



For Immediate Release

**PACIFIC SHIPPING TRUST PAVES THE WAY FOR FURTHER GROWTH THROUGH
PREFERENTIAL OFFERING**

- Non-renounceable preferential offering (the “**Preferential Offering**”) of new units (the “**New Units**”) in PST so as to raise gross proceeds of approximately US\$92.3 million
- Preferential Offering will further strengthen balance sheet and enhance financial flexibility to exploit potential medium-term, yield accretive opportunities
- Pacific International Lines (Private) Limited (“**PIL**”) demonstrates its confidence in PST through undertaking to subscribe and pay for its provisional allocation of New Units and to subscribe for any unsubscribed New Units, subject to certain conditions (the “**PIL Undertaking**”)
- Potential increase in pro-forma distribution per unit (“**DPU**”) yield

SINGAPORE, 11 August 2008 – PST Management Pte. Ltd., as Trustee-Manager of Pacific Shipping Trust (“**PST**”), Singapore’s first publicly-listed business trust, received in-principle approval from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the listing and quotation of New Units and Consideration Units on the Official List of the SGX-ST. The Preferential Offering is subject to approval by unitholders of PST (the “**Unitholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened on Wednesday, 27 August 2008 at 2.30 p.m..

Under the Preferential Offering, PST is proposing to issue approximately 252,750,000 New Units at the issue price of US\$0.365 per New Unit (the “**Issue Price**”), on the basis of three (3) New Units for every four (4) existing units of PST (the “**Units**”). PIL, the Sponsor of PST and second largest shipping company in Singapore, has pursuant to the PIL Undertaking, irrevocably undertaken (subject to certain conditions) to subscribe and pay for its provisional allocation of the New Units as well as such number of New Units under the Preferential Offering

that remain unsubscribed (the “**Unsubscribed New Units**”)¹, aggregately to no more than 252,750,000 New Units, subject to approval by Unitholders at the EGM. PIL is the major Unitholder of PST, with a current direct interest of approximately 34.64% in PST.

The estimated aggregate gross proceeds of the Preferential Offering are expected to be approximately US\$92.3 million and is intended to mainly finance and refinance part of the total purchase consideration for the new vessels, namely KOTA NABIL, KOTA NAGA, CSAV LAJA and CSAV LAUCA (collectively, the “**New Vessels**”). The acquisitions of the New Vessels by PST from Tranpac Holdings Inc., Panama (“**Tranpac**”), a wholly-owned subsidiary of PIL, had been approved by the Unitholders at a general meeting on 22 February 2008.

“In light of the current tight credit markets, the Preferential Offering represents a unique opportunity for Unitholders to participate in a capital raising exercise that provides certainty of funding, as it is fully supported by our Sponsor, PIL. Whilst financing for the New Vessels has already been previously secured, the proceeds of the Preferential Offering will lower our aggregate gearing level, providing us with the financial flexibility to react swiftly as yield-accretive investment opportunities arise,” said Mr Alvin Cheng, CEO of PST Management Pte. Ltd., as Trustee-Manager of PST.

Rationale for the Preferential Offering

Unitholders are expected to benefit from the Preferential Offering in the following ways:

1. Strengthened balance sheet – PST’s capital structure will be strengthened and its aggregate leverage² is expected to decrease from approximately 68.9% to 49.9%, providing it with an increased borrowing capacity³ of up to US\$120.5 million. This will enhance PST’s financial flexibility to pursue medium-term yield accretive growth opportunities.
2. DPU accretive on a pro-forma basis – Pro-forma DPU yield could increase to 11.8%⁴.
3. Issue Price is at a discount – The pro-rata entitlement to the New Units is at a discount of approximately 5.2% to the volume weighted average price of trades in the Units done on the SGX-ST for the full market day prior to this announcement.

¹ The balance of New Units under the Preferential Offering after the satisfaction of the acceptances (if any) by Unitholders of their provisional allocations, and excluding the New Units provisionally allocated due to the Rounding Mechanism.

² The ratio of PST’s aggregate borrowings against the total value of its assets.

³ Assuming a steady aggregate leverage level of 60%.

⁴ Based on Issue Price of US\$0.365 per New Unit and unaudited pro-forma DPU for the financial year ended 31 December 2007, assuming the acquisitions of the New Vessels and the Preferential Offering or the Combined Issuance were completed on 1 January 2007 and excluding any New Units that will be provisionally allocated as a result of the Rounding Mechanism.

4. Possible increase in trading liquidity – The number of trading Units could potentially increase up to approximately 75%⁵. This is likely to increase the trading liquidity of Units and their potential valuation.
5. Flexibility to increase portfolio size – The increase in PST’s portfolio size represents a diversification of its portfolio in terms of charterers, charter types and tenure. An expanded portfolio will reap further economies of scale for PST and also broaden and diversify its income stream.

The Unitholders’ circular in relation to the Preferential Offering (the “**Circular**”) will be despatched to Unitholders on or around Tuesday, 12 August 2008 and contains details of the resolutions to be tabled at the EGM. The Circular will also contain details of the PIL Undertaking which, among others, is subject to the approval of the independent Unitholders to waive their right to receive a mandatory general offer from PIL⁶ for all existing Units as a result of PIL’s acceptance of its provisional allocation of New Units and for such number of Unsubscribed New Units, as described above. The Securities Industry Council (the “**SIC**”) had on Monday, 4 August 2008 granted a waiver of the obligations of PIL⁶ to make a mandatory general offer for the Units.

With regard to the upcoming EGM, Mr Cheng added: “This is an excellent opportunity for our management team to meet with Unitholders. I look forward to their favourable support for this fund raising exercise and our plan to continue the steady growth of PST.”

PST has appointed UBS AG, acting through its business group, UBS Investment Bank, as the sole financial adviser and issue manager in relation to the Preferential Offering.

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About Pacific Shipping Trust

Pacific Shipping Trust is the first business trust listed on the SGX-ST. It provides shipping companies with innovative financing and leasing structures that enable them to expand their fleet without straining their capital. By acquiring vessels and leasing them to reputable charterers on medium / long term time or bareboat charters, PST seeks to generate a steady stream of high-yielding income for its Unitholders.

⁵ Assuming New Units of 252,750,000 and 100% subscription of Preferential Offering by minority Unitholders.

⁶ Including Tranpac, assuming any New Units are allotted and issued to Tranpac.

The trustee-manager of PST is PST Management Pte. Ltd., a wholly-owned subsidiary of Pacific International Lines (Private) Limited, one of the biggest container shipping companies in the world.

For media enquiries, please contact:

Gavin Anderson & Company, Tel: +65 6339 9110

ANG Shih-Huei

Mobile: +65 9189 1039

Email: sang@gavinanderson.com.sg

Terence FOO

Mobile: +65 9878 8787

Email: tfoo@gavinanderson.com.sg

Jeffrey FANG

Mobile: +65 9838 5636

Email: jfang@gavinanderson.com.sg

Important Notice

The value of PST units ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders of PST may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of PST is not necessarily indicative of the future performance of PST.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of charter income, changes in operating expenses (including employee wages, benefits and training costs) and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's view of future events.