

FIRST SHIP LEASE TRUST

(Registration No.: 2007002)

(A business trust registered under the Business Trusts Act)

MINUTES OF FOURTEENTH ANNUAL GENERAL MEETING OF FIRST SHIP LEASE TRUST HELD VIA LIVE WEBCAST AND AUDIO FEED

Date	Friday, 23 April 2021
Time	4.00 p.m.
Present	: Unitholders who attended by live webcast and audio feed as recorded in the attendance lists
In attendance	:
Directors (<i>In Person</i>)	- Mr N. Sreenivasan (Independent Director) (Chairman of Meeting)
(<i>Via videoconference</i>)) Mr Stathis Topouzoglou (Non-Independent Non-Executive Chairman)) Mr Michail Chalkias (Non-Independent Non-Executive Director)) Mr Michael Gray (Lead Independent Director)) Mr Michael Oliver (Independent Director)) Mr Konstantinos Courcoubetis (Independent Director)
Management (<i>In-Person</i>)) Mr Roger Woods (Chief Executive Officer)) Mr Markus Wenker (Chief Financial Officer)
Auditors (<i>Via webcast</i>)	- Mr Chris Johnson, Partner Moore Stephens
Company Secretary (<i>In-Person</i>)	- Ms Elizabeth Krishnan

CHAIRMAN OF MEETING AND QUORUM

After ascertaining that a quorum was present, the Chairman of the Meeting, Mr N. Sreenivasan, declared the Annual General Meeting (“**AGM**”) open. He informed that since this AGM is convened electronically due to the ongoing global pandemic and in the interest of a smooth broadcast, the Chairman of the Board, Mr Stathis Topouzoglou, had requested him to chair the meeting.

On behalf of FSL Trust Management Pte. Ltd., the Trustee-Manager of First Ship Lease Trust (“**the Trust**” or “**FSL Trust**”), the Chairman of the Meeting welcomed the unitholders to the Fourteenth Annual General Meeting of FSL Trust.

The Chairman of Meeting introduced himself and all the Directors of FSL Trust Management Pte. Ltd. who were present at the meeting via video conference, the Chief Executive Officer, Mr Roger Woods, the Chief Financial Officer, Mr Markus Wenker, and the Auditor from Moore Stephens LLP. He then invited Mr Stathis Topouzoglou to address the meeting and to highlight some of the recent events in FSL Trust, share his perspective of the trend in the shipping industry and its impact on FSL Trust.

After thanking Mr Stathis Topouzoglou for sharing details of the challenges in the shipping industry in the face of changing carbon emission regulatory requirements and the Covid-19 pandemic, the Chairman of Meeting continued with the proceedings of the meeting.

The Chairman of Meeting stated that this meeting is convened by the Trustee-Manager, by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for companies, variable capital companies, business trusts, unit trusts and debenture holders) Order

2020. Instead of a physical meeting, the meeting is broadcast by live webcast and live audio feed. In the light of this, certain aspects and procedural formalities, customarily practiced at an annual general meeting, may be varied or dispensed at this meeting. Nonetheless, to maintain the relationship with unitholders, certain measures were implemented.

The annual report 2020 was dispatched to unitholders on 5 April 2021. The annual report is also available on the Trustee Manager's website and SGXNet. The Notice of AGM in the annual report 2020 was also sent to unitholders by electronic means via publication on the Trustee-Manager's website and SGXNet on 5 April 2021.

The Notice of AGM provided that unitholders, who wished to exercise their right to vote, must appoint the Chairman of the Meeting as their sole proxy and submit the relevant documents not less than 48 hours before this meeting. A copy of the proxy form was made available on the same websites as mentioned earlier. The Chairman of Meeting reminded that as a proxy-holder, he does not have any discretion to vote and shall vote only in accordance with the instructions given by the unitholders who have appointed him. The proxy forms received have been checked by the Unit Registrar and the scrutineers, Messrs DrewCorp Services Pte. Ltd.

Unitholders were requested to pre-register their interest to attend this AGM and submit in advance, questions relating to the resolutions to be tabled at the meeting. Responses to all the questions have been uploaded on the Trustee-Manager's website and SGXNet, prior to this meeting. In addition, some of the common questions will be addressed during the course of this meeting.

Mr Roger Woods, the Chief Executive Officer was invited to deliver a management presentation on the Trust (attached as "Annexure A"). The presentation slides were also made available on the Trustee-Manager's website.

QUESTIONS AND ANSWERS

After the management's presentation, the Chief Executive Officer addressed the questions submitted in advance by the unitholders.

Question 1 - What the strategy of FSL Trust will be to create value in the future after the disposal of the newbuildings and the expected distributions per unit for the next two financial years.

Answer - The disposal of the newbuildings was to protect the Trust's capital and driven by weak short-term earnings prospects for LR2 product tankers due to the adverse impact of the Covid-19 pandemic on the oil and oil products trade, as well as the medium- to long-term prospects due to the environmental regulatory framework which has dramatically changed since the newbuildings were ordered in 2018. The Trustee-Manager continues to follow its strategy of divesting older, environmentally less friendly vessels to reduce the market and regulatory risk and create value for the Trust and its unitholders. The Trustee-Manager is furthermore evaluating the economic viability of various projects which can potentially deliver long-term cash flow and meet future environmental regulation to create sustainable value to the Trust and its unitholders.

In relation to potential distributions per unit for the next years, the form, frequency and amount of distributions, if any, will depend on the earnings situation and financial position of the Trust, the investment environment and attractive investment opportunities available and the overall shipping market conditions and outlook, amongst other things. The complete distribution policy providing the guiding principles is available on the website of the Trustee-Manager, under the section Investor Relations. On the basis of these factors, the Board of Directors considers and decides quarter by quarter whether or not to pay distributions and what the appropriate amount is when it has been concluded to make a distribution.

Question 2 - Why the NAV per unit declined from 39 US cents (as at 31 December 2016) to 7 US cents (as at 31 December 2020).

Answer - The reduction of net asset value between 31 December 2016 and 31 December 2020 was driven by several factors; firstly, losses suffered by the Trust in 2017 and 2018 as a result of vessel impairments, secondly, the issuance new units under the preferential offering in 2019 and the full conversion of a convertible bond in the same year, and thirdly, distributions to unitholders for the fourth quarter 2019, second quarter 2020 and third quarter 2020.

Question 3 - Whether the Trust would have been able to achieve higher prices if it was waiting to sell the vessels until the economy has recovered.

Answer - The Trust has achieved firm prices for the vessels disposed in the last twelve to eighteen months and the disposal of vessels had helped to create substantial value for the Trust and its unitholders and to de-risk in an otherwise challenging market environment, characterised by severe disruptions due to the Covid-19 pandemic leading to reduced oil production, refinery throughput and seaborne oil exports, whilst demand for oil and oil products remains below pre-pandemic levels. Whilst significant uncertainty remains as to when the markets will recover, a prolonged market environment of weak earnings can substantially adversely impact the cash flow and profitability of vessels and the Trust and furthermore reduce the recoverable amount for the vessels, which are depreciating assets.

Question 4 - What the current debt situation of FSL Trust is.

Answer - One of the focus areas of the Trustee-Manager in the last years has been to de-lever to de-risk the profile of FSL Trust given the cyclical nature of the shipping industry. As announced on 10 March 2021, the Trust prepaid in full the amounts outstanding under the loans from Amsterdam Trade Bank N.V. and Hellenic Bank Public Company Limited and is currently free of any bank debt. At the same time, and given the extension of the charters of some of the smaller product tankers, announced on 3 February 2021, which increases the debt capacity, the Trustee-Manager has arranged a new loan for the refinancing of those vessels as announced on 1 March 2021, and the process of completing the refinancing is very advanced.

Question 5 - What the rationale of selling vessels and the use of proceeds from the disposals is.

Answer - The disposal of several vessels over the last twelve to eighteen months has created substantial value for the Trust and its unitholders as it not only allowed the Trust to repay all its debts as announced on 10 March 2021, but to de-risk in an otherwise challenging shipping market environment and resume distributions to unitholders after more than seven years of no distributions. The total amount of distributions paid to unitholders was US\$79.6 million in 2020, for the fourth quarter of 2019, second quarter of 2020 and third quarter of 2020.

Question 6 - What the pace of the divestment of older vessels will be and whether the sale of vessels makes the portfolio too small to be efficiently managed given the overhead cost.

Answer - The pace of the disposal of the older vessels without period employment is driven by the conditions in the sale and purchase market for second hand vessels as the Trustee-Manager's goal is to maximise value for FSL Trust and its unitholders. The Trustee-Manager keeps tight control over the overhead cost of the Trust.

Question 7 - What the main criteria are taken into consideration in the decision to buy or sell vessels.

Answer - The Trustee-Manager considers a variety of factors in evaluating a potential acquisition or sale of a vessel, which include, *inter alia*:

- (a) the prevailing and expected charter market conditions of the vessel(s);
- (b) the employment and earnings prospects for the vessel(s);

- (c) the anticipated changes in environmental regulation and the reduction of carbon emissions in particular;
- (d) technological innovation;
- (e) the operating expenses and depreciation of the vessel(s);
- (f) the cost of maintenance of and potential capital expenditures for the vessel(s);
- (g) the expected economic life of the vessel(s);
- (h) the expected residual value of the vessel(s);
- (i) the prevailing conditions in the sale and purchase market for second hand vessels, including the supply and demand for vessels of the same type and with similar specifications;
- (j) the price(s) achievable for the vessel(s) in the market;
- (k) the age profile of the world fleet, the current orderbook and expected tonnage supply;
- (l) changes in trade patterns and the structural demand for specific vessel sizes;
- (m) the composition of the vessel portfolio of FSL Trust, including, but not limited to, the age profile and types of vessels in the portfolio; and
- (n) the market exposure of FSL Trust and the overall risk profile.

Question 8 - What the long-term prospects of the industry are.

Answer - Shipping is the environmentally friendliest and cost efficient means of transporting large quantities of cargo over long distances and, in a global economy and with a growing global population, the Board believes that there will be incremental demand growth for seaborne in the future. However, the shipping industry is structurally cyclical as the supply of and demand for vessels impact freight rates and market values. Moreover, geopolitical and socio-economic developments and the tightening environmental regulation the shipping industry is facing, create a certain level of uncertainty. Changing environmental regulation will potentially have an impact on the attractiveness and economic life of conventionally fueled vessels and, as such, the Trustee-Manager believes that carbon neutrality will probably be the most significant transition in the shipping industry since the introduction of diesel oil engines in the 20th century.

Question 9 - How net zero emissions for vessels can be achieved.

Answer - There are currently means to help reducing carbon emissions, including efficient vessel designs, hull coatings, exhaust gas cleaning systems, engine optimisation and transitional fuels and fuel technologies, such as LNG and LPG. However, these means do not have the potential to reach net zero emissions and there are currently no commercially viable zero-emission fuels and fuel technologies available to achieve the goal of zero emission. Research and development of commercially viable zero emission fuels and fuel technologies is just at the beginning and there are different initiatives, such as the Getting to Zero Coalition, of which FSL Trust is a member, for industry stakeholders to collaborate achieving the goal of getting commercially viable deep sea zero emission vessels powered by zero emission fuels into operation by 2030. As such, it is too early today to state with confidence what is the fuel and fuel technology to achieve zero emissions will be.

Question 10 - What the potential changes to the regulatory framework that would pose the most risk to vessel owners such as FSL Trust are.

Answer - The International Maritime Organisation (IMO) has set the goal to reduce greenhouse gas emissions from shipping by at least 40% by 2030 and pursues efforts towards 70% by 2050 (each compared to 2008) and the introduction of the IMO 2020 Sulphur cap was just the first of many steps shaping the environmental regulatory framework. There are further regulations such as the introduction of the Energy Efficiency Design Index (EEDI) and the Energy Efficiency Existing Ship Index (EEXI) becoming effective in the next years and the Trustee-Manager expects that other regulatory measures such as the introduction of carbon-taxes for shipping will probably be introduced.

Question 11 - What the cost savings achievable with the refinancing are and whether the new loan has lower borrowing rates.

Answer - The Trust is currently debt free following the prepayment in full of the amounts outstanding under the loans from Amsterdam Trade Bank N.V. and Hellenic Bank Public Company Limited, as announced on 10 March 2021. Given the extension of the charters of some of the smaller product tankers announced on 3 February 2021, which increases the debt capacity, the Trustee-Manager has arranged a new loan for the refinancing of those vessels as announced on 1 March 2021. The cost of the new loan is lower than the cost of equity and the rationale for the new loan is to optimize the capital structure of the Trust.

Question 12 - What the financial position of the Trust is following the sale of the LR2 product tanker newbuildings and the prepayment of loans and when the new loan will be utilised.

Answer - The disposal of the two LR2 product tanker newbuildings released US\$44.1 million (unaudited) of cash after payment of the remaining instalments to the shipyard, other construction related cost and the cost of the disposal of the newbuildings. US\$28.8 million of the net cash proceeds from the disposal of the newbuildings were used towards the prepayment in full of the amounts outstanding under the loans from Amsterdam Trade Bank N.V. and Hellenic Bank Public Company Limited, as announced on 10 March 2021. The process of completing the refinancing announced on 1 March 2021 is very advanced and the Trustee-Manager anticipates the completion very soon.

A unitholder congratulated and thanked the management team for another year of strong results. He stated that the management team had been working hard to turn around the Trust, paying down debt, bringing in positive cashflow and selling vessels at a good price. The management thanked the unitholder for the positive feedback on the achievements of the last years.

Following the conclusion of the question and answer presentation, the Chairman of Meeting continued with the proceedings of the meeting.

NOTICE

The Notice convening the meeting was taken as read.

All resolutions were voted upon by way of poll in compliance with the Listing Rules. Unitholders had cast their votes. DrewCorp Services Pte Ltd, the scrutineer had counted the votes prior to the meeting.

The Chairman of Meeting stated that all the four resolutions to be tabled at this meeting are Ordinary Resolutions. An Ordinary Resolution has to be carried by the affirmative votes of more than 50% of the total votes cast.

1. ADOPTION OF THE REPORT OF THE TRUSTEE-MANAGER, STATEMENT BY THE TRUSTEE-MANAGER AND AUDITED FINANCIAL STATEMENTS OF FIRST SHIP LEASE TRUST FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE AUDITORS' REPORT THEREON – RESOLUTION 1

The Meeting proceeded to receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and Audited Financial Statements of the Trust for the year ended 31 December 2020 together with the Auditor's Report thereon.

Based on the voting conducted by poll in advance, the results of the poll were as follows:-

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,294,955,908	1,294,955,908	100%	0	0%

The Chairman of Meeting declared the motion carried and it was RESOLVED:

As an Ordinary Resolution:

“That the Report of the Trustee-Manager, Statement by the Trustee-Manager and Audited Financial Statements of FSL Trust for the financial year ended 31 December 2020, together with the Auditor’s Report thereon be received and adopted.”

2. RE-APPOINTMENT OF MOORE STEPHENS LLP AS AUDITORS OF FIRST SHIP LEASE TRUST AND AUTHORITY OF DIRECTORS OF TRUSTEE-MANAGER TO FIX THEIR REMUNERATION – RESOLUTION 2

The Meeting was informed that the next item on the Agenda was to re-appoint the Auditors of the Trust and to authorise the Directors of the Trustee-Manager to fix their remuneration. The retiring auditors, Messrs Moore Stephens LLP had expressed their willingness to accept re-appointment.

Based on the voting conducted by poll in advance, the results of the poll were as follows:-

Total no. of valid votes cast	No. of votes “FOR”	% “FOR”	No. of votes “AGAINST”	% “AGAINST”
1,294,955,908	1,294,955,908	100%	0	0%

The Chairman of Meeting declared the motion carried and it was RESOLVED:

As an Ordinary Resolution:

“That Moore Stephens LLP be re-appointed as the Auditors of FSL Trust to hold office until the conclusion of the next annual general meeting of FSL Trust and that the Directors of the Trustee-Manager be authorised to fix their remuneration.”

3. AUTHORITY TO ISSUE NEW UNITS – RESOLUTION 3

The Meeting was informed that Resolution 3 on the Agenda was to authorise the Trustee-Manager to issue and allot units in the Trust, pursuant to Section 36 of the Business Trusts Act, Clause 6.1 of the Trust Deed and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Chairman of Meeting clarified that this resolution seeks to obtain a general mandate from unitholders to authorize the Trustee-Manager to issue units, which will be determined in the usual course of business and in compliance with applicable regulatory requirements, and is not in itself determinative of any unit issuance.

Based on the voting conducted by poll in advance, the results of the poll were as follows:-

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,294,955,908	1,294,955,908	100%	0	0%

The Chairman of Meeting declared the motion carried and it was RESOLVED:

As an Ordinary Resolution:

"THAT pursuant to Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the "**Business Trusts Act**") Clause 6.1 of the deed of trust dated 19 March 2007 constituting First Ship Lease Trust (as amended) (the "**Trust Deed**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Trustee-Manager, on behalf of FSL Trust, be authorised to:

- (a) (i) issue units in FSL Trust ("**Units**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Units,
- at any time to such persons and on such terms and conditions whether for cash or otherwise as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50 per cent. (50%) of the total number of issued Units excluding treasury Units (as calculated in accordance with sub-paragraph (2) below); of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders of FSL Trust shall not exceed 20 per cent. (20%) of the total number of issued Units excluding treasury Units in FSL Trust (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be based on the total number of issued Units (excluding treasury Units) in FSL Trust at the time of the passing of this Resolution, after adjusting for:
- (a) new Units arising from the conversion or exercise of any Instruments that are convertible into Units; and
- (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act; and

- (4) unless revoked or varied by ordinary resolution of Unitholders of FSL Trust in a general meeting, such authority shall continue in force (i) until the conclusion of the next annual general meeting of the Unitholders of FSL Trust or the date by which the next annual general meeting of the Unitholders of FSL Trust is required by law to be held, whichever is earlier, or (ii) in the case of Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments. ”

4. AUTHORITY TO ISSUE NEW UNITS PURSUANT TO THE FIRST SHIP LEASE TRUST DISTRIBUTION REINVESTMENT SCHEME – RESOLUTION 4

The Meeting was informed that Resolution 4 on the Agenda was to authorise the Trustee-Manager to issue and allot units in the Trust to unitholders who elect to receive Units in lieu of cash amount in respect of a qualifying distribution, pursuant to the Distribution Reinvestment Scheme. This resolution is a renewal of the authority granted at the EGM held on 9 October 2008.

Based on the voting conducted by poll in advance, the results of the poll were as follows:-

Total no. of valid votes cast	No. of votes “FOR”	% “FOR”	No. of votes “AGAINST”	% “AGAINST”
1,294,955,908	1,294,955,908	100%	0	0%

The Chairman of Meeting declared the motion carried and it was RESOLVED:

As an Ordinary Resolution:

“That authority be and is hereby given to the Trustee-Manager to allot and issue from time to time such number of Units as may be required to be allotted and issued pursuant to the FSL Trust Distribution Reinvestment Scheme.”

CONCLUSION

There being no other business to transact, the Chairman of Meeting declared the Annual General Meeting of the Trust closed at 4.50 p.m. and thanked everyone for their attendance.

Confirmed as true record of proceedings held

N. Sreenivasan
Chairman of Meeting