

**Issuer:** FSL Trust Management Pte. Ltd.

**Security:** First Ship Lease Trust

**Meeting details:**

Date: 9 May 2018

Time: 10:00 a.m.

Venue: Meeting Room 303 and 304, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

**Company Description**

First Ship Lease Trust, a business trust, owns a fleet of vessels in various shipping sub-sectors in the Americas, Asia, Europe, and internationally. The company is involved in leasing and chartering vessels on a bareboat charter basis to the international shipping industry; and on short-term time charters or in pools.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=D8DU](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=D8DU))

1. As noted in the Chairman's Letter to Unitholders, the ownership of the Sponsor of the trust changed to Prime Shareholdings Inc., a member of the Prime Group ("Prime") and Mr. Stathis Topouzoglou was appointed as chairman of the board on 9 March 2018.

The chairman has also stated in his letter that he is "confident that the Trust, with Prime being a long term strategic investor now controlling the Sponsor, has a sound and promising future" (page 5 of the annual report).

- (i) **For the benefit of both new and old unitholders, can the Trustee-Manager (re)state its vision and strategic goals for the trust?**
- (ii) **Has the trust/board initiated formal discussions with Prime regarding the trust's strategic direction and/or operations?**
- (iii) **Has the Trustee-Manager evaluated the opportunities for possible collaboration with the new controlling unitholder/sponsor?**

As disclosed, Prime was founded in 1998 and has since grown to become a leading international ship-owning and management group headquartered in Athens, currently managing 27 Product Tankers, 2 Suezmax Oil Tankers and 7 LPG Carriers. According to Prime's website, its fleet of 36 vessels has a carrying capacity of 2.2 million deadweight tons.

- (iv) **Can the Trustee-Manager help unitholders understand if there are synergies between the operations of the trust and the operations of Prime?**

2. With the disposal of FSL Busan in January 2018, the Trust's remaining portfolio consists of 19 vessels, comprising three containerships, twelve product tankers, two chemical tankers and two crude oil tankers.

The trust reported that, post year end, the debt was further reduced to US\$124.9 million from the proceeds of vessel sales and cash flow from operations.

- (i) **Can the Trustee-Manager explain how it evaluates the current fleet and what are the considerations in deciding which vessel(s) to be sold?**
- (ii) **Can management provide unitholders with an update on the prospects of the different segments, namely the specialised tanker, chemical tanker, Aframax and the product tankers (MR and LR2)?**
- (iii) **Can the trust also explain if the revenue sharing agreements/pools/spot markets are short term measures as the Trustee-Manager tries to secure long-term bareboat/time charters with strong counter-parties at reasonable rates?**
- (iv) **With 6 vessels to be redelivered in FY2018, what is the Trustee-Manager's strategy to maximise the value generated for unitholders?**

3. On 24 April 2018, the trust announced that it has "entered into term sheets with two groups of financiers for the provision of loan facilities to certain subsidiaries of the Trust in the aggregate amounts of US\$40 million and US\$50 million respectively."

- (i) **With the debt level still at US\$124.97 million, can the Trustee-Manager explain further how it is going to meet the shortfall?**

While the proposed new facilities will enable the trust to refinance its current syndicated loan facility that was due 20 December 2017, it does not appear to provide headroom for the trust to grow further.

- (ii) **Can the Trustee-Manager help unitholders understand the options being considered to strengthen the financial position of the trust?**
- (iii) **In addition, when will the trust be in a position to resume distributions to unitholders?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=FSL%20Trust%20Management%20Pte%20Ltd>

The company's response could be found here: -----