

CIRCULAR DATED 5 APRIL 2021

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.

Due to the current COVID-19 restriction orders in Singapore, Unitholders will not be able to attend the Extraordinary General Meeting ("**EGM**") in person. Alternative arrangements have been put in place to allow Unitholders to participate in the EGM by (i) watching or listening to the EGM proceedings via a live webcast; (ii) submitting questions in advance of the EGM; and (iii) voting by proxy 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 at 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 RATIFICATION OF THE DISPOSAL OF THE VESSELS

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form : 21 April 2021 at 4:30 p.m.

Date and time of Extraordinary General Meeting : 23 April 2021 at 4:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4:00 p.m. on the same day)

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DEFINITIONS

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

“Board”	:	The board of Directors of the Trustee-Manager for the time being
“Bridge Facility”	:	The zero interest bridge facility in the amount of US\$12.5 million extended by PSI to the FSL Subsidiaries
“Business Trusts Act”	:	The Business Trusts Act (Chapter 31A) of Singapore, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Unitholders dated 5 April 2021
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Consideration”	:	The aggregate gross consideration for the Vessels Disposal of US\$105 million
“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
“Director”	:	A director of the Trustee-Manager for the time being
“EGM”	:	The extraordinary general meeting of FSL Trust, notice of which is set out on pages 25 to 26 of this Circular
“EPS”	:	Earnings per Unit
“Existing Units”	:	The total number of issued Units in FSL Trust of 1,768,057,636 Units (excluding treasury Units) as at the Latest Practicable Date
“FSL Fos”	:	“FSL Fos”, a 114,000 dwt scrubber fitted Tier III engine LR2 product tanker built at the Shipyard with hull no. N945
“FSL Osaka Disposal”	:	The disposal of the vessel “FSL Osaka”, a 45,998 dwt MR product tanker built in Shin Kruushima in Japan in 2007, by a wholly-owned subsidiary of FSL Trust to an unaffiliated third party, which was completed on 23 March 2021
“FSL Subsidiaries”	:	FSL-28, Inc. and FSL-29, Inc., each a wholly-owned subsidiary of FSL Trust
“FSL Suez”	:	“FSL Suez”, a 114,000 dwt scrubber fitted Tier III engine LR2 product tanker built at the Shipyard with hull no. N944
“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

DEFINITIONS

“Independent Valuer”	:	Braemar ACM Valuations Limited, the independent valuer for the Vessels
“IPO Prospectus”	:	The initial public offering prospectus of FSL Trust dated 19 March 2007
“Latest Practicable Date”	:	29 March 2021, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MOA”	:	The memorandum of agreement dated 1 February 2021 entered into between FSL-28, Inc. and Silver Dry Bulk Company Ltd for the sale of FSL Suez and the memorandum of agreement dated 1 February 2021 (as amended and modified by an Addendum No. 1 dated 23 February 2021) entered into between FSL-29, Inc. and Silver Dry Bulk Company Ltd for the sale of FSL Fos
“Newbuilding Acquisition”	:	The construction, sale and delivery of the Vessels by the Shipyard to the FSL Subsidiaries, the details of which are set out in Section 2.1 of this Circular
“Newbuilding Acquisition Announcement”	:	The announcement made by the Trustee-Manager dated 6 December 2018 in respect of the Newbuilding Acquisition
“Notice of EGM”	:	The notice of EGM set out on pages 25 to 26 of this Circular
“NTA”	:	Net tangible assets
“PMCHI”	:	PMC Holding Inc.
“Preferential Offering”	:	The non-renounceable non-underwritten preferential offering completed by FSL Trust on 7 June 2019 of 956,184,865 new units at an issue price of S\$0.045 for new each new unit, on the basis of three (3) new units for every two (2) units held by entitled unitholders as at the relevant books closure date
“Preferential Offering Circular”	:	The circular to Unitholders dated 4 April 2019 in respect of the Preferential Offering
“Proposed Ratification”	:	The proposed ratification of the Vessels Disposal
“Proxy Form”	:	The proxy form in respect of the EGM enclosed in this Circular
“PSI”	:	Prime Shareholdings Inc.
“Purchasers”	:	Silver Dry Bulk Company Ltd and Libyan Oil Carrier Limited
“Register of Unitholders”	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)

DEFINITIONS

“ Relevant Units ”	:	The 1,292,288,508 Units, representing approximately 73.09% of the Existing Units, held by the Sponsor and the Trustee-Manager as at the Latest Practicable Date
“ 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, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“ SGX RegCo ”	:	Singapore Exchange Regulation
“ SGX RegCo Letter ”	:	The letter from SGX RegCo to the Trustee-Manager dated 9 March 2021
“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Shipyard ”	:	Cosco Shipping Heavy Industry (Yangzhou) Co., Ltd.
“ Sponsor ”	:	FSL Holdings Pte. Ltd., the sponsor of FSL Trust
“ Subsidiaries ”	:	Has the meaning ascribed to it in Section 5 of the Companies Act 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
“ Valuation Certificates ”	:	The valuation certificate issued by the Independent Valuer dated 19 March 2021 in relation to FSL Suez as set out in Appendix A to this Circular and the valuation certificate issued by the Independent Valuer dated 19 March 2021 in relation to FSL Fos as set out in Appendix B to this Circular
“ Vessels ”	:	FSL Suez and FSL Fos

DEFINITIONS

“Vessels Disposal”	:	The disposal of FSL Suez by FSL-28, Inc. and the disposal of FSL Fos by FSL-29, Inc. in accordance with the terms and conditions of the MOA
“Voting Undertaking”	:	The voting undertaking provided by the Sponsor, the details of which are set out in paragraph 3.7 of this Circular
“%” or “percent”	:	Percentage or per centum
“S\$” or “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“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.

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 in relation to Singapore law.

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)
Konstantinos Courcoubetis (Independent, Non-Executive Director)

Registered Office:

9 Temasek Boulevard
#19-03
Suntec Tower Two
Singapore 038989

5 April 2021

Dear Unitholders

THE PROPOSED RATIFICATION OF THE DISPOSAL OF THE VESSELS

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Board is convening the EGM to seek Unitholders' approval for the ordinary resolution to approve the proposed ratification of the Vessels Disposal (the "**Proposed Ratification**").

1.2 Circular

The purpose of this Circular is to provide Unitholders with relevant information relating to the Proposed Ratification and to seek Unitholders' approval for the Proposed Ratification set out in the Notice of EGM.

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 RATIFICATION OF THE VESSELS DISPOSAL

2.1 Background

(a) Newbuilding Acquisition

On 12 December 2018, the Trustee-Manager announced that FSL-28, Inc. and FSL-29, Inc. (together, the "**FSL Subsidiaries**"), each a wholly-owned subsidiary of FSL Trust, had separately entered into shipbuilding contracts dated 12 December 2018 with Cosco Shipping Heavy Industry (Yangzhou) Co., Ltd. (the "**Shipyard**"), a state-controlled shipyard based in the People's Republic of China and part of the COSCO SHIPPING Corporation Group, pursuant to which the Shipyard would construct, sell and deliver the Vessels for an aggregate consideration of US\$97.6 million on the terms and conditions of the shipbuilding contracts (the "**Newbuilding Acquisition**"). The Trustee-Manager also announced on 12 December 2018 that the Newbuilding Acquisition constituted a "very substantial acquisition" within the meaning of Chapter 10 of the Listing Manual and that the SGX-ST had on 18 October 2018 stated that, subject to certain conditions, it had no objections to FSL Trust's application for a waiver of Unitholders' approval in respect of the Newbuilding Acquisition. The Newbuilding Acquisition would be funded partially by the net proceeds of the

LETTER TO UNITHOLDERS

Preferential Offering¹ and was being undertaken as part of the renewal of FSL Trust's ageing fleet to reduce the age profile of FSL Trust's fleet and enhance its commercial attractiveness and marketability.

Please refer to the Trustee-Manager's announcements dated 6 December 2018, 12 December 2018, 13 December 2018, 17 December 2018, 8 February 2019 and 2 September 2020 for further details on the Newbuilding Acquisition.

(b) Vessels Disposal

On 17 February 2021, the Trustee-Manager announced that the FSL Subsidiaries had executed the MOAs to sell the Vessels to an unaffiliated third party following their deliveries from the Shipyard and will finance the final instalments payable to the Shipyard through existing liquidity of FSL Trust and the proceeds of the Bridge Facility².

The Bridge Facility was secured by a guarantee of the FSL Trust, bore no interest or fees and was repayable to PSI following the completion of the disposal of the Vessels Disposal. The Trustee-Manager further announced that it waived, to the benefit of FSL Trust and its Unitholders, its entitlement to an aggregate fee of approximately US\$1.5 million, being the acquisition fee of 1.0% on the purchase price and the divestment fee of 0.5% on the disposal price, that would otherwise be payable to the Trustee-Manager under the Trust Deed upon acquisition and sale, respectively, of an asset of FSL Trust.

On 1 March 2021, the Trustee-Manager announced that the Vessels Disposal of FSL Suez and FSL Fos had been completed with their successful delivery to the Purchasers, guaranteed nominees of General Maritime Transport Company, a state-owned Libyan shipping company, on 24 February 2021 and 26 February 2021, respectively. It was stated that the Vessels Disposal was made in the ordinary course of business.

(c) Authorised Businesses of FSL Trust

The Trust Deed states that FSL Trust is established to principally engage in Authorised Businesses. Under the Trust Deed, "Authorised Businesses" is defined as:

- (a) *the acquisition, disposition, ownership, management, operation, finance leasing, leasing and chartering of vessels and all activities, concerns, functions and matters reasonably incidental thereto;*
- (b) *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*
- (c) *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.

¹ The Newbuilding Acquisition of US\$97.6 million (total contract price) was financed as follows:

- (i) the amount of US\$10.0m utilised under a bridging loan of up to US\$25.0 million from the Sponsor (as announced on 8 February 2019), which was repaid in full through a set-off against the subscription monies for new and excess units under the Preferential Offering (as announced on 6 August 2019);
- (ii) the net proceeds of US\$31.0 million from the Preferential Offering (including the set-off mentioned under (i) above);
- (iii) the proceeds from the Bridge Facility of US\$12.5 million from PSI (as announced on 17 February 2021); and
- (iv) the balance of US\$54.1 million from free liquidity of FSL Trust, including but not limited to, free cash flow and net proceeds from the disposal of vessels, including FSL Suez.

² The bridging loan from the Sponsor referred to in Footnote 1 above is not related to the Bridging Facility from PSI. The total amount of interest accrued and paid to FSL the Sponsor under the bridging loan was US\$0.2 million, while the Bridging Facility from PSI is interest-free.

LETTER TO UNITHOLDERS

In line with the above definition of “Authorised Businesses”, the Board is of the view that the Vessels Disposal was made in the ordinary course of business.

In its determination, the Board took into account:

- (i) that the definition of Authorised Businesses in the Trust Deed specifically includes the disposition of vessels and the Board was accordingly of the view that, other than in a liquidation³, the acquisition and disposal of any vessel (including the Vessels) is in the ordinary course of business regardless of the time frame of such acquisition or disposition; and
- (ii) the rationale for the Vessels Disposal as set out in paragraph 3.4 below.

2.2 Ratification Required

Notwithstanding the views of the Board above, by way of the SGX RegCo Letter, SGX RegCo notified the Trustee-Manager that it is of the view that the Vessels Disposal was not in the ordinary course of business and that Chapter 10 of the Listing Manual applied to the Vessels Disposal.

The SGX RegCo was of the opinion that:

- (a) the main objective of FSL Trust (as stated in its IPO Prospectus) was to derive a stable income stream from its portfolio of lease assets. FSL Trust’s mandate did not include short-term trading of vessels but the Vessels had been disposed immediately upon completion of construction even before deployment by FSL Trust;
- (b) it was stated in the Preferential Offering Circular that the net proceeds of the Preferential Offering would be used for, amongst others, the fleet renewal by way of the Newbuilding Acquisition, and it was stated in the Newbuilding Acquisition Announcement that the Newbuilding Acquisition was being undertaken as part of the renewal of FSL Trust’s ageing fleet. Accordingly, the Vessels Disposal deviated from the original objectives of the acquisition of the Vessels and the Preferential Offering, which was to renew FSL Trust’s ageing fleet; and
- (c) under paragraph 2.6 of Practice Notice 10.6 of the Listing Manual, it is stated that a disposal of an issuer’s business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business. In SGX RegCo’s opinion, the disposal of the Vessels, which were newly built for the stated purpose of renewing FSL Trust’s aging fleet and which would have formed a significant portion of FSL Trust’s net asset value, would not be considered in the ordinary course of business and Chapter 10 of the Listing Manual would apply to the Vessels Disposal.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceed the 20% threshold for major transactions, SGX RegCo required FSL Trust to seek Unitholders’ ratification of the Vessels Disposal at an EGM under Rule 1014 of the Listing Manual as soon as possible and no later than 30 April 2021 (being the date by which FSL Trust is required to hold its annual general meeting).

On 10 March 2021, the Trustee-Manager announced the contents of the SGX RegCo Letter and that, as required by SGX RegCo in the SGX RegCo Letter, it had submitted the following documents to SGX RegCo:

- (a) a confirmation from FSL Trust to SGX RegCo that the Vessels Disposal was unanimously approved by the Board;

³ FSL Trust is not in liquidation.

LETTER TO UNITHOLDERS

- (b) a written undertaking from FSL Trust to SGX RegCo that it will seek Unitholders' ratification of the Vessels Disposal as soon as possible and no later than 30 April 2021;
- (c) an undertaking from the Sponsor to FSL Trust to vote in favour of the Vessels Disposal; and
- (d) an undertaking from the Sponsor to FSL Trust not to dispose of its Units in FSL Trust until the EGM is conducted.

To comply with the SGX RegCo Letter, the Board is convening the EGM to seek Unitholders' approval for the Proposed Ratification.

3. THE VESSELS DISPOSAL

3.1 Information on the Purchasers

The information on the Purchasers was provided to FSL Trust by the Purchasers. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board's responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this Circular.

The purchaser of FSL Suez is Silver Dry Bulk Company Ltd while the purchaser of FSL Fos is Libyan Oil Carrier Limited (which was nominated by Silver Dry Bulk Company Ltd to hold FSL Fos). The Purchasers are companies incorporated in Malta and are nominees of General Maritime Transport Company, a state-owned Libyan shipping company which was established in 1975, and is primarily active in the ownership and operation of oil tankers, chemical tankers and liquefied petroleum gas carriers.

3.2 Consideration

The aggregate gross consideration for the Vessels Disposal was US\$105 million, comprising a gross consideration of US\$52.5 million for Fos Suez and a gross consideration of US\$52.5 million for FSL Fos.

The Consideration was to be satisfied in cash and paid in the following manner:

- (a) a deposit, representing 15% of the Consideration, was to be paid into an escrow account within 3 banking days after the signing of the MOA; and
- (b) the balance, representing 85% of the Consideration, was to be paid into an escrow account at least 2 banking days prior to the anticipated delivery date of the Vessels.

The deposit and balance Consideration were to be released to the FSL Subsidiaries on delivery of the Vessels but no later than 3 banking days after the date that notice of readiness is tendered by the FSL Subsidiaries. The full amount of the Consideration, comprising the deposit and balance Consideration, was released to the FSL Subsidiaries on 24 February 2021 and 26 February 2021 and received in the bank accounts of the FSL Subsidiaries on 25 February 2021 and 1 March 2021, respectively. The Consideration was arrived at after arm's length negotiations between the Purchasers and the Trustee-Manager on a "willing buyer willing seller" basis, taking into account the cost of building the Vessels, the prevailing and expected charter market environment and earnings prospects for the Vessels, their expected economic lives and residual values, the supply of and demand for vessels of the same type and with similar specifications in the sale and purchase market, and potential prices otherwise achievable for the Vessels in the current market. In determining the Consideration, the Trustee-Manager was also advised by a reputable, independent third party ship-broker during the negotiations for the Vessels Disposal and has also consulted with other reputable, independent third party ship-brokers.

LETTER TO UNITHOLDERS

The aggregate net consideration for the Vessel Disposal, after taking into account the cost⁴ of the Vessels Disposal, was US\$103.8 million.

3.3 Information on the Vessels

(a) Vessel Details

FSL Suez is a scrubber fitted Tier III engine LR2 product tanker built in 2021 and has a capacity of approximately 114,000 dwt. It has a gross tonnage of 64,605 metric tonnes and a net tonnage of 34,679 metric tonnes. Prior to the completion of the Vessels Disposal, FSL Suez was registered under the flag of the Marshall Islands.

FSL Fos is a scrubber fitted Tier III engine LR2 product tanker built in 2021 and has a capacity of approximately 114,000 dwt. It has a gross tonnage of 64,605 metric tonnes and a net tonnage of 34,696 metric tonnes. Prior to the completion of the Vessels Disposal, FSL Fos was registered under the flag of the Marshall Islands.

(b) Asset Value of the Vessel

Based on the audited consolidated financial statements of the Group for FY2020 and as at 31 December 2020:

- (i) the aggregate book value of the Vessels was approximately US\$43.6 million, comprising a book value of approximately US\$21.9 million for FSL Suez and a book value of approximately US\$21.7 million for FSL Fos, reflecting the instalments paid to the Shipyard and other construction related costs incurred up to 31 December 2020; and
- (ii) the aggregate NTA value of the Vessels was approximately US\$43.6 million, comprising an NTA of approximately US\$21.9 million for FSL Suez and an NTA of approximately US\$21.7 million for FSL Fos, reflecting the instalments paid to the Shipyard and other construction related costs incurred up to 31 December 2020.

Between 31 December 2020 and the dates of the Vessels Disposal, the aggregate book value increased from US\$43.6 million to US\$103.3 million (unaudited) as a result of the final instalments paid to the Shipyard and other construction related cost incurred between these dates⁵.

(c) Gain on Disposal

The aggregate net gain on the Vessels Disposal amounts to approximately US\$0.5 million (unaudited) based on the aggregate carrying value of the Vessels of US\$103.3 million as at the date of the Vessels Disposals (unaudited).

⁴ The cost (unaudited) of the Vessels Disposal comprised of brokerage commissions amounting to US\$1.05 million (representing 1% of the Consideration which is customary for such transactions) and legal fees amounting to approximately US\$0.15 million.

⁵ As announced on 13 December 2018, the total contract price was paid to the Shipyard in 5 staggered instalments per vessel (US\$48.8 million in aggregate per vessel) based on the progress of the construction as follows:

- (i) the first instalment of US\$4.88 million per Vessel was made on 13 February 2019;
- (ii) the second instalment of US\$4.88 million per Vessel was made on 7 October 2019 and 6 November 2019, respectively;
- (iii) the third instalment of US\$4.88 million per Vessel was made on 17 March 2020 and 23 April 2020, respectively;
- (iv) the fourth instalment of US\$4.88 million per Vessel was made on 18 June 2020 and 27 August 2020, respectively; and
- (v) the fifth instalment of US\$29.28 million per Vessel was made on 5 February and 26 February 2021, respectively.

The shipbuilding contracts entered into in December 2018 in respect of the Newbuilding Acquisition included the construction cost of the Vessels (i.e. the cost that FSL Trust committed at the relevant time). However, there were additional costs amounting to an aggregate of US\$5.7 million for both Vessels for items such as the acquisition of exhaust gas cleaning systems, other equipment acquired by the FSL Subsidiaries and installed on the Vessels, the construction supervision and legal fees, of which US\$0.6 million (in aggregate for both Vessels) were paid to the Shipyard for bunker and luboils and additional equipment to be installed on the Vessels. Such additional costs were not factored into the original aggregate consideration for the Newbuilding Acquisition of US\$97.6 million because these are costs and expenses that are incurred separately and over time. This is common market practice in the shipping industry.

LETTER TO UNITHOLDERS

The aggregate net gain of US\$0.5 million (unaudited) from the Vessels Disposal represents the difference between the aggregate carrying amount of US\$103.3 million (unaudited) and the net sales proceeds of US\$103.8 million (unaudited).

The ship broker and lawyers involved in the Vessels Disposal are not related to or affiliated with any of the current shareholders, key managers or directors of the Trustee-Manager. To the best of the Board's knowledge, the ship-broker and lawyers involved in the Vessels Disposal are also not related to or affiliated with any of the former shareholders, key managers or directors of the Trustee-Manager. Moreover, the Trustee-Manager derived no benefit from the Vessels Disposal and, to the contrary, waived its entitlement to an aggregate fee of approximately US\$1.5 million as described in paragraphs 2.1(b) and 3.4.

(d) Valuation

The Trustee-Manager commissioned the Independent Valuer, Braemar ACM Valuations Limited, a reputable and independent third party ship-valuer, to conduct an independent valuation on the market value of the Vessels. According to the Valuation Certificates in respect of the Vessels, FSL Fos and FSL Suez each have a market value of US\$50.5 million (US\$101 million on aggregate for both Vessels) as at a valuation date of 1 February 2021. The valuations are based on the charterfree sale between a willing buyer and a willing seller, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debt whatsoever, and the assumption that the vessels are in good and seaworthy condition. The valuations relate to the market value of the Vessels as at 1 February 2021 and the valuations are not a guide to the market value of the Vessels at any other time.

Based on publicly available information as at the Latest Practicable Date, the Independent Valuer is a wholly-owned subsidiary of Braemar Shipping Services PLC. The Independent Valuer values all kind of vessels and bases its calculations on a number of factors including the vessels' technical specification, market comparable transactions, the current charter market, future chartering forecasts and also current market sentiment taking into account other similar vessels currently on the market, their owner's ideas and offers and negotiations under way.

A copy of the Valuation Certificate in respect of FSL Suez is set out in Appendix A to this Circular and a copy of the Valuation Certificate in respect of FSL Fos is set out in Appendix B to this Circular. Unitholders are advised to refer to the full text of the Valuation Certificates for further details.

VesselsValue, a leading online valuation, AIS and market intelligence service for the maritime and offshore sectors, has 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 for both Vessels) as at 1 February 2021.

3.4 Rationale for the Vessels Disposal

Since the decision to build the Vessels 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 Vessels. The next generation of vessels will likely use alternative fuels to reduce greenhouse gas emissions and meet environmental targets and FSL Trust intends to prioritise such considerations in the future strategy. Due to changes in the market environment and technological changes since the Vessels were contracted, the Board was of the view that the Vessels were reasonably expected to create losses.

Therefore, the Board concluded that the Vessels Disposal for the Consideration in the current market environment was in the best interest of FSL Trust and its Unitholders and would limit the exposure of FSL Trust to the current market and regulatory risks.

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Furthermore, the Board is of the view that the renewal of FSL Trust's ageing fleet is not for its own sake but to create value for FSL Trust and its Unitholders. The Trustee-Manager closely monitors the market and regulatory developments and the potential effects on the business, operations and financial performance of FSL Trust, and appropriately adapts to changes in the market conditions and prospects, and regulations. The Board is of the view that the ability to pro-actively and decisively respond to changes in the market environment is in the interests of FSL Trust and its Unitholders.

Additionally, the Vessels Disposal was accretive to the net asset value of FSL Trust as it resulted in a gain of approximately US\$0.5 million (unaudited) from the Vessels Disposal. Furthermore, the Trustee-Manager did not derive any economic benefit from the Vessels Disposal. To the benefit of FSL Trust and its Unitholders, the Trustee-Manager waived its entitlement to an aggregate fee of approximately US\$1.5 million, being the acquisition fee of 1.0% on the purchase price, as well as the divestment fee of 0.5% on the disposal price, which would otherwise have been payable to the Trustee-Manager under the Trust Deed upon the acquisition and sale, respectively, of an asset of FSL Trust.

3.5 Use of Proceeds

The aggregate net proceeds arising from the Vessels Disposal were US\$103.8 million, of which US\$12.5 million was applied towards the full and final repayment of the Bridge Facility which had been used by the FSL Subsidiaries to partially finance the final instalments payable to the Shipyard in connection with the Newbuilding Acquisition. Please refer to paragraph 2.1(b) above for further details on the Bridge Facility. After taking into account the difference of total of US\$59.7 million (unaudited) between the aggregate book value of US\$43.6 million as at 31 December 2020 and the aggregate book value of US\$103.3 million (unaudited) at the time of the Vessels Disposal, the remaining aggregate net proceeds from the Vessels Disposal were US\$44.1 million (unaudited)⁶. Approximately US\$28.8 million of the net proceeds from the Vessels Disposal was used to prepay the amounts outstanding under the loans from Amsterdam Trade Bank N.V. and Hellenic Bank Public Company Limited. Please refer to FSL Trust's announcement dated 10 March 2021 for further details on the prepayment of the loans.

3.6 Major Transaction

The relative figures for the Vessels Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	63.8 ⁽¹⁾ ⁽²⁾
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable ⁽³⁾

⁶ The cash and cash equivalents of FSL Trust were approximately US\$20.7 million as at 31 December 2020 (unaudited), which was insufficient to pay the aggregate amount of US\$59.7 million required to complete the construction and take delivery of both Vessels (including the payments to the Shipyard). Hence, the FSL Subsidiaries borrowed US\$12.5 million under the Bridge Facility, which was, together with the cash and cash equivalents of FSL Trust of US\$20.7 million as at 31 December 2020 (unaudited), sufficient to take delivery of the first Vessel, FSL Suez. Following her delivery, FSL Suez was sold to the relevant purchaser for which FSL Trust received a gross consideration of US\$52.5 million. The sale of FSL Suez and receipt of the gross consideration of US\$52.5 million allowed the Trust to take delivery of the second vessel, FSL Fos. Following her delivery, FSL Fos was sold to the relevant purchaser for which FSL Trust received a gross consideration of US\$52.5 million. Taking the payments to complete the construction and take delivery of the Vessels in two steps into consideration, the remaining aggregate net proceeds from the Vessels Disposals were US\$44.1 million (unaudited), which is the difference between the net proceeds from the sale of the Vessels of US\$103.8 million (unaudited) and the aggregate payments of US\$59.7 million to complete the construction and take delivery of both Vessels (including the payments to the Shipyard). The book value of the Vessels as at 31 December 2020 was approximately US\$43.6 million (unaudited).

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Rule 1006	Bases	Size of Relative Figures (%)
(c)	The aggregate value of the consideration received, compared with the Trust's market capitalization based on the total number of issued units excluding treasury units	100.7 ^{(4) (5)}
(d)	The number of equity securities issued by FSL Trust as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not applicable

Notes:

- (1) Rule 1003(2) of the Listing Manual provides that in any acquisition or disposal of assets other than shares, the value will be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets. Based on the valuation conducted by the Independent Valuer, as detailed in paragraph 3.3(d), the market value of the Vessels is US\$101 million in aggregate.
- (2) "Net assets" means total assets less total liabilities. Based on the unaudited consolidated financial statements of the Group for financial period ending 30 September 2020 (being the latest announced consolidated accounts as of the date of the MOA), the Group's net asset value was approximately US\$158.3 million as at 30 September 2020. There was no material change to the net asset value of the Group as a result of the completion of the construction of the Vessels.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Not applicable in the case of the Vessels Disposal as the Vessels were disposed following their deliveries from the Shipyard.
- (4) Based on the Consideration for the Vessels Disposal of US\$105 million (gross).
- (5) The market capitalisation of FSL Trust of approximately US\$104.3 million (being the US\$ equivalent of S\$137.9 million) is based on a total number of 1,768,057,636 Units in issue as at 17 February 2021 at the volume weighted average price of US\$0.06 (being the US\$ equivalent of S\$0.08) for each Unit transacted on 16 February 2021, being the Market Day preceding the date on which the signing of the MOAs was announced. The exchange rate used in this footnote is S\$1.3219 to US\$1.00, as obtained from the Monetary Authority of Singapore as at 16 February 2021. While the MOAs were entered into by the FSL Subsidiaries on 1 February 2021, the relevant announcement was made on 17 February 2021 after the 15% deposits had been lodged by the Purchasers. This is common practice for listed shipping companies given the risk of buyers withdrawing from a sale and purchase transaction prior to lodging the agreed deposit.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Vessels Disposal is classified as a "major transaction" under Chapter 10 of the Listing Manual for which Unitholders' approval is required. As described in paragraph 2.2, SGX RegCo has determined that the Vessels Disposal is not in the ordinary course of business and that Chapter 10 of the Listing Manual would apply to the Vessels Disposal. In compliance with the SGX RegCo Letter and Chapter 10 of the Listing Manual, FSL Trust is seeking Unitholders approval for the Proposed Ratification of the Vessels Disposal.

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3.7 Voting Undertaking

As of the Latest Practicable Date, the Sponsor holds 1,283,670,931 Units, representing approximately 72.60% of the Existing Units, while the Trustee-Manager holds 8,617,577 Units, representing approximately 0.49% of the Existing Units. The Sponsor and the Trustee-Manager, an indirect wholly-owned subsidiary of the Sponsor, together hold an aggregate of 1,292,288,508 Units, representing approximately 73.09% of the Existing Units as at the Latest Practicable Date (the “**Relevant Units**”).

As required by SGX RegCo, the Sponsor has provided an irrevocable undertaking dated 10 March 2021 to FSL Trust that:

- (a) it shall, and shall procure that its nominee(s), if any, vote and/or procure the voting of all of the Relevant Units at any and all general meetings of FSL Trust (and any adjournments thereof) in favour of all the resolution(s) necessary or proposed to approve the Proposed Ratification; and
- (b) it shall not, and shall procure that its nominee(s), if any, shall not directly or indirectly, (i) offer, (ii) sell, transfer, give or otherwise dispose of, (iii) grant or acquire any option, right or warrant to purchase in respect of, or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the legal or beneficial ownership of, all or any of the Relevant Units or any interest therein (or enter into any arrangement or agreement with a view to effecting any of the foregoing) with any party until the EGM in respect of the Proposed Ratification is conducted.

3.8 Financial Effects of the Vessels Disposal

(a) Assumptions

The financial effects presented below are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of FSL Trust and/or the Group upon completion of the Vessels Disposal. No representation is made as to the actual future results and/or financial position of FSL Trust and/or the Group.

The financial effects of the Vessels Disposal on the NTA and EPS per Unit of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2020.

For the purpose of illustrating the financial effects of the Vessels Disposal, the financial effects have been prepared based on, inter alia, the following assumptions:

- (i) the financial effects on the NTA per Unit of the Group are computed assuming that the Vessels Disposal was completed on 31 December 2020;
- (ii) the financial effects on the EPS of the Group are computed assuming that the Vessels Disposal was completed on 1 January 2020; and
- (iii) the costs and expenses incurred and to be incurred in connection with the Vessels Disposal shall be disregarded.

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(b) Net Tangible Assets

The effects on the consolidated NTA of the Group for FY2020 will be as follows:

	Before Completion of the Vessels Disposal	After Completion of the Vessels Disposal
NTA as at 31 December 2020 (US\$'000)	129,564	131,207
Number of Units (excluding treasury Units) (000's)	1,768,058	1,768,058
NTA per Unit (US\$)	0.07	0.07

(c) EPS

The effects on the consolidated EPS of the Group for FY2020 will be as follows:

	Before Completion of the Vessels Disposal	After Completion of the Vessels Disposal
Net profit attributable to the owners of FSL Trust (US\$'000)	6,246	7,889
Number of Units (excluding treasury Units) (000's)	1,768,058	1,768,058
Profit per Unit (US cents)	0.35	0.45

(d) Capital (Units in Issue)

The Vessels Disposal will not have any impact on the issued Units.

3.9 Service Contracts

No person is proposed to be appointed as a director of the Trustee-Manager in connection with the Vessels Disposal and no service contracts in relation thereto are proposed to be entered into by the Trustee-Manager.

4. INFORMATION ON THE VESSEL PORTFOLIO OF FSL TRUST

4.1 Vessel Portfolio

As of the date on which the shipbuilding contracts were entered into in respect of the Newbuilding Acquisition (i.e. 12 December 2018), the vessel portfolio of FSL Trust comprised 19 vessels.

Following the disposal of 7 vessels, namely (i) FSL Hamburg (as announced on 18 January 2019 and 4 April 2019), (ii) FSL Perth (as announced on 20 November 2019 and 23 January 2020), (iii) FSL Piraeus (as announced on 20 November 2019 and 23 January 2020), (iv) FSL Shanghai (as announced on 24 February 2020, 19 March 2020 and 1 April 2020), (v) FSL Elixir (as announced on 5 August 2020 and 21 August 2020), (vi) FSL Eminence (as announced on 5 August 2020 and 27 August 2020); and (vii) FSL Enhancer (as announced on 5 August 2020 and 26 October 2020), the vessel portfolio of FSL Trust comprised 12 vessels as of the date on which the MOAs in respect of the Vessels Disposal were announced (i.e. 17 February 2021).

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Following the completion of the Vessels Disposal and the completion of the FSL Osaka Disposal, and as of the Latest Practicable Date, the vessel portfolio of FSL Trust comprises the following vessels:

Vessel	Type	Built	Capacity	Employment Type
Cumbrian Fisher	Product Tanker	2004	12,921 DWT	Bareboat charter
Clyde Fisher	Product Tanker	2005	12,984 DWT	Bareboat charter
Shannon Fisher	Product Tanker	2006	5,421 DWT	Bareboat charter
Solway Fisher	Product Tanker	2006	5,421 DWT	Bareboat charter
Speciality	Product Tanker	2006	4,426 DWT	Bareboat charter
Seniority	Product Tanker	2006	4,426 DWT	Bareboat charter
Superiority	Product Tanker	2007	4,426 DWT	Bareboat charter
FSL Singapore	Product Tanker	2006	47,470 DWT	Pool
FSL New York	Chemical Tanker	2006	19,970 DWT	Time charter
FSL London	Chemical Tanker	2006	19,966 DWT	Time charter
FSL Hong Kong	Crude Oil Tanker	2007	115,000 DWT	Revenue sharing agreement

As discussed in paragraph 3.4 above, the Trustee-Manager closely monitors the shipping markets and regulatory developments and the potential effects on the business, operations and financial performance of FSL Trust, and allocates capital accordingly. To create value for FSL Trust and its Unitholders, this may or may not include further disposals of vessels in portfolio of FSL Trust and/or acquisitions of new vessels (newbuildings and/or second hand vessels), taking into account the factors listed in paragraph 4.2 below. The Board is of the view that this dynamic, flexible and adaptive investment approach is a key success factor in an industry as volatile, cyclical and influenced by external factors (which are outside of the control of the Trustee-Manager) as shipping and that this investment approach has proven right in the last few years.

4.2 Factors taken into account for the Acquisition or Disposal of Vessels

Factors taken into consideration by the Board in any decision to dispose (or acquire) vessels are, *inter alia*:

- (a) the prevailing and expected charter market conditions of the vessel(s);
- (b) the employment and earnings prospects for the vessel(s);
- (c) the operating expenses and depreciation of the vessel(s);
- (d) the cost of maintenance of and (upcoming) capital expenditures for the vessel(s);
- (e) the expected economic life of the vessel(s);
- (f) the expected residual value of the vessel(s);
- (g) the prevailing conditions in the sale and purchase market for second hand vessels, including the supply and demand for vessels of the same type and with similar specifications;
- (h) the price(s) achievable for the vessel(s) in the market;
- (i) the age profile of the world fleet, the current orderbook and expected tonnage supply;

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- (j) changes in trade patterns and the structural demand for specific vessel sizes;
- (k) (expected) regulatory and technological changes;
- (l) the composition of the vessel portfolio of FSL Trust, including, but not limited to, the age profile and types of vessels in the portfolio; and
- (m) the market exposure of FSL Trust and the overall risk profile.

All business decisions made by the Board are made in full compliance with the Authorised Businesses of the Trust. As required under the Business Trusts Act, each Director is required to act honestly and exercise reasonable diligence in the discharge of the duties of his office and give priority to the interests of all the Unitholders as a whole over the interests of the Trustee-Manager in the event of a conflict between the interests of all the Unitholders as a whole and the interests of the Trustee-Manager.

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 of FSL Trust) has any interest, direct or indirect, in the Proposed Ratification.

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	–	–	1,292,288,508 ⁽²⁾	73.09 ⁽²⁾
Michail Chalkias	–	–	1,292,288,508 ⁽³⁾	73.09 ⁽³⁾
Michael Gray	4,000,000	0.23	–	–
Michael Oliver	–	–	–	–
Narayanan Sreenivasan	1,250,000	0.07	–	–
Konstantinos Courcoubetis	–	–		

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.

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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	8,617,577 ⁽²⁾	0.49
Prime Shareholdings Inc.	–	–	1,292,288,508 ⁽³⁾	73.09
Prime Investments and Holdings Ltd	–	–	1,292,288,508 ⁽³⁾	73.09
Prime Marine Corporation	–	–	1,292,288,508 ⁽³⁾	73.09
PMC Holding Inc.	–	–	1,292,288,508 ⁽³⁾	73.09
Joelma Holding Inc.	–	–	1,292,288,508 ⁽³⁾	73.09
Geomel Holding Inc.	–	–	1,292,288,508 ⁽³⁾	73.09
Stella Maris Holding Inc.	–	–	1,292,288,508 ⁽³⁾	73.09
Efstathios Topouzoglou	–	–	1,292,288,508 ⁽³⁾	73.09
Michail Chalkias	–	–	1,292,288,508 ⁽³⁾	73.09
Georgios Kouleris	–	–	1,292,288,508 ⁽³⁾	73.09

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 is 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

6.1 Proposed Ratification

Having considered the terms and conditions of and rationale for the Proposed Ratification, the Directors are of the unanimous opinion that the Proposed Ratification is in the best interests of FSL Trust. Accordingly, the Directors recommend that Unitholders vote in favour of the ordinary resolution relating to the Proposed Ratification, as set out in the Notice of EGM.

6.2 Note to Unitholders

Unitholders, in deciding whether to vote in favour of the Proposed Ratification, should read carefully the terms and conditions, rationale and financial effects of the Proposed Ratification. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Unitholder. As Unitholders would have different investment objectives, the Directors recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

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7. EXTRAORDINARY GENERAL MEETING

Pursuant to the COVID-19 Order, the EGM will be held electronically on 23 April 2021 at 4:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4:00 p.m. on the same day) for the purpose of considering and, if thought fit, passing with or without modification(s), the Proposed Ratification 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 or their corporate representatives (in the case of a member which is a legal entity) will be able to participate in the EGM by accessing a live webcast or live audio feed. Unitholders who are interested to participate at the EGM are required to pre-register their interest at conveneagm.com/fsltrust for verification purposes. The website will be open for pre-registration from 9:00 a.m. on 5 April 2021 and will close at 4:30 p.m. on 21 April 2021. Following verification, an email will be sent to unitholders on or around 22 April 2021 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 exercise their right to vote must submit a proxy form to appoint the chairman of the EGM to vote on their behalf. Unitholders appointing the Chairman of the Meeting 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 the Chairman of the EGM as 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; 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 by appointing the Chairman of the EGM as proxy, 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 appoint the Chairman of the EGM to vote on their behalf, by 4:30 p.m. on 21 April 2021.

The Chairman of the EGM, as proxy, need not be a Unitholder of FSL Trust.

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8.4 Submission of Questions in Advance

Unitholders will not be able to ask questions during the EGM. Instead, Unitholders may submit questions related to the resolution in respect of the Proposed Ratification to be tabled at the EGM, at conveneagm.com/fsltrust, latest by 4:30 p.m. on 21 April 2021. The Trustee-Manager will address substantial questions relating to the Proposed Ratification and post the answers on its website before the EGM. 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 Ratification, 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

Morgan Lewis Stamford LLC, as the legal adviser to FSL Trust for the Circular, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name and to act in such capacity in relation to this Circular.

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, copies of 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 MOA;
- (b) the Valuation Certificates;
- (c) the Trust Deed;
- (d) the Annual Report of FSL Trust for FY2018, FY2019 and FY2020; and
- (e) the Voting Undertaking.

The Trust Deed may also be accessed on FSL Trust's website at https://fsltrust.listedcompany.com/misc/ConformedCopyofTrustDeed_April2011.pdf and the Annual Reports can be accessed on SGXNET.

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

CERTIFICATE OF VALUATION

Date: 19th March 2021

To: FSL-28, INC.
Trust Company Complex
Ajeltake Road, Ajeltake Island
Majuro, Marshall Islands MH96960
Attn: Mr Roger Woods

MT “FSL SUEZ” (IMO NO. 9888730)

From our examination of the current entries in the appropriate Reference Sources, it appears that the vessel was built in 2021, by CSHI: Cosco Yangzhou, China, is of about 64,605 tons gross register and about 34,679 tons nett register, is classed with DNV GL, having one deck, is shown as capable of carrying about 114,243 metric tons deadweight, is fitted with a MAN-B&W 6G60ME-C9/ Tier III engine. The Vessel is Open Loop Scrubber fitted.

We should make it clear that we have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records, but we have assumed for the purposes of this valuation, that the vessel is in good and seaworthy condition.

After careful consideration, we are of the opinion that the charterfree market value of the above vessel as at 1st February 2021 between willing Buyer and willing Seller basis delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever is: -

US\$ 50,500,000.00
(Say: United States Dollars Fifty Million Five Hundred Thousand)

The figure mentioned above relates solely to our opinion of the market value of the above vessel as at 1st February 2021 and should not be taken to apply at any other date. In addition no assurance can be given that the valuation will be sustained or is realisable in an actual transaction.

We believe that the above valuation and particulars are reasonably accurate, but all statements made above are statements of opinion and are not to be taken as representations of fact. This valuation is for general information and has not been produced for any specific purpose. No assurance is given as to the suitability of the valuation for use in relation any specific project or transaction. Any party contemplating entering a transaction should satisfy themselves by inspection of the vessel or otherwise as to the correctness of the statements and assumptions which the valuation contains.

This valuation is provided solely for the private use of the addressee and cannot be published, circulated or provided to any third party without the express written agreement of Braemar ACM Valuations Limited. No responsibility can be accepted for any use by any third party and you will indemnify Braemar ACM Valuations Limited and all associated companies for any loss or damage including all legal expenses arising out of any allegation of reliance on this valuation by such a third party.

Additionally this valuation is not to be used in a public document or a fund-raising document without our prior written consent.

It must be appreciated that ship values can be very volatile, unstable and irregular. Information on comparable transactions and market demand can also be very limited. The worldwide Covid-19 outbreak has introduced further uncertainty. These circumstances should be considered by anyone contemplating entering a transaction.

For and on behalf of
BRAEMAR ACM VALUATIONS LIMITED



Director



Director

CERTIFICATE OF VALUATION

Date: 19th March 2021

To: FSL-29, INC.
Trust Company Complex
Ajeltake Road, Ajeltake Island
Majuro, Marshall Islands MH96960
Attn: Mr Roger Woods

MT “FSL FOS” (IMO No. 9888742)

From our examination of the current entries in the appropriate Reference Sources, it appears that the vessel was built in 2021, by CSHI: Cosco Yangzhou, China, is of about 64,133 tons gross register and about 34,707 tons nett register, is classed with DNV GL, having one deck, is shown as capable of carrying about 114,243 metric tons deadweight, is fitted with a MAN-B&W 6G60ME-C9/ Tier III engine. The Vessel is Open Loop Scrubber fitted.

We should make it clear that we have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records, but we have assumed for the purposes of this valuation, that the vessel is in good and seaworthy condition.

After careful consideration, we are of the opinion that the charterfree market value of the above vessel as at 1st February 2021 between willing Buyer and willing Seller basis delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever is: -

US\$ 50,500,000.00
(Say: United States Dollars Fifty Million Five Hundred Thousand)

The figure mentioned above relates solely to our opinion of the market value of the above vessel as at 1st February 2021 and should not be taken to apply at any other date. In addition no assurance can be given that the valuation will be sustained or is realisable in an actual transaction.

We believe that the above valuation and particulars are reasonably accurate, but all statements made above are statements of opinion and are not to be taken as representations of fact. This valuation is for general information and has not been produced for any specific purpose. No assurance is given as to the suitability of the valuation for use in relation any specific project or transaction. Any party contemplating entering a transaction should satisfy themselves by inspection of the vessel or otherwise as to the correctness of the statements and assumptions which the valuation contains.

This valuation is provided solely for the private use of the addressee and cannot be published, circulated or provided to any third party without the express written agreement of Braemar ACM Valuations Limited. No responsibility can be accepted for any use by any third party and you will indemnify Braemar ACM Valuations Limited and all associated companies for any loss or damage including all legal expenses arising out of any allegation of reliance on this valuation by such a third party.

Additionally this valuation is not to be used in a public document or a fund-raising document without our prior written consent.

It must be appreciated that ship values can be very volatile, unstable and irregular. Information on comparable transactions and market demand can also be very limited. The worldwide Covid-19 outbreak has introduced further uncertainty. These circumstances should be considered by anyone contemplating entering a transaction.

For and on behalf of
BRAEMAR ACM VALUATIONS LIMITED



Director



Director

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 5 April 2021 (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 23 April 2021 at 4:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4:00 p.m. on the same day) for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION: THE PROPOSED RATIFICATION OF THE VESSELS DISPOSAL

That:

- (a) the (i) disposal of FSL Suez by FSL-28, Inc. to Silver Dry Bulk Company Ltd in accordance with the terms and conditions of the memorandum of agreement dated 1 February 2021 (as may be amended and supplemented from time to time) entered into between FSL-28, Inc. and Silver Dry Bulk Company Ltd and the (ii) disposal of FSL Fos by FSL-29, Inc. to Libyan Oil Carrier Limited in accordance with the terms and conditions of the memorandum of agreement dated 1 February 2021 (as may be amended and supplemented from time to time) entered into between FSL-29, Inc. and Silver Dry Bulk Company Ltd, together as a “major transaction” under Chapter 10 of the Listing Manual be and are hereby approved and ratified;
- (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.

BY ORDER OF THE BOARD

Elizabeth Krishnan
Company Secretary
Singapore
5 April 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 or their corporate representatives (in the case of a member which is a legal entity) will be able to participate in the EGM by accessing a live webcast or live audio feed. Unitholders who are interested to participate at the EGM are required to pre-register their interest at conveneagm.com/fsltrust for verification purposes.

The website will be open for pre-registration from 9:00 a.m. on 5 April 2021 and will close at 4:30 p.m. on 21 April 2021. Following verification, an email will be sent to unitholders on or around 22 April 2021 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 exercise their right to vote must submit a proxy form to appoint the chairman of the EGM ("**Chairman of the Meeting**") to vote on their behalf. Unitholders appointing the Chairman of the Meeting 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 the Chairman of the Meeting as 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; 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 by appointing the Chairman of the Meeting as proxy, 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 appoint the Chairman of the Meeting to vote on their behalf, by 4:30 p.m. on 21 April 2021.

The Chairman of the Meeting, as proxy, need not be a Unitholder of FSL Trust.

4. Submission of Questions in Advance

Unitholders will not be able to ask questions during the EGM. Instead, Unitholders may submit questions related to the resolution in respect of the Proposed Ratification to be tabled at the EGM, at conveneagm.com/fsltrust, latest by 4:30 p.m. on 21 April 2021. The Trustee-Manager will address substantial questions relating to the Proposed Ratification and post the answers on its website before the EGM. 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 on 5 April 2021. 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 Meeting 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 Meeting 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.

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)

EXTRAORDINARY GENERAL MEETING (“EGM”)

PROXY FORM

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 the Chairman of the EGM (“**Chairman of the Meeting**”) as my/our proxy to attend and to vote for me/us on my/our behalf, at the EGM of Unitholders of First Ship Lease Trust to be held on Friday, 23 April 2021 at 4:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4:00 p.m. on the same day) and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting on the resolution relating to the Proposed Ratification to be proposed at the EGM as indicated hereunder.

	*Number of Votes For	*Number of Votes Against	*Number of Votes Abstain
Ordinary Resolution - To approve the Proposed Ratification of the Vessels Disposal			

*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 resolution to be passed do not in any way whatsoever reflect the intent and purpose of the resolution. The short descriptions have been inserted for convenience only. Unitholders are encouraged to refer to the Notice of EGM dated 5 April 2021 for the full purpose and intent of the resolution to be passed.

Dated this _____ day of _____ 2021.

Total number of Units held in:	No. 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. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its 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. The Chairman of the Meeting, as 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 (Chapter 289) 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 the Chairman of the Meeting as 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; 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, 4:30 p.m. on Wednesday, 21 April 2021, 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 5 April 2021.

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.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

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