

FSL TRUST MANAGEMENT PTE. LTD.
(As Trustee-Manager of First Ship Lease Trust)
(Company Registration No. 200702265R)
(Incorporated in Singapore)

EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS – QUESTIONS AND ANSWERS

The Board of Directors (the “**Board**”) of FSL Trust Management Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”) of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), wishes to share the responses to questions received from unitholders in advance of the Extraordinary General Meeting (“**EGM**”) of the unitholders of FSL Trust held on 23 August 2022.

- 1) What the financial implications of the proposed Management Fee Amendment based on the financial forecast in the next 3 to 5 years are.

Answer: Whilst the Trustee-Manager has sold almost all vessels with market exposure to maximise value to FSL Trust and its unitholders and de-risk the FSL Trust, the core fleet of FSL Trust comprises the 8 specialised tankers. On an annualised basis, these 8 specialised tankers generate an Adjusted EBITDA (*unaudited, excluding gains/losses from the disposal of vessels and vessel impairments*) of approximately US\$ 7.2m per annum which compares to a Base Management Fee of US\$ 1.4m per annum. The medium- to long-term financial outlook of FSL Trust will be dependent on any new projects with an attractive risk/reward the Trustee-Manager will originate for FSL Trust.

- 2) What the implications are if the proposed Management Fee Amendment is not approved by unitholders.

Answer: Without the introduction of the Base Management Fee as proposed, the Trustee-Manager cannot cover its actual cost of providing the trustee-management services to FSL Trust. As a consequence, the Trustee-Manager would not be able to continue providing trustee-management services to FSL Trust and may resign. A resignation of the Trustee-Manager would likely lead to a value destructive liquidation of FSL Trust unless another firm with the necessary expertise and experience will be able to provide trustee-management services to FSL Trust for a fee that does not cover the actual cost of providing the trustee-management services.

By Order of the Board
FSL Trust Management Pte. Ltd.
(Company registration no. 200702265R)
as Trustee-Manager of First Ship Lease Trust

Mr Efstathios Topouzoglou
Non-Independent, Non-Executive Chairman
23 August 2022