



Extraordinary General Meeting

23 August 2022



Disclaimer



This communication may contain forward-looking statements with respect to current expectations and forecasts of the financial condition and performance as well as the operations and business of First Ship Lease Trust (“FSL Trust” or the “Trust”). Forward-looking statements include expectations or forecasts of future events, statements about the beliefs, plans, objectives, intentions, assumptions and other statements of FSL Trust Management Pte. Ltd. (the “Trustee-Manager”), as trustee-manager of the Trust, that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of FSL Trust to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding, amongst others, the Trust’s present and future business strategy, access to financing, and the political and economic environment in which FSL Trust will operate in the future.

Readers/Recipients are, therefore, cautioned not to place undue reliance on these forward-looking statements. Neither FSL Trust, nor the Trustee-Manager undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this communication to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside the Trust’s and/or the Trustee-Manager’s control.

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The past performance of FSL Trust is not indicative of its future performance. Similarly, the past performance of the Trustee-Manager is not indicative of its future performance. The value of the units of FSL Trust (the “Units”) and any income derived may increase or decrease. The Units are not obligations of, deposits in, or guaranteed by, FSL Trust and/or the Trustee-Manager or any of its affiliates.

Unitholders should note that there is no right to request or demand FSL Trust and/or the Trustee-Manager to redeem or purchase Units. The Units are listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited (SGX-ST) and may be traded there. However, a liquid market for the trading of the Units is not guaranteed.

This communication is presented in summary form for information purposes only and does not purport to be complete nor to constitute or form part of, and should not be construed as, an advice, recommendation, offer to sell or an invitation, solicitation, or inducement to purchase or subscribe for Units.

Before acting on any information you should consider the appropriateness of the information contained in this communication and, in particular, you should seek independent financial, legal, etc. advice. All and any investment in the Units involve risks, including, but not limited to, the risk of adverse or unanticipated market, financial or political developments, currency risk in international transactions and the total loss of the investment. Neither the Trust, nor the Trustee-Manager shall be held liable for any losses suffered whatsoever from the investment in the Units.

RESOLUTION 1: PROPOSED AMENDMENTS TO THE TRUST DEED



PROPOSED AMENDMENTS⁽¹⁾

- 1) Expansion of the Authorised Businesses to include:
- > Other maritime assets, floating and offshore energy and/or infrastructure assets (directly or indirectly);
 - > any investment or other form of economic interests or participation (whether by way of a majority or minority investment, interest or participation) in any company, entity, joint venture or unincorporated association (whether listed or unlisted) active in the areas of the Authorised Businesses; and
 - > any investment or other form of economic interests in listed or unlisted securities (including debt securities, financial derivatives, shares and stock) issued by any company or entity (whether listed or unlisted) that carries on or invests, directly or indirectly, in the areas of the Authorised Businesses

- 2) Change of the Distribution Date:
- > 90 days after the Distribution Calculation Date (from 75 days)

- 3) Introduction of Electronic Communication:
- > Unitholders who wish to continue receiving physical copies of communication may choose to do so by giving notice to the Trustee-Manager

RATIONALE⁽¹⁾

- > Volatility, cyclical, market structure, and fierce competition in the plain vanilla shipping markets make it difficult to develop competitive advantage
- > Broadening of the scope of Authorised Businesses allows the Trust to invest in other areas in the maritime space which are less volatile and cyclical and may offer a more attractive risk/reward, particularly in light of the changing environmental regulations and global energy transition

- > Administrative change to provide greater flexibility when declaring distributions

- > Update to today's standard practices, to reflect the Companies Act, and to reduce cost and use of resources

Note(s): ⁽¹⁾ The full text of the Proposed Amendments and rationale is provided in the Circular to Unitholders dated 29 July 2022

RESOLUTION 1: PROPOSED AMENDMENTS TO THE TRUST DEED (CONT'D)



PROPOSED AMENDMENTS⁽¹⁾

4) Introduction of Alternative Meeting Arrangements:
> Allowing for general meetings to be convened, held or conducted, whether wholly or partly, by electronic communication, live audio-visual webcast, live audio-only stream video conferencing, tele-conferencing or other electronic means

5) Multiple Proxy amendments:
> Introduction of the ability for Unitholders to appoint more than 2 proxies to a meeting of Unitholders and extend the cut-off time for submission of proxy forms from 48 hours to 72 hours

RATIONALE⁽¹⁾

> Provide flexibility to conduct future general meetings electronically after COVID-19

> Update to today's standard practices and to reflect the Companies Act

Note(s): ⁽¹⁾ The full text of the Proposed Amendments and rationale is provided in the Circular to Unitholders dated 29 July 2022

RESOLUTION 2: PROPOSED MANAGEMENT FEE AMENDMENTS



PROPOSED AMENDMENTS⁽¹⁾

1) Introduction of a “Base Management Fee”:

EXISTING MANAGEMENT FEE STRUCTURE	PROPOSED AMENDMENTS TO THE MANAGEMENT FEE
4.0% of the value of Lease Income	4.0% of the value of Lease Income and Other Cash Income generated by FSL Trust from its Authorised Businesses, subject to a Base Management Fee of US\$ 350,000 per calendar quarter (equivalent to US\$ 1.4m per annum)

- > Quarterly Adjustment Payment in the amount of the difference between the amount of US\$ 350,000 and the actual 4% Management Fee received for that calendar quarter; payable only if the actual 4% Management Fee to the Trustee-Manager is below the amount of US\$ 350,000 for that calendar quarter

RATIONALE⁽¹⁾

- > Management Fees dropped below operating expenses of the Trustee-Manager following vessel sales that created value to FSL Trust
- > The Trustee-Manger may not be able to continue providing trustee-management services to FSL Trust unless fees cover actual cost of the Trustee-Manager; a resignation of the Trustee-Manager would likely lead to a liquidation of FSL Trust
- > The Trustee-Manager has always prioritised interest of FSL Trust over its own (incl. US\$ 1.5m fee waiver in 2021, returning funds to unitholders rather than reinvesting in positions with an unattractive risk/reward for the sake of generating fee income); the Base Management Fee addresses the inherent principal-agent problem

Note(s): ⁽¹⁾ The full text of the Proposed Amendments and rationale is provided in the Circular to Unitholders dated 29 July 2022



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