

# FIRST SHIP LEASE TRUST

(Registration No.: 2007002)

(A business trust registered under the Business Trusts Act)

## MINUTES OF THIRTEENTH ANNUAL GENERAL MEETING OF FIRST SHIP LEASE TRUST HELD VIA LIVE AUDIO AND WEBCAST

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<b>Date</b>	Tuesday, 30 June 2020
<b>Time</b>	4.38 p.m.
<b>Present</b>	: Unitholders who attended by live audio and webcast as recorded in the attendance lists
<b>In attendance</b>	:
Directors ( <i>In Person</i> )	- Mr N. Sreenivasan (Independent Director) (Chairman of Meeting)
( <i>Via videoconference</i> )	) Mr Stathis Topouzoglou (Non-Independent Non-Executive Chairman) ) Mr Michail Chalkias (Non-Independent Non-Executive Director) ) Mr Michael Gray (Lead Independent Director) ) Mr Michael Oliver (Independent Director) ) Mr Konstantinos Courcoubetis (Independent Director)
Management ( <i>In-Person</i> )	) Mr Roger Woods (Chief Executive Officer) ) Mr Markus Wenker (Chief Financial Officer)
Auditors ( <i>Via webcast</i> )	- Mr Neo Keng Jin, Partner Moore Stephens
Company Secretary ( <i>In-Person</i> )	- Ms Elizabeth Krishnan

### CHAIRMAN OF MEETING AND QUORUM

After ascertaining that a quorum was present, the Chairman of the Meeting, Mr N. Sreenivasan, declared the Annual General Meeting open.

On behalf of FSL Trust Management Pte. Ltd., the Trustee-Manager of First Ship Lease Trust (“**FSL Trust**”), he welcomed the unitholders to the Thirteenth Annual General Meeting of FSL Trust. He informed that since the Chairman of the Board, Mr Stathis Topouzoglou, could not be in Singapore due to travel restrictions and to avoid any disruption in the proceedings in the event of any internet connectivity issues, he had been appointed as the Chairman of this meeting.

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

After thanking Mr Stathis Topouzoglou for giving a careful analysis of the market conditions and the challenges faced by the global shipping market, amid the Covid-19 pandemic, the Chairman of Meeting continued with the proceedings of the meeting.

The Chairman of Meeting stated that this meeting is convened by the Trustee-Manager, by electronic

means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for companies, variable capital companies, business trusts, unit trusts and debenture holders) Order 2020. Instead of a physical meeting, the meeting is held virtual by live audio and webcast. In the light of this, certain aspects and procedural formalities, customarily practiced at an annual general meeting, may be varied or dispensed at this meeting. Nonetheless, to maintain the relationship with unitholders, certain measures were implemented.

The Notice of AGM was sent to unitholders by electronic means via publication on the Trustee-Manager's website and SGXNet on 5 June 2020. The annual report 2019 was dispatched to unitholders on 9 April 2020. The annual report is also available on the Trustee Manager's website and SGXNet.

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

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

Mr Roger Woods, Chief Executive Officer and Mr Markus Wenker, Chief Financial Officer, were requested to deliver a presentation on the Trust (attached as "**Annexure A**"). The presentation slides were also made available on the Trustee-Manager's website.

## **QUESTIONS AND ANSWERS**

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

### **Question 1 - Whether there are further sales of vessels planned.**

Answer - The Trustee-Manager deploys a dynamic fleet strategy to take advantage of market movements and opportunities as they arise to sell (and buy) vessels and to maximise value for the unitholders. The Trustee-Manager closely monitors both the sale and purchase markets and the chartering markets and constantly reviews the composition of the portfolio and the prospects of the vessels in the portfolio. This may include potential further sales (and/or acquisitions) of vessels in the ordinary course of business of the Trust.

Environmental aspects are second important consideration in the Trust's fleet strategy as the energy efficiency of the vessels and the emission of Greenhouse Gas (GHG) has increasingly gained relevance, with the target of enhancing the environmental footprint of the Trust's fleet.

### **Question 2 - Whether the market (demand and prices) has changed for the vessel types in the fleet of FSL Trust.**

Answer - The tanker markets have softened in the recent weeks, after the demand for floating storage on tankers reduced and more vessels resumed trading, increasing the number of vessels available. This has had an effect on both freight rates and market values, whereas the liquidity in the sale and purchase market had been comparably low in the first half of 2019, due to Covid-19 and its effects on international travelling.

The contracted revenues and charter coverage of 69% of ownership days for the full year 2020 significantly reduced the market exposure of the Trust. In addition, the deleveraging of the balance sheet results in low cash break-even rates which provides downside protection and makes the Trust more resilient to market disruptions like the global Covid-19 pandemic.

**Question 3 - Whether it is more beneficial to employ vessels in the spot market or under (bareboat) charters (in the next 12 to 24 months) and which strategy FSL Trust follows.**

Answer - The Trustee-Manager deploys a multi-strategy approach for the employment of the vessels, reflecting the diversity of the fleet and the different market characteristics of the specific segments.

For the smaller, more specialised product tankers, the Trustee-Manager follows a clear strategy of period employments and is in discussions with the charterer of the vessels to renew the charters for some of the vessels.

The Trustee-Manager follows a similar approach for the containerships, where the Trustee-Manager is currently considering the strategic alternatives and the employment options available.

The medium-range product tankers and the Aframax crude oil tanker are employed in pools which provide maximum market coverage and the Trustee-Manager has currently no intention to change the employment for these vessels.

The Trustee-Manager has not decided on the employment of the two LR2 product tanker newbuildings yet and will consider the employment options available closer to delivery of the vessels. Due to the high specifications and fuel efficiency of the newbuildings, these vessels should be more attractive to charterers and have a competitive advantage over conventional non-eco LR2 product tankers.

**Question 4 - Whether the Trust will continue to pay the dividends paid for the last two quarters and what the dividend strategy will be.**

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

The amount of the distributions paid for the last two quarters was primarily driven by two factors: 1) the significant liquidity position as a result of the disposal of vessels, and 2) the strong balance sheet and financial position even after payment of the distributions. In addition, any potential alternative uses of the liquidity have been constrained by a) the abundance of geopolitical events throughout 2019 which led to higher uncertainty and volatility in the shipping markets and, in turn, limited accretive investment opportunities that match the Trust's risk appetite, and b) in case of the distribution for the 1st quarter of 2020, the increased systematic risk and uncertainty in relation to the global macroeconomic prospects as a consequence of the Covid-19 pandemic.

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

## **NOTICE**

The Notice convening the meeting was taken as read.

All Resolutions were voted upon by way of poll in compliance with the Listing Rules. Unitholders have

cast their votes. DrewCorp Services Pte Ltd, the scrutineer had counted the votes prior to the meeting.

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

1. **ADOPTION OF THE REPORT OF THE TRUSTEE-MANAGER, STATEMENT BY THE TRUSTEE-MANAGER AND AUDITED FINANCIAL STATEMENTS OF FIRST SHIP LEASE TRUST FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 TOGETHER WITH THE AUDITORS' REPORT THEREON – RESOLUTION 1**

The Meeting proceeded to receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and Audited Financial Statements of the Trust for the year ended 31 December 2019 together with the Auditor's Report thereon.

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

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,294,579,808	1,294,579,808	100%	0	0%

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

As an Ordinary Resolution:

"That the Report of the Trustee-Manager, Statement by the Trustee-Manager and Audited Financial Statements of FSL Trust for the financial year ended 31 December 2019, together with the Auditor's Report thereon be received and adopted."

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

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

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

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,294,579,808	1,294,579,808	100%	0	0%

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

As an Ordinary Resolution:

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

### 3. AUTHORITY TO ISSUE NEW UNITS – RESOLUTION 3

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

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

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

Total no. of valid votes cast	No. of votes “FOR”	% “FOR”	No. of votes “AGAINST”	% “AGAINST”
1,294,579,808	1,294,579,808	100%	0	0%

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

As an Ordinary Resolution:

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

- (a) (i) issue units in FSL Trust (“**Units**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Units,
 

at any time to such persons and on such terms and conditions whether for cash or otherwise as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

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

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

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

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

Total no. of valid votes cast	No. of votes “FOR”	% “FOR”	No. of votes “AGAINST”	% “AGAINST”
1,294,579,808	1,293,864,808	99.94%	715,000	0.06%

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

As an Ordinary Resolution:

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

**CLOSING STATEMENT**

In delivering the closing statement, Mr Stathis Topouzoglou, thanked unitholders for their continued support and expressed the desire to meet unitholders at the next opportunity.

**CONCLUSION**

There being no other business to transact, the Chairman of Meeting declared the Annual General Meeting of the Trust closed at 5.35 p.m. and thanked everyone for their attendance.

**Confirmed As True Record Of Proceedings Held**

**N. Sreenivasan  
Chairman of Meeting**