



FSL Trust Management Pte. Ltd.
as Trustee Manager for First Ship Lease Trust
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Press Release

First Ship Lease Trust Launches Initial Public Offering at US\$0.98 per Unit

- Projected tax-free¹ annualised distribution yield of 8.69%² for Forecast Period 2007
- First Ship Lease Pte. Ltd. (the “Sponsor”) to subordinate its rights to distributions in respect of 50% of its units and Trustee-Manager to subordinate its management fees from the date of listing of FSL Trust, 27 March 2007 (the “Listing Date”), until 30 June 2009
- Trustee-Manager to target a minimum annualised DAU growth of 5% in the first half of 2008, 10% in the second half of 2008 and 15% in the first half of 2009 over forecast annualised yield for 2007
- Offering closes 12.00 noon on 22 March 2007

19 March 2007, Singapore – FSL Trust Management Pte. Ltd. (the “Trustee-Manager”), today announced the launch of the initial public offering (the “Offering”) of 220 million Units at US\$0.98 per Unit in First Ship Lease Trust (“FSL Trust”) in conjunction with a proposed listing on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

Based on the offering price of US\$0.98 per Unit (the “Offering Price”), FSL Trust will have a market capitalization of US\$490 million (approximately S\$750 million based on the fixed exchange rate of US\$1.00:S\$1.5291).

¹ Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and are also not subject to Singapore withholding tax. Please see the section “Taxation” in the prospectus for more information.

² Annualised projected distribution yield for Forecast Period 2007 based on the Offering Price, and subject to assumptions contained in the prospectus.

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FSL Trust is a provider of leasing services on a bareboat charter basis to the international shipping industry. It will have a modern, high quality and diverse initial portfolio of 13 vessels consisting of four containerships, four product tankers, three chemical tankers and two dry bulk carriers. These vessels have an average age of approximately five years, and an average remaining lease period of approximately nine years (excluding extension periods and early buy out options).

FSL Trust's initial portfolio will be diversified across five customers. The Trustee Manager believes that FSL Trust is likely to be perceived as independent from any ship operator in the targeted ship finance market which would be advantageous when seeking to grow the business.

The majority-independent Board of the Trustee-Manager, chaired by Mr Wong Meng Meng, a consultant at WongPartnership, is made up of individuals with a broad range of legal and commercial expertise, including expertise in the structured finance and shipping industry.

The management team of the Trustee-Manager is led by its Chief Executive Officer, Mr Philip Clausius, who has 15 years of financial and operational experience in the shipping industry. He co-founded First Ship Lease Ltd., the predecessor of the Sponsor, in 2003 and remains the President and Chief Executive Officer of the Sponsor.

Attractive and stable yields

Based on the Offering Price, FSL Trust has a projected tax-free¹ annualised distribution yield of 8.69%² for Forecast Period 2007. Besides providing an attractive and stable distribution yield from its initial portfolio, FSL Trust intends to seek additional accretive leasing transactions, in order to grow its business and increase distributable cash per unit.

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FSL Trust will receive the strong support from the Sponsor, which will hold 32% of the units upon the listing (or 25% assuming the Over-allotment Option is exercised in full), making it the single largest initial Unitholder of FSL Trust at the Listing Date.

Reflecting its strong commitment, the Sponsor has agreed to subordinate its rights to distributions in respect of 50% of its units so as to support targeted growth in the distributable amount per unit ("DAU") semi-annually during the period commencing from the Listing Date until 30 June 2009 (the "Subordination Period"). The Trustee-Manager will similarly subordinate all of its management fees during the Subordination Period so as to support the targeted minimum annualised DAU growth of 5% in the first half of 2008, 10% in the second half of 2008 and 15% in the first half of 2009.

If the minimum DAU growth targets are met, FSL Trust will have an annualized distribution yield of 9.13%, 9.56% and 10.00% in the first half of 2008, second half of 2008 and first half of 2009 respectively, based on the Offering Price.

Strong support from cornerstone investors

AIG Global Investment Corporation (Singapore) Ltd, DWS Investment GmbH and Penta Investment Advisers, Ltd have each entered into a cornerstone subscription agreement with the Trustee-Manager to subscribe for an aggregate of 120,000,000 units, or 24% of the total number of units to be issued, at the Offering Price, subject to closing conditions.

Mr Clausius said: "We are very pleased with the strong and encouraging support of our cornerstone investors. It is testimony of FSL Trust as an attractive investment, offering a good yield with growth prospects."



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He added: “According to *Marine Money*, the non tax-driven ship leasing market has grown at a compound annual growth rate of 24.6% during 2003 to 2006 and is currently estimated at a size of US\$4.72 billion. FSL Trust will be well-positioned to take advantage of the growing market.

“On the basis of the Sponsor’s experience, FSL Trust will offer the global shipping market a cost effective and flexible leasing solution. We believe that we are well placed to drive rapid growth in the portfolio of FSL Trust and intend to do so by leveraging on our network of relationships, as well as those of the Sponsor and its shareholders, with both customers and intermediaries in the finance and shipping industries.”

Key investment Highlights

- Attractive and stable distribution yield from initial portfolio
- Focus on DPU growth through accretive acquisitions
- Diversified lease portfolio
- Strong management and commitment of Sponsor
- Robust risk management practices
- No Singapore tax on distribution to Unitholders

The Offering

The Offering comprises 220,000,000 units (excluding the Over-allotment Option) at US\$0.98 per Unit. The size of the Public Offer is 7,000,000 Units at US\$0.98 per Unit, equivalent to S\$1.50 per Unit based on the fixed exchange rate of US\$1.00:S\$1.5291.

Deutsche Bank AG, Singapore Branch and J.P.Morgan (S.E.A.) Limited are the Joint Lead Managers and Joint Bookrunners.

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The Public Offer

The Offering is expected to close at 12.00 noon on 22 March 2007. Applications for Units can be made at the ATMs of OCBC Bank, DBS Bank (including POSB) or UOB Group from 7.00 pm on 19 March 2007 onwards; or by way of printed application forms in accordance with the terms and conditions set out in the instruction booklet constituting part of the prospectus dated 19 March 2007 (the "Prospectus"). Trading of the Units is expected to commence on the SGX-ST on a "ready" basis at 2.00 pm on 27 March 2007.

Potential investors are advised to refer to the Prospectus for information on the Offering. Any investment decision potential investors may make should be based solely on the information set out in the Prospectus.

Copies of the Prospectus and application forms may be obtained, subject to availability, from branches of OCBC Bank, members of the SGX, members of the Association of Banks and merchant banks in Singapore during normal business hours. Application for Units are to be made on the application forms referred to in the Prospectus or by way of electronic share applications at ATMs of the relevant participating banks in the manner set out in the Prospectus.

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Information contained in this press release is derived from and should be read in conjunction with the full text of the prospectus dated 19 March 2007 (the "Prospectus") which has been registered by the Monetary Authority of Singapore.

This press release does not constitute an offer to sell or a solicitation of an offer to subscribe for or purchase the Units, are for information purposes only and may contain forward-looking statements that involve assumptions, risks and uncertainties. Accordingly, these materials are qualified in their entirety by, and should be understood in conjunction with, the full text of the Prospectus. A potential investor should carefully read the Prospectus first, and in particular, the section on "Risk Factors" for a discussion of certain factors to be considered, and make his own assessment before deciding whether to subscribe for or purchase the Units. Any decision to subscribe for or purchase the Units should be made solely on the basis of information contained in the Prospectus.

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