

CIRCULAR DATED 29 JULY 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your units in First Ship Lease Trust, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting (“**Notice of EGM**”) and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**COVID-19 Order**”), the Extraordinary General Meeting (“**EGM**”) will be conducted by electronic means and Unitholders will not be able to attend the EGM physically. Alternative arrangements have been put in place to allow Unitholders to participate in the EGM by (i) by watching a “live” webcast or listening to a “live” audio feed; (ii) submitting questions in advance of, or “live” at the EGM; and (iii) voting at the EGM “live” by the Unitholders themselves or their duly appointed proxy(ies) or by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. Please refer to paragraph 8 of this Circular and the Notice of EGM for further information, including the steps to be taken by Unitholders to participate in the EGM.



T R U S T

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 No. 200702265R)

CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED AMENDMENTS TO THE TRUST DEED AND THE PROPOSED MANAGEMENT FEE AMENDMENTS

**Independent Financial Adviser in respect of
the Proposed Management Fee Amendments**



Xandar Capital Pte. Ltd.

(Company Registration No. 200002789M)
(Incorporated in Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	21 August 2022 at 5.00 p.m.
Date and time of Extraordinary General Meeting	:	23 August 2022 at 5.00 p.m.

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DEFINITIONS

The following definitions apply throughout in this Circular except where the context otherwise requires:

- “Adjustment Payment”** : Where the Management Fee received by the Trustee-Manager (based on 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses) is less than US\$350,000 per calendar quarter, the difference between the amount of US\$350,000 and the actual Management Fee received for that calendar quarter that the Trustee-Manager is entitled to receive
- “Amendment Act”** : The Companies (Amendment) Act 2014 of Singapore, as amended, modified or supplemented from time to time
- “Authorised Businesses”** : The principal activities that FSL Trust is permitted to engage in under the Trust Deed
- “Base Management Fee”** : A minimum amount of US\$1,400,000 per annum (being US\$350,000 per calendar quarter) in Management Fees that will be payable to the Trustee-Manager pursuant to the Proposed Management Fee Amendments
- “Board”** : The board of Directors of the Trustee-Manager for the time being
- “Business Trusts Act”** : The Business Trusts Act 2004 of Singapore, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Unitholders dated 29 July 2022
- “Companies Act”** : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “Consent Regimes”** : The Express Consent Regime, Deemed Consent Regime and the Implied Consent Regime
- “COVID-19 Order”** : The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as may be amended, modified or supplemented from time to time
- “Deemed Consent Regime”** : The deemed consent of Unitholders in relation to the use of electronic communications of notices and documents if the Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that the Unitholders will be given an opportunity to elect within the Specified Time, whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the Unitholder fails to make an election
- “Director”** : A director of the Trustee-Manager for the time being
- “Distribution”** : Distributable amount paid to Unitholders
- “Distribution Calculation Date”** : 31 March, 30 June, 30 September and 31 December in each year occurring after the date on which FSL Trust is first listed on the SGX-ST or such other date or dates as the Trustee-Manager may determine

DEFINITIONS

“Distribution Date”	:	The date on which the Distribution is payable to Unitholders
“EPU”	:	Earnings per Unit
“Extraordinary Resolution”	:	A resolution proposed and passed as such by a majority consisting of 75.0 per cent. or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
“EGM”	:	The extraordinary general meeting of FSL Trust, notice of which is set out on pages 73 to 75 of this Circular
“Express Consent Regime”	:	The express consent of Unitholders that notices and documents may be given, sent or served to him using electronic communications
“FSL Trust”	:	First Ship Lease Trust
“FY”	:	Financial year ended or ending, as the case may be, 31 December, unless otherwise stated
“Group”	:	FSL Trust and its Subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd., the IFA appointed by the Trustee-Manager for the purposes of Rule 921(4)(a) of the Listing Manual and also to advise the Independent Directors on the Proposed Management Fee Amendments
“IFA Letter”	:	A copy of the letter from the IFA, as set out in Appendix G of this Circular
“Implied Consent Regime”	:	The implied consent of Unitholders for the use of electronic communications of notices and documents if the Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the Unitholder shall agree to receive such notices or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document
“Independent Directors”	:	The independent directors of the Trustee-Manager, being Michael Gray, Michael Oliver and Narayanan Sreenivasan
“Independent Unitholders”	:	Unitholders who are considered independent in relation to the Proposed Management Fee Amendments to advise the Independent Directors on whether the Proposed Management Fee Amendments are on normal commercial terms, and whether the Proposed Management Fee Amendments are prejudicial to the interests of FSL Trust and its Independent Unitholders
“Latest Practicable Date”	:	21 July 2022, being the latest practicable date prior to the printing of this Circular
“Lease Income”	:	The cash lease rentals, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time

DEFINITIONS

“Management Fee”	:	The management fee payable to the Trustee-Manager as described in paragraph 3.1 of this Circular
“Notice of EGM”	:	The notice of EGM set out on pages 73 to 75 of this Circular
“NTA”	:	Net tangible assets
“Other Cash Income”	:	Any income, other than Lease Income, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere
“PMCHI”	:	PMC Holding Inc., the holding company of Prime Marine Corporation which is the holding company of Prime Investments and Holdings Ltd, which is in turn the holding company of PSI which owns 100% shares in the Sponsor
“Prime Tanker”	:	Prime Tanker Management Inc., an associate of the Sponsor and deemed to be an “interested person” of FSL Trust
“Proposed Authorised Businesses Amendments”	:	The proposed amendments to the definition of Authorised Businesses under the Trust Deed as described in paragraph 2.1 of this Circular
“Proposed Distribution Date Amendments ”	:	The proposed amendments to the definition of Distribution Date under the Trust Deed as described in paragraph 2.2 of this Circular
“Proposed Alternative Meeting Arrangements Amendments ”	:	The proposed amendments to the provisions relating to the convening of general meetings of FSL Trust under the Trust Deed as described in paragraph 2.4 of this Circular
“Proposed Electronic Communications Amendments ”	:	The proposed amendments to the provisions relating to the electronic communications of notices and documents to Unitholders under the Trust Deed as described in paragraph 2.3 of this Circular
“Proposed Management Fee Amendments ”	:	The proposed amendments to the structure of the Management Fee under the Trust Deed as described in paragraph 3 of this Circular
“Proposed Multiple Proxy Amendments ”	:	The proposed amendments to the proxy provisions under the Trust Deed as described in paragraph 2.5 of this Circular
“Proposed Trust Deed Amendments ”	:	The Proposed Authorised Businesses Amendments, the Proposed Distribution Date Amendments, the Proposed Electronic Communications Amendments, the Proposed Alternative Meeting Arrangements Amendments and the Proposed Multiple Proxy Amendments
“Proxy Form”	:	The proxy form in respect of the EGM enclosed in this Circular
“PSI”	:	Prime Shareholdings Inc.
“Securities Account”	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time

DEFINITIONS

“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Specified Time”	:	The specified period of time within which the Unitholders will be given an opportunity to elect whether to receive notices or documents by way of electronic communications or as a physical copy to be stated in the Trust Deed under the Deemed Consent Regime and pursuant to the Proposed Electronic Communications Amendments
“Sponsor”	:	FSL Holdings Pte. Ltd., the sponsor of FSL Trust
“Subsidiaries”	:	A corporation (a) in which FSL Trust (i) controls the composition of the board of directors or (ii) controls more than half of the voting power or (b) which is a subsidiary of any corporation which is FSL Trust’s subsidiary and “ Subsidiary ” shall be construed accordingly
“Substantial Unitholder”	:	A person who has an interest in voting units of FSL Trust the total votes attached to which is not less than 5.0% of the total votes attached to all the voting units in FSL Trust
“Trust Deed”	:	The deed of trust dated 19 March 2007 constituting FSL Trust, as amended and modified by a supplemental deed dated 20 April 2010, a second supplemental deed dated 6 April 2011 and as may be amended, modified or supplemented from time to time
“Trustee-Manager”	:	FSL Trust Management Pte. Ltd., as trustee-manager of FSL Trust
“Unit”	:	A unit representing an undivided interest in FSL Trust
“Unit Registrar”	:	Boardroom Corporate & Advisory Services Pte Ltd
“Unitholders”	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “ Unitholder ” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
“%” or “percent”	:	Percentage or per centum
“US\$” or “US cents”	:	American dollars and cents, respectively, being the lawful currency of the United States of America

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to date and time of day in this Circular shall be a reference to Singapore date and time, unless otherwise stated.

DEFINITIONS

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them

For the purposes of this Circular, Morgan Lewis Stamford LLC has been appointed as the legal counsel to FSL Trust as to Singapore law in relation to the Proposed Trust Deed Amendments and the Proposed Management Fee Amendments.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward looking statements. Forward-looking statements include, but are not limited to, those using words such as “expect”, “seek”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Trustee-Manager and FSL Trust’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Unitholders and investors should not place undue reliance on such forward-looking statements, and neither the Trustee-Manager nor FSL Trust undertakes any obligation to update publicly or revise any forward-looking statements for any reasons, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO UNITHOLDERS

FIRST SHIP LEASE TRUST

(a business trust constituted on 19 March 2007
under the laws of the Republic of Singapore)

Directors of the Trustee-Manager:

Efstathios Topouzoglou (Non-Independent, Non-Executive Chairman)
Michail Chalkias (Non-Independent, Non-Executive Director)
Michael Gray (Lead Independent, Non-Executive Director)
Michael Oliver (Independent, Non-Executive Director)
Narayanan Sreenivasan (Independent, Non-Executive Director)

Registered Office:

7 Temasek Boulevard
#12-10
Suntec Tower One
Singapore 038987

29 July 2022

Dear Unitholders

- (I) **THE PROPOSED AMENDMENTS TO THE TRUST DEED; AND**
(II) **THE PROPOSED MANAGEMENT FEE AMENDMENTS**
-

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Board is convening the EGM to seek Unitholders' approval for:

- (a) Extraordinary Resolution 1 to approve the Proposed Authorised Businesses Amendments, the Proposed Distribution Date Amendments; the Proposed Electronic Communications Amendments, the Proposed Alternative Meeting Arrangements Amendments, and the Proposed Multiple Proxy Amendments (collectively, the "**Proposed Trust Deed Amendments**"); and
- (b) Extraordinary Resolution 2 to approve the Proposed Management Fee Amendments.

Section 31(1) of the Business Trusts Act states that:

A person must not modify or replace the trust deed of a registered business trust unless the modification or replacement is approved —

- (a) *by special resolution of the unitholders of the registered business trust; or*
- (b) *where the modification is necessary in order to comply with any written law or rule of law applicable in Singapore, by the trustee-manager of the registered business trust.*

Additionally, the Trust Deed requires any change in the structure of the Management Fee to be approved by an Extraordinary Resolution.

Accordingly, the approval of Unitholders by way of an Extraordinary Resolution is required in respect of the Proposed Trust Deed Amendments and the Proposed Management Fee Amendments.

1.2 Circular

The purpose of this Circular is to provide Unitholders with relevant information relating to the Proposed Trust Deed Amendments and the Proposed Management Fee Amendments and to seek Unitholders' approval for the Proposed Trust Deed Amendments and Independent Unitholders' approval for the Proposed Management Fee Amendments as set out in the Notice of EGM.

LETTER TO UNITHOLDERS

1.3 SGX-ST

The SGX-ST assumes no responsibility for the correctness of the statements made or reports contained, or opinions expressed, in this Circular.

2. THE PROPOSED TRUST DEED AMENDMENTS

2.1 The Proposed Authorised Businesses Amendments

2.1.1 Current Scope of the Authorised Businesses

The investment mandate of FSL Trust is limited by the scope of its Authorised Businesses. The Trust Deed provides that FSL Trust is established to principally engage in Authorised Businesses and subject to the restrictions and requirements in the relevant laws, regulations and guidelines and all other applicable laws and regulations (including any waivers or exemptions therefrom permitted by the relevant authorities), FSL Trust may not carry on any other principal activities other than engaging in Authorised Businesses.

Under the Trust Deed, "Authorised Businesses" is defined as:

- (i) *the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto;*
- (ii) *ownership of Subsidiaries, which are engaged in the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto; and*
- (iii) *any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) of this definition.*

For the purpose of the above definition, chartering means "the entering into of any contract whereby the shipowner leases its vessel to the charterer (including, without limitation, bareboat charters and time charters) and for the avoidance of doubt, includes both long-term and short-term charters.

2.1.2 Proposed Authorised Businesses Amendments

The current scope of Authorised Businesses includes various activities and investments in respect of vessels.

The Trustee-Manager is proposing to:

- (a) in addition to the current scope of Authorised Businesses, expand the scope of Authorised Businesses by amending the Trust Deed to allow the Trust to also engage in:
 - (i) the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of other maritime assets, floating and offshore energy and/or infrastructure assets and all activities, concerns, functions and matters reasonably incidental thereto;
 - (ii) ownership of Subsidiaries which are engaged in the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of maritime assets, floating and offshore energy and/or infrastructure assets and all activities, concerns, functions and matters reasonably incidental thereto; and
 - (iii) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in sub-paragraphs (a) and (b) above.

LETTER TO UNITHOLDERS

- (b) clarify that Authorised Businesses include:
- (i) any investment or other form of economic interests or participation (whether by way of a majority or minority investment, interest or participation) in any company, entity, joint venture or unincorporated association (whether listed or unlisted) that carries on or invests, directly or indirectly, in any of the Authorised Businesses; and
 - (ii) any investment or other form of economic interests in listed or unlisted securities (including debt securities, financial derivatives, shares and stock) issued by any company or entity (whether listed or unlisted) that carries on or invests, directly or indirectly, in any of the Authorised Businesses,

(collectively, the “**Proposed Authorised Businesses Amendments**”)

Details of the Proposed Authorised Businesses Amendments are set out in **Appendix A**.

2.1.3 Rationale for the Proposed Authorised Businesses Amendments

FSL Trust’s investment mandate and Authorised Businesses are currently limited to the various activities and investments in respect of vessels only, which is a very narrow mandate recognising the bandwidth of asset classes. The Trustee-Manager considers it challenging to develop a competitive advantage in the volatile and cyclical plain vanilla business of owning vessels due to, amongst others, the market fragmentation and fierce competition in the industry. The Trustee-Manager believes that an expansion of the scope of the Authorised Businesses to include other maritime assets, floating and offshore energy and/or infrastructure assets, for instance energy-related offshore assets which are more industrial in nature such as gas or floating solar photovoltaic (PV) and others, may present significant investment opportunities for the future growth and sustainability of the business of FSL Trust, not only in less volatile and cyclical areas of the maritime industry, but also in view of the changing environmental regulation and global energy transition¹. The proposed expansion of the scope of the Authorised Businesses of FSL Trust will put FSL Trust into a position to act upon and benefit from such appropriate investment opportunities that may arise, which will, in turn, provide key benefits to FSL Trust, such as portfolio growth and business diversification. The Trustee-Manager is of the view that the proposed expansion of the scope of the Authorised Businesses of FSL Trust will provide the necessary flexibility to invest across a wider spectrum of assets in the maritime industry, not only plain vanilla vessels, and ultimately strengthen the position and profile of FSL Trust. The intention behind the Proposed Authorised Businesses Amendments and the expansion of scope of the Authorised Businesses is for FSL Trust to acquire assets that generate long-term cash flows and income to FSL Trust. FSL Trust does not intend to engage in the in short-term trading of assets or other maritime assets.

The Trustee-Manager believes that FSL Trust will be able to leverage on its management expertise and experience in operating its existing vessel business to manage FSL Trust’s investments and/or operations in other maritime assets, floating and offshore energy and/or infrastructure assets and other ancillary activities effectively. The members of the Board as well as senior management of the Trustee-Manager have substantial experience in maritime assets other than plain vanilla shipping, such as offshore energy. For instance, Mr Efstathios Topouzoglou the Non-Independent, Non-Executive Chairman of the Trustee-Manager is the founding partner, non-executive director and substantial shareholder of Energean plc, an independent exploration and production (E&P) company which is listed on the London stock exchange.

¹ In respect of the environmental regulations referred to in this paragraph, these are specific to the shipping industry (i.e. in respect of the greenhouse gas emissions of vessels). New environmental regulations may make conventionally fueled vessels increasingly unattractive from regulatory, commercial and financial perspective, whilst alternative, cleaner fuels, such as LNG, are become increasingly relevant. The Trustee-Manager observes that the majority of newbuilding orders placed in 2022 to-date are for LNG dual-fueled vessels and is of the view that LNG will be the key transitory fuel in the industry until sufficient quantities of zero-emission fuels (e.g. green hydrogen, green ammonia, or others) are available. In respect of the global energy transition referred to in this paragraph, the Trustee-Manager observes that there is a global trend from oil and thermal coal to the cleaner LNG for power generation, alongside the push for renewable energies. Both will require substantial investments (in maritime infrastructure) and offer an attractive alternative to plain vanilla vessel ownership. The Proposed Authorised Businesses Amendments and the expansion of scope of the Authorised Businesses is based on the foregoing considerations and trends observed by the Trustee-Manager.

LETTER TO UNITHOLDERS

The Trustee-Manager will take in account the rationale set out in paragraph 2.1.3 of this Circular, as applicable, as well as all relevant factors in evaluating potential business and/or investment opportunities, and will consider the overall impact on the risk profile of FSL Trust vis-à-vis the potential returns to FSL Trust before engaging in any available business and/or investment opportunities.

2.2 Proposed Distribution Date Amendments

2.2.1 Current Distribution Date

Under the Trust Deed, “Distribution Date” is defined as “*a Business Day, which is no later than 75 calendar days after the Distribution Calculation Date for the relevant Distribution Period, on which the Distribution is payable*”. Cash or non-cash distributions are to be paid to Unitholders on a Distribution Date.

2.2.2 Proposed Distribution Date Amendments

The Trustee-Manager is proposing to amend the definition of Distribution Date under the Trust Deed to provide that the Distribution Date shall fall on “*a Business Day, which is no later than 90 calendar days after the Distribution Calculation Date for the relevant Distribution Period, on which the Distribution is payable*” (the “**Proposed Distribution Date Amendments**”).

Details of the Proposed Distribution Date Amendments are set out in **Appendix B**.

2.2.3 Rationale for the Proposed Distribution Date Amendments

The Proposed Distribution Date Amendments are administrative in nature and the longer period of 90 calendar days for the payment of Distributions will give the Trustee-Manager more flexibility when declaring a Distribution Date. The Trustee-Manager also observes that a 90-calendar day period is also currently standard in the market.

2.3 Proposed Electronic Communications Amendments

2.3.1 Current Trust Deed Communications

Under the Trust Deed, any notice required to be served upon a Unitholder shall be sent to the Unitholder by way of physical copies. Currently, the Trust Deed does not contain any provisions to give, send or serve notices or documents to the Unitholders by way of electronic communications.

2.3.2 Proposed Electronic Communications Amendments

The Trustee-Manager proposes to amend the Trust Deed to include provisions relating to the electronic communications of notices and documents to Unitholders (the “**Proposed Electronic Communications Amendments**”).)

The Amendment Act which took effect in phases on 1 July 2015 and 3 January 2016 introduced certain changes to the Companies Act. The changes were aimed at reducing the regulatory burden on companies, providing greater business flexibility and improving the corporate governance landscape in Singapore, including the simplification of the procedures for a company’s use of electronic transmission to serve notices and documents on members.

The SGX-ST amended the Listing Manual with effect from 31 March 2017 to align the Listing Manual with the amendments to the Companies Act to allow listed issuers to electronically transmit certain types of notices and documents with the express, deemed or implied consent of the shareholders (or unitholders, in the case of a listed registered business trust such as FSL Trust) in accordance with the constituent documents of the listed issuer, subject to the safeguards set out in the amended Listing Manual as described below. The amended Listing Manual came into effect on 31 March 2017.

LETTER TO UNITHOLDERS

Express Consent Regime

The Unitholders would have expressly consented to the use of electronic communications of notices and documents if the Unitholder expressly agrees that notices and documents may be given, sent or served to him using electronic communications (the “**Express Consent Regime**”).

Deemed Consent Regime

The Unitholders are subject to the deemed consent regime in relation to the use of electronic communications of notices and documents if the Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that the Unitholders will be given an opportunity to elect within a specified period of time (the “**Specified Time**”), whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the Unitholder fails to make an election (the “**Deemed Consent Regime**”).

Implied Consent Regime

The Unitholders are subject to the implied consent regime in relation to the use of electronic communications of notices and documents if the Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the Unitholder shall agree to receive such notices or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (the “**Implied Consent Regime**” and together with the Express Consent Regime and the Deemed Consent Regime, the “**Consent Regimes**”).

In line with the safeguards applicable under Rule 1210 of the Listing Manual (as described below), the Consent Regimes do not apply to (i) forms or acceptance letters that the Unitholders may be required to complete, (ii) notice of meetings, excluding circulars or letters referred in that notice, (iii) notices and documents relating to takeover offers, and (iv) notices or documents relating to rights issues, and such notices or documents that cannot be transmitted by electronic means.

Safeguards to Unitholders

Subject to compliance with all applicable laws, rules and regulations including the Business Trusts Act, the Trustee-Manager will, through the Proposed Electronic Communications Amendments, adopt the following safeguards in relation to electronic communications set out in Rules 1209 to 1212 of the Listing Manual:

(a) **Separate Notice to the Unitholders before Sending any Notice or Document by Electronic Communications under Deemed Consent Regime**

Should the Trustee-Manager implement the Deemed Consent Regime, before sending any notice or document to the Unitholders who are deemed to have consented to receive notices or documents by way of electronic communications, the Trustee-Manager will give a separate notice in writing to the Unitholders stating that (i) the Unitholders have a right to elect, within a time specified in the notice, to receive notices and documents either electronically or by way of a physical copy, (ii) if a Unitholder does not make an election, notices and documents will be sent to the Unitholder electronically, (iii) electronic communications will be used in the manner specified in the Trust Deed, (iv) the election is a standing election but the Unitholders may make a fresh election at any time, and (v) the Unitholders’ latest election to receive notices and documents will prevail over the Unitholders’ earlier elections

LETTER TO UNITHOLDERS

(b) **Unitholders may make Fresh Elections under Deemed Consent Regime**

Should the Trustee-Manager implement the Deemed Consent Regime, the Trustee-Manager would also allow the Unitholders to make a fresh election at any time and the Unitholders' latest election as to whether to receive notices or documents by way of electronic communications or physical notice will prevail.

(c) **Unitholders may request for Physical Copy of any Notice or Document sent by Electronic Communications**

Where the Trustee-Manager chooses to transmit documents by way of electronic communications, the Trustee-Manager will, in compliance with the safeguards introduced by the SGX-ST in the Listing Manual, inform the Unitholders as soon as practicable of how to request a physical copy of that document from the Trustee-Manager, and the Trustee-Manager will provide a physical copy of that document upon such request.

(d) **Separate Notice to the Unitholders when Making Documents Available on a Website**

Where the Trustee-Manager chooses to transmit documents by making them available on a website, the Trustee-Manager will, in compliance with the safeguards introduced by the SGX-ST in the Listing Manual, separately provide a physical notice to the Unitholders notifying them of, inter alia, the presence of the document on the website and the manner which the document may be accessed (or any further information as may be required in the Listing Manual).

(e) **Certain Notices or Documents Excluded from Electronic Communications**

In line with the safeguards introduced by the SGX-ST in the Listing Manual and subject always to applicable laws, rules and regulations, notices or documents relating to forms or acceptance letters that the Unitholders may be required to complete, meetings, takeover offers and rights issues will not be transmitted by electronic means.

In connection with the above, and subject to the approval of the Unitholders, the Trustee-Manager proposes to adopt the use of the Implied Consent Regime and the Deemed Consent Regime and amend the Trust Deed by way of the Proposed Electronic Communications Amendments to include provisions regarding electronic communications for notices or documents given, sent or served to the Unitholders.

Details of the Proposed Electronic Communications Amendments are set out in **Appendix C**.

2.3.3 Rationale for the Proposed Electronic Communications Amendments

FSL Trust is a registered business trust governed by the Business Trusts Act. Although FSL Trust is not bound by the Companies Act, it is bound by the Listing Rules as a listed business trust. Consequently, the Trustee-Manager wishes to amend the Trust Deed to adopt certain provisions of the Listing Manual to allow for the electronic transmission of notices and documents in relation to FSL Trust.

The electronic transmission of notices and documents represents a more efficient, environmentally friendly and means of distribution of certain notices and information to the Unitholders. It will also reduce costs and increase operational efficiency and speed in communications for FSL Trust. The Trustee-Manager therefore intends to utilise the electronic transmission of notices and documents to give, send or serve certain notices and documents of FSL Trust to the Unitholders, subject to compliance with all applicable laws, rules and regulations, including the Listing Manual and the Business Trusts Act.

The Proposed Electronic Communications Amendments also complements the Proposed Alternative Meeting Arrangements Amendments and will also aid in the convening, holding or conducting of general meetings, whether wholly or partly, by electronic means.

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Unitholders should note that by approving the resolution in relation to the Proposed Electronic Communications Amendments, they are also deemed to have approved to have the Trustee-Manager adopt the use of the Implied Consent Regime and the Deemed Consent Regime, subject to compliance with all applicable laws, rules and regulations, including the Listing Manual and the Business Trusts Act.

2.4 Proposed Alternative Meeting Arrangements Amendments

2.4.1 Current Meeting Arrangements

Based on the Trust Deed, it is implied that a general meeting of FSL Trust will in the ordinary course be held at a physical location.

2.4.2 Proposed Alternative Meeting Arrangements Amendments

The Trustee-Manager proposes to amend the Trust Deed to include provisions to allow for general meetings to be convened, held or conducted, whether wholly or partly, by electronic communications, live audio-visual webcast, live audio-only stream, video conferencing, teleconferencing or other electronic means, subject to compliance with all applicable laws, rules and regulations, including the Listing Manual and the Business Trusts Act (the “**Proposed Alternative Meeting Arrangements Amendments**”).

In view of the constantly evolving COVID 19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID 19) Regulations 2020, the COVID-19 Order was issued by the Ministry of Law setting out, amongst others, for a specified control period, alternative arrangements to personal attendance in respect of, among others, general meetings of unitholders of registered business trusts, allowing for such meetings to be convened, held or conducted, whether wholly or partly, by electronic means. The Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation was issued on 13 April 2020 which included a checklist providing guidance on the COVID-19 for listed and non-listed entities on the conduct of general meetings during the specified period.

Details of the Proposed Alternative Meeting Arrangement Amendments are set out in **Appendix D**.

2.4.3 Rationale for the Proposed Alternative Meeting Arrangements Amendments

While the alternative meeting arrangements provisions contained in the COVID-19 Order are a temporary measure applicable to a specified period when safe distancing measures are in place as a result of COVID-19 situation and there is no certainty as to whether provisions relating to alternative meeting arrangements will be implemented permanently, the Trustee-Manager notes that with the advent of technology, such alternative meeting arrangements are increasingly permitted in other foreign jurisdictions such as Hong Kong and the United Kingdom. The Trustee-Manager envisages that alternative meeting arrangements may become commonplace and permitted by the relevant laws, rules and regulations in Singapore in the future.

The Trustee-Manager believes that the Proposed Alternative Meeting Arrangements Amendments will provide FSL Trust with the flexibility to conduct its future general meetings even when the COVID-19 is no longer effective. The Trustee-Manager believes that the Proposed Alternative Meeting Arrangements Amendments will maximize unitholder engagement by allowing more Unitholders to participate and vote at general meetings and reduce costs associated with the convening of general meetings in a physical location, in the event the laws, rules and regulations are amended in the future to allow general meetings of registered business trusts to be convened, held or conducted, whether wholly or partly, by electronic means.

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2.5 Proposed Multiple Proxy Amendments

2.5.1 Current Proxy Provisions

Under the Trust Deed, a Unitholder may not appoint more than two proxies to attend and vote at the same meeting. The Companies Act was amended by way of the Amendment Act to allow certain members of companies in Singapore to appoint more than two proxies, so as to enable indirect investors who hold shares through a nominee company or custodian bank or through CPF agent banks to attend and vote at shareholder meetings.

In the absence of any other provision in the Trust Deed, the default position under Section 60(2) of the Business Trusts Act states that:

A proxy appointed under subsection (1) to attend and vote at a meeting of the unitholders of a registered business trust instead of a unitholder of the registered business trust shall also have the same right as the unitholder to speak at the meeting, but unless the trust deed otherwise provides –

- (a) a proxy shall not be entitled to vote except on a poll;*
- (b) a unitholder shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting; and*
- (c) where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

2.5.2 Proposed Multiple Proxy Amendments

The Trustee-Manager proposes to amend the Trust Deed to allow a Unitholder who is a Relevant Intermediary² to appoint more than two proxies at a meeting of Unitholders and to extend the cut-off time for submission of proxy forms from 48 hours to 72 hours in order to facilitate the extension of the multiple proxies regime under the Amendment Act to FSL Trust (the “**Proposed Multiple Proxy Amendments**”).

Details of the Proposed Multiple Proxy Amendments are set out in **Appendix E**.

2.5.3 Rationale for the Proposed Multiple Proxy Amendments

FSL Trust is a registered business trust governed by the Business Trusts Act. Notwithstanding that the Companies Act does not govern FSL Trust, the Trustee-Manager is of the view that allowing Unitholders who are Relevant Intermediaries to appoint more than two proxies will be consistent with the regime applicable to listed companies under the Companies Act.

3. Proposed Management Fee Amendments

3.1 Current Management Fee Structure

Under the Trust Deed, the Trustee-Manager is currently entitled to receive for its own account a management fee of 4.0% of the value of the Lease Income (the “**Management Fee**”).

² “Relevant Intermediary” in the context of the Trust Deed shall have the meaning ascribed to it in the Companies Act and apply with such modifications and qualifications as may be necessary, to the Units of FSL Trust. Section 181(6) of the Companies Act defines “relevant intermediary” to mean:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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3.2 Proposed Management Fee Amendments

The Trustee-Manager is proposing to amend the structure of the Management Fee by amending the Trust Deed as follows:

Existing Management Fee Structure	Proposed Amendments to the Management Fee
4.0% of the value of the Lease Income	4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses, subject to a Base Management Fee of US\$350,000 per calendar quarter (equivalent to US\$1,400,000 per annum)

(the “**Proposed Management Fee Amendments**”).

Where the Management Fee received by the Trustee-Manager (based on 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses³) is less than US\$350,000 per calendar quarter, the Trustee-Manager shall be entitled to receive the difference between the amount of US\$350,000 and the actual Management Fee received for that calendar quarter (the “**Adjustment Payment**”). The Trustee-Manager will therefore receive a minimum amount of US\$1,400,000 per annum (being US\$350,000 per calendar quarter) in management fees (the “**Base Management Fee**”) from FSL Trust. The Base Management Fee will also apply in the events that FSL Trust does not own any vessels or other cash flow generating assets and becomes a cash trust or if its vessels or other assets do not generate any operating income. The Adjustment Payment (if any) shall be paid to the Trustee-Manager within 30 days of the last day of every calendar quarter in arrears. For illustrative purposes only, if the Trustee-Manager receives a Management Fee (based on 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses) of US\$250,000 for the relevant calendar quarter, the Trustee-Manager shall be entitled to an Adjustment Payment of US\$100,000 for that calendar quarter⁴.

As part of the Proposed Management Fee Amendments, the Trustee-Manager is proposing to amend Clause 11.1.1 (Computation) of the Trust Deed as follows:

- (i) *The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property a management fee computed in accordance with this Clause (the “**Management Fee**”) and the Adjustment Payment (if any) computed in accordance with this Clause,*
- (ii) *The Management Fee shall be 4.0% of the value of the Lease Income and any income, other than Lease Income, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere (“**Other Cash Income**”) generated by the Trust from its Authorised Businesses. In the event that the Management Fee received by the Trustee-Manager is less than US\$350,000 per calendar quarter (the “**Minimum Management Fee**”), the Trustee-Manager shall be entitled to receive an Adjustment Payment. For the purposes of this Clause, the “**Adjustment Payment**” shall refer to the difference between the Minimum Management Fee and the actual Management Fee received by the Trustee-Manager for the relevant calendar quarter. Any change in the structure of the Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders, duly convened and held in accordance with the provisions of the Schedule.*

³ FSL Trust may generate Other Cash Income because FSL Trust will be expanding its asset class from only vessels to other maritime assets, floating and offshore energy and/or infrastructure assets. The contracts involving the expanded assets may generate other forms of cash income (e.g., other fees paid by a charterer, up-front payments, etc.).

⁴ For the avoidance of doubt, the Base Management Fee is not in addition to the amount of Lease Income, but included as a minimum management fee payable to the Trustee-Manager. For illustrative purposes only, if the Lease Income is above USD 35 million per annum, the (total) Management Fees to the Trustee-Manager will exceed USD1.4 million per annum.

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- (iii) *The amount of the Management Fee and the Adjustment Payment (if any) payable to the Trustee-Manager shall be net of all third party commissions, all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Management Fee and the Adjustment Payment (if any) by the relevant authorities in Singapore or elsewhere.*

Details of the Proposed Management Fee Amendments are set out in **Appendix F**.

3.3 Rationale for the Management Fee Amendments

The absolute amount of Management Fee entitled to be received by the Trustee-Manager, whose sole business activity is acting as the trustee-manager of FSL Trust and has no other activities, has declined substantially over the last few years as a result of the disposal of vessels by FSL Trust. The Management Fee received by the Trustee-Manager in FY2020 and FY2021 were approximately US\$1,365,000 and US\$455,000, respectively. The relatively low absolute amount of Management Fees received by the Trustee-Manager has placed the Trustee-Manager under significant financial pressure as it is not covering the actual expenses of the Trustee-Manager in performing its services as the trustee-manager of FSL Trust and the Trustee-Manager is of the view that it will be challenging for it to continue managing and maintaining the operations of FSL Trust if there is no introduction of the Base Management Fees. While the vessel disposals in the past few years have preserved and created substantial value for FSL Trust and its Unitholders in a difficult shipping market environment and were undertaken in the best interests of FSL Trust and Unitholders, this has inadvertently resulted in a reduction in the Management Fees and other fee income received by the Trustee-Manager. Moreover, the Trustee-Manager waived fees in excess of approximately USD1,500,000 in acquisition and disposal fees in 2021 to the benefit of FSL Trust and its Unitholders⁵. The introduction of the Base Management Fee will allow the Trustee-Manager to continue operating FSL Trust and provide the time necessary to develop potential new projects that offer an attractive risk/reward and are accretive for FSL Trust and its Unitholders, instead of investing into projects that may not offer the best/risk reward and are not in the best interest of FSL Trust and its Unitholders, just to generate fee income for the Trustee-Manager. The interests of the Trustee-Manager and FSL Trust are aligned given that the Sponsor is the majority Unitholder of FSL Trust as well as the 100% indirect shareholder of the Trustee-Manager and the Trustee-Manager considers the introduction of the Base Management Fee to better align the interest of FSL Trust and the Trustee-Manager.

Without the introduction of the Base Management Fee, the Trustee-Manager may not be in a position to continue to provide services to FSL Trust as the trustee-manager. At the same time, if the Trustee-Manager resigns, it is highly uncertain if there is another trustee-manager with the relevant capabilities, expertise, experience and interest (in the event that their management fees do not cover actual cost) to provide trust-management services to FSL Trust, which may result in a value destructive liquidation for FSL Trust.

The proposed Base Management Fee of US\$1,400,000 per annum (being US\$350,000 per calendar quarter) was determined on the basis of budgeted actual cost (i.e. no profit element) and below the actual cost of the Trustee-Manager in the previous years.

The impact of the proposed introduction of the Base Management Fee on the net income and EPU of FSL Trust for FY2020 and FY2021 are set out below:

⁵ The amount of fees in excess of approximately USD1,500,000 which were waived in 2021 were acquisition and disposal fees that the Trustee-Manager was entitled to under Clauses 11.3 and 11.4 of the Trust Deed. For the avoidance of doubt, the proposed Base Management Fee is a fixed fee and not linked to the amount of income of FSL Trust. Any amount of management fee above the Base Management Fee is calculated on the basis of 4.0% of the value of the Lease Income and Other Cash Income generated by FSL Trust from its Authorised Businesses). The management fee is not calculated based on the proceeds from a disposal of an asset (as these are proceeds rather than income).

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	Actual	After Implementation of the Base Management Fee
FY2020	Net income: USD6.246 million EPU: 0.35 US cents	Net income: USD6.211 million EPU: 0.35 US cents
FY2021	Net loss: USD1.522 million EPU: (0.09) US cents	Net loss: USD 2.467 million EPU: (0.14) US cents

The cash income and distribution per Unit (DPU) of FSL Trust paid to Unitholders in FY2020 and FY2021 were declared at the discretion of the Board and therefore would not change by the proposed introduction of the Base Management Fee. Generally, DPU are discretionary to the decision of the Board.

The proceeds and gains, if any, on disposals of vessels by FSL Trust does not constitute Lease Income or Other Cash Income. The Trustee-Manager does not receive any remuneration on the basis of the gains, but a fixed divestment fee of 0.5% of the "...disposal proceeds, excluding proceeds from exercise of original purchase or early buy out options..." in accordance with Clause 11.4 of the Trust Deed.

3.4 Interested Person Transaction

The Trustee-Manager, being the trustee-manager of FSL Trust, is considered an "interested person" of FSL Trust for the purposes of Chapter 9 of the Listing Manual.

Rule 906(1) of the Listing Manual provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the Group's latest audited net tangible assets or (b) 5% of the Group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. Rule 906(1) of the Listing Manual does not apply to any transaction below \$100,000.

As the total value of the Proposed Management Fee Amendments (calculated over the remaining indefinite term of the Trust Deed) will, in aggregate, exceed 5% of the latest audited net tangible assets of the Group which amounted to US\$66.16 million as at 31 December 2021, the Proposed Management Fee Amendments constitute an interested person transaction under Chapter 9 of the Listing Manual which is subject to approval by Independent Unitholders.

Interested Person Transaction with the Same Interested Person

FSL Trust has the following ongoing interested person transactions with the same interested person as the Trustee-Manager for the period from 1 January 2022 up to the Latest Practicable Date:

Interested Person	Nature of the Transaction	Value for the period from 1 January 2022 to the Latest Practicable Date
Prime Tanker Management Inc ("Prime Tanker"),	Technical management services obtained by the Group	US\$236,500
	Commercial management services obtained by the Group	US\$113,000

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The above does not include the fees and charges payable by FSL Trust to the Trustee-Manager under the Trust Deed which are deemed to be specifically approved by the Unitholders upon subscription for the Units at the initial public offering and which are not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees, rentals and charges charged thereunder which will adversely affect FSL Trust.

Prime Tanker is an associate of the Sponsor and deemed to be an “interested person” of FSL Trust for the purposes of Chapter 9 of the Listing Manual and the “same interested person” under Rule 908 of the Listing Manual. Technical management services obtained by the Group from Prime Tanker include the management of repairs, maintenance and inspections, safety and quality, crewing and training, and insurance as well as supply provisioning, while commercial management services obtained by the Group from Prime Tanker include chartering post-fixture administration, accounting, and freight invoicing and collection.

3.5 Independent Financial Adviser

Pursuant to Rule 921(4)(a) of the Listing Manual, FSL Trust is required to obtain an opinion from an independent financial adviser (“**IFA**”) on whether the Proposed Management Fee Amendments are on normal commercial terms, and whether the Proposed Management Fee Amendments are prejudicial to the interests of FSL Trust and its Independent Unitholders.

The IFA is also required to opine on whether all other transactions which are entered into with the same interested person (as the Proposed Management Fee Amendments) during the same financial year are on normal commercial terms, and whether these other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual is prejudicial to the interest of FSL Trust and its Independent Unitholders.

Xandar Capital Pte. Ltd. has been appointed as the IFA by the Trustee-Manager, for the purposes of Rule 921(4)(a) of the Listing Manual and also to advise the Independent Directors on whether the Proposed Management Fee Amendments (and all other transactions which are the subject of aggregation pursuant to Rule 906) are on normal commercial terms, and whether the Proposed Management Fee Amendments and all other transactions which are the subject of aggregation pursuant to Rule 906) are prejudicial to the interests of FSL Trust and its Independent Unitholders.

3.6 Advice of the IFA

A copy of the letter from the IFA (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix G** of this Circular and Unitholders are advised to read the IFA Letter carefully.

The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

“6. OUR OPINION

We summarise the key factors we have taken into our consideration when assessing the Proposed Management Fee Amendments:

- (a) the Proposed Management Fee Amendments is to cover the actual expenses of the Trustee-Manager in performing its services as the trustee-manager of FSL Trust;*
- (b) we calculate the commercial as well as corporate and administrative management fee of FSL Trust to be US\$349 per vessel per day which is within the range of and lower than the average commercial as well as corporate and administrative management fees of the four Comparable Shipping Companies which have disclosed their commercial as well as corporate and administrative management fees clearly;*

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- (c) *the daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$899 per vessel is within the range of daily aggregate management fee per vessel (of between US\$702 and US\$2,750) and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;*
- (d) *the daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$899 per vessel is also within the range of the adjusted daily aggregate management fee per vessel (of between US\$765 and US\$2,750) and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;*
- (e) *in the event that FSL Trust reduces its number of vessels to eight (8) vessels, the aggregate daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$1,029 per vessel is still within the range and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;*
- (f) *the Base Management Fee is generally lower than the fixed management fee of the SGX Business Trusts, in particular, after taking into consideration the remuneration expenses borne by such SGX Business Trusts;*
- (g) *while the management fee of FSL Trust will increase substantially for FY2021 had the Proposed Management Fee Amendments been effective since 1 January 2021, this can be attributed to the weaker market conditions for tankers in FY2021 coupled with the reduced number of vessels held by FSL Trust after several vessel disposals in the past few years; and*
- (h) *other considerations as set out in paragraph 4.5 of this IFA Letter.*

Please also refer to paragraph 5 of this IFA Letter for our evaluation of the interested person transaction in relation to the technical management services from Prime Tanker which is a subject of aggregation pursuant to Rule 906 of the Listing Manual.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Proposed Management Fee Amendment (and the other interested person transactions set out in paragraph 5 of this IFA Letter which are subject of aggregation with the Proposed Management Fee Amendments) are on normal commercial terms and is not prejudicial to the interests of FSL Trust and its Independent Unitholders."

In paragraph 4.2 of the IFA Letter, the IFA has disclosed that its advice is premised on the following:

"We understand from the Trustee-Manager that the Trustee-Manager considers the eight (8) vessels under fixed-rate period charters to be the core fleet of FSL Trust and there is no intention to reduce the number of vessels to less than eight (8)."

Accordingly, the IFA has advised the Independent Directors to recommend that Independent Unitholders vote in favour of Extraordinary Resolution 2 in respect of the Proposed Management Fee Amendments.

3.7 Statement of the Audit Committee

The members of the Audit Committee of the Company, comprising Michael Gray, Michael Oliver and Narayanan Sreenivasan, having considered the terms and conditions of and rationale for the Proposed Management Fee Amendments, and the IFA Opinion, share the same view as the IFA.

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4. ABSTENTION FROM VOTING

Rule 748(5) of the Listing Manual prohibits the Trustee-Manager or any of their connected persons and any Director from voting their Units at, or being part of a quorum for, any meeting to approve any matter in which they have a material interest. Rule 919 of the Listing Manual provides that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

Given that the Proposed Management Fee Amendments directly affect the form of payment receivable by the Trustee-Manager in respect of its fees, the Trustee-Manager and its associates (including the Sponsor⁶) will abstain from voting on Extraordinary Resolution 2 in respect of the Proposed Management Fee Amendments. Further, the Trustee-Manager and its associates will not accept appointments as proxies unless specific instructions as to voting are given.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Save as disclosed in this Circular, none of the Directors or Substantial Unitholders of FSL Trust (other than in their capacity as Directors or Unitholders) has any interest, direct or indirect, in the Proposed Trust Deed Amendments and the Proposed Management Fee Amendments.

The interests of the Directors in the Units as recorded in the Register of Directors' Unitholdings as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Units	% ⁽¹⁾	Number of Units	% ⁽¹⁾
Directors				
Efstathios Topouzoglou	–	–	1,283,671,008 ⁽²⁾	72.60 ⁽²⁾
Michail Chalkias	–	–	1,283,671,008 ⁽³⁾	72.60 ⁽³⁾
Michael Gray	4,000,000	0.23	–	–
Michael Oliver	–	–	–	–
Narayanan Sreenivasan	1,250,000	0.07	–	–

Notes:

- (1) The percentage of Units is computed based on 1,768,057,636 Units, being the total number of issued units in FSL Trust (excluding treasury units) as at the Latest Practicable Date.
- (2) Mr Efstathios Topouzoglou holds 100% shares in Joelma Holding Inc. Joelma Holding Inc. owns 57% of the shareholding in PMCHI which is the holding company of Prime Marine Corporation. Prime Marine Corporation's subsidiary, Prime Investments and Holdings Ltd is the holding company of PSI which owns 100% shares in the Sponsor. Mr Efstathios Topouzoglou is therefore deemed interested in all of the units held by (i) Sponsor; and (ii) the Sponsor's indirect subsidiary, FSL Trust Management Pte. Ltd., in FSL Trust.
- (3) Mr Michail Chalkias holds 100% shares in Geomel Holding Inc. Geomel Holding Inc. owns 21.5% of the shareholding in PMCHI which is the holding company of Prime Marine Corporation. Prime Marine Corporation's subsidiary, Prime Investments and Holdings Ltd is the holding company of PSI which owns 100% shares in the Sponsor. Mr Michail Chalkias is therefore deemed interested in all of the units held by (i) the Sponsor; and (ii) the Sponsor's indirect subsidiary, FSL Trust Management Pte. Ltd., in FSL Trust.

⁶ The Trustee-Manager is 100% owned by FSL Asset Management Pte. Ltd., which is 100% owned by the Sponsor.

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The interests of the Substantial Unitholders in the Units as recorded in the Register of Substantial Unitholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Units	% ⁽¹⁾	Number of Units	% ⁽¹⁾
Substantial Unitholders				
FSL Holdings Pte. Ltd.	1,283,670,931	72.60	77 ⁽²⁾	0.00
Prime Shareholdings Inc.	–	–	1,283,671,008 ⁽³⁾	72.60
Prime Investments and Holdings Ltd	–	–	1,283,671,008 ⁽³⁾	72.60
Prime Marine Corporation	–	–	1,283,671,008 ⁽³⁾	72.60
PMC Holding Inc.	–	–	1,283,671,008 ⁽³⁾	72.60
Joelma Holding Inc.	–	–	1,283,671,008 ⁽³⁾	72.60
Geomel Holding Inc.	–	–	1,283,671,008 ⁽³⁾	72.60
Stella Maris Holding Inc.	–	–	1,283,671,008 ⁽³⁾	72.60
Efstathios Topouzoglou	–	–	1,283,671,008 ⁽³⁾	72.60
Michail Chalkias	–	–	1,283,671,008 ⁽³⁾	72.60
Georgios Kouleris	–	–	1,283,671,008 ⁽³⁾	72.60

Notes:

- (1) The percentage of Units is computed based on 1,768,057,636 Units, being the total number of issued units in FSL Trust (excluding treasury units) as at the Latest Practicable Date.
- (2) The Sponsor is the 100% shareholder of FSL Asset Management Pte. Ltd., which in turn is the 100% shareholder of FSL Trust Management Pte. Ltd. The Sponsor is therefore deemed to be interested in all of the Units held by FSL Trust Management Pte. Ltd.
- (3) PMCHI is (i) 57% held by Joelma Holding Inc., which is 100% held by Mr Efstathios Topouzoglou; (ii) 21.5% held by Geomel Holding Inc., which is 100% held by Mr Michail Chalkias; and (iii) 21.5% held by Stella Maris Holding Inc., which is 100% held by Mr Georgios Kouleris. PMCHI wholly owns Prime Marine Corporation, which in turn wholly owns Prime Investments and Holdings Ltd. Prime Investments and Holdings Ltd wholly owns PSI, which in turn wholly owns the Sponsor. Therefore, Joelma Holding Inc., Geomel Holding Inc., Stella Maris Holding Inc., Mr Efstathios Topouzoglou, Mr Michail Chalkias, Mr Georgios Kouleris, PMCHI, Prime Marine Corporation, Prime Investments and Holdings Ltd and PSI are each deemed interested in all of the units held by (i) the Sponsor; and (ii) the Sponsor's indirect subsidiary, FSL Trust Management Pte. Ltd., in FSL Trust.

6. DIRECTORS' RECOMMENDATION

Having considered the terms and conditions of and rationale for the Proposed Trust Deed Amendments, the Directors are of the unanimous opinion that the Proposed Trust Deed Amendments are in the best interests of FSL Trust. Accordingly, the Directors recommend that Unitholders vote in favour of the Extraordinary Resolution 1 relating to the Proposed Trust Deed Amendments, as set out in the Notice of EGM.

Having considered the terms and conditions of and rationale for the Proposed Management Fee Amendments, the IFA Opinion, and the views of the Audit Committee as set out in paragraph 3.7 of this Circular, the Independent Directors are of the unanimous opinion that the Proposed Management Fee Amendments are in the best interests of FSL Trust. Accordingly, the Independent Directors recommend that Independent Unitholders vote in favour of the Extraordinary Resolution 2 relating to the Management Fee Amendments, as set out in the Notice of EGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Unitholder.

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7. EXTRAORDINARY GENERAL MEETING

Pursuant to the COVID-19 Order, the EGM will be held electronically on 23 August 2022 at 5.00 p.m. for the purpose of considering and, if thought fit, passing with or without modification(s), the Proposed Trust Deed Amendments and the Proposed Management Fee Amendments as set out in the Notice of EGM.

Unitholders should note that the Trustee-Manager may make further changes to its EGM arrangements as the COVID-19 situation evolves. Unitholders are advised to keep abreast of any such changes as may be announced by the Trustee-Manager as may be made from time to time on SGXNET.

8. ACTION TO BE TAKEN BY UNITHOLDERS

8.1 Notice of EGM

The Notice of EGM is sent to unitholders by electronic means via publication on the Trustee-Manager's website at the URL www.fsltrust.com. The Notice of EGM will also be available on the SGX website at the URL www.sgx.com/securities/company-announcements. A printed copy of the Notice of EGM is also included in this Circular, sent to the Unitholders.

8.2 Attendance at EGM

Attendance at the EGM will be via electronic means.

Unitholders may participate at the EGM in the following manner:

- (a) observing and/or listening to the EGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;
- (b) submitting questions in advance of the EGM or "live" at the EGM; and/or
- (c) voting at the EGM "live" by Unitholders themselves or their duly appointed proxy(ies) via electronic means.

Unitholders who are interested to participate at the EGM are required to pre-register their interest at conveneagm.com/sg/fsltrustegm for verification purposes. The website will be open for pre-registration from 9:00 a.m. on 29 July 2022 and will close at 5.00 p.m. on 21 August 2022. Following verification, an email will be sent to unitholders on or around 23 August 2022 via the e-mail address provided on pre-registration. If you have any queries on the webcast, please email support@conveneagm.com or call the toll-free telephone number 800 852 3335.

8.3 Voting by Proxy

Unitholders who wish to vote on the resolutions may vote "live" via electronic means at the EGM by such Unitholders or their proxy(ies).

Unitholders appointing the Chairman of the EGM as proxy must give specific directions as to the manner of voting or abstentions from voting, in the proxy form, failing which, the appointment will be treated as invalid. The proxy form can be downloaded from the Trustee-Manager's website at the URL www.fsltrust.com and will also be available on the SGXNet.

The instrument appointing a proxy must be submitted in the following manner:

- (a) if submitted in hard copy, the proxy form may be sent personally or by post and lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically via email, the proxy form must be sent to agm@firstshiplease.com.

LETTER TO UNITHOLDERS

In either case, the proxy form must be received by the Unit Registrar not less than 48 hours before the time appointed for the EGM.

Unitholders who hold their units through relevant intermediaries as defined in Section 181 of the Companies Act (including SRS investors), and who wish to exercise their votes should approach their respective relevant intermediaries to submit their voting instructions in advance, in order to allow sufficient time for their respective relevant intermediaries to submit the proxy form to vote on their behalf, by 5.00 p.m. on 21 August 2022.

A proxy need not be a Unitholder of FSL Trust.

8.4 Submission of Questions

Unitholders can submit questions in advance of, or “live” at the EGM. Unitholders who wish to submit questions in advance of the EGM may do so, at conveneagm.com/sg/fsltrustegm, latest by 5.00 p.m. on 21 August 2022. The Trustee-Manager will answer all substantial and relevant questions during the EGM.

Unitholders and proxyholders who have pre-registered and are verified to attend the EGM will be able to ask questions relating to the agenda of the EGM by clicking the “Ask a Question” feature and then clicking the “Queue for Video Call” via the Live Webcast. The relevant Unitholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audio-visual or audio means during the EGM within a certain prescribed time limit.

The Trustee-Manager will, within one month after the EGM, publish the minutes of the EGM on SGXNet and its website.

9. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Trust Deed Amendments, the Proposed Management Fee Amendments, FSL Trust and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which it is included in this Circular. .

LETTER TO UNITHOLDERS

11. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time, the following documents may be inspected at the registered office of FSL Trust during normal business hours (by prior appointment) from the date of this Circular to the time and date of the EGM:

- (a) the Trust Deed; and
- (b) a copy of the IFA Letter.

The Trust Deed may also be accessed on FSL Trust's website at https://fsltrust.listedcompany.com/misc/ConformedCopyofTrustDeed_April2011.pdf.

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

Mr Efstathios Topouzoglou
Non-Independent, Non-Executive Chairman

APPENDIX A – THE PROPOSED AUTHORISED BUSINESSES AMENDMENTS

The proposed form of the Proposed Authorised Businesses Amendments to the Trust Deed, subject to Unitholders passing Extraordinary Resolution 1 to approve the Proposed Trust Deed Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

- (a) The definition of “Authorised Businesses” under Clause 1.1 (*Definitions*) of the Trust shall be amended as follows:

“**Authorised Businesses**” means:

- (i) the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels, other maritime assets, floating and offshore energy and/or infrastructure assets and all activities, concerns, functions and matters reasonably incidental thereto;
- (ii) ownership of Subsidiaries, whether directly or indirectly, which are engaged in the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels, other maritime assets, floating and offshore energy and/or infrastructure assets and all activities, concerns, functions and matters reasonably incidental thereto; ~~and~~
- (iii) any investment or other form of economic interests or participation (whether by way of a majority or minority investment, interest or participation) in any company, entity, joint venture or unincorporated association (whether listed or unlisted) that carries on or invests, directly or indirectly, in the businesses referred to in paragraphs (i) and (ii) of this definition;
- (iv) any investment or other form of economic interests in listed or unlisted securities (including debt securities, financial derivatives, shares and stock) issued by any company or entity (whether listed or unlisted) that carries on or invests, directly or indirectly, in the businesses referred to in paragraphs (i) and (ii) of this definition; and
- (v) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) of this definition.

For the purpose of this definition, chartering means the entering into of any contract whereby the shipowner leases its vessel to the charterer (including, without limitation, bareboat charters and time charters) and for the avoidance of doubt, includes both long-term and short-term charters;

APPENDIX B – THE PROPOSED DISTRIBUTION DATE AMENDMENTS

The proposed form of the Proposed Distribution Date Amendments to the Trust Deed, subject to Unitholders passing Extraordinary Resolution 1 to approve the Proposed Trust Deed Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

- (a) The definition of “Distribution Date” under Clause 1.1 (*Definitions*) of the Trust shall be amended as follows:

“**Distribution Date**” means a Business Day, which is no later than ~~75~~ 90 (ninety) calendar days after the Distribution Calculation Date for the relevant Distribution Period, on which the Distribution is payable;

APPENDIX C – THE PROPOSED ELECTRONIC COMMUNICATIONS AMENDMENTS

The proposed form of the Proposed Electronic Communications Amendments to the Trust Deed, subject to Unitholders passing Extraordinary Resolution 1 to approve the Proposed Trust Deed Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

(a) The following new definitions shall be inserted under Clause 1.1 (*Definitions*) of the Trust Deed:

“Electronic Communications” means communications transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):

(i) by means of a telecommunication system (as defined in the Telecommunications Act 1999 of Singapore); or

(ii) by other means but while in an electronic form,

such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form;

(b) Clause 22.1 (*Notices To Holders*) of the Trust Deed shall be amended as follows:

22.1.1 Any notice required to be served upon a Holder shall be deemed to have been duly given if sent by post to or left, in the case of Units not credited into a Securities Account, at his address as appearing in the Register or in the case of Joint Holders, to the Joint Holder whose name stands first in the Register and, in the case of Units credited into a Securities Account, at his address on record with the Depository, or in the case of Joint Depositors, to the Joint Depositor whose name stands first in the record of the Depository Register. Any notice so served by post shall be deemed to have been served three days after posting, and in proving such service it shall be sufficient to prove that the letter containing the same was properly addressed, stamped and posted. Any charges payable to the Depository for serving notices or other documents to Holders may be paid out of the Trust Property

22.1.2 Without prejudice to Clause 22.1.1 above but subject otherwise to any Listing Rules relating to Electronic Communications, any notice or document (including, without limitation, any accounts, balance sheet, financial statements or report) which is required or permitted to be given, sent or served under this Deed, or by the Trustee-Manager, to a Holder may be given, sent or served using Electronic Communications:

(i) to the current email address of the Holder; or

(ii) by making it available on a website prescribed by the Trustee-Manager from time to time,

in accordance with the provisions of this Deed, the Listing Rules, applicable laws, rules and regulations and any other applicable rules of any other relevant Recognised Stock Exchange on which the Trust may be Listed. Notwithstanding anything to the contrary:

(a) forms or acceptance letters that Holders may be required to complete;

(b) notice of meetings of Holders, excluding any circulars or letters referred in that notice;

(c) any notice or document relating to any take-over offer of the Trust;

(d) any notice or document relating to any rights issue by the Trust; or

(e) any notice as referred to in sub-clauses(ii) and (iii) above,

shall not be sent or served to Holders using Electronic Communications.

APPENDIX C – THE PROPOSED ELECTRONIC COMMUNICATIONS AMENDMENTS

22.1.3 For the purposes of Clause 22.1.2 above, a Holder shall be deemed to have agreed to receive such notice or document by way of such Electronic Communications and shall not have a right to elect to receive the physical copy of such notice or document, subject to the requirements of the Listing Rules; and applicable laws.

22.1.4 Notwithstanding Clause 22.1.3, and subject to the requirements of the Listing Rules, in the event that the Trustee-Manager decides to adopt the deemed consent regime, it will give a Holder an opportunity to elect within a specified period of time, such time being at the discretion of the Trustee-Manager, whether to receive such notice or document by way of Electronic Communications or as a physical copy, and a Holder shall be deemed to have consented to receive such notice or document by way of Electronic Communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

22.1.5 Where a notice or document is given, sent or served by Electronic Communications:

- (i) to the current email address of a person pursuant to Clause 22.1.2(i), it shall be deemed to have been duly given, sent or served at the time of transmission of the Electronic Communication by the email server or facility operated by the Trustee-Manager or its service provider to the current email address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures; and
- (ii) by making it available on a website pursuant to Clause 22.1.2(ii), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website (notwithstanding any subsequent unforeseen event, including but not limited to a cyber-attack or a system failure on the website, resulting in the website being inaccessible to Holders), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures.

22.1.6 The use of Electronic Communications pursuant to Clause 22.1.2 is subject to the following safeguards:

- (i) before giving, sending or serving any notice or document by way of Electronic Communications to a Holder who is deemed to have consented pursuant to Clause 22.1.4, the Trustee-Manager must have given separate notice directly to the Holder in writing on at least one occasion that:
 - (a) the Holder may elect, within a time specified in the notice from the Trustee-Manager to the Holder, whether to receive notices and documents by way of Electronic Communications or as a physical copy;
 - (b) if the Holder does not make an election, notices and documents will be given, sent or served to the Holder by way of Electronic Communications;
 - (c) the manner in which Electronic Communications will be used is the manner specified in the Deed;
 - (d) the election is a standing election, but the Holder may make a fresh election at any time to receive notices or documents by way of Electronic Communications or as a physical copy; and
 - (e) the Holder’s election to receive notices or documents by way of Electronic Communications or as a physical copy that is conveyed to the Trustee-Manager last in time prevails over all previous elections as the Holder’s valid and subsisting election in relation to all documents and notices to be given, sent or served to the Holder until the Holder makes a fresh election;

APPENDIX C – THE PROPOSED ELECTRONIC COMMUNICATIONS AMENDMENTS

- (ii) where a notice or document is given, sent or served to a Holder pursuant to Clause 22.1.2, the Trustee-Manager shall inform the Holder as soon as practicable of how to request a physical copy of that notice or document from the Trustee-Manager, and the Trustee-Manager shall provide a physical copy of that notice or document upon such request
 - (iii) where a notice or document is given, sent or served to a Holder by sending it to the current email address of the Holder pursuant to Clause 22.1.2(i), the Trustee-Manager shall as soon as practicable give separate physical notice to the Holder (if required by and in compliance with the Listing Rules and/or any other applicable regulations or procedures); and
 - (iv) where a notice or document is given, sent or served to a Holder by making it available on a website pursuant to Clause 22.1.2(ii), the Trustee-Manager shall as soon as practicable give separate physical notice to the Holder in compliance with the Listing Rules and/or any other applicable regulations or procedures.
- (c) Clause 22.3 (*Sufficiency of Service*) of the Trust Deed shall be amended as follows:
- Any notice or document sent by post to or left at the registered address of a Holder or given, sent or served to any Holder using Electronic Communications in pursuance of this Deed shall, notwithstanding that such Holder be then dead or bankrupt and whether or not the Trustee-Manager has notice of his death or bankruptcy, be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- (d) Clause 22.4 (*Risk of Service*) of the Trust Deed shall be amended as follows:
- Any notice or document sent by post or Electronic Communications by the Trustee-Manager shall be sent at the risk of the person sending the notice or document.

APPENDIX D – THE PROPOSED ALTERNATIVE MEETING ARRANGEMENTS AMENDMENTS

The proposed form of the Proposed Alternative Meeting Arrangements Amendments to the Trust Deed, subject to Unitholders passing Extraordinary Resolution 1 to approve the Proposed Trust Deed Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

(a) The following new definition shall be inserted under Clause 1.1 (*Definitions*) of the Trust Deed:

“electronic means” means electronic communications, live audio-visual webcast, live audio only stream, video conferencing, tele-conferencing or other electronic means;

(b) The following new paragraph 9 shall be inserted into the Schedule of the Trust Deed:

9. Alternative meeting arrangements by electronic means

9.1. Subject always to and to the extent permitted or not prohibited by the Relevant Laws, Regulations and Guidelines but notwithstanding any provision to the contrary in this Deed:

9.1.1. where the Trustee-Manager in its sole discretion considers it to be commercially and administratively practicable and cost-effective, a general meeting may be convened, held or conducted, whether wholly or partly, by electronic means;

9.1.2. a Holder who attends such general meeting by electronic means shall be deemed to be present at such meeting and shall similarly count towards the quorum as if the Holder is physically present in person at the meeting and shall, subject to the Relevant Laws, Regulations and Guidelines, also have the same right to vote at such meeting (whether such vote is cast by electronic means or otherwise) as if the Holder is physically present in person;

9.1.3. a Holder shall be deemed to be present by proxy at such meeting if the proxy duly appointed by that Holder pursuant to Paragraph 5 of this Schedule attends such meeting by electronic means, and shall, subject to the Relevant Laws, Regulations and Guidelines, be deemed to have exercised his/its vote by proxy where a vote is cast by electronic means or otherwise by such proxy in accordance with the terms of the instrument of proxy appointing him/it and such vote cast shall be treated as valid;

9.1.4. where a general meeting is wholly carried out through electronic means, the location shall be deemed to be the place of the general meeting as determined by the Board; and

9.1.5. where a general meeting is wholly or partly carried out through electronic means, under no circumstances shall a failure (for any reason) of communication equipment, or any other failure in the arrangements for participation at any virtual or physical location after the meeting has started or the inability of one or more Holders or proxies to access, or continue to access, the electronic means despite adequate electronic means being made available by the Trust, affect the validity of the meeting or any business conducted at the meeting. If it appears to the Chairman that the malfunction of such electronic means renders it impractical, undesirable or unreasonable to hold the meeting within half an hour from the time appointed for a meeting (or such longer interval as the Chairman may think fit to allow) using such electronic means, the Chairman may in his sole discretion adjourn the meeting in accordance with Paragraph 4.3 of this Schedule.

APPENDIX E – THE PROPOSED MULTIPLE PROXIES AMENDMENTS

The proposed form of the Proposed Multiple Proxies Amendments to the Trust Deed, subject to Unitholders passing Extraordinary Resolution 1 to approve the Proposed Trust Deed Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

- (a) The definition of “Holder” under Clause 1.1 (*Definitions*) of the Trust Deed shall be amended as follows:

“**Holder**” in relation to Unlisted Units, means the registered holder for the time being of Units including persons so registered as Joint Holders, and, in relation to Listed Units, means the Depository, and the term “Holder” shall, in relation to Units which are listed on the SGX-ST and registered in the name of the Depository, mean, where the context requires, a Depositor provided that for the purposes of meetings of Holders held in accordance with the Schedule, such Holder shall mean a Depositor as shown in the records of the Depository as at a time not later than ~~48 hours~~ 72 hours prior to the time of such a meeting of Holders, supplied by the Depository to the Trustee-Manager;

- (b) Paragraph 4.5.7 (*Votes of Holders*) of the Schedule of the Trust Deed shall be amended as follows:

For the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Holder may cast in respect of such Units, the Trustee-Manager shall be entitled and bound to accept as accurate the number of Units credited into the Securities Account(s) of the relevant depositor as shown in the records of the Depository as at a time not earlier than ~~48 hours~~ 72 hours prior to the time of the relevant meeting, supplied by the Depository to the Trustee-Manager, and to accept as the maximum number of votes which in aggregate that depositor and his proxy(ies) (if any) are able to cast on a poll a number which is the number of Units credited into the Securities Account(s) of the relevant depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the depositor or in the instrument of proxy. The Trustee-Manager shall not under any circumstances be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository

- (c) Paragraph 5.3 (*Proxies*) of the Schedule of the Trust Deed shall be amended as follows:

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Trustee-Manager not less than ~~48 hours~~ 72 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder.

- (d) Paragraph 5.5 (*Proxies*) of the Schedule of the Trust Deed shall be amended as follows:

A Holder may appoint not more than two proxies to attend and vote at the same meeting, provided that if the Holder is a Depositor, the Trustee-Manager shall be entitled and bound:

5.5.1 to reject any instrument of proxy lodged if the Depositor is not shown to have any Units entered against his name in the Depository Register as at ~~48 hours~~ 72 hours before the time of the relevant meeting as certified by the Depository to the Trust; and

APPENDIX E – THE PROPOSED MULTIPLE PROXIES AMENDMENTS

5.5.2 to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of Units entered against the name of that Depositor in the Depository Register as at ~~48 hours~~ 72 hours before the time of the relevant meeting as certified by the Depository to the Trust, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(e) The following new Paragraph 5.7 (Proxies) of the Schedule of the Trust Deed shall be inserted as follows:

5.7 Where a Holder is a relevant intermediary (including, but not limited to, a nominee company, a custodian bank), the Holder may appoint more than two proxies to exercise all or any of its rights to attend, speak and vote at every meeting, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and Class shall be specified).

A “relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity; or
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity.

APPENDIX F – THE PROPOSED MANAGEMENT FEE AMENDMENTS

The proposed form of the Proposed Management Fee Amendments to the Trust Deed, subject to Independent Unitholders passing Extraordinary Resolution 2 to approve the Proposed Management Fee Amendments, is as follows (with additions and deletions indicated by the underlined text and deleted text respectively):

- (a) The following new definitions shall be inserted under Clause 1.1 (*Definitions*) of the Trust:

“**Adjustment Payment**” means the additional management fee payable to the Trustee-Manager as set out in Clause 11.1;”

“**Minimum Management Fee**” has the meaning ascribed to it in Clause 11.1;”

- (b) The definition of “Distributable Amount” under Clause 1.1 (*Definitions*) of the Trust shall be amended as follows:

“Distributable Amount” means net lease income and after-tax interest income less Management Fees and the Adjustment Payment (if any), financing costs and other trust expenses (excluding depreciation and amortization of debt up-front fees);

- (c) Clause 5.3.14 (*Charges and Fees*) of the Trust Deed shall be amended as follows:

the Management Fee, the Additional Management Fee (if any), the Trustee Fee, the Acquisition Fee, the Divestment Fee and the Incentive Fee (as defined below) pursuant to Clauses 11.1, 11.2, 11.3, 11.4 and 11.9;

- (d) Clause 11.1.1 (*Computation*) of the Trust Deed shall be amended as follows:

(iv) The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property a management fee computed in accordance with this Clause (the **“Management Fee”**) and the Adjustment Payment (if any) computed in accordance with this Clause,

(v) The Management Fee shall be 4.0% of the value of the Lease Income and any income, other than Lease Income, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere (“**Other Cash Income**”) generated by the Trust from its Authorised Businesses. In the event that the Management Fee received by the Trustee-Manager is less than US\$350,000 per calendar quarter (the **“Minimum Management Fee”**), the Trustee-Manager shall be entitled to receive an Adjustment Payment. For the purposes of this Clause, the **“Adjustment Payment”** shall refer to the difference between the Minimum Management Fee and the actual Management Fee received by the Trustee-Manager for the relevant calendar quarter. Any change in the structure of the Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders, duly convened and held in accordance with the provisions of the Schedule.

(vi) The amount of the Management Fee and the Adjustment Payment (if any) payable to the Trustee-Manager shall be net of all third party commissions, all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Management Fee and the Adjustment Payment (if any) by the relevant authorities in Singapore or elsewhere.

APPENDIX F – THE PROPOSED MANAGEMENT FEE AMENDMENTS

- (e) Clause 11.1.2 (*Form and Time of Payment of the Management Fee*) of the Trust Deed shall be amended as follows:
- (i) The Trustee-Manager may elect at any time (such election to be irrevocable) to receive the Management Fee and the Adjustment Payment (if any) in the form of cash and/or (subject to Clause 6.1) Units, in such proportion and for such period as may be determined by the Trustee-Manager.
 - (ii) Where the Management Fee or the Adjustment Payment (if any) is payable in the form of Units, such payment shall be made out of the Trust Property within 30 days of the last day of every calendar quarter in arrears. Where the Management Fee is payable in the form of cash, such payment shall be made out of the Trust Property within 30 days of the last day of every calendar month in arrears. Where the Adjustment Payment (if any) is payable in the form of cash, such payment shall be made out of the Trust Property within 30 days of the last day of every calendar quarter in arrears.
 - (iii) Subject to the Holders' approval being obtained under Clause 6.1, when paid in the form of Units, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant proportion of the Management Fee and the Adjustment Payment (if any) attributable to the relevant period at an Issue Price to be determined in accordance with applicable laws, regulations and guidelines.
 - (iv) In the event that payment is to be made in the form of Units and Holders' prior approval is required pursuant to Clause 6.1 but is not obtained at the Holders' meeting to permit such issue of Units to the Trustee-Manager, then the payment to the Trustee-Manager for the Management Fee and the Adjustment Payment (if any) shall be made in the form of cash.
 - (v) The Trustee-Manager shall be entitled to all the rights attached to any Units issued to it under this Clause as any other Holder of Units.
- (f) Clause 11.6 (*Moratorium*) of the Trust Deed shall be amended as follows:

In all cases where the Management Fee, the Adjustment Payment (if any), the Acquisition Fee, and/or the Incentive Fee is paid to the Trustee-Manager in respect of an "Interested Party Transaction" (as described in the Listing Rules) in the form of Units, such Units shall not be sold or transferred to any party within one year from the date of their issuance, save that the Trustee-Manager shall be free to transfer to any of its related corporations provided that the Trustee-Manager procures that such transferee give a similar undertaking for the remainder of the moratorium period.

- (g) Clause 20.2 (*Deduction of Tax*) of the Trust Deed shall be amended as follows:

Before making any Distribution or other payment in respect of any Unit or in respect of the Management Fee and the Adjustment Payment (if any), the Trustee-Manager may make such deductions as by the law of Singapore or by the law of any other country in which such Distribution or payment is made the Trustee-Manager is required or entitled to make in respect of any Income or other taxes, charges or assessments whatsoever. The Trustee-Manager may also deduct the amount of any stamp duties or other governmental taxes or charges payable by it or for which it may be made liable in respect of such Distribution or payment or any documents signed by it in connection therewith.

Save where the Trustee-Manager is fraudulent, in wilful default or in breach of trust where the Trustee-Manager fails to exercise Due Care, the Trustee-Manager shall not be liable to account to any Holder or otherwise for any payment made or suffered to be made by the Trustee-Manager to any duly empowered fiscal authority of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under this Deed notwithstanding that any such payments ought not to be or need not have been made or suffered to be made.



29 July 2022

FSL TRUST MANAGEMENT PTE. LTD.
(as trustee-manager of First Ship Lease Trust)
7 Temasek Boulevard
#12-10 Suntec Tower One
Singapore 038987

Attention: The Independent Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. IN RESPECT OF THE PROPOSED MANAGEMENT FEE AMENDMENTS AS PART OF THE PROPOSED AMENDMENTS TO THE TRUST DEED

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to unitholders of FSL Trust dated 29 July 2022 (the “Circular”).

1. INTRODUCTION

The board of directors (the “**Board**”) of FSL Trust Management Pte. Ltd. (the “**Trustee-Manager**”, as trustee-manager of First Ship Lease Trust (“**FSL Trust**”)) is convening an extraordinary general meeting (“**EGM**”) to seek approval from the holders of units in FSL Trust (“**Unitholders**”) in relation to certain amendments to the deed of trust dated 19 March 2007 constituting FSL Trust (and as amended and modified by a supplemental deed dated 20 April 2010, a second supplemental deed dated 6 April 2011 and as may be amended, modified or supplemented from time to time) (the “**Trust Deed**”) (the “**Proposed Amendments to the Trust Deed**”), including the amendments to the structure of the management fee (the “**Management Fee**”) payable by FSL Trust to the Trustee-Manager (the “**Proposed Management Fee Amendments**”).

The Trustee-Manager is a wholly-owned subsidiary of FSL Asset Management Pte. Ltd., which is in turn wholly-owned by FSL Holdings Pte. Ltd. (the “**Sponsor**”). The Sponsor is a controlling Unitholder holding 1,283,671,008 Units, representing 72.60% interest in FSL Trust as at the Latest Practicable Date. The Trustee-Manager is hence considered an “interested person” of FSL Trust for the purposes of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Accordingly, the Proposed Management Fee Amendments is deemed to be an “interested person transaction” under Chapter 9 of the Listing Manual.

As the total value of the Proposed Management Fee Amendments (calculated over the remaining indefinite term of the Trust Deed) will, in aggregate, exceed 5% of the latest audited net tangible assets of FSL Trust and its subsidiaries (the “**Group**”) which amounted to US\$66.16 million as at 31 December 2021, the Proposed Management Fee Amendments



is subject to the approval from Unitholders who are considered independent in relation to the Proposed Management Fee Amendments (the “**Independent Unitholders**”) at the EGM to be convened.

Pursuant to Rule 921(4)(a) of the Listing Manual, FSL Trust is required to obtain an opinion from an independent financial adviser (“**IFA**”) on whether the Proposed Management Fee Amendments is on normal commercial terms, and whether the Proposed Management Fee Amendments is prejudicial to the interests of FSL Trust and its Independent Unitholders.

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the directors of the Trustee-Manager (the “**Directors**”) who are deemed to be independent of the Proposed Management Fee Amendments, namely Michael Gray, Michael John Oliver and Narayanan Sreenivasan (collectively, the “**Independent Directors**”) on whether the Proposed Management Fee Amendments is on normal commercial terms, and whether the Proposed Management Fee Amendments is prejudicial to the interests of FSL Trust and its Independent Unitholders.

This letter, which is prepared pursuant to Rule 921(4)(a) of the Listing Manual, sets out our evaluation of, and our opinion to, the Proposed Management Fee Amendments (this “**IFA Letter**”), and forms part of the Circular issued by FSL Trust in connection with the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments).

2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments), nor were we involved in the deliberations leading up to the decisions on the part of the Directors to undertake the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments). Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments).

Our terms of reference do not require us to evaluate the rationale for, the strategic or commercial merits and/or risks of the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments), or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance (including unit price performance) of FSL Trust or the Group, whether with or without the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments).

As with other business transactions of FSL Trust, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments), are solely the responsibility of the Directors. We are also not addressing the relative merits of the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments), as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Directors.



In the course of our evaluation and for the purpose of providing our opinion in respect of the Proposed Management Fee Amendments, we have held discussions with certain Directors and certain management of FSL Trust (the “**Management**”) and have examined information provided by the Directors and the Management and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have not made any independent evaluation and appraisal on the assets and liabilities of FSL Trust and/or the Group, and we have not been furnished with any such evaluation and appraisal.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Amendments to the Trust Deed (including the Proposed Management Fee Amendments) and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Proposed Management Fee Amendments, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Proposed Management Fee Amendments, which may be released by FSL Trust after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Unitholder or any specific group of Unitholders. We recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use and benefit of the Independent Directors in their deliberation of the Proposed Management Fee Amendments, and the recommendation made by the Independent Directors shall remain the responsibility of the Independent Directors.



FSL Trust and its Trustee-Manager have been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Proposed Management Fee Amendments, should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither FSL Trust, the Trustee-Manager, the Directors nor the Unitholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than the Proposed Management Fee Amendments at any time and in any manner without our prior written consent.

We recommend that the Directors advise the Unitholders to read these pages carefully.

3. THE PROPOSED MANAGEMENT FEE AMENDMENTS

Information relating to the Proposed Management Fee Amendments can be found in Section 3 of, and Appendix F to, the Circular.

3.1 THE AMENDMENTS

We summarise the key amendments as follows:

	Existing terms	Amended terms
Management Fee	4.0% of the value of the Lease Income ⁽¹⁾	4.0% of the value of the Lease Income <u>and any Other Cash Income</u> ⁽²⁾ <u>generated by FSL Trust from its Authorised Businesses</u> ⁽³⁾ , subject to a base management fee of US\$350,000 per calendar quarter ⁽⁴⁾ (equivalent to US\$1,400,000 per annum)

- (1) “Lease Income” is defined as “The cash lease rentals, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere” in the Trust Deed.
- (2) “Other Cash Income” will be defined as “Any income, **other than Lease Income**, net of any other commissions or deductions by third parties and all applicable tax, duties and levies whatsoever imposed by the relevant authorities in Singapore or elsewhere” in the Trust Deed.



- (3) The term “Authorised Businesses” is defined in the Trust Deed as:
- (i) *the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto;*
 - (ii) *ownership of Subsidiaries, which are engaged in the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto; and*
 - (iii) *any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) of this definition.*

For the purpose of the above definition, chartering means “the entering into of any contract whereby the shipowner leases its vessel to the charterer (including, without limitation, bareboat charters and time charters) and for the avoidance of doubt, includes both long-term and short-term charters.

Shareholders should also note that FSL is also proposing an ordinary resolution to expand its scope of Authorised Businesses. As the expanded scope of Authorised Businesses may generate other form of cash income rather than Lease Income, the 4.0% management fee shall also be applied on such Other Cash Income (which does not include Lease Income) to be generated by the expanded scope of Authorised Businesses. Further details of the proposed amendments to the Trust Deed in relation to the Authorised Businesses can be found in Section 2.1 of the Circular. We have also highlighted the expanded scope in paragraph 4.5.1 of this IFA Letter.

- (4) We extract as follows:

*Where the Management Fee received by the Trustee-Manager (based on 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses) is less than US\$350,000 per calendar quarter, the Trustee-Manager shall be entitled to receive the difference between the amount of US\$350,000 and the actual Management Fee received for that calendar quarter (the “**Adjustment Payment**”). The Trustee-Manager will therefore receive a minimum amount of US\$1,400,000 per annum (being US\$350,000 per calendar quarter) in management fees (the “**Base Management Fee**”) from FSL Trust. The Base Management Fee will still apply if FSL Trust becomes a cash trust or if it does not own any ships or its ships do not generate any operating income. The Adjustment Payment (if any) shall be paid to the Trustee-Manager within 30 days of the last day of every calendar quarter in arrears. For illustrative purposes only, if the Trustee-Manager receives a Management Fee (based on 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses) of US\$250,000 for the relevant calendar quarter, the Trustee-Manager shall be entitled to an Adjustment Payment of US\$100,000 for that calendar quarter.*



For avoidance of doubt, the above does not include trustee fee of 0.02% per annum of the value of the trust property which remains unchanged.

3.2 THE RATIONALE FOR THE PROPOSED MANAGEMENT FEE AMENDMENTS

The rationale for the Proposed Management Fee Amendments is set out in Section 3.3.1 of the Circular.

We extract as follows:

The Management Fee received by the Trustee-Manager in FY2020 and FY2021 were approx. US\$1,365,000 and US\$455,000 (unaudited), respectively. The relatively low absolute amount of Management Fees received by the Trustee-Manager has placed the Trustee-Manager under significant financial pressure as it is not covering the actual expenses of the Trustee-Manager in performing its services as the trustee-manager of FSL Trust and the Trustee-Manager is of the view that it will be challenging for it to continue managing and maintaining the operations of FSL Trust if there is no introduction of the Base Management Fees.

3.3 INTERESTED PERSON TRANSACTIONS WITH THE SAME INTERESTED PERSON

Pursuant to Rule 921(4)(a) of the Listing Manual, the IFA also needs to opine on whether all other transactions which are entered into with the same interested person (as the Proposed Management Fee Amendments) during the same financial year are on normal commercial terms, and whether these other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual is prejudicial to the interest of FSL Trust and its Independent Unitholders. Rule 906(1) of the Listing Manual does not apply to any transaction below S\$100,000.

As disclosed in Section 3.3 of the Circular, FSL Trust has the following ongoing interested person transactions with the same interested person as the Trustee-Manager for the period from 1 January 2022 up to the Latest Practicable Date:

Interested person	Nature of the transactions	Amount for the period from 1 January 2022 to the Latest Practicable Date
Prime Tanker Management Inc. (“Prime Tanker”)	Technical management services obtained by the Group	US\$236,500
	Commercial management services obtained by the Group	US\$113,000

Prime Tanker is an associate of the Sponsor, and is deemed to be the ‘same interested person’ under Rule 908 of the Listing Manual



Technical management services obtained by the Group from Prime Tanker include the management of repairs, maintenance and inspections, safety and quality, crewing and training, and insurance as well as supply provisioning.

Commercial management services obtained by the Group from Prime Tanker include chartering post-fixture administration, accounting, and freight invoicing and collection for a product tanker used to transport refined oil products, a sub-sector which require deep access to the market and charterers.

4. EVALUATION OF THE PROPOSED MANAGEMENT FEE AMENDMENTS

The following are the factors we have considered in our evaluation of the Proposed Management Fee Amendments:

- (a) the rationale for the Proposed Management Fee Amendments;
- (b) the Base Management Fee as compared to management fees of other publicly listed shipping companies;
- (c) management fee structure of business trusts listed on the SGX-ST;
- (d) financial effects of the Proposed Management Fee Amendments; and
- (e) other considerations.

We discuss each of the factors in the following paragraphs.

4.1 THE RATIONALE FOR THE PROPOSED MANAGEMENT FEE AMENDMENTS

The rationale for the Proposed Management Fee Amendments is set out in Section 3.3.1 of the Circular, and certain extracts can be found in paragraph 3.2 of this IFA Letter.

We understand that the main reason for the proposed amendments is to cover the actual expenses of the Trustee-Manager in performing its services as the trustee-manager of FSL Trust.

Based on the existing terms of the Trust Deed where the Trustee-Manager receives 4.0% of the value of the Lease Income generated by FSL Trust, the Management Fee paid by FSL Trust to the Trustee-Manager amounted to only US\$455,000 for FY2021.

We note that FSL Trust has no employees and no executive directors. The Trustee-Manager is responsible for FSL Trust’s investment and financing strategies, asset acquisition and disposal policies and for the overall management of FSL Trust’s investment portfolio. The Trustee-Manager in turn obtains management services, including the services of the Chief Executive Officer, the Chief Financial Officer and other management personnel and staff from FSL Asset Management Pte. Ltd., the fees of which are borne by the Trustee-Manager. We also note that the Trustee-Manager serves FSL Trust exclusively.

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We extract the key financials from the statement of comprehensive income of the audited financial statements of Trustee-Manager for the past three financial years as follows:

US\$'000	FY2019	FY2020	FY2021
Revenue	2,237	1,861	637
Profit/(Loss) before tax	536	76	(1,349)

The principal operating expense of the Trustee-Manager are as follows:

US\$'000	FY2019	FY2020	FY2021
Fees for support services	1,507	1,995	1,798

Fee for support services comprises service fee charged by the immediate holding company of the Trustee-Manager for the secondment of directors and key management to the Trustee-Manager and the immediate holding company charges the Trustee-Manager a service fee of 106% of its allocated costs for FY2019, FY2020 and FY2021.

The Base Management Fee is lower than the fees for support services paid by the Trustee-Manager to its immediate holding company for the past three financial years.

As a result of the net loss incurred by the Trustee-Manager for FY2021, the auditors of the Trustee-Manager highlighted that the audited financial statements of the Trustee-Manager for FY2021 have been prepared on a going concern basis that the ultimate controlling party has undertaken that, for a period of 12 months from the date of these financial statements, to provide such financial support as necessary to the Trustee-Manager.

The Base Management Fee is introduced to allow the Trustee-Manager to continue operating on a going concern and provide trustee-management services to FSL Trust.

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4.2 THE BASE MANAGEMENT FEE AS COMPARED TO MANAGEMENT FEES OF OTHER PUBLICLY LISTED SHIPPING COMPANIES

As at 31 December 2021, the investment portfolio of FSL Trust comprised 11 tankers of different sizes. Of the 11 vessels, eight (8) vessels were chartered to international shipping companies on fixed-rate period charters whilst the other three (3) vessels are trading in the spot market or revenue sharing agreements (including one (1) idle vessel). We note that FSL Trust announced that it has completed the disposal of one crude oil tanker on 17 June 2022 and the disposal of one chemical tanker on 1 July 2022.

In our evaluation of the Base Management Fee, we have compared the Base Management Fee with management fees of other publicly listed shipping companies (the "Comparable Shipping Companies") as follows:

Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
Castor Maritime Inc.	US\$132.05 million for FY2021 / 20 dry bulk vessels and nine (9) tanker vessels as at 31 December 2021	Annual report (Form 20-F) for FY2021	Castor Ships S.A. manages the overall business of Castor Maritime Inc. and provides Castor Maritime Inc. with commercial, chartering and administrative services, including, but not limited to, securing employment for its fleet, arranging and supervising the vessels' commercial operations, handling all of its vessel sale and purchase transactions, undertaking related shipping project and management advisory and support services, as well as other associated services requested from time to time by Castor Maritime Inc. and its ship-owning subsidiaries.	<p>(i) a flat quarterly management fee in the amount of US\$0.3 million for the management and administration of business;</p> <p>(ii) a daily fee of US\$250 per vessel for the provision of commercial services; and</p> <p>(iii) a commission of 1.25% on all charter agreements.</p>
			Under the technical management agreements, the ship-owning subsidiaries of Castor Maritime Inc. engage Pavimar S.A. for the provision of a wide range of shipping services such as crew	(i) a daily fee of US\$600 per vessel

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
Danaos Corporation ("Danaos")	US\$689.51 million for FY2021 / 71 vessels (of which two were employed on bareboat charters and 69 on time charters) as at 28 February 2022	Annual report (Form 20-F) for FY2021	Danaos Shipping Co. Ltd. provides Danaos with administrative, technical and certain commercial management services under a management agreement whose current term expires at the end of 2024.	<p>(i) a daily management fee of US\$850;</p> <p>(ii) a daily vessel management fee of US\$425 for each vessel on bareboat charter, prorated for the number of calendar days of ownership of each vessel;</p> <p>(iii) a daily vessel management fee of US\$850 for each vessel on time charter, prorated for the number of calendar days of ownership of each vessel; and</p> <p>(iv) a fee of 1.25% on all freight, charter hire, ballast bonus and demurrage for each vessel.</p> <p>Total management fees paid by Danaos to Danaos Shipping Co. Ltd. amounted to US\$30.3 million in FY2021 (including fixed and variable fees, excluding fees for the sale or purchase of vessels). We calculate the daily management fee of Danaos to be approximately US\$1,293 per vessel.</p>

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
Dynagas LNG Partners LP	US\$137.75 million for FY2021 / Six (6) liquefied natural gas carrier	Annual report (Form 20-F) for FY2021	The manager is responsible for the commercial and technical management of the vessels	<p>(i) a fee of US\$2,750 per day for each vessel with effect from 1 January 2021 for providing the vessel owning subsidiaries with technical, commercial, insurance, accounting, financing, provisions, crewing and bunkering services;</p> <p>(ii) a commercial management fee equal to 1.25% of the gross charter hire and the ballast bonus, which is the amount paid to the shipowner as compensation for all or part of the cost of positioning the vessel to the port where the vessel will be delivered to the charterer.</p> <p>The management fee increases by 3% annually unless otherwise agreed.</p> <p>The management fees payable for the vessels may be further increased if the manager has incurred material unforeseen costs of providing the management services, by an amount to be agreed separately.</p> <p>Average management fee for FY2021 amounted to US\$2,750 per carrier.</p>
Global Ship Lease, Inc.	US\$447.95 million / 65 containerships as at 31 December 2021	Annual report (Form 20-F) for FY2021	The technical ship management services being provided include crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing	<p>A daily management fee of €715 with effect from 1 January 2022 per vessel, in addition to covering the technical ship management services being provided, includes administrative support services, including accounting and financial reporting, treasury</p>

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
MPC Container Ships ASA ("MPC")	US\$384.71 million / 66 vessels as at 31 December 2021	Annual report for FY2021	<p>other vessel operating necessities, including the arrangement and management of drydocking.</p> <p>Commercial management of vessels includes evaluating possible daily rate and duration of future employment, marketing a vessel for such charter or extension of an existing charter, administering the conduct of the charter including collection of charter-hire where necessary.</p> <p>Commercial management also includes negotiating sale and purchase transactions.</p> <p>The group sub-contracted the performance of technical ship management and commercial ship management, as well as administrative and corporate services to its related parties</p>	<p>management services and legal services also being provided pursuant to the technical ship management agreements.</p> <p>Global Ship Lease, Inc. also pay technical management fee of US\$200,000 per annum per vessel to a third-party ship manager for third-party managed vessels.</p> <p>A commercial management fee of 1.25% on all monies earned under each charter fixture</p> <p>MPC paid US\$8,831,000 for technical ship management services of 54 vessels in FY2021.</p> <p>MPC paid US\$5,352,000 for commercial ship management services of 66 vessels in FY2021.</p> <p>MPC paid US\$775,000 for administrative and corporate services in FY2021.</p>

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
Pyxis Tankers Inc.	US\$25.34 million for FY2021 / Five (5) double hull product tankers as at 31 March 2022	Annual report (Form 20-F) for FY2021	The services provided by Pyxis Maritime Corp. under the head management agreement include commercial, sale and purchase, provisions, insurance, bunkering, operations and maintenance, dry-docking and newbuilding construction supervision as well as administrative services such as executive, financial, accounting and other administrative services. As part of its responsibilities, the manager also supervises the crewing and technical management performed on the vessels.	<p>(i) for each vessel while in operation, a fee of US\$325 per day subject to annual inflationary adjustments, and for each vessel under construction, a fee of US\$450 per day, plus an additional daily fee, which is dependent on the seniority of the personnel, to cover the cost of the engineers employed to conduct the supervision;</p> <p>(ii) 1.25% of all chartering, hiring and freight revenue receive by the group that was procured by or through the manager; and</p> <p>(iii) a lump sum of approximately US\$1.6 million per annum for the administrative services (including the services of the chief executive officer, chief financial officer, chief operating officer and secretary, one or more internal auditor(s) and a secretary and other administrative services and an office space in Maroussi, Greece).</p>
			The group outsource the day-to-day technical management of its vessels to an unaffiliated third party, International Tanker Management. International Tanker Management is responsible for all technical management, including crewing, maintenance, repair, dry-dockings and maintaining required vetting approvals.	US\$155,000 per vessel per annum

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
Safe Bulkers, Inc.	US\$343.48 million / 39 dry bulk vessels as at 31 December 2021	Annual report (Form 20-F) for FY2021	<p>Pursuant to the management agreements, Safe Bulkers, Inc. and its subsidiaries ("Safe Bulkers Group") obtain commercial, technical and administrative services from its related parties.</p> <p>The managers have agreed that, during the term of the management agreements and for a period of one year following their termination, the managers will not provide management services to, or with respect to, any drybulk vessels other than (a) on behalf of Safe Bulkers Group; or (b) with respect to drybulk vessels that are owned or operated by companies affiliated with the chief executive officer of Safe Bulkers Group or his family members, and drybulk vessels that are acquired, invested in or controlled by companies affiliated with the chief executive officer or his family members, subject in each case to compliance with, or waivers of, the restrictive covenant agreements entered into between Safe Bulkers Group and such companies.</p>	<p>(i) a ship management fee of €875 per day per vessel;</p> <p>(ii) an annual ship management fee of €3.50 million;</p> <p>(iii) a supervision fee of US\$550,000 per newbuild.</p> <p>The management fees do not cover expenses such as voyage expenses, vessel operating expenses, maintenance expenses, crewing costs, insurance premiums, commissions and certain company administration expenses such as directors' and officers' liability insurance, legal and accounting fees and other similar company administration expenses.</p>
Taylor Maritime Investments Limited	US\$133.49 million / 31 vessels as at 31 March 2022	Annual report for the financial period from 31 March 2021 (date of incorporation) to 31 March	<p>Under a framework management agreement, the commercial manager will provide commercial and administration management services (including but not limited to seeking and negotiating employment for vessels, commercial operation of vessels; accounting and calculation of hire due from or due to the charterers of vessels; post fixture services, including but not limited to advising and assisting with</p>	<p>(i) fees of US\$125,000 per annum, in respect of each SPV holding a vessel of the group; and</p> <p>(ii) a commission of up to 1.25 per cent. of all charter income payable to the relevant SPV, provided that the total commission payable under any new charter entered into after the admission to London Stock Exchange does not</p>

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Name of Comparable Shipping Companies	Revenue / Number of vessels	Source of information	Scope of management services	Management fees ⁽¹⁾
		2022 ("FP2022")	<p>communications relating to the operational matters arising from vessel employment; procure and maintain marine insurances, monitor the appointed technical managers) to the group.</p> <p>The services to be provided by the technical manager include, ensuring vessels' compliance with flag state law and applicable regulations; arranging and supervising asset maintenance; and arranging crewing.</p>	<p>exceed 5 per cent. of the relevant SPVs charter income.</p> <p>Taylor Maritime Investments Limited paid total commercial ship management fees of US\$4,271,725 in FP2022. Total vessel days as disclosed in its annual report is 7,502 days.</p> <p>Taylor Maritime Investments Limited paid total technical ship management fees of US\$3,296,654 in FP2022. Total vessel days as disclosed in its annual report is 7,502 days.</p>

Note:

(1) Does not include the trustee-manager fees, transactional fee (for purchase and sale of vessels) and/or new ship building related fees which may also be charged by the trustee-managers of the Comparable Shipping Companies.

We note from the table above that:

(i) All eight Comparable Shipping Companies outsource three broad types of ship management services, namely (i) commercial ship management services; (ii) corporate and administrative ship management services; and (iii) technical ship management services. We understand that commercial ship management services relate to the management of the commercial aspects of the vessels such as sourcing and negotiating the terms of deployment of the vessels; corporate and administrative ship management services relates to the management of the corporate and administrative aspects of the vessels and vessel operating company such as financial, accounting and other administrative services; and technical ship management services relates to the management of the technical aspect of the

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vessels such as management of repairs, maintenance and inspections, safety and quality, crewing and training, and insurance as well as supply provisioning.

(ii) many of the Comparable Shipping Companies does not distinguish the fees paid for the respective ship management services in their public documents. For example:

(A) based on the disclosure in the annual reports of Danaos and Safe Bulkers, Inc., we are unable to distinguish whether the management fees paid by Danaos and Safe Bulkers, Inc. are for commercial ship management services, corporate and administrative ship management services or technical ship management services although both shipping companies obtained all three ship management services from their respective managers;

(B) the management fees paid by Dynagas LNG Partners LP and Global Ship Lease, Inc. for technical ship management services and corporate and administrative ship management services are lumped together; and

(C) the management fees paid by Taylor Maritime Investments Limited for commercial ship management services and corporate and administrative ship management services are lumped together.

(iii) the Management Fee payable by FSL Trust to the Trustee-Manager are for commercial as well as corporate and administrative ship management services. Specifically:

(A) the commercial ship management services rendered by the Trustee-Manager comprise sourcing and negotiating the terms of deployment of the vessels. The management of the Trustee-Manager is responsible for the sales and marketing aspect for all the vessels of FSL Trust, except that FSL Trust may engage another commercial ship management services for vessels specialized in a certain sub-sector which require different expertise (such as the outsourcing of the commercial ship management services of a product tanker to Prime Tanker set out in paragraph 3.3 of this IFA Letter); and

(B) the corporate and administrative ship management services rendered by the Trustee-Manager comprise general administration, operations and general management of the vessels in the portfolio of FSL Trust as well as the general administration, general management and taking on the role of the trustee-manager of FSL Trust as a business trust listed on the SGX-ST (further details of which are set out in paragraph 4.3 of this IFA Letter).

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Accordingly, for a more meaningful comparison, we have compared the Base Management Fee (which are for commercial as well as corporate and administrative ship management services) in the following approaches:

- (a) Compare the Base Management Fee payable by FSL Trust to the Trustee-Manager with management fees specifically for commercial as well as corporate and administrative ship management services

Only these four Comparable Shipping Companies disclosed the management fees for commercial as well as corporate and administrative ship management services:

Name of Comparable Shipping Companies	Number of vessels	Commercial as well as corporate and administrative ship management fees	Management fees per vessel per day
Castor Maritime Inc.	29 (as at 31 December 2021)	A flat quarterly management fee of US\$300,000 and a daily fee of US\$250 per vessel	Approximately US\$363 per vessel per day
MPC	-	MPC paid US\$5,352,000 for commercial management services of 66 vessels in FY2021 and US\$775,000 for administrative and corporate services in FY2021.	Approximately US\$254 per vessel per day
Pyxis Tankers Inc.	5 (as at 31 March 2022)	US\$1.6 million per annum and a daily fee of US\$325 per vessel	Approximately US\$1,202 per vessel per day ⁽¹⁾
Taylor Maritime Investments Limited	31 (as at 31 March 2022)	US\$4,271,725 and a total of 7,502 vessel days for FP2022	Approximately US\$569 per vessel per day

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Name of Comparable Shipping Companies	Number of vessels	Commercial as well as corporate and administrative ship management fees	Management fees per vessel per day
FSL Trust	11	US\$350,000 per calendar quarter (or US\$1.4 million per annum)	Approximately US\$349 per vessel per day

Note:

(1) We note from the annual reports of Pyxis Tankers Inc. that it anticipates that the fee that it pays to Pyxis Maritime Corp. in respect of ship management services for vessels in operation will recognize a volume discount in an amount to be determined by the parties at that time when Pyxis Tankers Inc. increases its fleet size to 15 vessels. In the event that Pyxis Tankers Inc. increases its fleet size to 15 vessels and the lump sum corporate and administrative ship management fee remains at US\$1.6 million per annum, the commercial as well as corporate and administrative ship management fees per vessel per day of Pyxis Tankers Inc. will be US\$617.

As set out in the table above, we calculate the commercial as well as corporate and administrative ship management fee of FSL Trust to be US\$349 per vessel per day which is within the range of the commercial as well as corporate and administrative ship management fees of between US\$254 and US\$1,202 per vessel per day of the Comparable Shipping Companies. We calculate the average commercial as well as corporate and administrative ship management fee of these four Comparable Shipping Companies to be US\$597 per vessel per day. The commercial as well as corporate and administrative management fee of FSL Trust of US\$349 per vessel per day is lower than the average commercial as well as corporate and administrative management fee per vessel per day.

In the event that Pyxis Tankers Inc. increases its fleet size to 15 vessels and there is no change to its lump sum corporate and administrative ship management fee at US\$1.6 million per annum, the commercial as well as corporate and administrative ship management fees of these four Comparable Shipping Companies will range between US\$254 and US\$617 per vessel per day and the average commercial as well as corporate and administrative ship management fee of these four Comparable Shipping Companies will be US\$451 per vessel per day. The commercial as well as corporate and administrative ship management fee of FSL Trust of US\$349

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per vessel per day is still lower than such average commercial as well as corporate and administrative ship management fee per vessel per day.

- (b) Compare the aggregate management fee payable by FSL Trust with aggregate management fees paid by all Comparable Shipping Companies

As set out in paragraph 3.3 of this IFA Letter, FSL Trust also obtained technical management services and commercial management services (for a product tanker) from Prime Tanker. We note from the agreements entered into between the Group and Prime Tanker that Prime Tanker charges the Group US\$550 per vessel per day for (i) technical management services; or (ii) technical and commercial management services.

Given that many of the Comparable Shipping Companies set out in the main table above do not distinguish between (i) commercial ship management services; (ii) corporate and administrative ship management services; and (iii) technical ship management services, we aggregate the Base Management Fee payable by FSL Trust to the Trustee-Manager (for commercial as well as corporate and administrative services) with the technical management fees payable by FSL Trust to Prime Tanker, and compare the aggregate amount with the daily aggregate management fee per vessel of the Comparable Shipping Companies as follows:

Name of Comparable Shipping Companies	Daily aggregate management fee per vessel
Castor Maritime Inc.	Approximately US\$963
Danaos	US\$1,293 for FY2021 OR
Dynagas LNG Partners LP	Approximately US\$1,830, if the remuneration expenses borne by Danaos are included ⁽¹⁾ . US\$2,750

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Name of Comparable Shipping Companies	Daily aggregate management fee per vessel
Global Ship Lease, Inc.	€715 (equivalent to approximately US\$813) with effect from 1 January 2022. OR Approximately US\$912 with effect from 1 January 2022 if the remuneration expenses borne by Global Ship Lease, Inc. are included ⁽¹⁾ .
MPC	Approximately US\$702 for FY2021 OR Approximately US\$765 for FY2021, if the remuneration expenses borne by MPC are included ⁽¹⁾ .
Pyxis Tankers Inc.	Approximately US\$1,626
Safe Bulkers, Inc.	Approximately US\$1,274
Taylor Maritime Investments Limited	Approximately US\$1,009 for FP2022. Approximately US\$1,492 for FP2022, if the remuneration expenses borne by Taylor Maritime Investments Limited are included ⁽¹⁾ .
FSL Trust	Approximately US\$899. The remuneration expenses of FSL Trust are borne by the Trustee-Manager.

Based on the above table, the daily aggregate management fee of FSL Trust (for commercial ship management services, corporate and administrative ship management services as well as technical ship management services) of approximately US\$899 per vessel is within the range of daily aggregate management fee per vessel of between US\$702 and US\$2,750 of all eight Comparable Shipping Companies. The daily aggregate management fee of FSL Trust of approximately US\$899 per vessel is also lower than the average daily

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aggregate management fee per vessel of US\$1,231 of all eight Comparable Shipping Companies, if the remuneration expenses borne by some of the Comparable Shipping Companies are included in the calculations, the average daily aggregate management fee per vessel of the eight Comparable Shipping Companies will be US\$1,378.

Note:

(1) in our review of the public documents of the above listed Comparable Shipping Companies, we also note that some of the Comparable Shipping Companies borne the remuneration expenses of its executive officers, which is unlike FSL Trust where the remuneration expenses of its executive officers are borne by the Trustee-Manager. We set out information relating to the remuneration expenses of these Comparable Shipping Companies as follows:

Name of Comparable Shipping Companies	Remuneration disclosure
Danaos	<p>Extracted from the annual report (Form 20-F) of Danaos for FY2021</p> <p><i>Since May 1, 2015, we have directly employed our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Deputy Chief Operating Officer, who received aggregate cash compensation of €1.8 million (\$2.1 million), €1.5 million (\$1.8 million) and €1.5 million (\$1.7 million) for the years ended December 31, 2021, 2020 and 2019, respectively. As of January 1, 2022, the annual base compensation of our executive officers was increased by €180,000 in the aggregate. Our executive officers are also eligible, in the discretion of our board of directors and compensation committee, for incentive compensation and restricted stock, stock options or other awards under our equity compensation plan, which is described below under "—Equity Compensation Plan." We recognized non-cash share-based compensation expense in respect of awards to executive officers of \$11.8 million, \$11.0 million and \$3.6 million in the years ended December 31, 2021, 2020, and 2019, respectively.</i></p>
Global Ship Lease, Inc.	<p>Extracted from the annual report (Form 20-F) of Global Ship Lease, Inc. for FY2021</p> <p><i>For the year ended December 31, 2021, we have expensed an aggregate of \$2.34 million in compensation to our executive officers.</i></p>

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Name of Comparable Shipping Companies	Remuneration disclosure						
MPC	<p>The total remuneration expenses paid by MPC to its executive officers in FY2021 were as follows:</p> <table border="1"> <thead> <tr> <th>Name of executive officers</th> <th>Total remuneration in FY2021</th> </tr> </thead> <tbody> <tr> <td>Constantine Baack (chief executive officer)</td> <td>US\$5,812,624 (including long term incentive plan of US\$4,711,598)</td> </tr> <tr> <td>Dr. Benjamin Pfeifer (chief financial officer)</td> <td>US\$403,453</td> </tr> </tbody> </table>	Name of executive officers	Total remuneration in FY2021	Constantine Baack (chief executive officer)	US\$5,812,624 (including long term incentive plan of US\$4,711,598)	Dr. Benjamin Pfeifer (chief financial officer)	US\$403,453
Name of executive officers	Total remuneration in FY2021						
Constantine Baack (chief executive officer)	US\$5,812,624 (including long term incentive plan of US\$4,711,598)						
Dr. Benjamin Pfeifer (chief financial officer)	US\$403,453						
Taylor Maritime Investments Limited	Total remuneration paid by Taylor Maritime Investments Limited to its executive team (comprising Edward Buttery (chief executive officer), Alexander Slee (deputy chief executive officer), Camilla Pierrepoint (chief strategy officer) and Yam Lay Tan (chief financial officer)) amounted to US\$3,624,429 for FP2022.						

We understand from the Trustee-Manager that the Trustee-Manager considers the eight (8) vessels under fixed-rate period charters to be the core fleet of FSL Trust and there is no intention to reduce the number of vessels to less than eight (8). Based on US\$1,400,000 per annum and a minimum fleet of eight (8) vessels, the Base Management Fee represents approximately US\$479 per vessel per day. The daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) is approximately US\$1,029 per vessel. This is still within the range and lower than the average daily aggregate management fee per vessel (as is or after adjusting for the remuneration expenses) of all eight Comparable Shipping Companies.

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4.3 MANAGEMENT FEE STRUCTURE OF BUSINESS TRUSTS LISTED ON THE SGX-ST

Given that FSL Trust is a business trust listed on the SGX-ST and the role of the Trustee-Manager is similar to the other business trusts listed on the SGX-ST, we also compare the management fee structure of FSL Trust with management fee structure of business trusts (excluding business trusts which generate rental revenue from properties such as hotels, shopping malls, office properties, warehouses) (the "SGX Business Trusts") listed on the SGX-ST as follows:

Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
Asian Pay Television Trust ("APTT")	Taiwan Broadband Communications Group, a leading cable operator in the Republic of China ("Taiwan"), and delivers basic cable TV, premium digital cable TV and high-speed broadband services to subscribers in to more than 1.3 million homes in northern and central Taiwan / Revenue of S\$299,745,000 and profit of S\$20,251,000 for FY2021	<p>(a) The trustee-manager will identify and evaluate investment opportunities in each of Taiwan, Hong Kong, Japan and Singapore, and will consider the acquisition of suitable businesses.</p> <p>(b) The trustee-manager will undertake active management of APTT's assets to enhance the performance of the portfolio and will focus on ensuring that appropriate business planning, performance reporting, governance and risk management are put in place and maintained.</p> <p>(c) The trustee-manager will also be responsible for optimising APTT's capital structure, the cost of capital and undertaking capital</p>	<p>A base fixed fee of S\$7.0 million per annum, subject to adjustments based on the percentage increase (if any) in the Singapore Consumer Price Index and a tiered performance fee of between 3% and 18% of the excess base distribution per unit.</p> <p>The base fee was S\$7.4 million and there was no performance fee for FY2021</p>	<p>All remuneration and compensation payable to the independent directors, the chief executive officer and chief financial officer in respect of services rendered to the trustee-manager are and will be paid by the trustee-manager and not reimbursed out of the trust property. APTT does not bear the remuneration of the independent directors, the chief executive officer and chief financial officer</p>

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
Hutchison Port Holdings Trust ("HPH Trust")	Deep-water container ports in Guangdong Province, Hong Kong and Macau in People's Republic of China / Revenue of HK\$13,244,074,000 and profit of HK\$3,527,153,000 for FY2021	<p>and risk management strategies in order to maintain a strong balance sheet for APTT.</p> <p>(d) Management of various stakeholder relationships and compliance with Singapore regulations.</p> <p>The trustee-manager will set the strategic direction of HPH Trust and decide on the acquisition, divestment or enhancement of assets of HPH Trust in accordance with its stated investment mandate. Additionally, the trustee-manager will undertake active management of HPH Trust's assets to enhance the performance of the portfolio. It will also undertake capital and risk management strategies in order to maintain a strong balance sheet for HPH Trust.</p> <p>The trustee-manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a Registered Business Trust to comply with the</p>	<p>The base fee was charged at a fixed fee of US\$2,500,000 per annum which is subject to increase each year from 2012 by such percentage representing the percentage increase in the Hong Kong Composite Consumer Price Index</p> <p>The base fee for FY2021 was HK\$25,060,000</p>	<p>The directors are remunerated directly by the trustee-manager, not by HPH Trust.</p> <p>Most of the remuneration paid to its chief executive officers and key management personnel are paid by HPH Trust and its subsidiaries, and the remainder was paid by the trustee-manager (out of its own account)</p>

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
		<p>applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the trust deed and all relevant contracts entered into by the trustee-manager on behalf of HPH Trust.</p> <p>Furthermore, the trustee-manager will prepare business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of HPH Trust's investments.</p>		

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
Keppel Infrastructure Trust ("KIT")	Six concession-based/contractually-driven assets and three evergreen businesses, including Ixom Group, Philippine Coastal Storage & Pipeline Corporation, and Aramco Gas Pipelines Company / Revenue of S\$1,575,019,000 and loss of S\$(138,053,000) for FY2021	The trustee-manager will set the strategic direction of KIT and decide on the acquisition, divestment or enhancement of assets of KIT in accordance with its stated investment strategy. The trustee-manager is also obliged to exercise due care to comply with the applicable provisions of all relevant legislation and the listing manual, and is responsible for ensuring compliance with the trust deed and all relevant contracts entered into by KIT.	Prior to receipt of KIT's unitholders' approval on 19 April 2022 - a base management fee of S\$2,000,000 per annum <i>plus</i> 4.5% of the trust income After receipt of KIT's unitholders' approval on 19 April 2022 - 10% per annum of distributable income <i>plus</i> proposed performance fee 25% per annum of the increase in distribution per unit multiplied by the weighted average number of units in issue	The remuneration of the directors and employees of the trustee-manager is paid by the trustee-manager, and not by KIT
NetLink NBN Trust	Design, build, own and operate the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore's Next Generation Nationwide Broadband Network /	The successful management of the trust and its investments requires a unique and specialised set of capabilities, which the trustee-manager shall be able to provide the trust. In addition, the trustee-manager will provide active asset management, manage various stakeholder relationships and also undertake capital and risk management strategies for the benefit of the trust.	A management fee of an amount equal to S\$900,000 per annum Management fees are payable quarterly in arrears	The remuneration of the directors, chief executive officer, chief operating officer, chief financial officer and all key management personnel are borne by the trust, and not by the trustee-manager

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
	<p>Revenue of S\$377,611,000 and profit of S\$91,262,000 for financial year ended 31 March 2022</p>	<p>The trustee-manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust to comply with the applicable provisions of all relevant legislation and regulations, as well as the listing manual, and is responsible for ensuring compliance with the trust deed and all relevant contracts entered into by the trustee-manager on behalf of the trust.</p> <p>Furthermore, the trustee-manager will prepare business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of the trust's investments.</p>		

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
FSL Trust	11 tankers of different sizes / Revenue of US\$24,975,000 and loss of US\$(1,522,000) for FY2021	<p>(a) Formulate and execute FSL Trust's investment strategy, including determining the size of FSL Trust's portfolio.</p> <p>(b) Manage the acquisition and disposal of investments.</p> <p>(c) Provide advisory services regarding plans for equity and debt financing for FSL Trust's acquisitions, distribution payments, expense payments and capital expenditure payments.</p> <p>(d) Make periodic plans, including budgets and reports, relating to the performance of FSL Trust's portfolio.</p> <p>(e) Perform day-to-day administrative services as FSL Trust's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened.</p>	Proposed Base Management Fee of US\$350,000 per calendar quarter or 4.0% of the value of the Lease Income and any Other Cash Income generated by FSL Trust from its Authorised Businesses, whichever higher	Directors' fees are borne by FSL Trust while the remuneration of chief executive officer, chief financial officer and other management personnel and staff are borne by the Trustee-Manager.

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Name of SGX Business Trusts	Description of trusts	Role of trustee-manager with Unitholders and potential investors.	Trustee-manager fee	Whether the fee covers the remuneration of the key management personnel of the trust
		<p>(f) Communicating and liaising with Unitholders and potential investors.</p> <p>(g) Make all regulatory filings on behalf of FSL Trust, and ensure that FSL Trust is in compliance with the applicable provisions of the Business Trust Act, the Securities and Futures Act and all other relevant legislation, the Listing Manual, the Trust Deed and all relevant contracts.</p>		

Source: Annual reports, prospectuses and corporate websites of the respective SGX Business Trusts.

As set out in the table above:

- (a) it is not uncommon for trustee-managers of SGX Business Trusts to charge fixed management fee. Excluding KIT which had effected a change in its management fee structure after the receipt of its unitholders' approval on 19 April 2022, the fixed management fees imposed by trustee-managers of SGX Business Trusts range from S\$900,000 (equivalent to approximately US\$667,000 based on the closing exchange rate of US\$1 to S\$1.349 as at 31 December 2021) and S\$7,400,000 (equivalent to approximately US\$5,486,000 based on the closing exchange rate of US\$1 to S\$1.349 as at 31 December 2021);
- (b) the Base Management Fee of US\$350,000 per calendar quarter (or US\$1,400,000 per annum) is higher than the fixed management fee of NetLink NBN Trust of S\$900,000 (equivalent to approximately US\$667,000 based on the closing exchange rate of US\$1 to S\$1.349 as at 31 December 2021) per annum. However, the fixed management fee of NetLink NBN Trust does not include the remuneration

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expenses of the chief executive officer, chief operating officer, chief financial officer and all key management personnel of NetLink NBN Trust. We note from the annual report of NetLink NBN Trust that the total remuneration paid by NetLink NBN Trust to its chief executive officer and its top five key management personnel amounted to S\$4.9 million for the financial year ended 31 March 2022;

- (c) the Base Management Fee is lower than the fixed management fee of HPH Trust (of US\$2,500,000 per annum) and most of the remuneration expenses of the chief executive officers and key management personnel are paid by HPH Trust and its subsidiaries; and
- (d) the Base Management Fee is also lower than the fixed management fee of APTT (S\$7,400,000 per annum, equivalent to approximately US\$5,486,000 based on the closing exchange rate of US\$1 to S\$1.349 as at 31 December 2021) and KIT (S\$2,000,000 per annum, equivalent to approximately US\$1,483,000 based on the closing exchange rate of US\$1 to S\$1.349 as at 31 December 2021), before the receipt of its unitholders' approval on 19 April 2022), and the trustee-manager of these two business trusts are responsible for the remuneration expenses of the directors and executive officers of the trusts.

We note from the circular of KIT dated 28 March 2022 that the proposed new fee structure of KIT is intended to be aligned with the fee models adopted by real estate investment trusts listed on the SGX-ST recently.

We wish to highlight that the operations of FSL Trust is not comparable to real estate investment trusts which generate stable income streams to their unitholders. The revenue stream of FSL Trust is dependent on the condition of the global shipping markets and the ability of the Trustee-Manager to secure optimal utilisation rates for its vessels. As set out in the annual report of FSL Trust for FY2021, only approximately 46.7% of the Group's revenue were derived from fixed-rate period charters in FY2021.

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4.4 FINANCIAL EFFECTS OF THE PROPOSED MANAGEMENT FEE AMENDMENTS

We calculate the financial effects of the Proposed Management Fee Amendments to the Group as follows:

US\$'000	FY2019	FY2020	FY2021	Three months ended 31 March 2022 (“1Q2022”)
Revenue	73,107	48,332	24,975	6,075
Management fee paid to the Trustee-Manager				
- As reported	2,125	1,365	455	115
- If Base Management Fee is implemented	2,125	1,400	1,400	350
Additional management fee payable by FSL Trust if Base Management Fee is implemented	-	35	945	235
Base Management Fee as a percentage of lease income	4.0%	4.1%	12.3%	12.2%
Results from operating activities				
- As reported	16,906	8,822	(656)	399
- If Base Management Fee is implemented	16,906	8,787	(1,601)	164

As set out in the above table, the management fee of FSL Trust will increase substantially for FY2021 and 1Q2022 had the Proposed Management Fee Amendments been effective since 1 January 2021.

The Trustee-Manager had attributed the lower revenue in FY2021 to the pressure on the global oil and oil products trade amid lingering impacts from the COVID-19 pandemic which led to subdued ton-mile demand and lower freight rates and market values for tankers.



Further, the Trustee-Manager had disposed of several vessels in the past few years to preserve and create substantial value for FSL Trust and its Unitholders which had inadvertently resulted in a reduction in the management fees and other fee income received by the Trustee-Manager.

We note from the results announcement and the annual report of FSL Trust for FY2021 that:

- (a) *the supply fundamentals show positive signs for the medium- and long-term as contracting of tanker newbuildings remains subdued amid technological uncertainties surrounding environmental regulations which, in combination with the aging of the active fleet, is expected to provide supportive supply fundamentals in the medium-term; and*
- (b) *the Group has contracted future revenues from fixed rate period charters of US\$ 28.6 million (as at 31 December 2021).*

We also note from the results announcement of FSL Trust for 1Q2022 that the tanker markets slightly improved in 1Q2022 as compared to the last quarter of 2021 but the impact of the war in the Ukraine and the elevated geopolitical risks on the global economy and the shipping industry continues to present uncertainties to the Group.

As a reference, the Base Management Fee represents 2.1% of the latest announced unaudited net asset value of the Group of US\$66.33 million as at 31 March 2022.



4.5 OTHER CONSIDERATIONS

4.5.1 The Proposed Authorised Businesses Amendments

As set out in Section 2.1 of the Circular, the Trustee-Manager is proposing to amend the scope of the Authorised Businesses and expand the current scope of Authorised Businesses to include other maritime assets, floating and offshore energy and/or infrastructure assets and all activities, concerns, functions and matters reasonably incidental thereto.

We extract the rationale from Section 2.1.3 of the Circular as follows:

“FSL Trust’s investment mandate and Authorised Businesses are currently limited to the various activities and investments in respect of vessels only, which is a very narrow mandate recognising the bandwidth of asset classes.”

“The Trustee-Manager believes that an expansion of the scope of the Authorised Businesses to include other maritime assets, floating and offshore energy and/or infrastructure assets, for instance energy-related offshore assets which are more industrial in nature such as gas or floating solar photovoltaic (PV) and others, may present significant investment opportunities for the future growth and sustainability of the business of FSL Trust, not only in less volatile and cyclical areas of the maritime industry, but also in view of the changing environmental regulation and global energy transition. The proposed expansion of the scope of the Authorised Businesses of FSL Trust will put FSL Trust into a position to act upon and benefit from such appropriate investment opportunities that may arise, which will, in turn, provide key benefits to FSL Trust, such as portfolio growth and business diversification. The Trustee-Manager is of the view that the proposed expansion of the scope of the Authorised Businesses of FSL Trust will provide the necessary flexibility to invest across a wider spectrum of assets in the maritime industry, not only plain vanilla vessels, and ultimately strengthen the position and profile of FSL Trust.”

As set out above, the expanded scope of Authorised Businesses may include energy-related offshore assets which are more industrial in nature such as gas or floating solar photovoltaic (“PV”). Such assets may generate other form of cash income rather than Lease Income, for example, other fees paid by a charterer and/or up-front payments. Accordingly, the 4.0% management fee shall also be applied on any such Other Cash Income (rather than Lease Income) to be generated by the expanded scope of Authorised Businesses.

4.5.2 The existing management fee structure has been in place since the listing of FSL Trust

We note that the existing management fee structure has been in place since the listing of FSL Trust in March 2007.

4.5.3 Abstention from voting

We note that the Trustee-Manager will abstain, and will ensure that its associates (including the Sponsor), abstain from voting on the resolution approving the Proposed Management Fee Amendments. The Trustee-Manager and its associates (including the Sponsor) will also not accept appointments as proxies unless specific instructions as to voting are given.



4.5.4 Waiver of fees by the Trustee-Manager

As set out in Section 3.3.1 of the Circular, the Trustee-Manager waived fees in excess of US\$1,500,000 in acquisition and disposal fees in 2021 to the benefit of FSL Trust and its Unitholders. The vessel disposals in the past few years have preserved and created substantial value for FSL Trust and its Unitholders but has inadvertently resulted in a reduction in the management fees and other fee income received by the Trustee-Manager.

5. REVIEW OF THE OTHER INTERESTED PERSON TRANSACTIONS

As set out in paragraphs 3.3 and 4.2 of this IFA Letter, FSL Trust also obtained technical management services and commercial management services from Prime Tanker, which is considered to be the same interested person as the Trustee-Manager under the Listing Manual. We note from the agreements entered into between the Group and Prime Tanker that Prime Tanker charges the Group US\$550 per vessel per day for (i) technical management services; or (ii) technical and commercial management services.

We compare the technical management fee charge by Prime Tanker with the technical management fee paid by the Comparable Shipping Companies set out in paragraph 4.2 of the IFA Letter as follows:

Name of Comparable Shipping Companies	Technical management fees
Castor Maritime Inc.	A daily fee of US\$600 per vessel
Global Ship Lease, Inc.	US\$200,000 per annum per vessel, equivalent to approximately US\$548 per vessel per day
MPC	Based on the technical management fees paid by MPC, we calculate its technical management fee to be approximately US\$448 per vessel per day for FY2021
Pyxis Tankers Inc.	US\$155,000 per annum per vessel, equivalent to approximately US\$425 per vessel per day
Taylor Maritime Investments Limited	A technical management fee of approximately US\$439 per vessel per day for FP2022
FSL Trust	A technical management fee of US\$550 per vessel per day for technical management services from Prime Tanker

The technical management fee of US\$550 per vessel per day for technical management services from Prime Tanker is within the range of technical management fees of the Comparable Shipping Companies.



6. OUR OPINION

We summarise the key factors we have taken into our consideration when assessing the Proposed Management Fee Amendments:

- (a) the Proposed Management Fee Amendments is to cover the actual expenses of the Trustee-Manager in performing its services as the trustee-manager of FSL Trust;
- (b) we calculate the commercial as well as corporate and administrative management fee of FSL Trust to be US\$349 per vessel per day which is within the range of and lower than the average commercial as well as corporate and administrative management fees of the four Comparable Shipping Companies which have disclosed their commercial as well as corporate and administrative management fees clearly;
- (c) the daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$899 per vessel is within the range of daily aggregate management fee per vessel (of between US\$702 and US\$2,750) and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;
- (d) the daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$899 per vessel is also within the range of the adjusted daily aggregate management fee per vessel (of between US\$765 and US\$2,750) and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;
- (e) in the event that FSL Trust reduces its number of vessels to eight (8) vessels, the aggregate daily aggregate management fee of FSL Trust (after aggregating the Base Management Fee and the technical management fee of US\$550 per vessel per day) of approximately US\$1,029 per vessel is still within the range and lower than the average daily aggregate management fee per vessel of all eight Comparable Shipping Companies;
- (f) the Base Management Fee is generally lower than the fixed management fee of the SGX Business Trusts, in particular, after taking into consideration the remuneration expenses borne by such SGX Business Trusts;
- (g) while the management fee of FSL Trust will increase substantially for FY2021 had the Proposed Management Fee Amendments been effective since 1 January 2021, this can be attributed to the weaker market conditions for tankers in FY2021 coupled with the reduced number of vessels held by FSL Trust after several vessel disposals in the past few years; and
- (h) other considerations as set out in paragraph 4.5 of this IFA Letter.

Please also refer to paragraph 5 of this IFA Letter for our evaluation of the interested person transaction in relation to the technical management services from Prime Tanker which is a subject of aggregation pursuant to Rule 906 of the Listing Manual.

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Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Proposed Management Fee Amendment (and the other interested person transactions set out in paragraph 5 of this IFA Letter which are subject of aggregation with the Proposed Management Fee Amendments) are on normal commercial terms and is not prejudicial to the interests of FSL Trust and its Independent Unitholders.

This IFA Letter is prepared for the purposes of Rule 921(4)(a) of the Listing Manual and also addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Management Fee Amendments, and the recommendation made by them to the Independent Unitholders, shall remain the responsibility of the Independent Directors. Neither FSL Trust, the Trustee-Manager, the Directors nor the Unitholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than for the Proposed Management Fee Amendments at any time and in any manner without the prior written consent of Xandar Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 No. 200702265R
(as Trustee-Manager of First Ship Lease Trust)

NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms in this Notice which are not defined herein shall have the same meaning ascribed to them in the Circular to Unitholders dated 29 July 2022 (the “**Circular**”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the unitholders of First Ship Lease Trust (“**FSL Trust**”) will be held by electronic means on Tuesday, 23 August 2022 at 5.00 p.m for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions:

EXTRAORDINARY RESOLUTION 1: THE PROPOSED TRUST DEED AMENDMENTS

That:

- (a) approval be and is hereby given to amend the trust deed constituting First Ship Lease Trust (as amended and modified by a supplemental deed dated 20 April 2010, a second supplemental deed dated 6 April 2011 and as may be amended, modified or supplemented from time to time, the “**Trust Deed**”) with the Proposed Trust Deed Amendments (as defined in the Circular), comprising the Proposed Authorised Businesses Amendments, the Proposed Distribution Date Amendments, the Proposed Electronic Communications Amendments, the Proposed Alternative Meeting Arrangements Amendments and the Proposed Multiple Proxies Amendments (each as defined in the Circular), in the manner set out in Appendices A, B, C, D and E of the Circular;
- (b) the Trustee-Manager and any director of the Trustee-Manager (“**Director**”) be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or such Director may consider necessary or expedient or in the interests of FSL Trust to give effect to this resolution; and
- (c) any and all actions taken by any Director, the Trustee-Manager or FSL Trust in respect of the matters considered in this resolution be and are hereby approved and ratified.

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXTRAORDINARY RESOLUTION 2: THE PROPOSED MANAGEMENT FEE AMENDMENTS

That:

- (a) approval be and is hereby given to amend the Trust Deed constituting First Ship Lease Trust with the Proposed Management Fee Amendments (as defined in the Circular), in the manner set out in Appendix F of the Circular;
- (b) the Trustee-Manager and any Director be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or such Director may consider necessary or expedient or in the interests of FSL Trust to give effect to this resolution; and
- (c) any and all actions taken by any Director, the Trustee-Manager or FSL Trust in respect of the matters considered in this resolution be and are hereby approved and ratified.

BY ORDER OF THE BOARD

Elizabeth Krishnan and Bridget Boyd
Company Secretaries
Singapore
29 July 2022

Important Notice on COVID-19

1. Notice of EGM

This Notice of EGM is sent to Unitholders by electronic means via publication on the Trustee-Manager's website at the URL www.fsltrust.com. The Notice will also be available on the SGX website at the URL www.sgx.com/securities/company-announcements. A printed copy of the Notice is also included in the Circular, sent to the unitholders.

2. Attendance at EGM

Attendance at the EGM will be via electronic means.

Unitholders may participate at the EGM in the following manner:

- (a) observing and/or listening to the EGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;
- (b) submitting questions in advance of the EGM or "live" at the EGM; and/or
- (c) voting at the EGM "live" by Unitholders themselves or their duly appointed proxy(ies) via electronic means.

Unitholders who are interested to participate at the EGM are required to pre-register their interest at conveneagm.com/sg/fsltrustegm for verification purposes. The website will be open for pre-registration from 9:00 a.m. on 29 July 2022 and will close at 5.00 p.m. on 21 August 2022. Following verification, an email will be sent to unitholders on or around 23 August 2022 via the e-mail address provided on pre-registration. If you have any queries on the webcast, please email support@conveneagm.com or call the toll-free telephone number 800 852 3335.

3. Voting by Proxy

Unitholders who wish to vote on the resolutions may vote "live" via electronic means at the EGM by such Unitholders or their proxy(ies).

Unitholders appointing the Chairman of the EGM as proxy must give specific directions as to the manner of voting or abstentions from voting, in the proxy form, failing which, the appointment will be treated as invalid. The proxy form can be downloaded from the Trustee-Manager's website at the URL www.fsltrust.com and will also be available on the SGXNet.

NOTICE OF EXTRAORDINARY GENERAL MEETING

The instrument appointing a proxy must be submitted in the following manner:

- (a) if submitted in hard copy, the proxy form may be sent personally or by post and lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically via email, the proxy form must be sent to agm@firstshiplease.com.

In either case, the proxy form must be received by the Unit Registrar not less than 48 hours before the time appointed for the EGM.

Unitholders who hold their units through relevant intermediaries as defined in Section 181 of the Companies Act (including SRS investors), and who wish to exercise their votes should approach their respective relevant intermediaries to submit their voting instructions in advance, in order to allow sufficient time for their respective relevant intermediaries to submit the proxy form to vote on their behalf, by 5.00 p.m. on 21 August 2022.

A proxy need not be a Unitholder of FSL Trust.

4. Submission of Questions

Unitholders can submit questions in advance of, or “live” at the EGM. Unitholders who wish to submit questions in advance of the EGM may do so, at conveneagm.com/sg/fsltrustegm, latest by 5.00 p.m. on 21 August 2022. The Trustee-Manager will answer all substantial and relevant questions during the EGM.

Unitholders and proxyholders who have pre-registered and are verified to attend the EGM will be able to ask questions relating to the agenda of the EGM by clicking the “Ask a Question” feature and then clicking the “Queue for Video Call” via the Live Webcast. The relevant Unitholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audio-visual or audio means during the EGM within a certain prescribed time limit.

The Trustee-Manager will, within one month after the EGM, publish the minutes of the EGM on SGXNet and its website.

5. Circular

A copy of the Circular was despatched to Unitholders 29 July 2022. The said Circular is also available on the Trustee-Manager’s website and on SGXNet.

Personal Data Privacy:

By (a) submitting a proxy form appointing the Chairman of the EGM to vote at the EGM and/or any adjournment thereof or (b) submitting any question prior to the EGM in accordance with Note (4) or submitting the pre-registration form in accordance with Note (2) of this Notice, a Unitholder of FSL Trust (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as proxy of the EGM (including any adjournment thereof) and the preparation and compilation of the pre-registration forms, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), and (ii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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PROXY FORM

FIRST SHIP LEASE TRUST

(a business trust constituted on 19 March 2007)

FSL TRUST MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200702265R)

(as Trustee-Manager of First Ship Lease Trust)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We _____ (Name)

holder of NRIC/Passport Number or Company Registration or UEN _____

of _____ (Address)

being a Unitholder/Unitholders of First Ship Lease Trust hereby appoint:

Name	Proportion of Unitholdings	
NRIC/Passport Number	No. of Units	%
Address		

and/or (delete as appropriate)

Name	Proportion of Unitholdings	
NRIC/Passport Number	No. of Units	%
Address		

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Extraordinary General Meeting ("EGM") of Unitholders of First Ship Lease Trust to be held on Tuesday, 23 August 2022 at 5.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion.

	*Number of Votes For	*Number of Votes Against	*Number of Votes Abstain
Extraordinary Resolution 1 To approve the Proposed Trust Deed Amendments			
Extraordinary Resolution 2 To approve the Proposed Management Fee Amendments			

*If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular resolution, you are directing your proxy not to vote on that resolution and your votes will not be counted in computing the required majority on the poll.

Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Unitholders are encouraged to refer to the Notice of EGM dated 29 July 2022 for the full purpose and intent of the resolutions to be passed.

Dated this _____ day of _____ 2022.

Total number of Units held in:	Number of Units
CDP Register	

Signature(s) of Unitholder(s) or
Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:

1. Due to the COVID-19 Order in Singapore, a member will not be able to attend the EGM in person. Attendance at the EGM will be via electronic means. A member (whether individual or corporate) may appoint a proxy to attend and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.
2. A proxy need not be a Unitholder of First Ship Lease Trust.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore, he should insert that number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy must be submitted in the following manner:
 - (a) if submitted in hard copy, the proxy form may be sent personally or by post and lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically via email, the proxy form must be sent to agm@firstshiplease.com.
5. In either case, the proxy form must be received by the Unit Registrar not less than 48 hours before the time appointed for the EGM, that is, 5.00 p.m. on 21 August 2022, failing which, the instrument of proxy shall be treated as invalid.
6. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney or duly authorised officer, the letter or power of attorney or board resolution duly authorising the officer or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Trustee-Manager shall be entitled to reject the instrument appointing a proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject the instrument appointing a proxy if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited ("**Depository**") to The Trustee-Manager.
9. For the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Unitholder may cast in respect of such Units, the Trustee-Manager shall be entitled and bound to accept as accurate the number of Units credited in the securities account(s) of the relevant depositor as shown in the records of the Depository as at a time not earlier than 48 hours prior to the time of the relevant meeting supplied by the Depository to the Trustee-Manager, and accept as the maximum number of votes which in aggregate the depositor's proxy is able to cast on a poll a number which is the number of Units credited into the securities account(s) of the relevant depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the depositor in the instrument of proxy. The Trustee-Manager shall not, under any circumstances, be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository.

Personal Data Privacy:

By submitting an instrument appointing a proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 29 July 2022.

Fold this flap for sealing

Please affix
postage
stamp

THE COMPANY SECRETARY
FSL TRUST MANAGEMENT PTE. LTD.
(as Trustee-Manager of First Ship Lease Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

