

4Q22 Factsheet

KEY STATISTICS

as at 31 December 2022
(unless otherwise stated)

No. of Shares in issue	307.778m
Share Price	\$1.15 / £0.95
NAV*	\$431.6m / £358.8m
NAV per share*	\$1.402 / £1.165
Premium/(Discount) to NAV	(18.0%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share (to commence from 4Q22)	\$0.085 p.a.

Management Fee: 0.85% of NAV below \$250m
0.75% of NAV between \$250m and \$500m
0.65% of NAV above \$500m (no fees on cash)

Performance Fee: 20% of excess return over 12%
net hurdle, partially paid after 7 years

* 31 Dec 2022 closing mid-rate of USD/GBP 0.8313.
Source: Morningstar

INVESTMENT MANAGER

TUFTON

Tufton Investment Management Ltd
70 Pall Mall, 1st Floor
London SW1Y 5ES

The Investment Manager is Tufton Investment Management Ltd ("Tufton"). The Tufton group was founded in 1985 to provide financial services to the maritime and energy industries and since 2000 has concentrated predominately on investment and asset management. The Investment Manager is authorised and regulated by the Financial Conduct Authority and has offices in London, Isle of Man, and Cyprus. Tufton is fully dedicated to the maritime industry with an in-house research team and Asset Manager providing operational and accounting services to each vessel within the portfolio. The Investment Manager is committed to Responsible Investment by integrating ESG principles into its investment process and since December 2018 has been a signatory of the UN Principles for Responsible Investment.

Fund Managers:

- Andrew Hampson: 45 years of experience in banking and shipping finance. Joined Tufton in 2001.
- Paulo Almeida: 28 years of experience in fund management, investment banking and the shipping industry. Joined Tufton in 2009.

Signatory of



INVESTMENT OBJECTIVES AND STRATEGY

To provide investors with an attractive level of regular and growing income and capital returns through investing in a diversified portfolio of secondhand commercial sea-going vessels.

PORTFOLIO HIGHLIGHTS

NAV total return for 4Q22 was minus 3.8% as values fell over all. Total return would have been positive had our Product Tankers' negative charter value not increased substantially. As the negative charter value unwinds going forward (further details below and over) *ceteris paribus* NAV will increase by 10%. In the Bulker segment, the relatively low charter cover resulted in limited charter value gains as asset values fell in a weakening market. The Company agreed to divest its last Containership, the Riposte, taking the portfolio to twenty-two vessels. The aggregate realised net IRR on the Company's Containerships is c.27%. NAV total return for 2022 was 7.7% and since inception is 91.1%.

DIVIDEND

The Company declared a 4Q22 dividend of \$0.02125 per share, payable on 10 February. The Company targets a total annual dividend of \$0.085 per share and is forecast to have a dividend cover of 1.8x over the next 18 months after reinvesting the Riposte sale proceeds.

SHARE PURCHASES

Tufton principals acquired an additional 613,000 ordinary shares in 2H22 such that Tufton-related shareholders owned 3.2% of the issued share capital as at 31 December 2022. During 4Q22, SHIP bought back 945,000 ordinary shares at an average price of \$1.14 per share.

INVESTMENT OUTLOOK

The Product Tanker market continued to strengthen. Benchmark time charter rates rose to their highest level since 2005. The easing of Covid-related lockdowns in China, refinery expansions in the Middle East and Asia as well as slowing fleet growth (orderbook at only c.5% of fleet) suggest the Product Tanker market will remain strong in 2023. Asset values should rise as confidence builds in the duration of the market strength – or, if rates moderate, negative charter value should unwind more than charter-free values drop. The tightening Product Tanker market also benefits Chemical Tankers as 25-30% of MR Product Tankers are engaged in the chemical/vegoil trade. More Product/Chemical Tankers have shifted away from chemicals to meet the rising Product Tanker demand. The Chemical Tanker market is also expected to benefit from slowing fleet growth and improving demand growth, primarily in China, in 2023. Vessels corresponding to c.52% of NAV benefit from these trends.

The Containership market continued to weaken as port congestion unwound and demand was negatively impacted by high inflation and tightening monetary policy. With fleet growth of c.7% forecast in 2023, the Containership market is likely to remain weak. SHIP agreed to divest its last Containership. Tufton will seek new opportunities as they arise.

The Bulker market weakened during the quarter as demand growth was impacted by the slowdown in Chinese economic activity following the Covid-related lockdowns, coincident with the easing of port congestion. Beyond seasonal weakness in 1Q23, Tufton expects the market, supported by strong supply-side fundamentals, to improve as demand growth recovers.

The Company's acquisitions since 4Q21 are in the top quartile of fuel efficiency compared to their respective peer groups. Through capital re-allocation, we have improved the portfolio emissions intensity by c.50% since 3Q21. Energy Saving Devices ("ESDs") retrofits are substantially completed on seven vessels, in progress on one, and planned for three other vessels later in 2023. The ESDs have expected IRRs of >20% and will further reduce emissions.

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COMPANY INFORMATION

Registered Address	3rd Floor 1 Le Truchot St Peter Port Guernsey, GY1 1WD
Listing	Specialist Fund Segment of the London Stock Exchange
IPO Date	20 th December 2017
ISIN	GG00BDFC1649
SEDOL	BDFC164 / BMB3NJ1
Ticker	SHIP / SHPP
Dividend Frequency	Quarterly
ISA / SIPP eligible?	Yes
Website	www.tuftonoceanicassets.com
Email	SHIP@tuftonoceanicassets.com

BOARD OF DIRECTORS

Robert King (Chairman)
Paul Barnes
Stephen Le Page
Christine Rødsæther

CORPORATE ADVISERS

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Sam Greatrex: +44 (0) 207 496 3032

ADMINISTRATOR & SECRETARY

Maitland Administration (Guernsey) Limited
(per registered address above)
shipadmin@maitlandgroup.com

CORPORATE CALENDAR

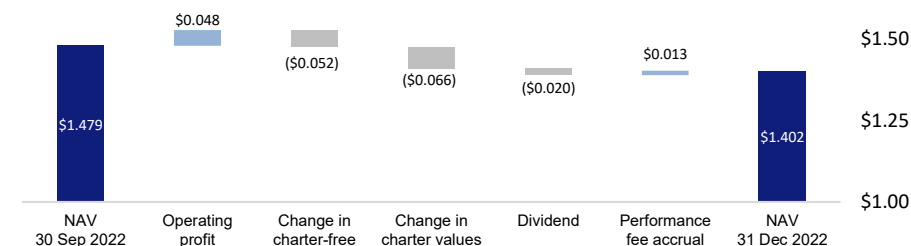
AGM	26 Oct 2023
Reporting period end	30 Jun 2023 (FY)

Dividend Calendar

	4Q	1Q	2Q	3Q
	22	23	23	23
Release date	18 Jan	19 Apr	19 Jul	18 Oct
Ex-dividend date	26 Jan	27 Apr	27 Jul	26 Oct
Record date	27 Jan	28 Apr	28 Jul	27 Oct
Payment date	10 Feb	11 May	10 Aug	10 Nov

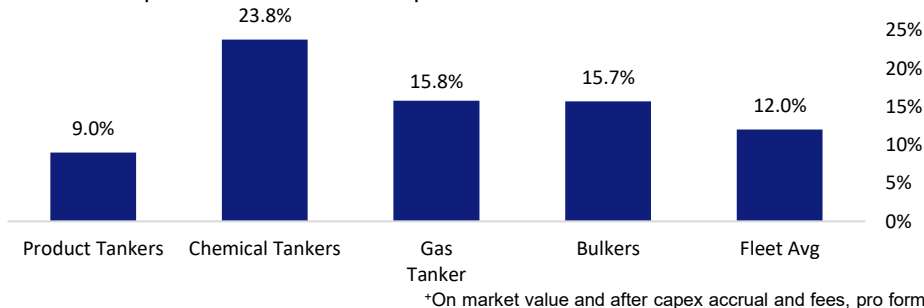
PORTFOLIO PERFORMANCE

NAV total return for the quarter was minus 3.8%. Operating profit was \$0.048/share. The capital value of the portfolio fell by \$0.119/share. Charter-free values fell due to the weaker Containership and Bulker markets while charter values also fell as benchmark Product Tanker time charter rates rose strongly. The total negative charter value in the portfolio of \$43.3m will trend to zero (i.e. increase NAV) in the medium term, *ceteris paribus*. If market rates stay flat, the NAV impact will be +c.\$4m (c.1% of NAV) in 1Q23 and c.\$18.0m (c.4.2% of NAV) in 2023.

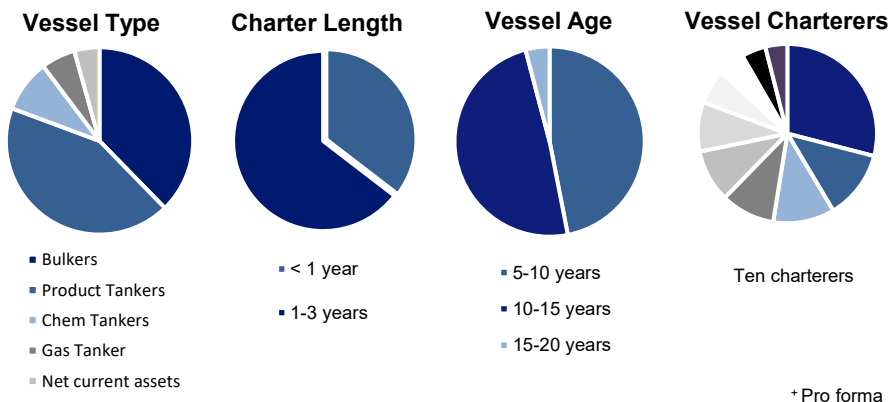


FLEET NET YIELDS

The run rate yield⁺ on the fleet is 12%. Average expected charter length (EBITDA-weighted) was 1.4 years for the portfolio and 0.3 years for Bulkers. The low expected charter length on Bulkers means the segment will benefit if the market improves from 2Q23 as expected.



PORTFOLIO OVERVIEW*



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