

4Q23 Factsheet

KEY STATISTICS

as at 31 December 2023
(unless otherwise stated)

No. of Shares in issue	294.032m
Share Price	\$0.99 / £0.78
NAV*	\$427.1m / £335.0m
NAV per share*	\$1.452 / £1.139
Premium/(Discount) to NAV	(31.8%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share	\$0.085 p.a.
From 1Q24	\$0.10 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

* 1 Jan 2024 closing mid-rate of USD/GBP 0.7844

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 has been a signatory of the UN Principles for Responsible Investment since December 2018.

Fund Managers:

- Andrew Hampson: 46 years of experience in banking and shipping finance. Joined Tufton in 2001.
- Nicolas Tirogalas: 25 years of experience in fund management, investment banking and the shipping industry. Joined Tufton in 2023.

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 6.7% for 4Q23 and 10% for 2023. Strong operating profit and rising asset values had comparable positive contributions as Product Tanker and Bulker values rose. SHIP divested Pollock and Dachshund in a forward sale, expected to close during 2Q24 after the vessels complete their current charters until which time the Company will also benefit from the vessel earnings. The expected realised net IRR across the two vessels will be c.25% and net MOIC c.2.0x. The Company successfully extended the employment of Exceptional with its current charterer for up to 3 years commencing 1 January 2024. The new charter rate implies a net yield of over 15% for the firm extension period which, when blended with the 6-month sub-market stub end of the previous charter, will produce a net yield of c.13% for the next 2 years. The Company extended the charters on three Bulkies resulting in the segment run rate yield increasing to 9.5% (3Q23:7.8%). We expect further Bulker market improvement in the medium term. There has been no direct impact to date on the Company or any of its vessels from the escalation of hostilities in the Red Sea. All our vessels are fully insured, and we continue to monitor the situation.

DIVIDEND INCREASE

The Company declared a 4Q23 dividend of \$0.02125 per share, payable on 9 February. The Company has raised its target annual dividend from \$0.085 to \$0.10 per share to commence from 1Q24. After the increase, the Company is forecast to have a dividend cover of 1.5x (1.7x before the increase) over the next 18 months.

SHARE BUYBACKS

In 4Q23, SHIP purchased 1,050,000 ordinary shares at an average price of \$0.98 per share in line with its published discount management policy. SHIP has purchased a total of 14,596,000 ordinary shares from 4Q22 to the end of 4Q23.

INVESTMENT OUTLOOK

The investment opportunity set in fuel-efficient secondhand vessels is expected to be very strong for the rest of this decade. We expect high yields and opportunities for capital appreciation as the continued slow pace of new orders because of high newbuild prices, limited yard capacity, uncertainty on regulations, fuel infrastructure and technology leads to low fleet growth. Tightening regulations, high fuel prices and carbon costs also incentivise speed reduction and disadvantage older tonnage.

The Product Tanker market is likely to remain strong in the medium-term supported by sound fundamentals offering high yields. We expect gradual improvement in the Bulker market with the potential for significant capital appreciation going into 2025.

We expect the Company will continue to deliver excellent shareholder value with the demonstrated strategy of diversification, strong charter cover and judicious use of leverage. Noting the persistent discount of the share price to NAV, we will nevertheless evaluate all new investment opportunities by comparing expected returns over a three-year horizon relative to the benefit of the return of capital to shareholders.

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COMPANY INFORMATION

Registered Address	1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL
Listing	Specialist Fund Segment of the London Stock Exchange
IPO Date	20 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
Trina Le Noury

CORPORATE ADVISERS

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ADMINISTRATOR & SECRETARY

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

CORPORATE CALENDAR

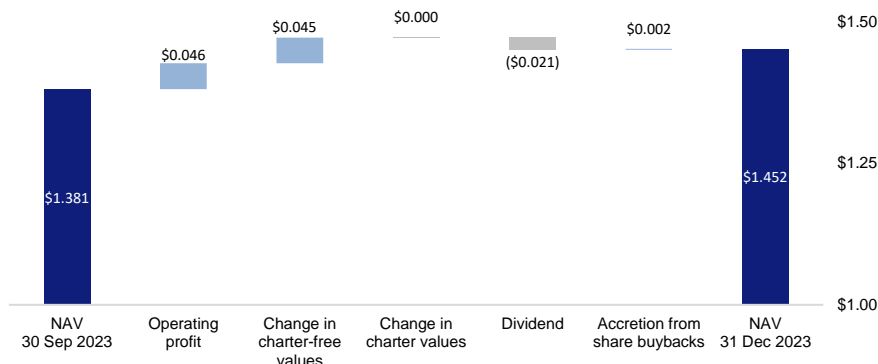
AGM	24 Oct 2024
Reporting period end	30 Jun 2024 (FY)

Dividend Calendar

	4Q 23	1Q 24	2Q 24	3Q 24
Release date	17 Jan	16 April	17 Jul	16 Oct
Ex-dividend date	25 Jan	25 Apr	25 Jul	24 Oct
Record date	26 Jan	26 Apr	26 Jul	25 Oct
Payment date	9 Feb	10 May	9 Aug	11 Nov

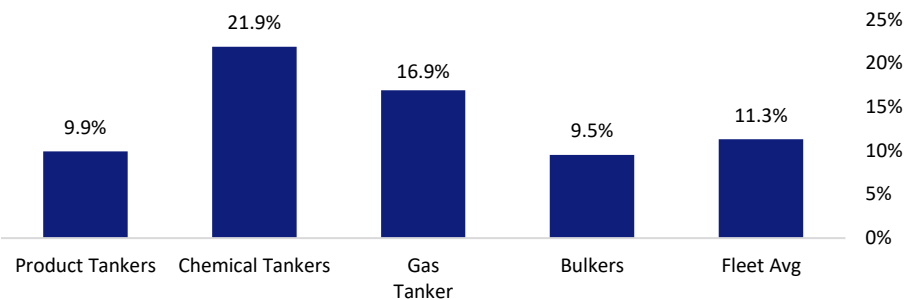
PORTFOLIO PERFORMANCE

NAV total return for the quarter was 6.7%. Operating profit was \$0.046/share. The charter-free value of the portfolio rose by \$0.045/share as both Product Tanker and Bulker values rose. Portfolio charter value decreased slightly as the unwind in negative charter value was outweighed by the rise in benchmark time charter rates. If market rates stay flat, *ceteris paribus*, the total negative charter value of \$42m (c.10% of NAV) will unwind by c.1.4% of NAV in 1Q24.



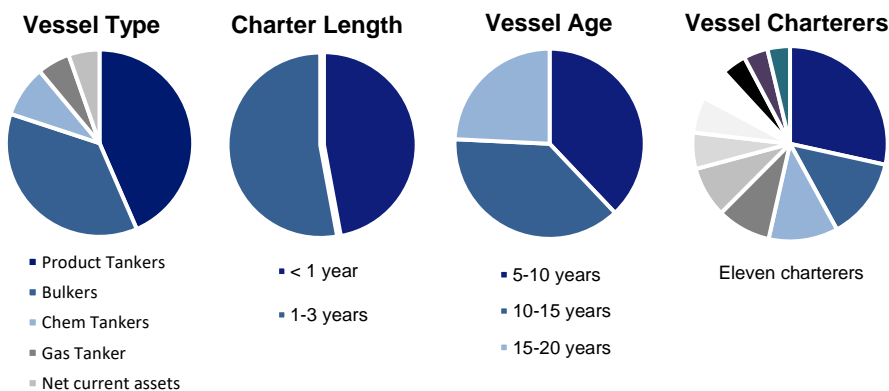
FLEET NET YIELDS

The run rate yield* on the fleet is 11.3%. Average expected charter length (EBITDA-weighted) is c.1.7 years for the portfolio.



*On market value and after capex accrual and fees

PORTFOLIO OVERVIEW



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