

# FIRST SHIP LEASE TRUST

(Registration No.: 2007002)

(A business trust registered under the Business Trusts Act)

## MINUTES OF SIXTEENTH ANNUAL GENERAL MEETING OF FIRST SHIP LEASE TRUST

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<b>Date</b>	Friday, 21 April 2023
<b>Time</b>	10.01 a.m.
<b>Place</b>	: Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 038987
<b>In attendance</b>	:
Directors	- Mr Michael Gray (Lead Independent Director) (Chairman of Meeting) Mr N. Sreenivasan (Independent Director) Mr Michael Oliver (Independent Director)
Management	- Mr Roger Woods (Chief Executive Officer) Ms Ivy Low (Financial Controller)
Auditors	- Ms Chan Rouh Ting, Partner Moore Stephens
Company Secretaries	- Ms Elizabeth Krishnan Ms Bridget Boyd

### CHAIRMAN OF MEETING AND QUORUM

As a quorum was present, the Chairman of the Meeting, Mr Michael Gray, declared the Annual General Meeting (“**AGM**”) open and welcomed the unitholders to the Sixteenth Annual General Meeting of FSL Trust.

The Chairman of Meeting introduced himself and the other Directors and Management of FSL Trust Management Pte. Ltd. (the “**Trustee-Manager**”) who were present at the meeting to the unitholders.

The annual report 2022, Notice of AGM and Proxy Form were made available to the Unitholders by electronic means via publication on the Trustee Manager’s website and SGXNet. The Notice of AGM in the annual report 2022 was also sent to unitholders by electronic means via publication on the Trustee-Manager’s website and SGXNet on 3 April 2023.

The Notice of AGM provided that unitholders, who wished to exercise their right to vote, must appoint their proxy/ies and submit the relevant documents not less than 72 hours before this meeting. A copy of the proxy form was made available on the same website as mentioned earlier. The proxy forms received have been checked by the Unit Registrar and the scrutineers, Messrs DrewCorp Services Pte. Ltd.

Unitholders were given the option to submit in advance, questions relating to the resolutions to be tabled at the meeting. The Trustee-Manager did not receive any questions by the close of the deadline.

Mr Roger Woods, the Chief Executive Officer was invited to deliver a management presentation on the Trust (attached as “**Annexure A**”).

**QUESTIONS AND ANSWERS**

After the management's presentation, the Chairman of Meeting invited questions from unitholders who were present at the AGM. The following questions were addressed:

**Question 1 –**

Whether the net asset value (“NAV”) of US\$0.03 is reflective of the higher earnings enjoyed by the shipping sector and what would be the NAV if all the vessels in the portfolio are sold?

Answer: The NAV is determined taking into account the net book value of each vessel and if required, written down, based on the earnings potential of the vessel. This assessment is done on a quarterly basis. The Board takes a conservative approach and does not adjust the value of the ship upwards, given the fluctuations in market conditions. Whilst some sectors in the shipping industry enjoyed exceptional earnings in recent times, such as the containerships, the fleet in the Trust's portfolio comprises eight small specialised tankers which does not fall within that sector. The earnings in the smaller tanker market have increased significantly but not of a scale that was seen with the container ships.

**Question 2 –**

Based on the gearing ratio of 20.9%, what is the headroom for raising further debt capital within the regulatory limit and the estimated quantum?

Answer: As a business trust, FSL Trust is not bound by regulatory limit on the gearing ratio. However, its major constraint in raising debt is the age of the vessels in the fleet. Although, all the ships are employed and earning a reasonable income, lenders would be mindful of the aging vessel which may adversely impact its value, unlike the assets of a REIT. Based on the current portfolio, the headroom for debt is not much. The Trust has approximately US\$30 million cash available for investment in new projects.

**Question 3 –**

Can unitholders expect this year, a repeat of the distributions made in 2022?

Answer: The quantum of distribution would depend on available cash from operations and having taking into account any capital expenditure requirements as well as potential investments in new projects. The Board is exploring viable projects and if there is any investment in ships, it is likely to be ships in compliance with environmental rules. The distributions made in 2022 included the cash proceeds from the sale of three vessels.

**Question 4 –**

Can the Board take steps to stabilize the unit price which is affected by the inconsistent distribution policy?

Answer: The Trust distributed most of the earnings and cash proceeds from the sale of the vessels in 2022 based on the premise that it would be in the interests of unitholders, to return the excess cash since the prevailing interest rate then was low. The Board however, takes note of the concern expressed in relation to the unit price.

**Question 5 –**

Will the policy of down-sizing the Trust's portfolio continue and what is the criteria age for the sale of a ship?

Answer: The sale of the older vessels in the past was made, taking advantage of the favourable market conditions, with the disposals above book value. The current fleet comprises eight ships contracted on bare-boat charter to James Fisher Everard Limited ("**James Fisher**") which generates a stable income for the Trust. Currently, there are no plans to sell vessels.

Generally, a tanker of fifteen years is difficult to deploy, particularly the larger ships. However, this may vary depending on the market condition. In a stronger market, oil companies may relax the rules. All the ships in the Trust's fleet have crossed the fifteen-year mark and they continue to attract strong interest due to several factors. The Trust's customer has a close relationship with major oil companies, hence it can run ships with these companies or government agencies despite the advanced age of the vessel. Environmental rules also play a part in the employment of vessels. Older vessels are particularly susceptible to the changing rules. To illustrate, a fifteen-year old ship may have a shorter life if it cannot satisfy the new rules when they come into force. Some of the vessels chartered to James Fisher are unusually designed that are in compliance with the new rules and are still employable up to twenty years.

**Question 6 –**

Is the Trust exploring projects that can avail government funding or subsidies?

Answer: As a small entity, the Trust is likely to use existing technologies instead of developing a new technology for which government funding and subsidies are available. However, in anticipation of the rules relating to acceleration of global warming in Europe, projects with low carbon and are environmental friendly, are on the Trust's radar.

**Question 7 –**

Last year, unitholders approved the mandate to widen the scope of the Trust's business. Please elaborate and provide an update in terms of types of investment under consideration and a realistic time frame to achieve it.

Answer: The mandate gives the Trust the flexibility to diversify into other maritime activities. It was necessary to broaden the scope of business as the traditional model of buying and leasing a vessel was akin to financing and there are other lower costs financing and leasing companies competing in the same business. With the new mandate now, the Trust is better placed to enter joint ventures in green sectors such as solar energy, if and when the opportunity arises, without breaching the trust deed. Currently, there are about four projects at exploration stage, including a ship newbuilding with dual fuel capability. There are also discussions with James Fisher to study the feasibility of modernizing and transiting the existing fleet to fuel efficient ships.

**Question 8 –**

Are your customers prepared to pay a premium for 'green' ships?

Answer: There are some customers in Europe who want their cargo to be shipped by LNG fuel ships despite the higher cost, which reflects the change of mindset of end-users. They are moving away from cheap freights and are prepared to pay more in favour of low carbon footprint.

**Question 9 –**

Is it economically feasible to continue with the small sized tankers compared to larger vessels that enjoy economies of scale?

Answer: The physical dimension of some ports in Europe does not allow big ships at such ports. Therefore, smaller ships are preferred as they can fit easily into most ports. The demand for smaller ships also keeps them in operation beyond their theoretical life span.

**Question 10 –**

Are there any thirty-year old oil tankers that are in operation after completing its special survey?

Answer: There are very few such oil tankers but there are cargo ships of about twenty-five years old. A special survey would cost approximately US\$3 million. The Trust is not exposed to this cost as its vessels are on bareboat charter, with the special survey costs borne by James Fisher.

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

**NOTICE**

With the consent of the unitholders present, the Notice convening the meeting was taken as read.

All resolutions were voted upon by way of poll in compliance with the Listing Rules. DrewCorp Services Pte Ltd was appointed as the scrutineer for the poll. The poll procedures were explained to the Unitholders.

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. No party was required to abstain from voting on any of the resolutions put to vote at the AGM.

**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 2022 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 2022 together with the Auditor's Report thereon.

The Chairman of Meeting invited questions on the audited accounts.

There being no questions from the Unitholders. Resolution 1 was proposed by the Chairman of Meeting and seconded by Mr Lim Khoo Sun, and put to vote on a poll.

The results of Resolution 1 take on poll were as follows:-

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,299,395,685	1,299,370,685	100%	25,000	0.00%

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 2022, 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.

The Chairman of Meeting informed that Messrs Moore Stephens LLP has experience in auditing shipping companies. The audit fee paid to them is disclosed on page 97 of the annual report 2022.

Resolution 2 was proposed by the Chairman of Meeting and seconded by Mr Andrew Loke Chee Tuan, and put to vote on a poll.

The results of Resolution 2 take on poll were as follows:-

Total no. of valid votes cast	No. of votes “FOR”	% “FOR”	No. of votes “AGAINST”	% “AGAINST”
1,298,862,385	1,298,837,385	100%	25,000	0.00%

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 2004, 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 compliance with applicable regulatory requirements, and is not in itself determinative of any unit issuance.

The Resolution was proposed by the Chairman of Meeting and seconded by a unitholder, and put to vote on a poll.

The results of Resolution 3 take on poll were as follows:-

Total no. of valid votes cast	No. of votes "FOR"	% "FOR"	No. of votes "AGAINST"	% "AGAINST"
1,298,022,185	1,297,342,385	99.95%	679,800	0.05%

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 2004 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.

The Resolution was proposed by the Chairman of Meeting and seconded by Mr Andrew Loke Chee Tuan, and put to vote on a poll.

The results of Resolution 4 take on poll were as follows:-

<b>Total no. of valid votes cast</b>	<b>No. of votes “FOR”</b>	<b>% “FOR”</b>	<b>No. of votes “AGAINST”</b>	<b>% “AGAINST”</b>
1,299,280,485	1,298,595,885	99.95%	684,600	0.05%

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.”

#### **CONCLUSION**

There being no other business to transact, the Chairman of Meeting declared the Annual General Meeting of the Trust closed at 11.45 a.m. and thanked everyone for their attendance.

Confirmed as true record of  
proceedings held

**Michael Gray**  
Chairman of Meeting