

# 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 NUMBER 200702265R)  
(AS TRUSTEE-MANAGER OF FIRST SHIP LEASE TRUST)

### PLACEMENT OF UP TO 57,000,000 NEW UNITS IN FIRST SHIP LEASE TRUST AND ANNOUNCEMENT OF BOOKS CLOSURE AND STUB DISTRIBUTION PAYMENT DATES

#### 1. Placement

The directors of FSL Trust Management Pte. Ltd. (the “**Trustee-Manager**”), as trustee-manager of First Ship Lease Trust (“**FSL Trust**”), wish to announce that the Trustee-Manager, on behalf of FSL Trust, has on 9 June 2011 entered into a placement agreement (the “**Placement Agreement**”) with Oversea-Chinese Banking Corporation Limited (the “**Placement Agent**”). Subject to the terms and conditions of the Placement Agreement, the Trustee-Manager, on behalf of FSL Trust, agrees to allot and issue, and the Placement Agent agrees to procure subscribers and payment for, and failing which to subscribe and pay for, up to 57,000,000 new units in FSL Trust (the “**New Units**”) at the Issue Price (as defined below) for each New Unit (the “**Placement**”). The Placement will be fully underwritten by the Placement Agent. The Issue Price and the number of New Units to be issued pursuant to the Placement Agreement will be determined by the Placement Agent in agreement with the Trustee-Manager following a book-building process.

The Trustee-Manager will make an announcement (the “**Pricing Announcement**”) via SGXNET once the Issue Price and the number of New Units to be issued pursuant to the Placement Agreement have been determined. Trading of units in FSL Trust (“**Units**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), which had been halted as of 9.00 a.m. on 9 June 2011, will resume following the release of the Pricing Announcement.

#### 2. Application to the SGX-ST for Approval In-Principle

The Trustee-Manager, on behalf of FSL Trust, will be making a formal application to the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such approval in-principle from the SGX-ST.

The Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the approval in-principle of the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST.

### 3. **Stub Distribution**

FSL Trust declares its distributions to holders of Units in FSL Trust ("**Unitholders**") on a quarterly basis.

In conjunction with the Placement, the Trustee-Manager herein declares in respect of the Units in issue immediately prior to the issue of the New Units (the "**Existing Units**") a distribution for the period from 1 April 2011 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 April 2011 to 30 June 2011 as originally scheduled. The New Units are expected to be issued on 23 June 2011. 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 June 2011. Quarterly distributions are expected to resume thereafter.

The Stub Distribution is proposed as a means to ensure fairness to holders of 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 approximately 0.87 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.

All Unitholders are exempt from Singapore income tax on distributions made by FSL Trust regardless of whether they are corporate or individual Unitholders.

### 4. **Books Closure and Payment Dates for Stub Distribution**

Subject to the receipt of approval in-principle from the SGX-ST no later than 16 June 2011 (being the day immediately preceding the last date for trading of the Units on a cum-Stub Distribution basis) for the listing of and quotation for the New Units on the Main Board of the SGX-ST, the Transfer Books and Register of Unitholders of FSL Trust will be closed at 5.00 p.m. on 22 June 2011 for the purposes of determining the entitlements of Unitholders to the Stub Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 22 June 2011 will be entitled to the Stub Distribution.

The Trustee-Manager will announce the payment date for the Stub Distribution in due course, and currently expects that the Stub Distribution will be paid no later than 21 July 2011.

### 5. **The New Units**

The maximum number of 57,000,000 New Units which may be issued pursuant to the Placement represents approximately 9.5 per cent. of the existing issued Units as at the date of this announcement and will represent approximately 8.7 per cent. of the

issued Units (on an enlarged basis) assuming that all of the 57,000,000 New Units are issued.

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 June 2011, as well as all distributions thereafter.

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

## **6. Issue Price**

The issue price per New Unit (the “**Issue Price**”) shall be between S\$0.347 and S\$0.354 unless otherwise agreed between the Placement Agent and the Trustee-Manager, provided however that the Issue Price shall not be at a discount of more than 10 per cent. to S\$0.374, being the volume weighted average price of the Units for trades done on the SGX-ST for the full market day preceding and up to the time the Placement Agreement was signed and adjusted to exclude the Estimated Stub Distribution to be distributed to the holders of the Existing Units (the “**Adjusted VWAP**”).

The Issue Price range of between S\$0.347 and S\$0.354 per New Unit represents a discount of between 5.3 per cent. and 7.2 per cent. to the Adjusted VWAP.

## **7. Authority to Issue the New Units**

The New Units will be issued pursuant to the general mandate by the Unitholders, by way of an ordinary resolution passed at the Annual General Meeting held on 6 April 2011 (the “**Resolution**”), given to the Trustee-Manager to, *inter alia*, issue new Units, provided that:

- (a) the aggregate number of Units to be issued pursuant to the Resolution shall not exceed 50 per cent. of the issued Units in FSL Trust (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Units to be issued other than on a *pro-rata* basis to existing Unitholders shall not exceed 20 per cent. of the issued Units in FSL Trust (as calculated in accordance with sub-paragraph (b) below); and
- (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (a) above, the percentage of issued Units shall be based on the number of issued Units in FSL Trust as at the time of the passing of the Resolution after adjusting for:

- (i) any new Units arising from the conversion or exercise of any instruments that are convertible into Units; and
- (ii) any subsequent bonus issue, consolidation or subdivision of Units.

## **8. Use of the Proceeds**

Assuming that all of the 57,000,000 New Units are issued at an assumed Issue Price of S\$0.347 per New Unit (being the minimum issue price as indicated above), FSL Trust estimates that it will receive net proceeds from the Placement of approximately S\$18.9 million, after deducting the placement fee and estimated offering expenses.

FSL Trust intends to use all the net proceeds from the Placement for the proposed acquisition of *MT TORM Marie* (which was announced on 9 June 2011). In the event the acquisition of *MT TORM Marie* is not completed for any reason, all the net proceeds will be used for the acquisition of vessels with leases or companies holding such vessels.

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 Trustee-Manager may, in its absolute discretion, deem appropriate in the interests of FSL Trust and its special purpose companies.

The Trustee-Manager will make an announcement via SGXNET as and when the proceeds from the Placement are materially disbursed and provide a status report on the use of proceeds from the Placement in the annual report of FSL Trust.

## **9. Financial Effects of the Placement**

Based on the unaudited financial statements of FSL Trust as at 31 March 2011, the Unitholders' funds in FSL Trust are US\$339 million comprising 598,665,077 issued Units. When completed, the Placement will increase the Unitholders' funds in FSL Trust to US\$355 million comprising 655,665,077 issued Units (calculated based on the maximum issue size of 57,000,000 New Units).

Based on the unaudited financial statements of FSL Trust as at 31 March 2011, the net asset value per Unit attributable to Unitholders after adjustment to reflect the Placement will decrease by US\$0.03 to US\$0.54 (calculated based on the maximum issue size of 57,000,000 New Units and estimated net proceeds of the Placement of S\$18.9 million or US\$15.4 million after translation based on the exchange rate of US\$1.00 to S\$1.23).

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

Cheong Chee Tham  
Director

9 June 2011

*This document is for information purposes only and does not constitute an invitation or offer to acquire, procure or subscribe for the New Units.*

*This announcement is not an offer to sell or a solicitation of an offer to buy the New Units or any other securities within the United States. The New Units have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws, and are being offered for sale to persons outside the United States in compliance with Regulation S of the Securities Act. Unless so registered, the New Units may not be offered or sold in the United States except pursuant to an exemption from registration requirements of the Securities Act and applicable state securities laws. This announcement is not being, and should not be, distributed in or sent into the United States.*