

1Q22 Factsheet

KEY STATISTICS

as at 31 Mar 2022
(unless otherwise stated)

No. of Shares outstanding	308.63m
Share Price	\$1.35
NAV	\$427.1m
NAV per share	\$1.384
Premium/(Discount) to NAV	(2.4%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share	\$0.08

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

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: 44 years of experience in banking and shipping finance. Joined Tufton in 2001.
- Paulo Almeida: 27 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 was 2.0%. The Company divested four Containerships with returns materially exceeding targets and agreed to acquire two Handysize Bulkers. Both Bulkers are on fixed-rate time charters, one for eighteen to twenty-four months producing a net yield over 15% and the other for nine to twelve months producing a net yield of 25%. Upon completion of these transactions, the Company will have a fleet of twenty-one vessels with an average expected charter cover of 1.4 years and will have reduced the portfolio Price to Depreciated Replacement Cost ("P/DRC") ratio to below 100%. A lower P/DRC signifies a de-risked portfolio with higher upside potential. The capital re-allocation to fuel-efficient Bulkers and a fuel-efficient Tanker also improves the emissions intensity of the portfolio by c.30% since 3Q21.

None of the Company's vessels have been impacted by the war in Ukraine and all of them remain fully insured against war-like events. As a matter of policy, we will exercise our right to prohibit portfolio vessels from trading in areas assessed as "perilous" where there is heightened physical risk to the vessel or its crew. Tufton continues to prioritise crew welfare on all the Company's vessels.

DIVIDEND

The Company declared a 1Q22 dividend of \$0.02 per share, payable on 20 May. The Company targets a total annual dividend of \$0.08 per share and is forecast to have a dividend cover of 1.7x over the next 18 months despite not being fully invested. Tufton expects the forward cover to be at least 1.8x once SHIP is again fully invested.

INVESTMENT OUTLOOK

Initial assessments by Clarksons Research suggest limited impact from the Russian invasion of Ukraine on the overall demand for seaborne trade (in ton-miles) despite the limited potential negative impact on cargoes (tons) as disruptions generally tend to have a positive effect on shipping demand by increasing average trade distances.

The Containership market remained strong over the quarter with record time charter rates and asset values. However, there were fewer transactions in the asset market in February and March. The Containership orderbook has risen to c.25% of the fleet which will result in increasing fleet growth from 2023. The Company has therefore re-allocated capital away from the Containership segment. The Tanker market is expected to improve over the year. Clarksons Research forecasts higher tanker demand growth due to shifts in trade to increasing average trade distances. The Product Tanker spot market strengthened significantly over the quarter and several transactions in April show rising asset values. Bulkers continue to offer strong yield and have supportive supply fundamentals with the orderbook at only c.7% of fleet.

Tufton believes the shipping market is in a multi-year upcycle as the lack of new orders in most segments results in supportive supply-side fundamentals and offers investors inflation protection. The Clarksons newbuilding price index has risen c.25% since the end of 2020.

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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 / SEDOL	GG00BDFC1649 / BDFC164
Ticker	SHIP
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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1 Bartholomew Lane, London, EC2N 2AX
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James Waterlow: +44 (0) 207 496 3031
Sam Greatrex: +44 (0) 207 496 3032

ADMINISTRATOR & SECRETARY

Maitland Administration (Guernsey) Limited
(per registered address above)
Wikus Van Schalkwyk: +44 (0) 1481 749363

CORPORATE CALENDAR

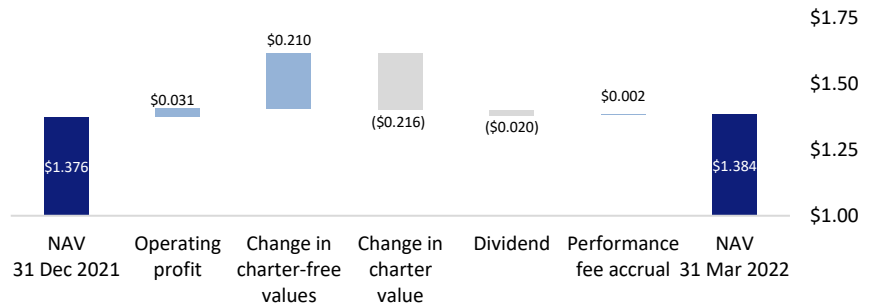
AGM	27 Oct 2022
Reporting period end	30 Jun 2022 (FY)

Dividend Calendar

	1Q 22	2Q 22	3Q 22	4Q 22
Release date	27 Apr	19 Jul	18 Oct	TBC
Ex-dividend date	5 May	28 Jul	27 Oct	TBC
Record date	6 May	29 Jul	28 Oct	TBC
Payment date	20 May	12 Aug	11 Nov	TBC

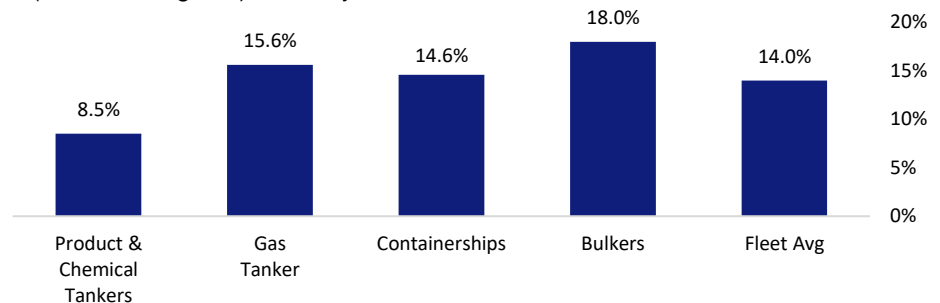
PORTFOLIO PERFORMANCE

NAV total return for the quarter was 2.0%. Operating profit was \$0.031/share. The rise in charter-free values in all segments was offset by the fall in charter value as benchmark time charter rates rose. The change in charter value is usually < 50% of the change in charter-free value which reduces NAV volatility. This quarter is unusual in that the change in charter value more than outweighed the change in charter-free value. We expect this to normalise in 2Q22.



FLEET NET YIELDS

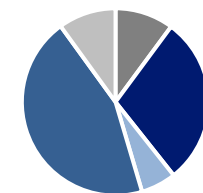
The run rate yield* on the fleet is 14.0%. Average expected charter length (EBITDA weighted) is c.1.4 years.



*On market value and after capex accrual and fees, pro forma for announced transactions

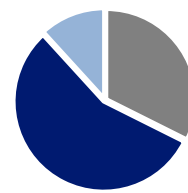
PORTFOLIO OVERVIEW*

Vessel Type



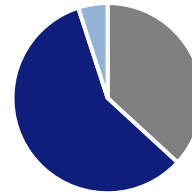
- Containerships
- Product & Chem Tankers
- Gas Tanker
- Bulkers
- Net current assets

Charter Length



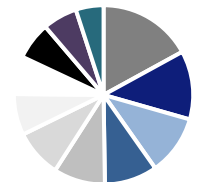
- < 1 year
- 1-3 years
- 3-5 years

Vessel Age



- 5-10 years
- 10-15 years
- 15-20 years

Vessel Charterers



Eleven charterers

* Pro forma for announced transactions

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