

CIRCULAR DATED 24 MARCH 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your units in First Ship Lease Trust, you should immediately hand this Circular and the enclosed Proxy Form to the stockbroker or agent through whom you effected the sale for transmission to the purchaser.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.



CIRCULAR TO UNITHOLDERS

IN RELATION TO

THE PROPOSED UNIT BUY-BACK MANDATE

IMPORTANT DATES AND TIMES:

- | | | |
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| Last date and time for lodgment of Proxy Forms | : | Monday, 6 April 2009 at 3 p.m. |
| Date and time of Extraordinary General Meeting of Unitholders | : | Wednesday, 8 April 2009 at 3 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of FSL Trust to be held at 2.30 p.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting of Unitholders | : | Marina Mandarin Singapore
Level 1, Capricorn Ballroom
6 Raffles Boulevard, Marina Square
Singapore 039594 |

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“BTA” or “Business Trusts Act”	Business Trusts Act, Chapter 31A of Singapore
“Board”	The board of Directors
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	Companies Act, Chapter 50 of Singapore
“Concert Parties”	Has the meaning ascribed to it in Paragraph 2.9.4
“Directors”	Directors of the Trustee-Manager as at the date of this Circular
“Distribution Reinvestment Scheme”	First Ship Lease Trust Distribution Reinvestment Scheme approved and adopted by the Unitholders on 9 October 2008
“DPU”	Distribution per Unit
“EGM”	The extraordinary general meeting of Unitholders to be held on 8 April 2009
“First Ship Lease Trust” or “FSL Trust”	A business trust constituted on 19 March 2007 under the laws of the Republic of Singapore
“FY08 Accounts”	The audited financial accounts of FSL Trust for the year ended 31 December 2008
“Independent Directors”	Mr Wong Meng Meng, Mr Phang Thim Fatt and Mr Michael John Montesano III
“Latest Practicable Date”	11 March 2009, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	The listing manual of the SGX-ST
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	Has the meaning ascribed to it in paragraph 2.3.3 of this Circular
“Maximum Price”	Has the meaning ascribed to it in paragraph 2.3.4 of this Circular
“Ordinary Resolution”	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

“Recognised Stock Exchange”	Any stock exchange of repute in any country in any part of the world
“Register”	Register of Unitholders containing the particulars of the Unitholders
“Relevant Period”	<p>The period commencing from the date on which the EGM is held and the resolutions relating to the Unit Buy-back Mandate are passed, and expiring on:</p> <p>(a) the date the next general meeting of Unitholders is held or is required by the Trust Terms to be held in respect of any mandate for the purposes of a Unit Buy-back; or</p> <p>(b) the date on which the purchases of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate are carried out to the full extent mandated,</p> <p>whichever is the earlier</p>
“SFA”	Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SIC”	Securities Industry Council
“Sponsor”	FSL Holdings Pte. Ltd. (formerly known as First Ship Lease Pte. Ltd.)
“Take-over Code”	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Trust Deed”	The deed of trust dated 19 March 2007 constituting FSL Trust, as may be amended and modified from time to time
“Trust Terms”	The terms of the Trust Deed
“Trustee-Manager”	FSL Trust Management Pte. Ltd., as trustee-manager of FSL Trust, and a subsidiary of the Sponsor
“Unit”	An undivided interest in FSL Trust as provided for in the Trust Deed
“Unitholder”	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 Buy-back”	The buy-back of Units by the Trustee-Manager pursuant to the terms of the Unit Buy-back Mandate or any other similar mandate

“Unit Buy-back Mandate”	The proposed mandate to be given to the Trustee-Manager to purchase the Units of FSL Trust without the prior specific approval of the Unitholders in a general meeting, the terms of which are set out in paragraph 2 of this Circular, or any other similar mandate
“US\$” or “US Dollars” or “US cents”	The lawful currency of the United States
“%” or “per cent.”	Per centum or percentage

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

Any capitalised terms used in this Circular which are undefined shall have the same meanings as set out in the Trust Deed.

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PROXY FORM

FIRST SHIP LEASE TRUST

(a business trust constituted on 19 March 2007 under the laws
of the Republic of Singapore)

Directors of the Trustee-Manager:

Mr Wong Meng Meng (Chairman and Independent Director)
Mr Phang Thim Fatt (Independent Director)
Mr Michael John Montesano III (Independent Director)
Mr Philip Clausius (Non-Independent Director and
Chief Executive Officer)
Mr Cheong Chee Tham (Non-Independent Director and
Chief Financial Officer)

Principal Place of Business:

9 Temasek Boulevard #19-03
Suntec Tower Two
Singapore 038989

24 March 2009

Dear Unitholders,

THE PROPOSED UNIT BUY-BACK MANDATE

1 INTRODUCTION

1.1 EGM

The Trustee-Manager will convene an EGM to be held on 8 April 2009 to seek the Unitholders' approval for the proposed Unit Buy-back Mandate, as further explained in paragraph 2 below.

1.2 Circular

The purpose of this Circular is to provide Unitholders with information relating to the proposals and resolutions to be tabled at the EGM and seek Unitholders' approval for such proposals and resolutions at the EGM.

1.3 SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2 THE PROPOSED UNIT BUY-BACK MANDATE

2.1 The Proposed Unit Buy-back Mandate

The Trustee-Manager intends to seek a mandate from Unitholders to purchase Units for and on behalf of FSL Trust. In this regard, approval is now being sought from Unitholders at the EGM for the Unit Buy-back Mandate. An Ordinary Resolution will be proposed, pursuant to which the Unit Buy-back Mandate will be given to the Trustee-Manager to exercise its powers to procure the purchase of Units in terms of the Unit Buy-back Mandate set out in this Circular.

Unitholders should note that by voting in favour of the Ordinary Resolution relating to the Unit Buy-back Mandate, they will be authorising the Trustee-Manager to procure the purchase of Units on the terms and conditions set out in paragraph 2 of this Circular.

2.2 Rationale for Unit Buy-back Mandate

The approval of the Unit Buy-back Mandate authorising the Trustee-Manager to purchase Units would give the Trustee-Manager the flexibility to undertake Unit Buy-backs of up to the 10 per cent. limit described in paragraph 2.3.1 below at any time, during the period when the Unit Buy-back Mandate is in force.

The rationale for the Trustee-Manager to undertake the purchase of the Units is as follows:

- (a) the Unit Buy-back Mandate is a flexible and cost-effective tool of capital management, by which to improve the net asset value of FSL Trust and/or return on equity for Unitholders; and
- (b) the Unit Buy-back Mandate will help mitigate short-term market volatility, off-set the effects of short-term speculative trading of the Units and bolster market confidence in the Units.

While the Unit Buy-back Mandate would authorise Unit Buy-backs of up to the said 10 per cent. limit during the Relevant Period, Unitholders should note that Unit Buy-backs may not be carried out to the full 10 per cent. limit as authorised and the Unit Buy-backs will be made only as and when the Trustee-Manager considers it to be in the best interests of FSL Trust and/or Unitholders and in circumstances which the Trustee-Manager believes will not result in any material adverse effect on the financial position of FSL Trust, or result in FSL Trust being delisted from the SGX-ST. The Trustee-Manager will use its best efforts to ensure that after a purchase of Units pursuant to the Unit Buy-back Mandate, the number of Units remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Units on the SGX-ST.

Rule 723 of the Listing Manual requires FSL Trust to ensure that at least 10 per cent. of its Units are held by the public (the “**Public Float**”). As at the Latest Practicable Date, the Public Float is 45.29% and accordingly, the listing status of the Units on the SGX-ST is not affected by the Unit Buy-back scheme.

2.3 Authority and Limits on the Unit Buy-back Mandate

The authority and limitations placed on purchases of Units by the Trustee-Manager under the Unit Buy-back Mandate are summarised below:

2.3.1 *Maximum Limit*

The total number of Units which may be purchased pursuant to the Unit Buy-back Mandate is limited to that number of Units representing not more than 10 per cent. of the total number of issued Units as at the date of the EGM when such Unit Buy-back Mandate is approved by Unitholders.

For illustrative purposes only: on the basis of 503,111,000 Units in issue as at the Latest Practicable Date and assuming no further Units are issued on or prior to the EGM at which the Unit Buy-back Mandate is approved and before the expiry of the Relevant Period, not more than 50,311,100 Units (representing 10 per cent. of the issued Units) may be purchased by the Trustee-Manager pursuant to the Unit Buy-back Mandate during the Relevant Period.

2.3.2 ***Duration of Authority***

Purchases of Units may be made during the Relevant Period. As defined in this Circular, the Relevant Period is the period commencing from the date on which the EGM is held and the resolutions relating to the Unit Buy-back Mandate are passed, and expiring on:

- (a) the date the next general meeting of Unitholders is held or is required by the Trust Terms to be held in respect of any mandate for the purposes of a Unit Buy-back; or
- (b) the date on which the purchases of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate are carried out to the full extent mandated,

whichever is earlier. Under the Trust Deed and the prevailing laws and regulations of Singapore, FSL Trust is required to convene annual general meetings once in every calendar year and not more than fifteen (15) months after the holding of the last preceding general meeting. Depending on the manner in which FSL Trust is able to fully carry out the Unit Buy-back Mandate, the Relevant Period may therefore be more than one (1) calendar or financial year.

The authority conferred on the Trustee-Manager by the Unit Buy-back Mandate to purchase Units may be renewed at the next general meeting of Unitholders. When seeking the approval of the Unitholders for any subsequent Unit Buy-back Mandate, the Trustee-Manager shall disclose details of each Unit Buy-back made during the Relevant Period in respect of the Unit Buy-back Mandate immediately preceding such Unit Buy-back Mandate being sought, including the total number of Units purchased, the purchase price per Unit or the highest and lowest prices paid for such purchases of Units, where relevant, and the total consideration paid for such purchases.

2.3.3 ***Manner of Purchase***

Purchases of Units may be made by way of on-market purchases (each a "**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Trustee-Manager for this purpose in accordance with all applicable laws and regulations, including but not limited to the provisions of the Companies Act, BTA and Listing Manual, as any of them may for the time being be applicable.

2.3.4 ***Purchase Price***

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Units will be determined by the Directors.

However, the purchase price must not exceed 105.0% of the Average Closing Market Price (as defined hereinafter) (the “**Maximum Price**”), excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Market Price**” means the average of the closing market prices of a Unit over the last five (5) Market Days, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the Listing Manual.

2.4 Status of Purchased Units

A Unit purchased by way of a Unit Buy-back shall be deemed cancelled immediately on purchase (and all rights and privileges attached to the Unit will expire on such cancellation).

2.5 Reporting Requirements

The Listing Manual specifies that an issuer shall notify the SGX-ST of all purchases of its shares not later than 9 a.m. on the Market Day following the day on which the Market Purchase was made.

The notification of any such purchases of Units to the SGX-ST shall be in such form and shall include such details as the SGX-ST may prescribe. The Trustee-Manager shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Trustee-Manager in a timely fashion the necessary information which will enable the Trustee-Manager to make the notifications to the SGX-ST.

In addition, the Trustee-Manager will also make an announcement on the SGXNET at the same time it notifies the SGX-ST of any purchases of Units, that the Directors are satisfied on reasonable grounds that, immediately after the Market Purchase, the Trustee-Manager will be able to fulfill, from the trust property of FSL Trust, the liabilities of FSL Trust as these liabilities fall due.

2.6 Source of Funds

The Trustee-Manager may only apply funds for the purchase of Units as provided in the Trust Deed and in accordance with the applicable laws in Singapore. The Trustee-Manager may not purchase Units of FSL Trust for a consideration other than in cash.

The Trustee-Manager intends to use FSL Trust’s internal sources of funds or external borrowings or a combination of both to finance the Trustee-Manager’s purchase of Units on behalf of FSL Trust, pursuant to the Unit Buy-back Mandate.

2.7 Financial Effects

It is not possible for the Trustee-Manager to calculate realistically or quantify the impact of purchases of Units that may be made pursuant to the Unit Buy-back Mandate on the net asset value of FSL Trust and DPU as the resultant effect would depend on, *inter alia*, the

aggregate number of Units purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Units, the amount (if any) borrowed to fund the purchases.

FSL Trust's total number of issued Units will be diminished by the total number of Units purchased by way of a Unit Buy-back as such Units will be cancelled.

As with companies governed by the Companies Act, purchases of Units by the Trustee-Manager may be made out of FSL Trust's capital or profits so long as FSL Trust is solvent. Where the consideration paid by FSL Trust for the purchase by way of a Unit Buy-back is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for distribution by FSL Trust.

The Trustee-Manager does not propose to exercise the Unit Buy-back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of FSL Trust. The purchase of Units will only be affected after considering relevant factors such as the working capital requirements, availability of financial resources and the expansion and investment plans of FSL Trust, as well as prevailing market conditions. The Unit Buy-back Mandate will be exercised with a view to enhance the DPU and/or the net asset value of FSL Trust and will only be effected if the Trustee-Manager is satisfied on reasonable grounds that, immediately after the buy-back, the Trustee-Manager will be able to fulfill, from the trust property of FSL Trust, the liabilities of FSL Trust as these liabilities fall due.

For illustrative purposes only: the financial effects of the Unit Buy-back Mandate on FSL Trust are based on the audited financial accounts of FSL Trust for the year ended 31 December 2008 ("**FY08 Accounts**") and on the assumptions set out below:

- (a) based on 503,111,000 Units in issue as at the Latest Practicable Date and assuming no further Units are issued on or prior to the EGM at which the Unit Buy-back Mandate is approved and before the expiry of the Relevant Period, not more than 50,311,100 Units (representing approximately 10 per cent. of the issued Units) may be purchased by the Trustee-Manager pursuant to the Unit Buy-back Mandate;
- (b) that purchases of Units are made to the extent as aforesaid;
- (c) the Unit Buy-back Mandate had been effective on 1 January 2008;
- (d) the distribution for each quarter is at the minimum guaranteed amount;
- (e) the Trustee-Manager had purchased the Units on the last day of each quarter with cash retained from the same quarter (after distribution at the minimum guaranteed amount); and
- (f) Units purchased on the last day of the quarter are included in computing the revised financial effects of the same quarter.

Assuming that the Trustee-Manager purchases the 50,311,100 Units at the Maximum Price, the maximum amount of funds required is approximately US\$12,095,000, based on US\$0.2404 for each Unit (being 105.0% of the Average Closing Price of a Unit immediately preceding the Latest Practicable Date). On the basis of the above, the financial effects of the purchase of such Units by the Trustee-Manager on the audited accounts of FSL Trust for the financial year ended 31 December 2008 would be as set out in Appendix A.

Unitholders should note that the financial effects set out above are purely for illustrative purposes only. Although the Unit Buy-back Mandate would authorise the Trustee-Manager to purchase up to 10 per cent. of the total number of issued Units, the Trustee-Manager may not necessarily purchase or be able to purchase the entire 10 per cent. of the total number of issued Units at any time while the Unit Buy-back Mandate is valid.

2.8 Taxation

Unitholders who are in doubt as to their respective tax positions or the tax implications of Unit purchases by the Trustee-Manager, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Take-over Implications

The circumstances under which the Unitholders and persons acting in concert with them, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase of Units by the Trustee-Manager are set out in Appendix 2 of the Take-over Code. The take-over implications which may arise from any purchase by the Trustee-Manager of Units by way of a Unit Buy-back are set out below.

2.9.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase by the Trustee-Manager of the Units, the proportionate interest in the voting rights of a Unitholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Unitholder or a group of Unitholders acting in concert could obtain or consolidate effective control of FSL Trust and become obliged to make an offer under Rule 14 of the Take-over Code.

2.9.2 *Persons Acting in Concert*

Applying the Take-over Code to FSL Trust, to the extent possible, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Units (or otherwise), to obtain or consolidate effective control of FSL Trust.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts);

- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all those funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of the foregoing, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent. but not more than 50 per cent. of the voting rights of a company will be regarded as an "associated company".

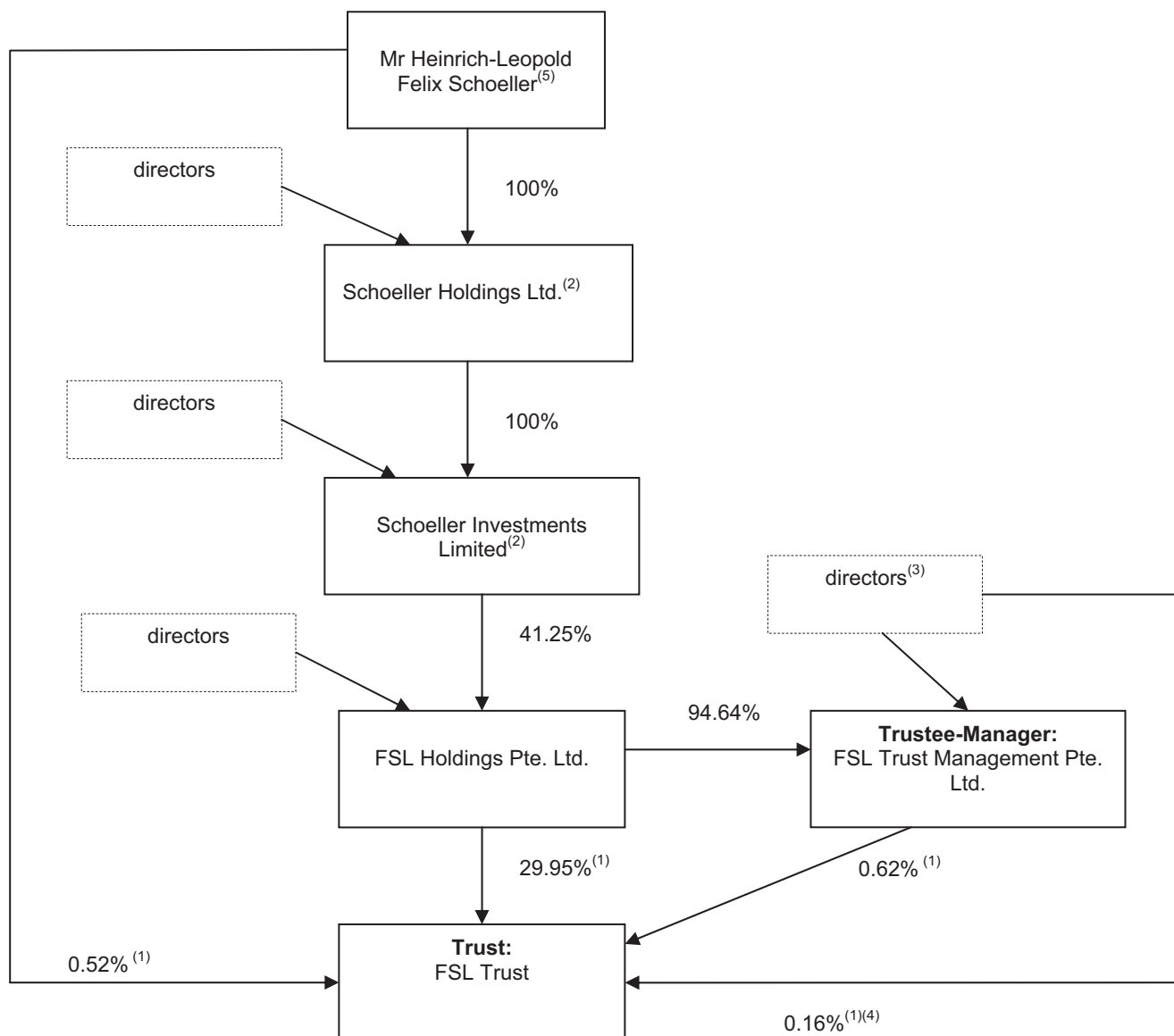
2.9.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Unitholders and/or persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Trustee-Manager purchasing Units by way of a Unit Buy-back, the voting rights of such Unitholders and/or their concert parties would increase to 30 per cent. or more, or in the event that such Unitholders and/or their concert parties hold between 30 per cent. and 50 per cent. of the voting rights in FSL Trust, if the voting rights of such Unitholders and/or their concert parties would increase by more than one (1) per cent in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Unitholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Trustee-Manager purchasing Units by way of a Unit Buy-back, the voting rights of such Unitholder would increase to 30 per cent. or more, or, if such Unitholder holds between 30 per cent. and 50 per cent. of the voting rights in FSL Trust, the voting rights of such Unitholder would increase by more than one (1) per cent. in any period of six (6) months. Such Unitholder need not abstain from voting in respect of the resolution authorising the Unit Buy-back Mandate.

2.9.4 SIC Rulings applicable to FSL Trust

As at the Latest Practicable Date, the Sponsor and parties acting in concert with it (the “**Concert Parties**”), as set out in the diagram below, have an aggregate interest (direct and deemed) in 157,200,000 Units in FSL Trust, representing approximately 31.25 per cent. of the issued Units of FSL Trust comprising 503,111,000 Units:



Notes:

- (1) Based on 503,111,000 Units in issue as at the date of this Circular.
- (2) To the knowledge of the Trustee-Manager, the Trustee-Manager is not aware of any subsidiaries or associated companies of Schoeller Holdings Ltd. and Schoeller Investments Limited, or any of their respective directors, who hold any Units in FSL Trust save as set out in the diagram above.
- (3) Mr Philip Clausius and Mr Cheong Chee Tham each hold shares representing shareholding interests of 2.05% and 1.26% in the Trustee-Manager respectively. The Independent Directors are not deemed to be parties acting in concert with the Sponsor.
- (4) (a) Mr Philip Clausius has a deemed interest in 650,000 Units held in the nominee bank DB Nominees (Singapore) Pte Ltd, representing approximately 0.129% of the issued Units of FSL Trust; and

(b) Mr Cheong Chee Tham has a direct interest in 135,000 Units and a deemed interest of 40,000 Units held by his spouse, representing approximately 0.027% and 0.008% of the issued Units of FSL Trust respectively.

(5) Mr Heinrich-Leopold Felix Schoeller is a director of Schoeller Holdings Limited, Schoeller Investments Limited and FSL Holdings Pte. Ltd.

Based on the 503,111,000 Units in issue as at the Latest Practicable Date, the exercise in full of the Unit Buy-back Mandate (the "**Full Buy-back**") would result in the purchase of 50,311,100 Units. As a result of the Full Buy-back, the unitholding interest of the Sponsor and its Concert Parties will increase from approximately 31.25 per cent. to approximately 33.96 per cent. of the issued Units of FSL Trust. As this represents an increase of more than one per cent. (assuming such increase arises within a period of six months), the Sponsor and its Concert Parties would be required to make a general offer under Rule 14.1(b) of the Take-over Code for FSL Trust.

Other than the foregoing, the Trustee-Manager is not aware of any Director or substantial Unitholder holding between 30 per cent. and 50 per cent. of the voting rights of FSL Trust or such number of Units which voting rights could increase to 30 per cent. or more of the FSL Trust's voting rights as the result of purchases of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate. The aggregate unitholdings of the Sponsor and its Concert Parties of 31.25 per cent. as at the Latest Practicable Date are unlikely to change up to the date of the EGM.

The Sponsor has obtained the following rulings from the SIC:

- (a) the circular to the Unitholders seeking their approval for the Unit Buy-back Mandate (the "**Circular**") will contain advice to the effect that, by voting in favour of the resolution approving the adoption of the Unit Buy-back Mandate (the "**Buy-back Resolution**"), Unitholders are waiving their right to a general offer at the required price from the Sponsor and its Concert Parties and the names and voting rights of the Sponsor and its Concert Parties as of the Latest Practicable Date prior to the printing of the Circular and after a Full Buy-back is disclosed in the Circular;
- (b) the Buy-back Resolution is approved by a majority of the Unitholders who are present and voting at the EGM on a poll who could not be obliged to make a general offer for FSL Trust as a result of the buy-back of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate. In this regard, the Sponsor and its Concert Parties would abstain from voting on the Buy-back Resolution in respect of all their Units as of the date of the EGM;
- (c) the Sponsor and its Concert Parties (other than the Independent Directors) abstain from (i) exercising any voting rights that they may have in respect of the Buy-back Resolution and (ii) making a recommendation to Unitholders to vote in favour of the Buy-back Resolution; and
- (d) neither the Sponsor nor its Concert Parties have acquired or will acquire any Units between the date on which they know that the announcement of the proposal for the Unit Buy-back Mandate is imminent and the earlier of:

- (i) the date on which the authority for the Unit Buy-back Mandate expires; and
- (ii) the date on which the Trustee-Manager announces that it has (a) bought back such number of Units as authorised by Unitholders at the EGM or (b) decided to cease buying back the Units, as the case may be,

if any such acquisition, taken together with the buy-back, would cause the aggregate holding of the Sponsor and its Concert Parties of Units to exceed one per cent. in any six-month period.

If FSL Trust ceases to buy-back Units and the increase in the aggregate voting rights held by the Sponsor and its Concert Parties (other than the Independent Directors) are less than one per cent., the Sponsor and its Concert Parties may acquire further voting rights in FSL Trust. However, any increase in their percentage voting rights in FSL Trust as a result of the Unit Buy-back Mandate will be taken into account together with any voting rights acquired by the Sponsor and its Concert Parties (other than the Independent Directors) (by whatever means) in determining whether they have increased their voting rights by more than one per cent. in any six-month period.

2.9.5 Advice to Unitholders

Unitholders are advised that by voting in favour of the Ordinary Resolution relating to the Unit Buy-back Mandate, they will be waiving their rights to a take-over offer at the required price from the Sponsor and its Concert Parties who, as a result of the purchase of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate, would increase their collective interest in the Units by more than one per cent. in any six-month period.

2.9.6 Voting rights of the Sponsor and its Concert Parties before and after Unit Buy-back and assuming the Full Buy-back

Based on the issued Units of FSL Trust as at the Latest Practicable Date, and assuming that:

- (a) there is no change in the issued Units of FSL Trust between the Latest Practicable Date and the date of the EGM;
- (b) the Sponsor does not otherwise sell or dispose of its holdings of Units;
- (c) the Trustee-Manager purchases 50,311,100 Units being the maximum 10% of the issued Units as at the Latest Practicable Date under the Unit Buy-back Mandate; and
- (d) there is no change in the number of Units held or deemed to be held by the Sponsor and its Concert Parties,

the aggregate interest (direct and deemed) in Units of the Sponsor and its Concert Parties as at the date of the EGM and after the purchase by the Trustee-Manager of 10% of the issued Units pursuant to the Unit Buy-back Mandate are as follows:

Name	Direct Interest	Deemed Interest	Total Interest	Before Unit Buy-back %	After Unit Buy-back %
FSL Holdings Pte. Ltd.	150,664,000	3,111,000	30.56	30.56	33.96
FSL Trust Management Pte. Ltd.	3,111,000	-	0.62	0.62	0.69
Schoeller Investments Limited	-	153,775,000	30.56	30.56	33.96
Mr Heinrich-Leopold Felix Schoeller	-	156,375,000 ⁽¹⁾	31.08	31.08	34.54
Schoeller Holdings Ltd.	-	153,775,000	30.56	30.56	33.96
Mr Philip Clausius	-	650,000 ⁽²⁾	0.129	0.129	0.144
Mr Cheong Chee Tham	135,000	40,000 ⁽³⁾	0.035	0.035	0.039

Notes:

- (1) This includes Mr Schoeller's interests in 2,600,000 Units held through a nominee.
(2) This includes Mr Clausius' interests through his holdings in the nominee bank DB Nominees (Singapore) Pte Ltd.
(3) Mr Cheong Chee Tham is deemed interested in all of the Units held by his spouse.

Unitholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any unit purchases by the Trustee-Manager.

3 DIRECTORS' AND SUBSTANTIAL UNITHOLDERS' INTEREST

Based on the Register of Director's Unitholdings and the Register of substantial Unitholders, as at the Latest Practicable Date, and as at the date of the EGM (on the assumption that their voting rights will not change between the Latest Practicable Date and the date of the EGM), the direct and deemed interests and voting rights of the Directors and the substantial Unitholders before and after the purchase of Units pursuant to the Unit Buy-back Mandate, assuming (a) the Trustee-Manager purchases the maximum amount of 10 per cent. of the total number of issued Units pursuant to the Unit Buy-back Mandate and (b) there is no change in the number of Units held by the Directors and the substantial Unitholders or which they are deemed interested in, will be as follows:

Name	Number of Units			
	Direct Interest	%	Deemed Interest	%
Directors				
Mr Wong Meng Meng	-	-	-	-
Mr Phang Thim Fatt	-	-	-	-
Mr Michael John Montesano III	12,000	0.002	-	-
Mr Philip Clausius	-	-	650,000 ⁽¹⁾	0.129
Mr Cheong Chee Tham	135,000	0.027	40,000 ⁽²⁾	0.008

Substantial Unitholders

FSL Holdings Pte. Ltd. ⁽³⁾	150,664,000	29.95	3,111,000 ⁽⁴⁾	0.62
DWS Investment GmbH	40,000,000	7.95	-	-
Penta Investment Advisers Limited	-	-	29,930,000	5.95
American International Assurance Company, Limited	-	-	50,696,000	10.08

Notes:

- (1) This includes Mr Clausius' interests through his holdings in the nominee bank DB Nominees (Singapore) Pte Ltd.
- (2) Mr Cheong Chee Tham is deemed interested in all of the Units held by his spouse.
- (3) Schoeller Investments Limited is the beneficial holder of 41.25% of the issued share capital of FSL Holdings Pte. Ltd. Accordingly, Schoeller Investments Limited is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore to be interested in all of the Units in which FSL Holdings Pte. Ltd. has an interest in.
- (4) This deemed interest arises through FSL Holdings Pte. Ltd.'s shareholding interests in the Trustee-Manager.

Based on the above and save as described in paragraph 2.9.4 above, none of the Directors nor Substantial Unitholders would be obliged, as at the Latest Practicable Date, to make a take-over offer (described in paragraph 2.9.1 above).

4 UNITS PURCHASED BY THE TRUSTEE-MANAGER

The Trustee-Manager has not made any Unit Buy-backs in the 12 months preceding the date of this Circular.

5 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 20 of this Circular, is being convened to be held at Marina Mandarin Singapore, Level 1, Capricorn Ballroom, 6 Raffles Boulevard, Marina Square, Singapore 039594, on 8 April 2009 at, 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution as set out in the Notice of EGM.

6 ACTIONS TO BE TAKEN BY UNITHOLDERS

You will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the principal place of business of the Trustee-Manager no later than 3.00 p.m. on 6 April 2009 being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting at the EGM in person if he so wishes.

7 ABSTENTION FROM VOTING & DIRECTORS' RECOMMENDATION

The Sponsor, the Trustee-Manager, Mr Philip Clausius, Mr Cheong Chee Tham and their respective Concert Parties will abstain from exercising any voting rights that they may have in respect of the resolution authorising the Unit Buy-back Mandate. In accordance with the conditions imposed by SIC, Mr Philip Clausius and Mr Cheong Chee Tham will abstain from making a recommendation to Unitholders in respect of the resolution authorising the Unit Buy-back Mandate.

The Independent Directors are of the opinion that the proposed Unit Buy-back Mandate is in the best interests of FSL Trust and recommend that Unitholders vote in favour of the Ordinary Resolution relating to the proposed Unit Buy-back Mandate.

8 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and that there are no material facts the omission of which would make any statement in this Circular 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 Circular.

9 INSPECTION OF DOCUMENTS

The Trust Deed may be inspected at the principal place of business of the Trustee-Manager during normal business hours from the date hereof up to and including the date of the EGM.

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

Wong Meng Meng
Chairman
Board of Directors

APPENDIX A

ILLUSTRATION OF FINANCIAL EFFECTS FROM MARKET PURCHASES OF UNITS⁽¹⁾

		Before purchase		After unit buy-back via market purchase
		Per audited consolidated financial statements as at 31/12/08	Revised audited consolidated financial statements as at 31/12/08 ⁽²⁾	Pro forma financial effects on revised audited financial accounts for year ended 31/12/08
As at 31 Dec 2008				
Units in issue & reserve	US\$'000	378,170	386,299	374,204
Net assets attributable to FSLT's unitholders	US\$'000	378,170	386,299	374,204
Net assets	US\$'000	378,170	386,299	374,204
Current assets	US\$'000	27,061	35,190	23,095
Current liabilities	US\$'000	18,088	18,088	18,088
Working capital	US\$'000	8,973	17,102	5,007
Cash and cash equivalents	US\$'000	26,716	34,845	22,750
Non-current assets	US\$'000	905,604	905,604	905,604
Total borrowings	US\$'000	509,229	509,229	509,229
Financial derivatives	US\$'000	27,178	27,178	27,178
No of units in issue	'000 units	501,270	500,000	449,689
Weighted average no of units issued	'000 units	500,315	500,000	483,420
Financial ratio				
Net asset value per unit	US\$	0.75	0.77	0.83
Gearing ratio	%	134.7	131.8	136.1
Gearing ratio	No of times	1.35	1.32	1.36
Basic EPU	US cents	0.96	1.256	1.299
Distribution per Unit	US cents	11.52	9.16	9.47

Notes:

⁽¹⁾ Based on Unit price of US\$0.2404 using the exchange rate of US\$1.00: S\$1.5461 and on the basis that all Units purchased are cancelled.

⁽²⁾ There is a revision of the audited consolidated financial statements as at 31 December 2008 as the DPU for each quarter has to be reduced to retain cash for the buyback of Units.

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.

(Incorporated in the Republic of Singapore)
Company Registration No. 200702265R
(as Trustee-Manager of First Ship Lease Trust)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE UNITHOLDERS

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of First Ship Lease Trust will be held at Marina Mandarin Singapore, Level 1, Capricorn Ballroom, 6 Raffles Boulevard, Marina Square Singapore 039594 on Wednesday, 8 April 2009 at 3.00 p.m. for the purpose of transacting the following business:

ORDINARY RESOLUTION

The Proposed Unit Buy-back Mandate

That:

- (1) the exercise of all the powers of FSL Trust Management Pte. Ltd., solely in its capacity as the trustee-manager of First Ship Lease Trust (the "**Trustee-Manager**") to procure the purchase of issued Units of FSL Trust (the "**Units**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) which, for on-market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), shall be determined by the Trustee-Manager from time to time up to the Maximum Price (as hereafter defined), provided that all such purchases shall be made in accordance with the terms and conditions set out in the circular to unitholders in relation to the proposed unit buy-back mandate dated 24 March 2009, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-back Mandate**");
- (2) unless varied or revoked by unitholders of FSL Trust (the "**Unitholders**") in a general meeting, the authority conferred on the Trustee-Manager pursuant to the Unit Buy-back Mandate may be exercised by the Trustee-Manager at any time during the Relevant Period (as hereafter defined); and
- (3) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing such documents or other action as may be required) as it may consider necessary, expedient or in the interests of FSL Trust to give effect to the transactions contemplated and/or authorised by these resolutions.

In these resolutions:

"**Maximum Limit**" means that the number of Units representing not more than 10 per cent. of the total number of issued Units of FSL Trust as at the date of the passing of this Resolution; and

"**Relevant Period**" means the period commencing from the date on which the EGM is held and the resolutions relating to the Unit Buy-back Mandate are passed, and expiring on:

- (a) the date the next general meeting of Unitholders is held or is required by the Trust Terms to be held in respect of any mandate for the purposes of a Unit Buy-back; or
- (b) the date on which the purchases of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate are carried out to the full extent mandated,

whichever is earlier; and

“**Maximum Price**” means, for a Unit to be purchased pursuant to the Unit Buy-back Mandate in a Market Purchase, 105% of the Average Closing Market Price (as defined hereinafter), excluding related expenses of the purchase,

where:

“**Average Closing Market Price**” means the average of the closing market prices of a Unit over the last five (5) Market Days, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the SGX-ST Listing Manual.

By Order of the Board of FSL Trust Management Pte. Ltd.
as trustee-manager of First Ship Lease Trust

Rebecca Cheng Pei Jiuan
Company Secretary
24 March 2009

Notes:

- (1) A Unitholder entitled to attend and vote at the Extraordinary General Meeting of the Unitholders of First Ship Lease Trust may appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of First Ship Lease Trust.
- (2) The instrument appointing a proxy must be deposited at the registered office of FSL Trust Management Pte. Ltd. at 9 Temasek Boulevard #19-03 Suntec Tower Two Singapore 038989 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

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FIRST SHIP LEASE TRUST

(A business trust constituted on 19 March 2007)

MANAGED BY

FSL TRUST MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore)

Company Registration No. 200702265R

(as Trustee-Manager of First Ship Lease Trust)

PROXY FORM**EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS OF FIRST SHIP LEASE TRUST**

I/We _____ (Name)

holder of NRIC/Passport Number _____ of _____

_____ (Address)

being a Unitholder / Unitholders of First Ship Lease Trust hereby appoint:

Name	Proportion of Unitholdings	
NRIC/Passport Number	No. of Units	%
Address		

And/or (delete as appropriate)

Name	Proportion of Unitholdings	
NRIC/Passport Number	No. of Units	%
Address		

As my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Extraordinary General Meeting of Unitholders of First Ship Lease Trust to be held on Wednesday, 8 April 2009, at 3 p.m. and at any adjournment thereof (the "EGM"). I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the EGM. Approval for the resolution to be proposed at the EGM will be sought by way of a poll.

No.	Resolutions relating to:	For (Please indicate number of Units*)	Against (Please indicate number of Units*)
1.	The Adoption of the Proposed Unit Buy-back Mandate		

Dated this _____ day of _____ 2009

Signature of Unitholder(s) or
Common Seal of Corporate Unitholder

(*If the number of Units is not indicated, your indication will be deemed to be in respect of all your votes.)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A Unitholder entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a Unitholder of First Ship Lease Trust.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the EGM. Any proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, FSL Trust Management Pte. Ltd. ("**FSLTM**") reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of FSLTM at 9 Temasek Boulevard #19-03 Suntec Tower Two Singapore 038989 not less than 48 hours before the time appointed for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with FSLTM) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. FSLTM shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of Units entered in the Depository Register, FSLTM may reject the instrument appointing a proxy or proxies if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited ("Depository") to FSLTM.
9. For the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Unitholder may cast in respect of such Units, the Trustee-Manager shall be entitled and bound to accept as accurate the number of Units credited in the securities account(s) of the relevant depositor as shown in the records of the Depository as at a time not earlier than 48 hours prior to the time of the relevant meeting supplied by the Depository to the Trustee-Manager, and accept as the maximum number of votes which in aggregate that depositor and his proxy(ies) (if any) are able to cast on a poll a number which is the number of Units credited into the securities account(s) of the relevant depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the depositor or in the instrument of proxy. The Trustee-Manager shall not, under any circumstances, be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository.

AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY
FSL TRUST MANAGEMENT PTE. LTD.
(as Trustee-Manager of First Ship Lease Trust)
9 Temasek Boulevard #19-03
Suntec Tower Two
Singapore 038989