



**FSL Trust Management Pte. Ltd.**  
as Trustee Manager for First Ship Lease Trust  
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## News Release

### **FSL TRUST ACQUIRES TWO PRODUCT TANKERS FOR US\$113 MILLION**

- ***Transaction significantly accretive to DPU***
  - ***Adds 8.4% to forecast DPU for Q4 FY2007***
  - ***Forecast DPU for FY2008 raised to US10.432 cents, 13.9% higher than projection at IPO***
- ***Total asset acquisitions of US\$158 million in only eight months since listing***

**Singapore, 7 November 2007** – FSL Trust Management Pte. Ltd. (“FSLTM”), Trustee-Manager of First Ship Lease Trust (“FSL Trust”), announced today that it has acquired two product tankers from two affiliates of privately held Groda Shipping & Transportation Ltd. (“Groda Shipping”) for a total consideration of US\$113 million.

These vessels were concurrently leased back to the sellers for a base lease term of seven years. The sellers will continue to employ the vessels on the basis of a long term Contract of Affreightment with Russian state-controlled energy company OJSC Rosneft Oil Company.

The lease agreement contains a purchase option at the expiry of the base lease and a three-year lease extension option for the lessees.

#### Significantly positive impact of the acquisition

The acquisition of the two product tankers will be immediately accretive to FSL Trust’s distribution per unit (“DPU”) with an additional DPU of US0.188 cents for the financial year ending 31 December 2007 (“FY 2007”) and an additional US1.512 cents for the financial year ending 31 December 2008 (“FY 2008”), after deducting estimated incentive fees attributable to the Trustee-Manager.

Prior to this acquisition, FSL Trust had a forecast DPU for the fourth quarter of FY2007 of US2.230 cents. The additional DPU of US0.188 cents will raise the forecast DPU for the last quarter of the year by 8.4% to US2.418 cents. This translates into an annualized DPU of US9.672 cents. Based on the closing unit price of US\$0.83 on 6 November 2007, the distribution yield for FSL Trust is 11.7% per annum.

The target DPU for FY2008 as indicated in the prospectus of the FSL Trust Initial Public Offering (“IPO”) was US9.160 cents. With this acquisition, the new forecast DPU for FY2008 will reach US10.432 cents, exceeding the target DPU by 13.9%.

#### Rationale for the acquisition

Mr Philip Clausius, Chief Executive Officer of FSLTM, said: “We are very pleased to have entered into this agreement with affiliates of Groda Shipping. With this transaction, we are diversifying our customer base while adding some very high quality and modern vessels to our portfolio which enjoy long term contract coverage with a major oil company.

“This acquisition also delivers very substantial DPU accretion which puts FSL Trust significantly ahead of our plan and the minimum DPU growth targets we had disclosed in our IPO prospectus. We have now achieved US\$158 million of asset acquisitions in less than eight months since our listing, putting us well ahead of our 12-month acquisition target of US\$200 million.”

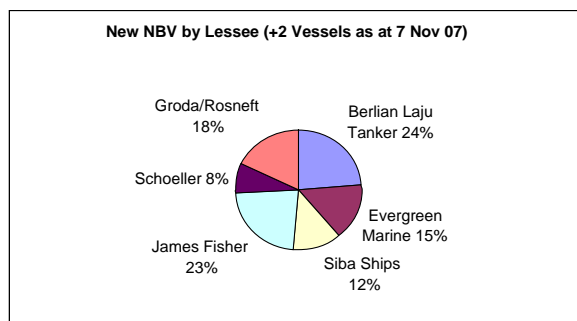
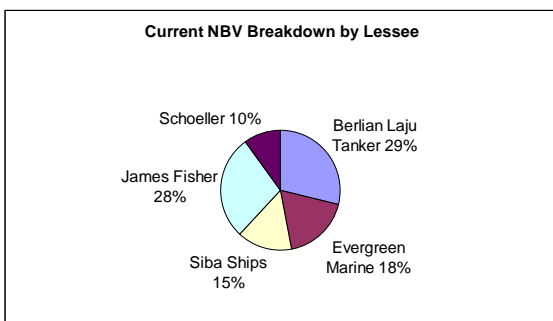
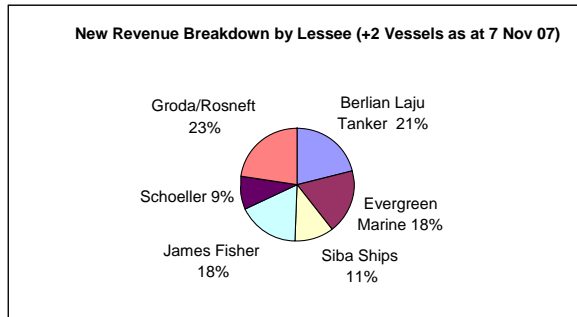
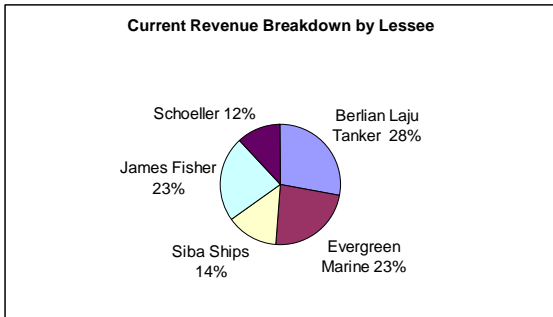
#### Funding

The acquisition of the two ships was fully funded upon closing by drawing from a seven-year US\$250 million revolving credit facility provided to FSL Trust by a syndicate of banks jointly led by The Bank of Tokyo-Mitsubishi UFJ Co., Ltd., Singapore Branch and Bayerische Hypo- und Vereinsbank AG, Singapore Branch. This facility is provided on a floating rate basis. To protect the spread of the transaction, FSLTM has entered into interest rate swaps to fix the interest rate exposure until maturity of the credit facility. After the funding of this transaction, the undrawn portion of the credit facility was about US\$90 million.

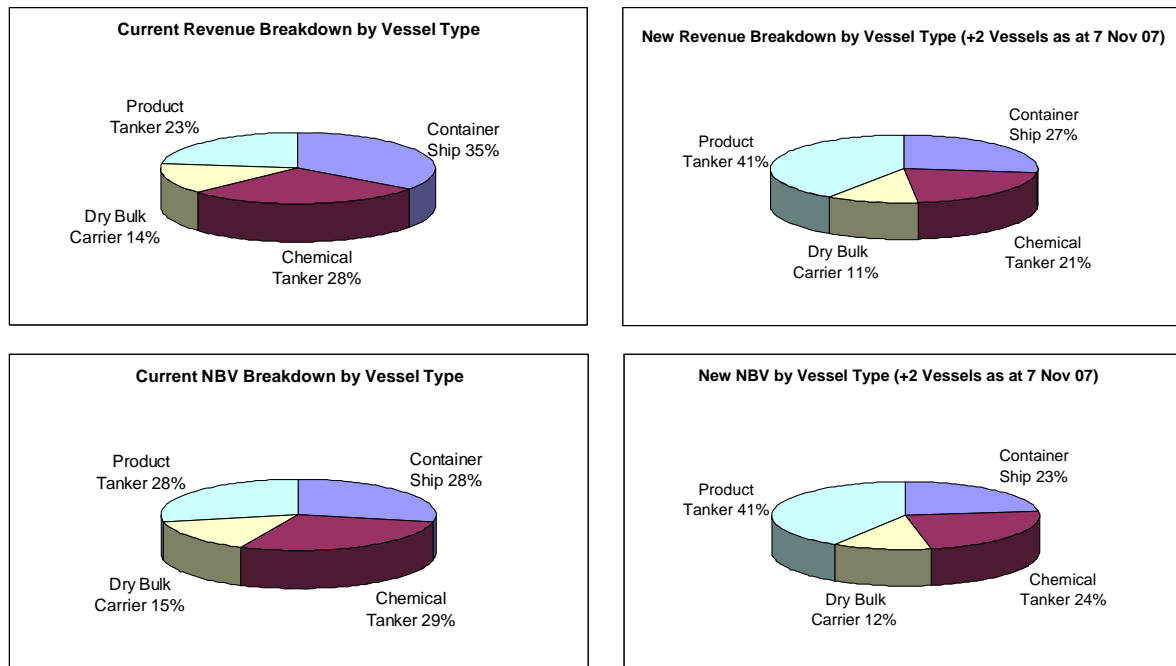
Impact on Portfolio

The transaction has the following impact on the lease portfolio of FSL Trust:

a) Lessee Diversification (pre & post acquisition)



## b) Vessel Type Diversification (pre & post acquisition)



## c) Average Remaining Lease Term (excluding lease extension and early buyout options)

- Pre-acquisition: approximately 8.8 years
- Post-acquisition: approximately 8.6 years

## d) Average Age of Vessels

- Pre-acquisition: approximately 4.2 years
- Post-acquisition: approximately 3.9 years

### Asset Description

The two vessels acquired in this transaction, namely 'Nika I' and 'Verona I', are 1A Super Ice Class Product Tankers with a carrying capacity of about 47,000 dwt each. Built by Hyundai Mipo Dockyard in South Korea, 'Nika I' was delivered in July 2006 and 'Verona I' in December 2005.

The ships are designed to operate in harsh weather conditions. Since their respective deliveries, the ships have and will continue to be employed on an eight-

year Contract of Affreightment with Russian state-controlled energy company OJSC Rosneft Oil Company carrying crude oil and petroleum products from the Russian Far East to ports in China, Japan and South Korea.

Classed with Det Norske Veritas and flying the Cyprus flag, the vessels' technical manager is Prisco (Singapore) Pte Ltd. FSL Trust will own the vessels through two Singapore special purpose companies.

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### **About First Ship Lease Trust**

First Ship Lease Trust (Reuters: FSLT.SI; Bloomberg: FSLT SP) is a provider of leasing services on a bareboat charter basis to the international shipping industry. Following the acquisition of two product tankers from affiliates of Groda Shipping & Transportation Ltd., FSL Trust now has a modern, high quality and diverse portfolio of 18 vessels consisting of four containerships, nine product tankers, three chemical tankers and two dry bulk carriers. These vessels have an average age of approximately 3.9 years, and an average remaining lease period of approximately 8.6 years (excluding extension periods and early buy out options).

Managed by FSL Trust Management Pte. Ltd., FSL Trust seeks to become the leading provider of leasing services on a bareboat charter basis to the international shipping industry. To achieve this, FSL Trust Management Pte. Ltd. will focus on rapidly growing the vessel portfolio of FSL Trust through accretive acquisitions with long-term bareboat charters.

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*The initial public offering of units of First Ship Lease Trust (the "Offering") commenced on 19 March 2007 and closed on 22 March 2007. In the Offering, Deutsche Bank AG, Singapore Branch was the Sole Global Co-ordinator, Joint Lead Manager and Joint Bookrunner, and J.P. Morgan (S.E.A.) Limited was the Joint Lead Manager and Joint Bookrunner. The Co-Lead Managers to the Offering were CLSA Merchant Bankers Limited and Macquarie Securities (Asia) Pte Limited. The Manager and Co-ordinator of the Singapore Public Offer was Oversea-Chinese Banking Corporation Limited.*