of operations.

FSL Trust cannot assure investors that it has sufficient insurance to cover losses that may occur to the Vessels or result from its operations due to the inherent operational risks of the shipping industry

The operation of any vessel includes risks such as mechanical failure, collision, property loss, sinking, piracy, terrorism, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labour strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The United States Oil Pollution Act of 1990 ("**OPA**"), which imposes virtually unlimited liability upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the United States market.

All the vessels are chartered on a bareboat basis, and the lessees remain liable for the operations of the vessel. Under the lease agreements, the lessees are required to obtain primary insurance coverage, where the relevant SPC remains as a co-insured beneficiary. FSL Trust has also arranged for contingency "passive investor's interest" type policy to cover situations where the relevant lessee's primary policy has declined a claim or fails to respond within the designated time allowed. However, there can be no assurance that all risks are adequately insured against, that any particular claim will be paid or that adequate insurance coverage can be procured at commercially reasonable rates in the future. Even if the insurance coverage is adequate to cover its potential losses, the Trustee-Manager may not be able to obtain a replacement vessel with a lease on favourable terms in the event of a loss. Accordingly, any loss of a vessel hire, due to an accident or otherwise, could have a material adverse effect on FSL Trust's business, financial condition and results of operations relating to the vessels, and distributions to Unitholders.

In recent years, insurance companies have increased premiums for most participants in the shipping industry. The insurance contains certain standard deductibles, limitations and exclusions, including limitations and exclusions with respect to certain losses arising from acts of war, terrorism, malicious acts, nuclear forces, willful misconduct, fraud or widespread communicable or infectious diseases. In addition, in the event that claims are asserted against the lessees or FSL Trust, the vessels could be subject to attachment or other judicial processes.

The lessees are members of several protection and indemnity associations ("**P&I Associations**"). P&I Associations are mutual insurance associations whose members must contribute to cover losses sustained by other association members. The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of the members' vessels entered into the association. Claims are paid through the aggregate premiums of all members of the association, although (subject to the rules of the relevant P&I Association which may prescribe an overall limit to members' contributions) members remain subject to additional premium, or calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the association. Claims submitted to the association may include those incurred by members of the association, as well as claims submitted to the association from other P&I Associations where the association has entered into interclub agreements. Currently, all premiums payable are borne by the lessee. However, upon the expiry of the lease agreements, if the vessel is redelivered to the SPC, FSL Trust may be subject to calls, or premiums, in amounts based not only on FSL Trust's own claim records but also the claim records of all other members of P&I Associations through which FSL Trust obtains insurance coverage. FSL Trust's payment of these calls could result in significant expenses which would reduce its profits or cause losses. FSL Trust's protection against P&I risks and liabilities depends on FSL Trust's ability to be indemnified by the relevant P&I Association subject to the relevant association's rules. In the event a P&I Association is unable to meet its payment obligations, for example, due to a gross mismatch between the premiums it collects and the claims it is exposed to at any one time, subject to arrangements with the lessee concerned, FSL Trust may be exposed to P&I risks and liabilities in respect of the vessel(s) insured by such P&I Association.

Older vessels may be less desirable to lessees, and command lower lease rates

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to lessees. Government regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations, or the addition of new equipment, to vessels and may restrict the type of activities in which the vessels may engage. As a result of a combination of the foregoing, the lease rates for older vessels are generally lower than that for newer vessels. Although the Vessels currently have an average age of approximately four years (on the basis of the unaudited financial statements of the Group as at 30 June 2009, and on a dollar-weighted average basis by net book value), when the Vessels are redeployed upon the expiry or termination of their leases, there can be no assurance that the replacement leases will not be at lower lease rates.

The laws, regulations and accounting standards to which FSL Trust is subject may change

FSL Trust may be affected by the introduction of new or revised legislation, regulations or accounting standards. There can be no assurance that any such changes will not have an adverse effect on the ability of the Trustee-Manager to carry out FSL Trust's investment strategy or on the operations and financial condition of FSL Trust.

FSL Trust depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

FSL Trust's performance depends, in part, upon the continued service and performance of the executive officers of the Trustee-Manager. There is no assurance that these executive officers will not leave the Trustee-Manager in the future or compete with the Trustee-Manager and FSL Trust. The Trustee-Manager has not purchased any "key-man" insurance in respect of these executive officers. The loss of any of these individuals, or of one or more of the Trustee-Manager's other key employees, could have a material adverse effect on FSL Trust's business, financial condition and results of operations relating to the vessels, and distributions to Unitholders.

The Sponsor is a controlling Unitholder of FSL Trust and may be able to influence the activities of FSL Trust

The Sponsor, its subsidiaries, related corporations and associates are engaged in, among other things, ship management and operation. As at the Latest Practicable Date, the Sponsor has direct and indirect interests in an aggregate of 157,852,700 Units (constituting approximately 30.43% of the total number of Units) and is a controlling Unitholder of FSL Trust. The Sponsor will be in a position to influence matters which require Unitholders' approval by way of a special resolution, for example, the modification, alteration or addition to the provisions of the Trust Deed or the removal of the Trustee-Manager. The Sponsor may also exercise influence over the activities of FSL Trust through the Trustee-Manager, which is itself a subsidiary of the Sponsor. Of the five members of the board of Directors of the Trustee-Manager, one of them is also a member of the board of directors of the Sponsor. Mr Philip Clausius is a Non-Independent Director and Chief Executive Officer of the Trustee-Manager and is also a director and Chief Executive Officer of the Sponsor. Mr Cheong Chee Tham is a Non-Independent Director and Chief Financial Officer of the Trustee-Manager and is also Chief Financial Officer of the Sponsor. Besides the Units which are directly held by the Sponsor, the Trustee-Manager, a subsidiary of the Sponsor, also holds 3,422,100 Units as at the Latest Practicable Date and the Trustee-Manager, may at its own discretion, take up further Units as payment of its Incentive Fees.

As a result, the strategy and activities of FSL Trust may be influenced by the overall interests of the Sponsor. There can be also no assurance that the interests of FSL Trust will not conflict with or be subordinated to those of the Sponsor, its subsidiaries, related corporations and associates.

Neither FSL Trust nor the Trustee-Manager has a long established operating history

FSL Trust was established on 19 March 2007 and the Trustee-Manager was incorporated on 8 February 2007. Accordingly, neither FSL Trust (as a business trust) nor the Trustee-Manager (as the trustee-manager of a business trust) has sufficiently long operating histories by which their past performance as such may be judged. This will make it more difficult for investors to assess their future performance. There can be no assurance that FSL Trust will be able to generate sufficient revenue from operations to make distributions to Unitholders or that such distributions will be in line with previous distributions of FSL Trust.

Government requisitions during periods of emergency or war could have a material adverse effect on FSL Trust's business, financial condition and results of operations

A government could requisition for title or seize vessels in FSL Trust's portfolio. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition one or more of FSL Trust's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the lessee at dictated lease rates. Generally, such requisitions occur during a period of war or emergency and would result in the loss of war risk insurance cover for the relevant vessels. While the lessees will be liable to continue to pay lease hire in the event of a requisition of vessels for hire, in the event that they fail to do so or in the event that the vessels are lost due to war, FSL Trust could be adversely affected in terms of its business, financial position and results of operations.

Maritime claimants could arrest FSL Trust's vessels, which could interrupt its cash flow and cause a material adverse effect on its business, financial condition and results of operations

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to maritime liens against that vessel (and, in some jurisdictions, any associated vessel owned or controlled by the same owner) for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. This would apply even if vessels in FSL Trust's portfolio are chartered out (whether on a bareboat charter basis or otherwise). The arrest or attachment of one or more of FSL Trust's vessels could result in FSL Trust paying a substantial sum of money to have the arrest lifted if the lessee of the relevant vessel does not do so. In this respect, FSL Trust's business and financial condition may be adversely affected.

FSL Trust's vessels may be exposed to attacks by pirates or terrorist attacks

In the event that FSL Trust's vessels are attacked, destroyed, hijacked or seized by pirates, or subject to terrorist attacks, resulting in damage and/or loss to the vessels which exceeds existing insurance coverage or which is not covered by the existing insurance policies, FSL Trust's business and financial condition may be adversely affected.

RISKS RELATING TO THE SHIPPING AND SHIP FINANCING INDUSTRY

FSL Trust operates in an industry that is subject to cyclical fluctuations, which may have a material adverse effect on its financial condition and results of operations

FSL Trust's portfolio comprises long-term bareboat charters of vessels. Since its lessees would be affected by cyclical fluctuations in the shipping industry, FSL Trust would be indirectly affected. The shipping industry is subject to cyclical fluctuations primarily due to changes in the supply of and demand for different shipping capacities which result in the volatility of sales, profitability and vessel values. The demand for vessels and lease rates is influenced by global and regional economic conditions, developments in international trade, changes in seaborne and other transportation patterns, weather patterns, crop yields, armed conflicts, canal closures, fuel prices, foreign exchange fluctuations, embargoes and strikes, among other factors. Furthermore, there can be no assurance that there will not be an unexpected increase in the delivery of newbuildings. Many of the factors influencing the supply of and demand for shipping capacity are outside FSL Trust's control, and the nature, timing and degree of changes in industry conditions are unpredictable. Decreases in the demand for shipping services or increases in the supply of capacity could lead to significantly lower lease rates, reduced volume or a combination of the two, which could have a material adverse effect on FSL Trust's business, financial condition and results of operations.

FSL Trust operates in a highly competitive industry, which may have a material adverse effect on its business

The shipping industry is highly fragmented among many global and regional shippers, owners and operators of vessels and is characterised by intense competition and affected by developments in the major world economies that influence trade patterns.

FSL Trust competes with other ship finance providers, shipowners and other ship investment vehicles. These competitors may have vessels on order and pending delivery. Upon delivery, such vessels may enter the ship leasing market. Furthermore, existing vessels may be at the end of their lease and this will result in an increase in the number of vessels available in the ship leasing market. More newbuildings may in the future be ordered at the shipyards by the competitors of FSL Trust if the prospects for the ship leasing market remain strong.

The above may result in increased competition which may have a material adverse effect on FSL Trust's financial condition and results of operations, including higher pressure on lease rates.

FSL Trust is exposed to fluctuations in vessel values

FSL Trust is exposed to trends inherent in the shipping industry. In general, vessel values have experienced a certain degree of volatility. The fair market value of the vessels owned by FSL Trust can be expected to fluctuate, depending upon general economic and market conditions affecting the shipping industry and competition from other shipping companies, types and sizes of vessels, and other modes of transportation. In addition, as vessels become older, they may be expected to decline in value. These factors will affect the value of FSL Trust's portfolio at the termination of the leases or earlier at the time of sale of a vessel or for the purposes of security coverage requirements of any loan arrangement.

FSL Trust operates in an extensively regulated industry that may require it to incur additional costs in meeting evolving regulations or limit its ability to do business that may have a material adverse effect on its business, financial condition and results of operations

The shipping industry is extensively regulated. If vessels are re-delivered and the Trustee-Manager is not able to lease out the vessels, FSL Trust's operations could be affected by the substantial and evolving environmental protection laws and other regulations in the form of numerous international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which the vessels operate, as well as in the country or countries in which such vessels are registered. Compliance with such laws and regulations may entail significant expenses, including expenses for ship modifications and changes in operating procedures.

The Trustee-Manager may also incur, on behalf of FSL Trust, substantial costs in order to comply with existing and future environmental and health and human safety requirements, including, among others, obligations relating to air emissions, maintenance and inspection, development and implementation of emergency procedures and insurance coverage. These costs could have a material adverse effect on FSL Trust's financial condition and results of operations.

The operating certificates and licenses for the vessels are renewed periodically during each vessel's required annual survey. However, government regulation of vessels, particularly in the areas of safety and environmental impact may change in the future and require the Trustee-Manager to incur, on behalf of FSL Trust, significant capital expenditure on the vessels in its portfolio to keep them in compliance if the vessels are not subject to leases. In addition, FSL Trust will be required by various governmental bodies to obtain permits and licenses required for the operation of its vessels. These permits may become costly or impossible to obtain or renew.

Vessels in FSL Trust's portfolio have to operate within the rules, international conventions and regulations adopted by the International Maritime Organisation ("**IMO**"), an agency of the United Nations, as well as the environmental protection laws, health and safety regulations and other marine protection laws in each of the jurisdictions in which FSL Trust's vessels operate. Since the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention ("**ISM Code**") became effective in 1998, shipping companies and individual vessels are required to establish safety systems and have them certified by standardisation bodies. In complying with IMO regulations and other regulations that may be adopted, the Trustee-Manager may be required to incur, on behalf of FSL Trust, additional costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential contamination by vessels and in obtaining insurance coverage. Because such conventions, laws and regulations are often revised, FSL Trust is unable to predict the long-term costs of compliance. Additional laws and regulations may be adopted which could limit the Trustee-Manager's ability to do business and which could have a material adverse effect on the business, financial position and results and business operations of FSL Trust, and distributions to Unitholders.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The net asset value per Unit will be diluted as a result of the Placement and may be diluted if further issues are priced below the current net asset value per Unit

The Trust Deed contemplates that new issues of Units may occur and the subscription price for which may be above, at or below the then prevailing net asset value per Unit. Where new Units, including Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager's Incentive Fees, are issued at less than the then prevailing net asset value per Unit, the net asset value of each existing Unit may be diluted. Such additional issues of Units in the future would also dilute the percentage holding of Unitholders.

Unitholders without Singapore addresses registered with CDP may not be permitted to participate in future rights issues by FSL Trust or in the FSL Distribution Reinvestment Scheme

The Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue or the FSL Distribution Reinvestment Scheme to those Unitholders whose addresses, as registered with CDP, are outside Singapore and who have not provided CDP with addresses in Singapore for the service of notices and documents. In relation to any rights issue, the rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Trustee-Manager may determine. The proceeds of any such sale, if successful, will be paid to Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant Unitholder are less than US$10.00, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property. The unitholding of the relevant Unitholder may be diluted as a result of such sale.

FSL Trust is a "passive foreign investment company", which will have adverse U.S. federal income tax consequences to U.S. holders

A foreign corporation will be treated as a "passive foreign investment company", or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income". For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. U.S. shareholders of a PFIC are potentially subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC. Based on its method of operation, FSL Trust is a PFIC. Therefore, U.S. holders of the Units may face adverse U.S. tax consequences. Under the PFIC rules, unless those holders make an election available under the Code (which election could itself have adverse consequences for such Unitholders, as discussed under "Tax Notice - U.S. Taxation - United States Federal Income Taxation of U.S. Holders"), such Unitholders will be liable to pay U.S. federal income tax at the highest income tax rates on ordinary income, for each year during this holding period, plus interest upon excess distributions and upon any gain from the disposition of the Units, as if the excess distribution or gain had been recognised ratably over the U.S. holder's holding period of the Units.

FSL Trust may have to pay tax on its United States source income, which would reduce FSL Trust's earnings

Under the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as FSL Trust and its subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

FSL Trust and each of its subsidiaries believes that it qualified for this exemption for the 2007 and 2008 taxable years and believe they will continue to qualify for this statutory tax exemption. However, there are factual circumstances beyond the control of FSL Trust that could cause it to fail to qualify for this tax exemption and thereby become subject to United States federal income tax on its United States source income. For example, as at the Latest Practicable Date, the Sponsor has direct and deemed interests in 30.43% of the outstanding Units. If other Unitholders with a 5% or greater interest in the Units were, in combination with the Sponsor, to own 50% or more of the outstanding Units on more than half the days during the taxable year, FSL Trust might not be able to qualify for exemption under Section 883 of the Code. Due to the factual nature of the issues involved, FSL Trust can give no assurances on its tax-exempt status or that of any of its subsidiaries.

If FSL Trust or its subsidiaries were not entitled to exemption under Section 883 for any taxable year, they would be subject for those years to an effective 2% (i.e. 4% of 50%) United States federal income tax on the shipping income these companies derive during the year that are attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on the business of FSL Trust and would result in decreased earnings available for distribution to Unitholders.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual distribution yield on the price paid for the Units gives investors a lower return as compared to other investments.

The Units are not principal-protected or redeemable at the option of Unitholders

The Units are not principal protected products and there is no guarantee that Unitholders can regain the amount invested. If FSL Trust is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units. In addition, Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase and/or redeem Units in accordance with relevant laws, regulations and guidelines imposed by authorities in Singapore.

The business trust regime is relatively new and its application has not been thoroughly tested

The BTA came into operation on 12 October 2004 while the Business Trusts Regulations came into operation on 6 January 2005. The first set of guidelines on business trusts (*i.e.* "Guidelines on Disclosure of Financial Information in Prospectuses") was issued on 15 October 2005. The legislation and regulations in the business trust regime have not been applied frequently and some degree of uncertainty exists.

Exchange rate fluctuations may adversely affect the distribution for Singapore investors

The New Units will be listed and quoted on the SGX-ST in Singapore dollars and distributions of FSL Trust will be made in US dollars. Therefore, fluctuations in the exchange rate between the US dollar and the Singapore dollar will affect, among other things, the Singapore dollar value of FSL Trust's distributions for Singapore investors.

Unitholders have no vote in the election or removal of Directors of the Trustee-Manager and it is more difficult to remove the Trustee-Manager as compared to the removal of a director of a public company

The Trustee-Manager, composed of five Directors, has the responsibility of managing the business conducted by FSL Trust. Unlike public companies, Unitholders have no vote in the election or removal of Directors. Unitholders' recourse is the removal of a trustee-manager by way of a resolution approved by not less than three-fourths of the voting rights of all the Unitholders of the registered business trust present and voting. In comparison, the Companies Act requires the removal of a director of a public company to be by way of an ordinary resolution approved by more than 50% of the voting rights of all the shareholders of the company present and voting. As the Sponsor will have direct and indirect interests in 25% or more of the Units upon completion of the Placement (assuming that all of the 100,000,000 New Units are issued), it will have the ability to block any Unitholder resolutions to remove the Trustee-Manager. Since the Trustee-Manager is a subsidiary of the Sponsor, it may be more difficult to remove the Trustee-Manager as compared to removing a director of a public company.

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition

Pursuant to the Singapore Code on Take-overs and Mergers, the Sponsor is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain thresholds as specified in the Singapore Code on Take-overs and Mergers. While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium. As at the Latest Practicable Date, the application of the Singapore Code on Take-overs and Mergers on business trusts such as FSL Trust is still untested.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **FSL Trust Management Pte. Ltd.**
(as trustee-manager of First Ship Lease Trust)

Wong Meng Meng
(Independent Director and Chairman of the Board)

Phang Thim Fatt
(Independent Director and Chairman of the Audit Committee)

Michael John Montesano III
(Independent Director)

Philip Clausius
(Non-Independent Director and Chief Executive Officer)

Cheong Chee Tham
(Non-Independent Director and Chief Financial Officer)