

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

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**EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS – QUESTIONS AND ANSWERS**

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The Board of Directors (the “**Board**”) of FSL Trust Management Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”) of First Ship Lease Trust (“**FSL Trust**” or the “**Trust**”), wishes to share the responses to questions received from unitholders in advance of the Extraordinary General Meeting (“**EGM**”) of the unitholders of FSL Trust held on 23 April 2021.

- 1) What the valuation of the newbuildings was and why the Trust did not wait with the disposal of the newbuildings.

Answer: The Trustee-Manager obtained valuations from Braemar ACM Valuations Limited, an independent, third party firm providing valuation services, who estimated the market value of the newbuildings at US\$ 50.5 million each (US\$ 101.0 million in aggregate). VesselsValue, a leading online valuation AIS and market intelligence service for the maritime and offshore sectors, estimated a value of approximately US\$ 41.0 million for *FSL Suez* and US\$ 41.5 million for *FSL Fos* (US\$ 82.5 million in aggregate). The newbuildings were sold for US\$ 52.5 million each (US\$ 105.0 million in aggregate), which was above the value estimates by both Braemar ACM Valuations Limited and VesselsValue.

Since the decision to build the newbuildings was made in 2018, the short-term earnings prospects for LR2 product tankers have fundamentally weakened due to the adverse impact of the Covid-19 pandemic on the oil and oil products trade. In addition, the International Maritime Organisation’s increasingly ambitious carbon emission reduction targets challenge the medium- to long-term prospects even for today’s technologically most advanced vessels like the newbuildings.

Due to changes in the market environment and the environmental regulatory framework since the newbuildings were contracted and as significant uncertainty remains as to when the markets will recover, a prolonged market environment of weak earnings can substantially adversely impact the cash flow and profitability of the newbuildings and the Trust, the decision to sell the newbuildings was made as the newbuildings were reasonably expected to create losses.

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

Mr Efsthathios Topouzoglou  
Non-Independent Non-Executive Chairman  
22 April 2021