

# **Tufton Oceanic Assets Limited**

Annual Report and Audited Financial Statements

For the year ended 30 June 2024

# Tufton Oceanic Assets Limited

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# Tufton Oceanic Assets Limited

## Highlights

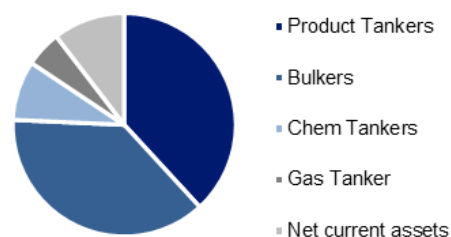
Highlights of Tufton Oceanic Assets Limited (the “Company”) for the financial year (“FY”) (vs. the previous FY ending 30 June 2023):

- NAV was US\$451.1m or US\$1.550 per share (FY 2023: US\$412.8m or US\$1.365 per share).
- NAV Total Return Per Share 20.6% (FY 2023: -0.3%).
- Dividends paid during the year of US\$26.1m (FY 2023: US\$25.4m), which from 1Q24 was at the increased target annual dividend of US\$0.10 per share rate.
- The Company bought back 11,386,000 (FY 2023: 6,160,000) shares at the weighted average price of US\$1.014 (FY 2023: US\$1.13) per share.
- Consolidated Gearing Ratio of 12.0% (FY 2023: 13.8%).
- Average Charter Length of 1.3 years (FY 2023: 1.3 years).
- Post balance sheet date, the Company completed a one-off capital return of US\$31.5m via redemption (“Redemption”) of shares based on the 2Q24 NAV per share of US\$1.550.

### Diversified fleet\*

- 8 product tankers
  - 6 Medium Range (“MR”) product tankers
  - 2 Handysize product tankers
- 9 bulkers
  - 8 Handysize bulkers
  - 1 Ultramax bulker
- 2 Chemical tankers
- 1 Gas tanker

### Portfolio by vessel type (% NAV)



The Company owned 21 vessels as at the end of the FY. One product tanker (Dachshund) was divested on 1 July 2024 bringing the total number of vessels to 20.

Highlights since inception*			
131.2%	US\$126.7m	US\$18.8m	39 (19)
<i>NAV Total Return Per Share</i>	<i>Dividends</i>	<i>Buybacks</i>	<i>Vessels Acquired (Divested)</i>

\* as at 30 June 2024, adjusted for the divestment of Dachshund on 1 July 2024. Dividends include the 2Q24 dividend which was paid in August 2024.

Alternative Performance Measures (“APMs”), applied on a consolidated basis, are utilised in the Highlights and Investment Manager’s Report to analyse performance. Please see the APMs definitions from page 87.

# Tufton Oceanic Assets Limited

## Highlights (continued)

### Mid-Term strategy and capital allocation highlights

- The Company's Board has determined that the optimal strategy for SHIP through to 2030 is to continue investing in fuel-efficient secondhand vessels. This approach aims to maximize shareholder returns, with plans to begin realising the Company's asset portfolio from 2028, well before the decarbonisation of shipping accelerates.
- Continuation votes to be held as planned in 2024 and 2027 to reconfirm the opportunity set and the strategy, before the realisation period starting in 2028.
- SHIP's annual target dividend per share was increased by c.17.6% from US\$0.085 per share to US\$0.10 per share starting in 1Q24. Based on this increased target the Company is forecast to have Dividend Cover of c.1.7x over 18 months following the end of the FY, through the end of 4Q25.
- A one-off capital return of US\$31.5m via the Redemption of shares based on the 2Q24 NAV per share (being a premium to the prevailing share price) less attributable costs was completed on 26 August 2024.
- The Company sees fleet renewal (based on age, technology, and sector outlook) as a priority. Returns from all new asset investments over a three-year holding period will be compared to the benefit from a return of capital given the prevailing share price at the time of the proposed investment and medium-term market outlook.
- The Board will annually assess the possibility of returning additional capital to shareholders using excess investible cash, provided no suitable investment opportunities arise.
- The current buy-back policy (as set out in the Company's listing documents) is to remain in place.

# Tufton Oceanic Assets Limited

## Chairman's Statement

### Introduction

On behalf of The Board of Directors (the "Board"), I present the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2024.

Following the divestment of Dachshund on 1 July 2024, the Company's portfolio consisted of 20 vessels (FY 2023: 22 vessels), details of which are set out in the Investment Manager's Report. Divestments completed in FY 2024 have been completed at a premium to their most recent individually reported NAVs.

### Strong Performance and Target Dividend Increased

As at 30 June 2024, the Company's NAV was US\$451.1m being US\$1.550 per share (2023: US\$412.8m being US\$1.365 per share). The Company declared a profit of US\$76.1m (FY 2023: loss of US\$2.5m) or US\$0.259 per share (FY 2023: US\$0.008) for the year with the US\$ NAV Total Return Per Share over the year of 20.6% (FY 2023: -0.3%).

The strong return over the FY was driven by operating performance as well as gains in charter-free values, as product tanker and bulker values rose.

The Company raised its target annual dividend from US\$0.085 to US\$0.1 per share, which commenced from 1Q24. With the increased dividend, the Company is forecast to have a Dividend Cover of c.1.7x over the next 18 months (through the end of 4Q25). As at 30 June 2024, the Average Charter Length was 1.3 years.

### Share Price and Discount Management

During the year, the Company's share price rose from US\$0.99 per share as at the close of business 30 June 2023 to US\$1.21 per share as at the close of business 30 June 2024.

Following a tepid performance in the second half of 2023, the Company's share price increased by approximately 22% in the latter half of the FY. This rise was particularly notable after the announcement on 17 January 2024 of key points from the mid-term strategy review, an increased dividend policy, a one-time return of capital, and other related changes in capital allocation. The Board is encouraged to note that the discount of the Company's share to NAV has narrowed to c.14% (30 June 2023: 27.8%) as at end August 2024.

On average, the Company's shares traded at a 27% discount to NAV over the FY. During the year, the Company (in accordance with the authority granted to it by shareholders) repurchased 11,386,000 (FY 2023: 6,160,000) shares at a cost of US\$11,573,679 (FY 2023: US\$6,946,752). Refer to Note 7 for more details. At the end of the FY, there were 17,546,000 (FY 2023: 6,160,000) shares held in treasury. Since 1 July 2024, the Company has bought back an additional 20,326,211 shares via the compulsory Redemption with 17,546,000 Shares held in treasury and 270,756,330 shares outstanding as at 25 September 2024. As at 25 September 2024, the Company's shares traded at a 16.1% discount to the ex-dividend 30 June 2024 NAV.

# Tufton Oceanic Assets Limited

## Chairman's Statement (continued)

### Mid-Term strategy review

In January 2024, the Board reviewed the Company's performance since its inception and requested that the Investment Manager conduct a study on future opportunities and the strategy, including capital allocation, to achieve investment objectives. The Board concluded that the best strategy for SHIP through 2030 is to continue investing in fuel-efficient secondhand vessels to maximise shareholder returns, with plans to begin realising the Company's asset portfolio starting in 2028, ahead of the anticipated acceleration in shipping decarbonisation. Details of the mid-term strategy review are set out on page 2 above.

### Canal Transit Disruptions and War in Ukraine

Transit through two key global shipping routes, the Panama Canal and the Suez Canal, were disrupted during the FY.

Vessel transit through the Panama Canal was disrupted from late October due to an ongoing drought in the region. While transit through the Suez Canal was disrupted as Houthi rebel attacks on vessels in the Red Sea escalated from late November. Disruption of canal transit causes re-routing of cargo via alternate routes which typically take much longer and add to shipping demand. For example, disruption of transit through the Suez Canal is estimated to add c.3% to global shipping demand growth predominantly due to re-routing around the Cape of Good Hope. As of August 2024, vessel transit through the Panama Canal is returning to normal while traffic via the Suez Canal remains at very low levels due to the ongoing risk of attacks. All of the Company's vessels remain fully insured against war perils. None of the Company's vessels have been adversely affected by the war in Ukraine or the attacks on vessels transiting the Red Sea/Gulf of Aden. The Investment Manager's policy is that Company vessels should not transit the Red Sea during this period of conflict. The Master of each vessel may refuse to allow the vessel to trade in areas where there is a heightened physical risk to the vessel or its crew. The Board and the Investment Manager remain watchful in monitoring the conflicts and their consequences for shipping in general and for the Company.

### Sanctions

The Company and its vessels were compliant with all international sanctions imposed by the US, UK, EU and UN. We have had no issues to date with any vessels being blocked or otherwise affected by sanctions. The Investment Manager monitors compliance through regular inspection of vessel logs, satellite data and direct communication with the vessels. The Board and Investment Manager are monitoring for new sanctions being put in place. Where existing guidelines are unclear, the procedure ensures that the Investment Manager seeks legal advice.

### Corporate Governance

The Company is a member of the Association of Investment Companies ("AIC") and has therefore elected to comply with the provisions of the current AIC Code of Corporate Governance which sets out a framework of best practice in respect of governance of investment companies ("AIC Code"). The AIC Code has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission (the "GFSC") as an alternative means for AIC members to meet their obligations in relation to the UK Corporate Governance Code.

Where the Company's stakeholders, including shareholders and their appointed agents, have matters they wish to raise with the Board in respect to the Company, I would encourage them to contact us at [SHIP@tuftonoceanicassets.com](mailto:SHIP@tuftonoceanicassets.com).

# Tufton Oceanic Assets Limited

## Chairman's Statement (continued)

### Board Composition

As in previous years, all Directors are offering themselves for re-election in accordance with the AIC Code of Corporate Governance and the Articles of Incorporation of the Company (the "Articles").

Three of the current five members of the Board were appointed at the formation of the Company in 2017. Whilst their respective tenure is much less than the AIC Guidance figure of nine years, a succession plan has been considered by the Board. As part of the continued Board review of its composition, Trina Le Noury was appointed as a non-executive Director of the Company with effect from 1 November 2023.

### Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held on 24 October 2024 at 11:00 am BST the details of which are set out in the AGM notice and Proxy form on pages 97 to 109.

Where shareholders, or their appointed agent have matters they wish to raise with the Board at the AGM, I would encourage them to contact us at [SHIP@tuftonoceanicassets.com](mailto:SHIP@tuftonoceanicassets.com) ahead of the AGM date.

### Continuation Vote

The vote for the continuation of the Company is presented to the Shareholders at this year's AGM in accordance with the terms set out in the latest listing document of the Company. The Board of Directors presented the mid-term strategy to Shareholders on 17 January 2024 and this strategy is the basis for the future continuation of the Company.

If this Continuation Resolution is passed, the next continuation vote will be presented to Shareholders in October 2027. The Directors shall every three years thereafter at the annual general meeting held, following the publication of the audited accounts, propose a further Continuation Resolution.

The Board of Directors are supportive of the continuation of the Company and believe that the mid-term strategy presented to Shareholders provides a clear direction of travel beyond this year's continuation vote and therefore the Board unanimously recommends that Shareholders vote in favour of the Continuation Resolution. The Directors intend to vote the shares they control in favour of the Continuation Resolution.

### Environmental, Social, Governance ("ESG")

Our Investment Manager continues to integrate ESG factors into its investment recommendations and asset ownership practices. The Investment Manager has recently published its annual Sustainability Report which contains details of ESG integration. The Board has reviewed and approved the Investment Manager's Sustainability Report for the Company which can be viewed on the Company's website ([www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com)).

# Tufton Oceanic Assets Limited

## Chairman's Statement (continued)

### Outlook

The Investment Manager notes that global shipyard orderbook forward cover (i.e. the number of years required to deliver the orderbook at the output level of the last 12 months) was 3.4 years at the end of the FY slightly lower than 3.7 years at the end of June 2023. Despite the growth in new orders over the last few years, fleet growth in product and chemical tankers and bulkers is limited by yard slot availability. Further the current orderbook in these segments is only sufficient to replace ageing, less fuel efficient tonnage.

The Company completely exited the containership segment in early 2023 in anticipation of a weaker market due to high fleet growth. The disruption of vessel transit through the Suez Canal has added significant shipping demand growth resulting in a much stronger containership market than previously anticipated by the Investment Manager, offering some interesting opportunities.

These ongoing developments continue to support the case for a strong investment environment until the end of the decade as envisaged in our mid-term strategy review.



.....  
Rob King  
Non-executive Chairman  
25 September 2024



# Tufton Oceanic Assets Limited

## Investment Manager's Report

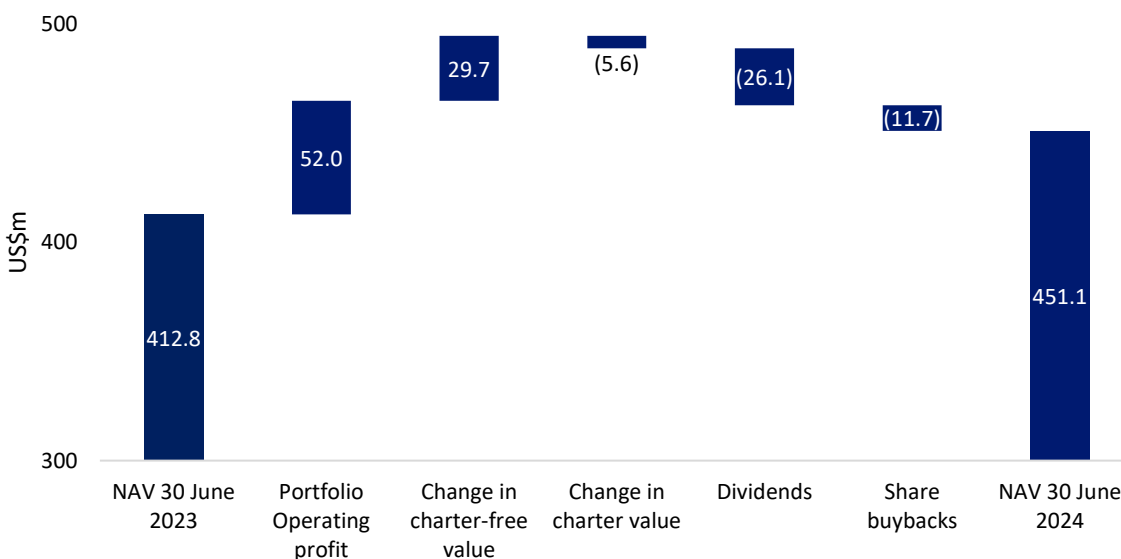
### Highlights of the FY

Over the FY NAV Total Return Per Share was 20.6% (FY 2023: -0.3%), meaning the NAV Total Return since inception has been 131.2%. Alternate Performance Measures ("APM"s), applied on a consolidated basis, are utilised in this section to analyse performance. Please see the APM definitions from page 87.

The main drivers for the strong return during the year were:

- Portfolio Operating Profit was US\$52.0m (FY 2023: US\$56.3m): Despite strong performance from our product tankers and chemical tankers, Portfolio Operating Profit was slightly lower YoY as the bulker market started the current FY at multi-year lows and slowly recovered.
- Charter-free value gain of US\$29.7m as product tanker and bulker values rose.
- Charter value loss of US\$5.6m as the unwind of negative charter value was outweighed by the ongoing increase in benchmark time charter rates, both mainly in product tankers.

### NAV Development over the FY



The Company paid dividends of US\$26.1m during the FY (FY 2023: US\$25.4m). Under the Company's discount management policy described in the IPO Prospectus, the Company repurchased 11,386,000 shares during the FY and has therefore purchased a total of 17,546,000 of its own shares from 4Q22 until the end of the FY. The Company returned a total of US\$37.8 million to shareholders during the FY in the form of dividends and share buybacks (\$145.5 million since inception).

Portfolio Operating Profit was lower compared to the previous FY because:

- Gross Operating Profit, an indicator of the underlying profit from operating activity, was lower YoY mainly due to the lower contribution from our bulkers. The bulker market started the FY with rates at multi-year lows and slowly improved.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### Highlights of the FY (continued)

- Loan interest and fees were higher compared to the previous FY due to the full year impact of the US\$60m loan for the acquisitions of the two MR product tankers, Mindful and Courteous (completed in November 2022).

Following our December 2023 update in the Interim Report, the divestment of Pollock closed on 16 May 2024. The divestment of Dachshund closed on 1 July 2024, shortly after the FY end. Ahead of the divestments, the loan outstanding on the product tankers (within two separate Holdco facilities) was refinanced with six vessels within one Holdco at a lower margin of 3.2% (vs. 3.9% previously). The Consolidated Gearing Ratio at the end of the FY was 12% (FY 2023: 13.8%). There was no debt prepayment in connection with the divestment. Interest rate caps mitigate interest rate risk through the end of 2025.

### Performance summary\*

Figures below are in US\$ millions unless otherwise stated		From 1 Jul 2023 to 30 Jun 2024	From 1 Jul 2022 to 30 Jun 2023
	Ship-Days	8,007	7,945
	Revenue	117.7	119.9
	Operating Expense	(55.0)	(55.6)
<b>A</b>	<b>Gross Operating Profit</b>	<b>62.7</b>	<b>64.3</b>
	<b>Gross Operating Profit / Time-Weighted Capital Employed</b>	<b>13.5%</b>	<b>14.7%</b>
<b>B</b>	<b>Loan interest and fees</b>	<b>(6.6)</b>	<b>(3.5)</b>
<b>C</b>	<b>Gain/(loss) in capital values</b>	<b>24.1</b>	<b>(62.8)</b>
<b>D</b>	<b>Portfolio profit / (loss) [A+B+C]</b>	<b>80.2</b>	<b>(2.0)</b>
<b>E</b>	<b>Interest income</b>	<b>0.5</b>	<b>0.1</b>
<b>F</b>	<b>Fund Level Fees and Expenses</b>	<b>(4.6)</b>	<b>(4.6)</b>
<b>G</b>	<b>Performance fee accrual</b>	<b>-</b>	<b>4.0</b>
	<b>Profit / (Loss) for the period [D+E+F+G]</b>	<b>76.1</b>	<b>(2.5)</b>
	<b>Portfolio Operating Profit [A+B+E+F]</b>	<b>52.0</b>	<b>56.3</b>

\*Performance summary is unaudited and presented on a look through basis

Note: Please see from page 87 for definitions of the APMs used in the table above.

The product and chemical tanker markets strengthened during the FY. The capital value gain of US\$24.1m was due to higher charter-free values, in product tankers and bulkers, outweighing the increase in negative charter values largely attributable to the strong product tanker market. The bulker market started the FY with rates at multi-year lows and slowly improved with rising rates and values.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### Highlights of the FY (continued)

At the end of the FY, the portfolio had a total negative charter value of US\$50.5m (FY 2023: US\$49.5m). *Ceteris paribus*, the negative charter value is expected to unwind (i.e. increase NAV) in the medium term as the current charters are completed. From the end of July 2023, four bulkers Anvil, Awesome, Auspicious and Charming were fixed on index-linked charters in order to benefit from the improving market.

Towards the end of the FY, the Company switched one bulkier, Auspicious, from an index-linked charter back to a high fixed-rate charter to commence from the end of July 2024. The Investment Manager expects continued improvement in the bulkier market and may switch employment strategies to opportunistically capture strong yields on a risk-adjusted basis.

Across the main segments, Gross Operating Profit contribution during the FY, compared to the previous FY comprised the following factors:

- Product tankers – higher because:
  - full period contribution from all vessels including Mindful and Courteous which were acquired during the previous FY;
  - Exceptional's charter was extended starting January 2024 at a higher rate; and
  - Higher rate periods commenced on Cocoa's and Daffodil's charters during the FY.
- Chemical tankers – higher as both our chemical tankers, operating in a pool, benefited from the rising market.
- Bulkiers – lower as the market recovered slowly from the very low levels at the beginning of the FY and our vessels were on short-term charters.

### Segment performance summary\*

Segment Performance During the FY	Product Tankers	Chemical Tankers	Gas Tanker	Containership**	Bulkiers	Total
<i>US\$m unless otherwise stated</i>						
Gross Operating Profit	32.0	10.6	4.2	0.9	15.0	62.7
Loan interest & fees	(6.6)	-	-	-	-	(6.6)
Gain / (loss) in charter-free values	23.2	0.8	(1.4)	0.1	7.0	29.7
Gain / (loss) in charter values	(4.6)	-	-	-	(1.0)	(5.6)
<b>Portfolio profit / (loss)</b>	<b>44.0</b>	<b>11.4</b>	<b>2.8</b>	<b>1.0</b>	<b>21.0</b>	<b>80.2</b>

\*Segment analysis is unaudited and presented on a look through basis

\*\*The Company divested its last containership in 1Q23. Closing adjustments reflected here.

At the end of the FY, the Company's diversified portfolio had high cash flow visibility from long-term charters on product tankers (33.9% of NAV). The Company's two chemical tankers, which represent 8.6% of NAV, benefit from exposure to the strong spot market as they operate in a pool. The Forecast Net Yield on our chemical tankers is based on our expectation of continued market strength. The yield on the Company's bulkiers (37.5% of NAV) rose to 11.6%, from 8.4% at the end of June 2023, as the market improved during the FY.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### Segment exposure and forecast net yields\*

Segment Exposure and Forecast Yields**	Product Tankers	Chemical Tankers	Gas Tanker	Bulkers	Total
% of NAV	33.9%	8.6%	5.2%	37.5%	85.2%
Forecast Net Yields**	10.0%	24.5%	17.4%	11.6%	12.4%

\*Segment analysis is unaudited

\*\*Based on the market values at 30 June 2024, post divestment of Dachshund

As at 30 June 2024, the Company's vessels (post divestment of Dachshund) had an average age of 12.2 years (FY 2023: 11.4 years) and were chartered to nine different counterparties.

### Review of performance since inception

Since inception, the Company has delivered on its original investment objectives including:

- Diversified portfolio.
- Provided investors a strong and growing dividend. Target annual dividend increased by c.21% from US\$0.070 per share to US\$0.085 per share through the end of 2023. This was further increased by 17.6% to US\$0.10 per share starting 1Q24. Please see the charts below.
- Total capital raised: US\$316.5m gross through primary and secondary issuances. Since inception, the Company has returned US\$145.5m in the form of dividends and share buybacks.
- Net Company IRR is 14.4%<sup>1</sup>, ahead of its 12% IRR target published in its prospectus documents.
- Acquired 39 vessels with low leverage and divested 19 vessels (including Dachshund) at c.6% above NAV in aggregate. Aggregate realised net IRR on all divestments is c.24%.
- Low NAV volatility due to diversification, limited use of leverage and high charter cover.
- Capital re-allocation based on rigorous fundamental analysis, industry knowledge and ESG: divested containerships and older bulkers to re-allocate capital into less emission-intensive bulkers and tankers.
- The operating emissions intensity of the portfolio<sup>2</sup> was reduced by c.41% between 2019 and 2023.
- Further emissions reduction expected from Energy Saving Device ("ESD") retrofits, completed on nine vessels and planned for four other vessels during their next docking. Eight other vessels are already fuel-efficient relative to their peers.

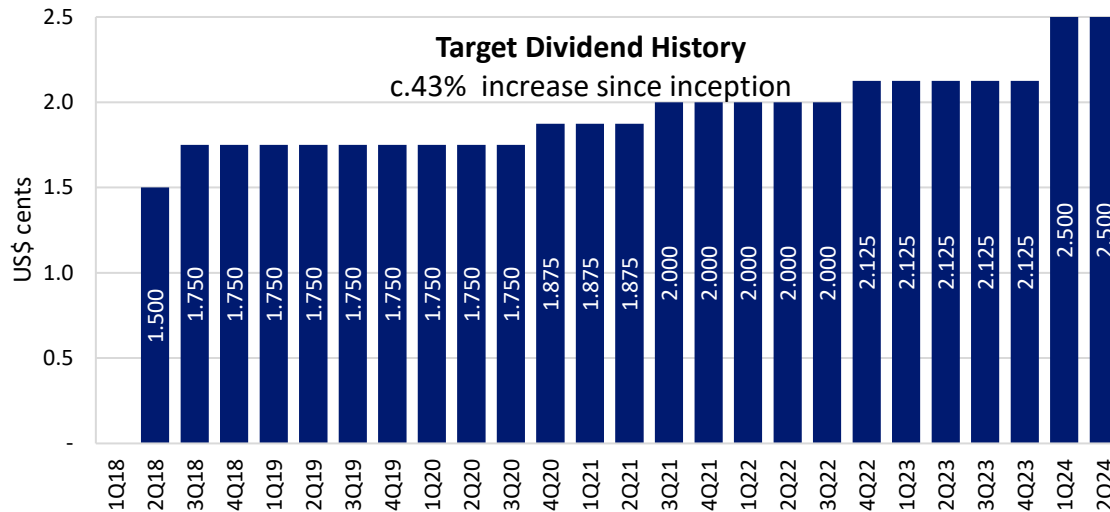
<sup>1</sup> Assumes pro-rata participation in all capital raises. From inception until 30 June 2024.

<sup>2</sup> Operating emissions intensity as measured by the Energy Efficiency Operating Indicator ("EEOI").

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

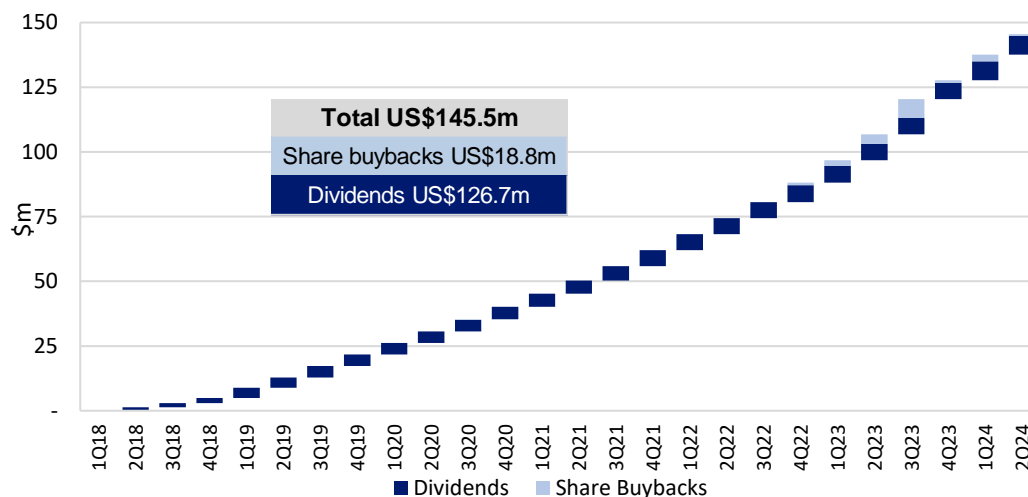
### Review of performance since inception (continued)



As per the Company's share price discount management policy, the Company repurchased 11,386,000 shares during the FY and has therefore purchased a total of 17,546,000 of its own shares from 4Q22 until the end of the FY.

Tufton Investment Management Holding Limited Group ("Tufton Group") Stakeholders held ~4.9% of the issued share capital in the Company at the end of June 2024 (FY 2023: ~3.7%).

### ***Capital returned to shareholders since inception: Buybacks and dividends***



# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### Mid-Term strategy review

In January 2024, the Board reviewed the Company's performance since inception and requested the Investment Manager to conduct a study of the opportunity set and strategy for the Company.

The review concluded that the correct strategy for SHIP over the medium term through to 2030 is to continue investing in fuel-efficient secondhand vessels to maximise shareholder returns. In addition, the review concluded to start divesting the Company's portfolio of assets from 2028, well before the decarbonisation of shipping accelerates. The review highlights are documented on page 2.

### Compulsory Redemption

On 15 August 2024, the Company announced the return of approximately US\$31.5m by way of the compulsory Redemption of up to 20,326,211 Shares. The Redemption was effected at a price of US\$1.550 per Share, being the NAV per Share as at 30 June 2024, pro-rata to holdings of Shares on the Company's register of members at close of business on 14 August 2024 (the "Redemption Record Date"), being the record date for the Redemption. The record date for the Company's quarterly dividend for the three months ending 30 June 2024 (the "2Q24 Dividend") was 26 July 2024 (the "Dividend Record Date"), which precedes the record date for the Redemption. Accordingly, Shareholders were eligible to receive both the 2Q24 Dividend and proceeds from the Compulsory Redemption on the basis they continue to own Shares on each of the 2Q24 Dividend Record Date and the Redemption Record Date respectively.

### Amendments to Investment Policy

Before June 2024, the Company's existing Investment Policy restricted it from making new investments that would result in any shipping Segment (i.e. Tankers, General Cargo, Containerships and Bulkers) accounting for more than 50% of NAV.

The Board sought and obtained Shareholder approval to ease the above investment restriction such that:

- the restriction on making further investments that would result in a shipping Segment accounting for more than 50% of NAV will only apply where the Company is invested in at least three shipping Segments; and
- where the Company is only invested in two shipping Segments: (i) no further investment may be made that results in any shipping Segment accounting for more than 75% of NAV; and (ii) if the Tankers shipping Segment accounts for more than 50% of NAV and exposure is only to a single Tanker sub-segment (i.e. crude tankers, product tankers, chemical tankers, gas tankers), no further investment may be made in such tankers sub-segment.

The Company's share price has increased by c.37% between the beginning of 2024 and the end of August 2024. The Investment Manager believes the strong performance signals investor endorsement of the Company's performance as well as its disciplined approach to capital allocation.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### The Assets

The Company's portfolio as at 30 June 2024:

SPV <sup>+</sup>	Vessel Type and Year of Build	Acquisition Date	Expected end of charter period <sup>**</sup>
Anvil	Handysize bulker built 2013	September 2021	April 2025
Auspicious	Handysize bulker built 2015	February 2022	August 2024
Awesome	Handysize bulker built 2015	January 2022	September 2024
Charming	Handysize bulker built 2015	June 2022	August 2025
Cocoa	Handysize product tanker built 2008	October 2020	January 2026
Courteous	MR product tanker built 2016	December 2022	December 2026
Dachshund	Handysize product tanker built 2008	February 2020	NA – divestment closed on 1 July 2024
Daffodil	Handysize product tanker built 2008	October 2020	March 2026
Exceptional	MR product tanker built 2015	April 2022	December 2025
Golding	25,600 DWT stainless steel chemical tanker built 2008	April 2021	NA – vessel is employed in a pool
Idaho	Ultramax bulker built 2011	July 2021	December 2024
Laurel	Handysize bulker built 2011	July 2021	December 2024
Marvelous	MR product tanker built 2014	July 2022	November 2026
Masterful	Handysize bulker built 2015	April 2022	September 2024
Mayflower	Handysize bulker built 2011	June 2021	July 2024
Mindful	MR product tanker built 2016	December 2022	December 2026
Neon	Mid-sized LPG carrier built 2009	July 2018	August 2025
Octane	MR product tanker built 2010	December 2018	October 2025
Orson	20,000 DWT stainless steel chemical tanker built 2007	July 2021	NA – vessel is employed in a pool
Rocky IV	Handysize bulker built 2013	September 2021	December 2024
Sierra	MR product tanker built 2010	December 2018	November 2025

#### Notes:

+ SPV that owns the vessel.

\*\* Based on our assessment of the prevailing market conditions at 30 June 2024.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### The Assets (continued)

The market for secondhand ships is liquid with >US\$40 billion worth of annual transactions in 2022 and 2023. The charter-free and associated charter values of the Company's standard vessels are calculated using the online valuation platform provided by VesselsValue which utilises transaction data as well as other market data to estimate charter-free values. The Company's NAV is, in effect, proven by recent market transactions. During the FY, the Company agreed to divest Pollock and Dachshund at a 3.1% premium to the two vessels' most recent holding NAV. Divestments to date have been in aggregate c.6% above NAV.

As at 30 June 2024, the Company owned twelve tankers as follows:

Tankers	Employment	Comments
Octane and Sierra	Time chartered ("TC") to an investment grade oil major	The charterer exercised their optional periods until October 2025 and November 2025 respectively.
Dachshund, Cocoa, Daffodil, Marvelous, Mindful and Courteous	TC to a major commodity trading and logistics company	Dachshund was divested and delivered to its new owners on 1 July 2024
Exceptional	TC to a leading tanker shipping company	-
Orson and Golding	Employed in a leading chemical tanker pool	As described in the Company's Prospectus, a pool is a revenue sharing structure run by a specialist third party or another ship owner.
Neon	Operates on a bareboat charter under which the Company provides only the vessel to the charterer, who is responsible for crewing, maintaining, insuring, and operating it.	

As at 30 June 2024, the Average Charter Length of the tankers (excluding Orson and Golding) was 1.80 years (FY 2023: 2.0 years).



# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### The Assets (continued)

As at 30 June 2024, the Company owned nine bulkers, as follows:

Bulkers	Employment	Comments
Awesome and Laurel	TC to a leading merchant and processor of agricultural goods	After the end of its index-linked charter to an operator of bulkers in August 2024, Awesome commenced another index-linked charter for 9-12 months at a slightly higher rate than previously. Laurel's time charter was extended by 4-7 months from May 2024 at a slightly lower rate than previously.
Anvil and Auspicious	TC to an operator of bulkers	Anvil's index-linked charter was extended by 9-11 months commencing from May 2024 at a slightly higher rate than previously. After the end of its index-linked charter in July 2024, Auspicious commenced a time charter for 5-7 months at a higher rate than previously.
Idaho and Mayflower	TC to a leading owner and operator of bulkers	Mayflower's time charter was extended by 4-6 months from March 2024 at a much higher rate than previously.
Charming and Masterful	TC to a leading merchant and processor of agricultural goods	Charming's index-linked charter was extended by 10-12 months commencing from August 2024 at the same rate as previously whilst Masterful's time charter was extended by 3 months from September 2024 at a slightly lower rate than previously.
Rocky IV	TC to an owner and operator of bulkers	Rocky IV's time charter was extended by 3-6 months from June 2024 at a much higher rate than previously.

At 30 June 2024, the Average Charter Length on our bulkers was 0.35 years (FY 2023: 0.22 years). We have chosen to employ many of our bulkers on index-linked charters in anticipation of ongoing market improvement. Please see the Shipping Market section of this Report.

The Company's fleet across all segments performed well. Marvelous, Mindful, Courteous, Exceptional, Awesome, Auspicious, Masterful and Charming are in the top quartile of fuel efficiency in their market segments.

# Tufton Oceanic Assets Limited

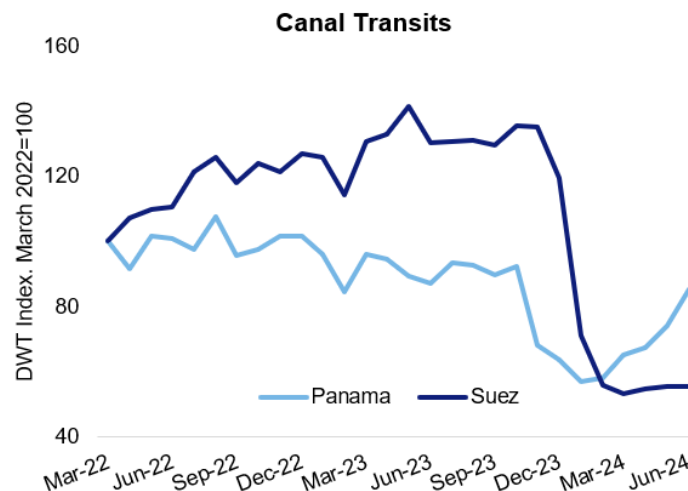
## Investment Manager's Report (continued)

### The Shipping Market

The Company aims to provide investors with an attractive level of regular and growing income and capital returns through investing in secondhand commercial sea-going vessels, with the portfolio diversified across the main segments of shipping including tankers, bulkers, general cargo and containerships. The ClarkSea Index, a broad vessel earnings indicator from Clarksons Research, ended the FY at US\$28,325/day, c.31% higher than at the end of June 2023.

The combination of price inflation (commodity, wage), reduced shipyard capacity and tightening environmental specifications continue to boost newbuild prices leading to higher values for secondhand vessels. The Clarksons Research Newbuilding Price Index rose 9.5% during the FY and has risen c.49% since the end of 2020. Shipyard capacity fell by ~35% in the 2010s and is now expanding only incrementally (mainly in China). Slot availability is very tight. Shipyard orderbook forward cover (i.e. the number of years required to deliver the orderbook at the output level of the last 12 months) was 3.4 years at the end of the FY (FY 2023: 3.7 years). Global seaborne trade is expected to grow by c.5% in 2024, exceeding the long-term trend rate of c.3% CAGR between 2003 and 2023 mainly due to the effect of disruption of traditional trade routes.

Trade routes tend to be optimised across the industry, so disruption of traditional trade routes often results in diversion through longer routes which reduces the available vessel capacity. During the FY, transit through two key global shipping routes, the Panama Canal and the Suez Canal, faced disruption. Vessel transit through the Panama Canal was disrupted from late October due to an ongoing drought while transit through the Suez Canal was disrupted as Houthi rebel attacks on vessels in the Red Sea escalated from late November. Disruption of canal transit causes re-routing of cargo via alternate routes which typically take much longer and add to shipping demand. For example, disruption of transit through the Suez Canal is estimated to add c.3% to global shipping demand growth predominantly due to re-routing around the Cape of Good Hope. Impact of disruption of transit through the Panama Canal is harder to measure with a larger variety of alternate (often land-based) routes.



As of June 2024, vessel transit through the Panama Canal is returning to normal while traffic via the Suez Canal remains at very low levels due to the ongoing risk of attacks. This section utilises data from the Tufton Real-Time Activity Capture System ("TRACS") which analyses satellite data to track the international shipping fleet by the major segments.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

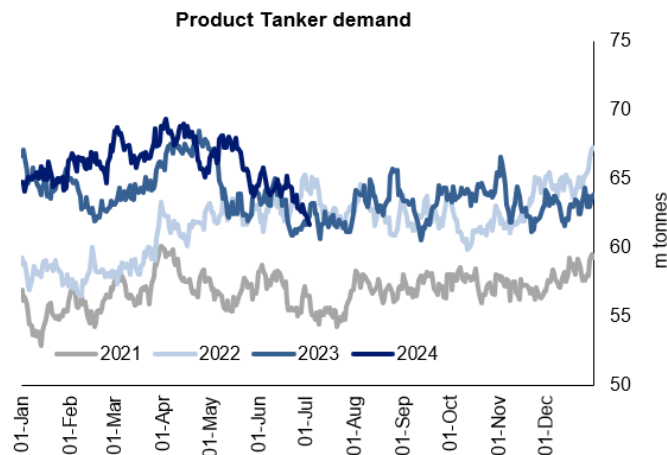
### The Shipping Market (continued)

TRACS uses the draught of each vessel as a proxy for its utilisation and thereby enables us to have a close to real-time measure of shipping demand. Other research data used in this section is from Clarksons Research, unless specified otherwise.

#### Tankers

Product tanker demand growth is benefiting from refinery capacity expansions in Asia and the Middle East. Additionally, demand growth accelerated from mid-2022 as the war in Ukraine partially replaced some demand for short-haul product tanker cargoes with demand for long-haul cargoes: increasing Russian exports to Asia and increasing European imports from non-Russian suppliers including the Middle East, the US and Asia.

Over the FY, demand growth was further boosted by the disruption of vessels transiting the Suez Canal because of attacks by the Houthi rebels on vessels in the Gulf of Aden. The disruption of normal traffic through the Suez Canal resulted in vessel re-routing around the Cape of Good Hope, increasing voyage duration. The longer voyage time added to tonne-mile demand and further tightened the Product Tanker market.



Source: Clarksons Research, TRACS

The strong fundamentals in the product tanker segment have attracted capital to newbuild investments. The product tanker orderbook rose from c.9% of fleet as at the end of June 2023 to 16% of fleet at the end of the FY. A significant portion of the new orders are focused on the larger Long Range segment. The orderbook for crude tankers remained relatively low at c.9% of fleet at the end of the FY. Despite the increase in the orderbook, the supply side for product tankers remains supportive as c.15% of the product tanker fleet is >20 years old.

Older vessels are typically less fuel-efficient and less flexible operationally so tend not to be favoured by top-tier charterers such as oil majors and global trading firms. Further, due to limitations in available yard capacity at quality yards the delivery cadence of the recent new orders is distributed over 3+ years resulting in manageable fleet growth relative to demand growth. Over the FY, 1-year time charter rates for MR product tankers rose c.17% to c.US\$34,100/day.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

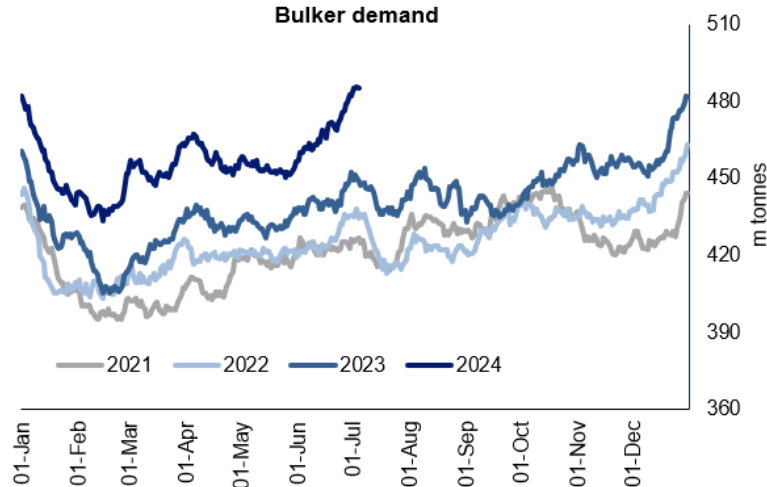
### The Shipping Market (continued)

#### Tankers (continued)

The chemical tanker market also benefits from good supply-side fundamentals with an orderbook c.10% of fleet and strong demand growth forecast compared to c.18% of the fleet >20 years old. 25-30% of MR product tankers can engage in the chemicals/vegetable oil trade. The chemical tanker market benefits as MR product tankers shift to the tight product tanker market. The Company's chemical tankers benefit from this trend as they are employed in a revenue-sharing pool and have spot market exposure. 2Q24 Chemical tanker pool earnings for 19.9k dwt vessels averaged c.\$23,800/day.

#### Bulkers

The bulker market strengthened during the FY due to a combination of improving demand growth and the impact of reduced transit through the Panama Canal. Variations in Chinese demand continue to present a near term downside risk as Chinese demand is an important part of the bulker market.



Source: TRACS

From the end of July 2023, we chose to employ some of our bulkers on index-linked charters in anticipation of market improvement. Over the FY, 1-year time charter rates for Handysize bulkers rose c.34% to c.US\$14,360/day. The bulker orderbook rose from the very low level of c.8% of fleet in June 2023 to 9.5% of fleet at the end of the FY. Despite the increase in the orderbook, the supply side for bulkers and small bulkers (10k-69.9k dwt) in particular looks supportive with c.8.5% of the total Bulker fleet and c.12% of the small bulker fleet >20 years old. Also, due to limitations in available yard capacity at quality yards the delivery cadence of the recent new orders is distributed over 3+ years resulting in manageable fleet growth relative to demand growth.

Across the major segments, the combination of tightening environmental regulations and low shipyard capacity suggests newbuild prices of bulkers and tankers will remain high thereby also supporting secondhand prices in the medium term. Global shipyard capacity started increasing from recent lows but remains c.30% below the 2011 peak. Newbuild prices are supported by wage inflation for skilled labour in the major shipbuilding nations.

# Tufton Oceanic Assets Limited

## Investment Manager's Report (continued)

### The Shipping Market (continued)

#### Bulkers (continued)

Further, latest newbuild designs incorporate more flexible machinery and storage systems to handle multiple fuel types to reduce emissions. These further increase newbuild prices. Environmental regulations from the IMO to measure and improve vessel carbon emission intensity incentivise lower speeds resulting in reduced shipping capacity, aiding the supply-side adjustment. The combination of supply constraints and high replacement costs creates an attractive investment environment for fuel-efficient secondhand vessels in the medium term. The Company's fuel-efficient vessels are likely to benefit.

## Environmental, Social and Governance Report

The Investment Manager, Tufton, emphasises the principles of Responsible Investment in the management of the Company's assets through awareness and integration of ESG factors into our investment process in the belief that these factors have a positive impact on long-term financial performance. We recognise that our first duty is to act in the best financial interests of the Company's Shareholders and to generate attractive financial returns against acceptable levels of risk, in accordance with the objectives of the Company. We have been a signatory of the United Nations Principles of Responsible Investment ("UN PRI") since December 2018 and have a Responsible Investment policy statement which is available on Tufton's website. In the 2023 UN PRI signatory assessment, Tufton achieved scores higher than our peer group in all three assessment categories. Please see the [2023 UN PRI scoring methodology](#) for details.

The Company's Board does not have a separate ESG committee but collectively reviews progress against the policy statement as part of the Company's annual Sustainability Report which will be publicly available on the Company's website ([www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com)).

ESG highlights of the financial period include:

- The Company's operating emissions intensity, as measured by the Energy Efficiency Operating Index ("EEOI") improved by c.11 % during 2023 primarily because of capital re-allocation but also from ESD retrofits.
- ESDs retrofits have been completed or substantially completed on nine vessels. We have started receiving the efficiency hire rate premia on eight of the vessels and expect to start receiving the premium on one vessel from 2H24.

We aim to minimise coal carriage on the Company's vessels. In June 2023, Tufton committed to limiting revenues from transportation of thermal coal to 5% of the Company's total consolidated revenues. In 2H23, one bulker (Anvil) carried thermal coal during one voyage and in 1H24, Idaho and Anvil had voyages with coal carriage. Over the FY, revenues from thermal coal carriage corresponded to c.1.2% of SHIP consolidated revenues.

# Tufton Oceanic Assets Limited

## Principal Risks and Uncertainties

The Board has carried out a robust assessment to identify the principal and emerging risks that could affect the Company, including those that would threaten its business model, future performance, solvency or liquidity. Principal risks are those which the Directors consider have the greatest chance of materially impacting the Company's objectives. The Board has adopted a "controls" based approach to its risk monitoring which requires each of the relevant service providers, including the Investment Manager, to establish the necessary controls to ensure that all identified risks are monitored and controlled in accordance with agreed procedures where possible.

The Board of Directors receives periodic updates on principal risks at their meetings and has adopted its own control review to ensure that risks are monitored appropriately, mitigation plans are in place, and that emerging risks are identified and assessed. The Directors also carry out a regular check on the completeness of risks identified, including a review of the risk register. The Board believes that the risk register is comprehensive and addresses all risks that are currently relevant to the Company. Whilst the Investment Manager monitors and puts in place controls to mitigate risks, risk and uncertainty cannot be eliminated.

In addition to the established principal risks, in the current period, the Board considered the conflict in the Middle East and the actions of the Houthi rebels in the Red Sea in the context of whether this situation indicated the existence of an emerging risk for the Company. After proper consideration of the situation and its possible economic impacts, the Board concluded that given the nature of the vessels currently held it was unlikely to materially impact the Company's results or operations.

The Board consider that the above risk and the emerging risks identified in prior periods are adequately addressed by the overall risk control and monitoring processes in place.

The following table shows the Board's view of the principal risks to the business and efforts to mitigate those risks. The Board considers that no additional mitigation steps are required at this time.

Underlying cause of risk or uncertainty	Objective impacted (in what way)	Control or mitigation implemented
Demand for shipping may decline, either because of a reduction in international trade (e.g., "trade wars") or because of general GDP growth slowing.	Capital growth Vessel values Loss of Income	This risk cannot be controlled, but is mitigated by: <ul style="list-style-type: none"> <li>- diversification to reduce reliance on any particular segment, sector or geography;</li> <li>- focus on fleet vessel quality and specifications to improve utilisation;</li> <li>- longer term employment strategy to reduce market exposure; and</li> <li>- ultimately, lower charter rates could be accepted in order to ensure the employment of the vessels.</li> </ul>
Failure of, or unwillingness of, a vessel charterer to meet charter payments.	Liquidity Dividends Loss of income	Charter counterparty credit worthiness is subjected to extensive checks prior to and throughout a charter. In the unlikely event of default the Board believes there will be no issues finding alternative employment for any of the ships in the portfolio at prevailing market rates.

# Tufton Oceanic Assets Limited

## Principal Risks and Uncertainties (continued)

Underlying cause of risk or uncertainty	Objective impacted (in what way)	Control or mitigation implemented
Vessel maintenance or capital expenditure may be more costly than expected due to delays, resource constraints or inflation generally.	Capital growth Dividends Liquidity Vessel values	<p>The Company monitors maintenance and capital expenditure through experienced technical managers. Assessments of expected capital expenditure are made prior to investing in a vessel.</p> <p>It is important to note that whilst the Company's fleet has experienced increases beyond budgeted costs, such increases were not so significant as to undermine the initial investment decision.</p>
A vessel may be lost or significantly damaged.	Capital growth Vessel values	<p>Measures to mitigate operational risks are included in the employment charters of the Company's vessels including:</p> <ul style="list-style-type: none"> <li>- avoiding conflict areas;</li> <li>- daylight sailing, naval escort or route planning to avoid higher risk areas; and</li> <li>- detailed best practice operating procedures to be followed.</li> </ul> <p>Comprehensive insurance protection is in place at all times to cover <i>inter alia</i> significant damages to or loss of vessels.</p>
The Company may not have enforceable title to the vessels purchased.	Liquidity Vessel values	The Company has engaged a very experienced Investment Manager who is responsible for establishing such title. This is then monitored by the Administrator and the Depositary on behalf of the Board using publicly available information.
Failure of, or unwillingness of, other non-charterer counterparties to meet their obligations.	Capital growth Loss of income	<p>The Board relies on the Investment Manager and Asset Manager, who in turn rely on third party service providers for performance of services integral to the operations of the Company.</p> <p>The Asset Manager constantly monitors the performance of all the Company's key operational service providers, especially the technical managers and the administrator.</p>

# Tufton Oceanic Assets Limited

## Principal Risks and Uncertainties (continued)

Underlying cause of risk or uncertainty	Objective impacted (in what way)	Control or mitigation implemented
Failure of, or unwillingness of, other non-charterer counterparties to meet their obligations (continued).		<p>SPV operating accounts are held with one or more unrated banks, because those banks have a strong track record of facilitating shipping transactions/operations. Exposures to such banks are limited to US\$10m per bank in total for all SPVs.</p> <p>Investable funds are invested with banks of an A- (or equivalent) or higher credit rating as determined by an internationally recognised rating agency.</p> <p>Credit ratings and overall limits are monitored by the Administrator, who reports exceptions and exposure levels to the Board.</p>
Failure of systems or controls in the operations of the Investment Manager, Asset Manager or the Administrator and thereby of the Company including Cybersecurity.	Capital growth Loss of assets Reputation or regulatory permissions and resulting fines	This risk cannot be directly controlled but the Management Engagement Committee regularly review the performance of the service providers and their internal controls through making enquiries, and inspection visits. Wherever possible and relevant, the Investment Manager purchases insurance to mitigate operational risks such as cyber security.
Failure to comply with sanctions applicable to vessels or their cargo.	Capital growth Loss of assets Reputation or regulatory permissions and resulting fines	The Investment Manager assesses the bona fides of prospective charterers before contracts are entered into and also monitors the operations of the vessels owned by the Company's SPVs to ensure that all applicable sanctions are complied with.
The Company shares trade at discount to the underlying NAV.	Capital growth Liquidity	<p>The Board monitors the level of both the absolute and sector relative discount at which the shares trade. The Company has authority, when it deems appropriate, to buy back its existing shares to enhance the NAV per share for remaining shareholders and to reduce the absolute level of discount and discount volatility.</p> <p>The Board has taken various actions over the FY to address the discount and is encouraged to note that the discount of NAV of the Company's shares narrowed from ~27% in June 2023 to ~17% in August 2024.</p>



# Tufton Oceanic Assets Limited

## Principal Risks and Uncertainties (continued)

Underlying cause of risk or uncertainty	Objective impacted (in what way)	Control or mitigation implemented
Environmental damage, contamination and/or pollution caused by a vessel owned by the Company's SPVs.	Liquidity Vessel values Loss of income Reputation or regulatory permissions and resulting fines	<p>The Investment Manager arranges for environmental due diligence in respect of all vessels considered for acquisition by the Company's SPVs to identify potential sources of pollution, contamination or environmental hazard for which that vessel may be responsible and to assess the status of its environmental regulatory compliance.</p> <p>The Asset Manager maintains a detailed manual that documents best practice operating procedures to be followed by crew and technical staff. The Asset Manager reviews the environmental performance of key service providers and all vessels and reports its findings to the Investment Manager annually.</p> <p>Protection and indemnity mutual insurance overseen by the Asset Manager provides cover of up to US\$1 billion per incident for oil pollution damage compensation.</p> <p>The Investment Manager is committed to Responsible Investment and has identified ESG risk factors relevant to the industry in its Responsible Investment Policy statement. The Board reviews both the Company's and the Investment Manager's policy and its implementation at least annually.</p> <p>Please see the Investment Manager's Sustainability Report on the Company's website (<a href="http://www.tuftonoceanicassets.com">www.tuftonoceanicassets.com</a>) for details.</p> <p>As part of their review of the Company's operational risks and controls, which takes place on at least an annual basis, the Board of Directors consider ESG specific risks and how these may be mitigated. This includes receiving regular reports and updates from the Investment Manager on the measures put in place by them to ensure the Company carries out its activities in an environmentally sustainable and responsible manner.</p>

# Tufton Oceanic Assets Limited

## Corporate Summary

The Company is a closed-ended investment company, limited by shares, registered and incorporated in Guernsey under the Companies Law on 6 February 2017, with registration number 63061. The Company is a Registered Closed-ended Collective Investment Scheme regulated by the GFSC pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Closed-ended Investment Scheme Rules 2021.

As at 30 June 2024, the Company had 291,082,541 shares in issue, all of which are admitted to the Specialist Funds Segment of the Main Market of the London Stock Exchange under the ticker “SHIP”, ISIN: GG00BDFC1649, and SEDOL: BDFC164. During the FY, the Company bought back 11,386,000 shares. Effective 15 August 2024, the Company trades under new ISIN: GG00BSFVPB94, and SEDOL: BSFXP71 post completion of the compulsory Redemption.

The Company makes its investments through LS Assets Limited (“LSA”) and other underlying SPVs, which are ultimately wholly owned by the Company. LSA is registered and was incorporated in Guernsey in accordance with the Companies Law on 18 January 2018 with registered number 64562. The underlying SPVs owned by LSA are incorporated in the Isle of Man, in accordance with the Isle of Man Companies Act 2006 (the “IOM Companies Act”).

The Company controls the investment policy of each of LSA and the wholly owned SPVs to ensure that each will act in a manner consistent with the investment policy of the Company. The Company refers to each vessel by the underlying SPV name rather than the actual name of the respective vessel for confidentiality purposes.

The Investment Manager is Tufton Investment Management Ltd, a company incorporated in England and Wales with registered number 1835984, which is regulated by the FCA and has been authorised to act as a Full Scope Registered UK AIFM under AIFMD. Tufton Investment Management Ltd has been a specialist investment manager in the maritime and energy markets since 2000 and has been focused on financial services to these industries since its inception in 1985.

# Tufton Oceanic Assets Limited

## Corporate Governance Statement

The Board of Tufton Oceanic Assets Limited has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the “UK Code”), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting in accordance with the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code (except as set out below).

The Board confirms that it has reviewed the Company’s systems of risk management and internal control for the year ended 30 June 2024, and to the date of the approval of this annual report and audited financial statements. The main features of these systems are segregation of activity between service providers and critical review and cross checking by both those service providers and the Board. For further details of the key risks and uncertainties the Directors believe the Company is exposed to together with the policies and procedures in place to monitor and mitigate these risks, please refer to pages 20 to 23 of the annual report and audited financial statements.

The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

### *Areas of Exception*

Considering that the Board comprises solely of independent Directors, it has decided not to appoint a senior independent director. The Chairman of the Audit Committee fulfils the role of the senior independent director, which includes the following:

- supporting the Chairman in his role;
- acting as an intermediary for other Directors where necessary;
- being available for shareholders and other non-executives to discuss any questions or concerns; and
- assisting with the performance evaluation and succession planning of the Chairman’s role.

The Board has not deemed it necessary to appoint a separate nomination committee and therefore the role typically undertaken by such a committee is currently conducted by the Board as a whole. The rules governing the appointment and replacement of Directors are set out in the Company’s Articles.

The Directors have overall responsibility for reviewing the size, structure and skills of the Board and considering whether any changes are required, or new appointments are necessary to meet the requirements of the Company’s business or to maintain a balanced Board.

Similarly, the Company does not have a separate remuneration committee, as the Board as a whole fulfils the function of a remuneration committee, which includes the review on at least an annual basis of the remuneration of the Directors in accordance with the Company’s remuneration policy and market information.

The Listing Rules regarding diversity do not directly apply to the Company since it is a member of the Specialist Fund Segment, however, the Board is currently 40% female. It is important to preserve the current knowledge and experience of the Board but further consideration will be given on a voluntary basis to diversity guidelines during the course of implementing any future succession plans.

# Tufton Oceanic Assets Limited

## Corporate Governance Statement (continued)

The Board has additionally formulated the following policies and procedures to assist them to comply with the AIC Code:

### *Independence*

All the non-executive Directors are currently considered by the Board to be independent of the Company, Investment Manager and the Tufton Group and have been Directors for eight years or less. The Board's current policy on tenure, including that of the Chairman, is that continuity and experience are considered to add significantly to the strength of the Board. New Directors receive an induction from the Investment Manager and the Administrator on joining the Board, and all Directors receive other relevant training as necessary on their on-going responsibilities in relation to the Company.

### *Environmental, Social and Governance*

For further details of the Company's approach to ESG matters, please see the Report of the Directors and the Investment Manager's Report, together with the Company's Sustainability Report which is published on its website, ([www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com)).

### *Diversity and Inclusion Policy*

The Company supports the AIC Code provision that the Board should consider the benefits of diversity when making appointments and is committed to ensuring it receives information from the widest range of perspectives and backgrounds. The Board is committed to creating a diverse and inclusive environment where all individuals feel respected, and where their voices are heard. The Board believes that diversity of gender, age, ethnicity and personal attributes, amongst others, contribute to a balanced and more productive Board.

The Board is committed to being non-discriminatory and firmly believes in equal opportunities for all, with board appointments being made on merit against a set of objective criteria.

However, while the Board agrees diversity should be sought when making appointments, it does not consider that this can be best achieved by establishing specific quotas and targets and appointments are therefore based wholly on merit. Accordingly, when changes to the Board are required, due regard is given to both the need for and importance of diversity and to a comparative analysis of candidates' qualifications and experience.

A pre-established, clear, neutrally formulated and unambiguous set of criteria are utilised during the appointment process to determine the most suitable candidate for the specific position sought. In each case, the Board ensures that candidates are considered from a wide range of backgrounds.

### *UK Companies Act 2006 - Section 172 Statement*

Whilst directly applicable only to UK domiciled companies, the intention of the AIC Code which is followed by the Company is that the following matters set out in section 172 of the UK Companies Act, 2006 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law.

# Tufton Oceanic Assets Limited

## Corporate Governance Statement (continued)

*UK Companies Act 2006 - Section 172 Statement (continued)*

Therefore, through adopting the AIC Code, the Board acknowledges its duty to apply and demonstrate compliance with section 172 of the UK Companies Act 2006 and to act in a way that promotes the success of the Company for the benefit of its shareholders as a whole, having regard to (amongst other things):

- the consequences of any decision in the long term;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board regularly reviews the Company's principal stakeholders and how the Company engages with them. Stakeholder voices are considered at Board level and reflected in board decision making through reporting provided to the Board by the Brokers and the Investment Manager, together with engagement with stakeholders themselves either directly or through the above-mentioned parties.

The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

<b>Investors</b>	<b>Service providers</b>	<b>Community and environment</b>
Issues that matter to them		
Performance of the shares.  Growth of the Company.  Liquidity of the shares.  Valuation of vessels.	Reputation of the Company.  Compliance with laws and regulations.  Remuneration.	Compliance with laws and regulations.  Impact of the Company and its activities on third parties.

# Tufton Oceanic Assets Limited

## Corporate Governance Statement (continued)

*UK Companies Act 2006 - Section 172 Statement (continued)*

Investors	Service providers	Community and environment
Engagement process		
<p>Annual General Meeting.</p> <p>Frequent meetings with investors by Brokers and the Investment Manager and subsequent reports to the Board.</p> <p>Quarterly factsheets.</p> <p>Key Information Document.</p>	<p>The main two service providers – Tufton Investment Management Ltd (Investment Manager) and Apex Administration (Guernsey) Limited (“Administrator”) – engage with the Board in face-to-face meetings quarterly, giving them direct input to Board discussions.</p> <p>Where face-to-face contact has not been possible engagement has continued via video conferencing services such as Microsoft Teams.</p> <p>All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company, and the Board ordinarily undertakes an annual visit to the offices of the Investment Manager and its associated companies in London, Cyprus and the Isle of Man.</p>	<p>The Company and its SPVs themselves have only a very small footprint in their local communities and only a very small direct impact on the environment.</p> <p>However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability.</p> <p>The activities of the Company in this regard, and in particular concerning the vessels owned, are reflected within the Company’s Sustainability Report and the Responsible Investment Policy of the Investment Manager.</p>

# Tufton Oceanic Assets Limited

## Corporate Governance Statement (continued)

UK Companies Act 2006 - Section 172 Statement (continued)

Investors	Service providers	Community and environment
Rationale and example outcomes		
<p>Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about “business as usual” matters, but has also included discussions about the discount of the share price to the NAV.</p> <p>The major decisions arising from this have been –</p> <ul style="list-style-type: none"> <li>• Seeking to ensure long-term value and opportunities to realise value through sales of vessels.</li> <li>• Buying back shares in an attempt to reduce or at least contain the share price discount.</li> <li>• Carrying out a strategy review, the results of which were announced on 17 January 2024.</li> </ul> <p>The Board has continued to focus on the reliability of the valuation of vessels, a key priority for shareholders. As a result, the Board placed greater emphasis on reviewing the output from the VesselsValue system used and charter rates to value most of the Company’s fleet and discount rates used in valuing the remaining vessels.</p>	<p>The Company relies on service providers (including the Investment Manager, Asset Manager, Administrator and technical managers) entirely as it has no systems or employees of its own.</p> <p>During the year a decision was made to retain some cash rather than distribute all available funds to investors through compulsory Redemption. This was to ensure that the Company had sufficient capital to fulfil any recommendations made by the Investment Manager such as acquiring new vessel.</p> <p>The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.</p>	<p>The Board and the Investment Manager work together to ensure that ESG factors are carefully considered and reflected in investment decisions, and that vessel operators are influenced positively. See page 19 for details of the Company’s approach in this area.</p> <p>Board members do travel, partly to meetings in Guernsey, and partly elsewhere on Company business, including for the annual due diligence visits to London, Cyprus and the Isle of Man. The Board considers this essential in overseeing service providers and safeguarding stakeholder interests. Otherwise, the Board seeks to minimise travel using video conference calls whenever good governance permits.</p>

Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via the Company Secretary or [SHIP@tuftonoceanicassets.com](mailto:SHIP@tuftonoceanicassets.com) on these or any other matters.

# Tufton Oceanic Assets Limited

## Statement of Directors' Responsibilities

The Directors are responsible for preparing an Annual Report and Audited Financial Statements for each FY which give a true and fair view, in accordance with applicable law and regulations, of the state of affairs of the Company and of the profit or loss of the Company for that year.

Companies Law requires the Directors to prepare financial statements for each FY. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB").

In preparing financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Company's website is maintained by the Investment Manager in co-operation with Hudnall Capital. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and enabling them to ensure that financial statements comply with the Companies Law. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that, to the best of their knowledge:

- they have complied with the above requirements in preparing the financial statements;
- there is no relevant audit information of which the Company's Auditor is unaware;
- all Directors have taken the necessary steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of said information;
- the financial statements, prepared in accordance with IFRS Accounting Standards and applicable laws, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair and balanced review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The AIC Code, as adopted by the Company, also requires Directors to ensure that Annual Reports and Audited Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter the Board has requested that the Audit Committee advises on whether it considers that this Annual Report and Audited Financial Statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in the Audit Committee Report on pages 47 to 49.




# Tufton Oceanic Assets Limited

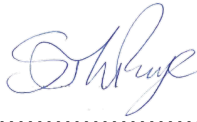
## Statement of Directors' Responsibilities (continued)

Furthermore, the Board believes that the Annual Report and Audited Financial Statements provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Having taken into account all matters considered by the Board and brought to the attention of the Board for the year ended 30 June 2024, as outlined in the Corporate Governance Statement and the Audit Committee Report, the Board has concluded that the Annual Report and Audited Financial Statements for the year ended 30 June 2024, taken as a whole, are fair, balanced and understandable and provide the information required to assess the Company's performance, business model and strategy.



Rob King  
Director



Stephen Le Page  
Director

# Tufton Oceanic Assets Limited

## Report of Directors

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 30 June 2024.

The Company was registered in Guernsey on 6 February 2017 and is a registered closed-ended investment scheme under the POI Law. The Company's shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange on 20 December 2017 under the ticker SHIP.

### Investment Objective and Policy

The Company's investment objective is to provide investors with an attractive level of regular and growing income and capital returns through investing in secondhand commercial sea-going vessels. The Board monitors the Investment Manager's activities through strategy meetings and discussions as appropriate. The Company has established a wholly-owned subsidiary that acts as a Guernsey holding company for all its investments, LSA, which is governed by the same Directors as the Company.

On 17 January 2024 the Company announced the results of a strategy review carried out by the Board in conjunction with the Investment Manager. This review did not result in any change to the above Objective or Policy, but did clarify the basis on which capital allocation decisions would be made through to the end of the decade.

All vessels acquired, vessel-related contracts and costs will be held by SPVs domiciled in the Isle of Man or other jurisdictions considered appropriate by the Company's advisers. The Company conducts its business in a manner that results in it qualifying as an investment entity (as set out in IFRS 10: Consolidated Financial Statements) for accounting purposes and as a result applies the investment entity exemption to consolidation. The Company therefore reports its financial results on a non-consolidated basis.

Subject to the solvency requirements of the Companies Law, the Company intends to pay dividends on a quarterly basis. The Directors expect the dividend to grow, in absolute terms, modestly over the long term. The Company raised its target annual dividend to US\$0.10 per share starting 1Q24 (previously US\$0.085 per share).

The Company aims to achieve an IRR of 12% or above (net of expenses and fees) on the Issue Price over the long term.

### **Shareholder information**

Up to date information regarding the Company, including the quarterly announcement of NAV, can be found on the Company's website, which is [www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com) and is maintained by the Investment Manager.

The Company has a 30 June financial year end.

### **Share issues and buybacks**

The Company has not issued any shares in the year ended 30 June 2024 nor in the period to 25 September 2024. On various occasions during the year ended 30 June 2024 the Company purchased a total of 11,386,000 shares at a weighted average price of US\$1.014. Since 1 July 2024 to 25 September 2024, 20,326,211 shares have been bought back via a compulsory Redemption at an effective price of US\$1.550.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Share issues and buybacks (continued)

Accordingly, the Company had 270,756,330 shares in issue on 15 August 2024 and as at the date of signing these financial statements. All shares repurchased are held in treasury.

### Results and dividends

The Company's performance during the year is discussed in the Chairman's Statement on page 3. The results for the year are set out in the Statement of Comprehensive Income on page 57.

The Directors of the Company who served during the year and to date are set out on pages 35 to 36.

### Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2024, and as at the date of signing these financial statements:

	25 September 2024	30 June 2024	30 June 2023
Director	Shares <sup>1</sup>	Shares	Shares
R King	55,811	60,000	60,000
S Le Page	38,387	41,268	40,000
P Barnes	4,651	5,000	5,000
C Rødsæther	27,906	30,000	30,000
T Le Noury <sup>3</sup>	4,651	5,000	-

1. Further to the announcement on 15 August 2024 in relation to the compulsory Redemption of the Company's ordinary shares, the Directors have each had Shares redeemed.

The Directors fees are as disclosed below:

		30 June 2024	30 June 2023
Director		£	£
R King		43,500	39,305
S Le Page		40,500	36,000
P Barnes		37,750	33,525
C Rødsæther		37,000	33,525
T Le Noury <sup>3</sup>		25,135	-

### Directors' Attendance

Attendance of Directors at each meeting held during the year:

Director	Quarterly Board meetings		Audit Committee		Ad hoc meetings	
	Held	Attended	Held	Attended	Held	Attended
R King	4	4	2	1	14	13
S Le Page	4	4	2	2	14	13
P Barnes	4	4	2	1	14	12
C Rødsæther	4	4	2	1	14	10
T Le Noury <sup>3</sup>	2	2	1	1	8	7

<sup>3</sup> Appointed 1 November 2023

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Other Interests

Tufton Group related stakeholders including current & former shareholders, employees, and non-executive directors directly or beneficially held ~4.9% of the issued share capital as at 30 June 2024 (FY 2023: ~3.7%). Refer to note 15 for details on ordinary shares held and note 7 for rights and obligations of the Company's shares.

### Share buyback and discount management

Subject to working capital requirements, and at the absolute discretion of the Board, excess cash may be used to repurchase shares. The Directors may implement share buybacks at any time before the 90-day guideline set out in the Prospectus where they feel it is in the best interest of the Company and all shareholders. The Board will consider repurchasing the Company's ordinary shares in the market if they believe it to be in shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the shares.

The Company purchased 11,386,000 of its own shares at a weighted average price of US\$1.014 per share during the FY, for a total consideration of US\$11,573,679. The purchased shares are held in treasury. Refer to Note 7 for more details. There were 17,546,000 shares held in treasury and 291,082,541 shares outstanding as at the end of the FY.

Companies Law allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These treasury shares may be subsequently cancelled or sold for cash. Therefore, it is agreed that any shares repurchased pursuant to the general authority referred to above may be held by the Company in treasury, to the extent permitted by Companies Law.

The Company wishes to operate a buyback programme that is effective and also adds value for shareholders. As such, unless authorised by shareholders, no shares will be sold from treasury at a price less than the NAV per share at the time of the sale unless they are first offered pro rata to existing shareholders.

### Change of Articles and Compulsory Redemption

The Directors to allot and issue shares, to grant rights to subscribe for or to convert any security into shares and to make offers or agreements to allot and issue equity securities (as defined in Article 5.1(a) of the Articles) for cash and/or to sell Ordinary Shares held by the Company as treasury shares as if the pre-emption rights contained in Article 5.2 of the Articles.

A resolution was passed by the Company's shareholders at its Extraordinary General Meeting on 11 June 2024 to enable compulsory Redemptions of the Company's ordinary shares. On 14 August 2024 the Company compulsorily redeemed 20,326,211 shares at a price of US\$1.550 per share for close of business for cancellation, returning US\$31.5m to shareholders, paid on 28 August 2024. The Company had 270,756,330 shares outstanding as at the date of approval of these accounts.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Board Responsibilities and Corporate Governance

Please note the Corporate Governance Statement on pages 25 to 29 forms part of this report.

#### Board Members

The Company's Board of Directors comprises five independent non-executive Directors. The Board's role is to manage and monitor the Company in accordance with its objectives. The Board monitors the Company's adherence to its investment policy, its operational and financial performance and its underlying assets, as well as the performance of the Investment Manager and other key service providers.

In addition, the Board has overall responsibility for the review and approval of the Company's NAV calculations and financial statements. It also maintains the Company's risk register, which it monitors and updates on a regular basis. The Directors of the Company who served during the year are listed below.

#### *Robert King, Chairman*

Rob serves on a number of boards as an independent non-executive director which includes an International Stock Exchange listed fund, Golden Prospect Precious Metals Limited (which also has a trading listing on the LSE). Before becoming an independent non-executive director in 2011, he was a director of Cannon Asset Management Limited and their associated companies.

Prior to this he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

#### *Stephen Le Page, Chairman of Audit Committee*

A chartered accountant and chartered tax adviser. He was a partner at PricewaterhouseCoopers CI LLP in the Channel Islands from 1994 until his retirement in September 2013. He led that firm's audit and advisory businesses for approximately ten years and for five of those years was the Senior Partner (equivalent to Executive Chairman) for the Channel Islands firm.

Stephen serves on a number of boards as a non-executive director, including acting as chairman of the audit committee for two other London listed funds, Volta Finance Limited and Amedeo Air Four Plus Limited and one International Stock Exchange listed company, Channel Islands Property Fund Limited. Stephen is British and resident in Guernsey.

#### *Paul Barnes*

An investment banker experienced in asset backed, structured and project financing with wide geographic exposure including Asia, Central/Eastern Europe, North and Latin America and Scandinavia. Paul was managing director at BNP Paribas and co-head of its EMEA Shipping and Offshore business between 2010 and 2015. He was also head of risk monitoring for Global Shipping at BNP Paribas.

Prior to that, Paul had served as head of shipping (London) at Fortis Bank, head of specialised industries at Nomura International and as a corporate finance director of Barclays Bank and as a director of its Shipping Industry Unit. Paul Barnes is British and resident in the United Kingdom. Paul chairs the recently formed Management Engagement Committee.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Board Responsibilities and Corporate Governance (continued)

#### Board Members (continued)

##### *Christine Rødsaether*

Christine is a partner in law firm Simonsen Vogt Wiig, with more than 35 years' experience advising clients in the international shipping and offshore sectors, in relation to design, construction, operation, financing, sale and purchase of vessels and offshore installations, restructuring and reorganisation of companies and financing of assets, representing major international financiers. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Christine has extensive board experience, and currently serves on the boards of OSE listed chemical tanker and tank terminals owner and operator Odfjell SE and privately owned Mosvolds Rederi and Lufttransport Adm. AS. Christine is Norwegian and is resident in Norway.

##### *Katriona Le Noury ("Trina") – appointed 1 November 2023*

Trina is a qualified chartered accountant with more than 20 years' experience working in the funds industry. Before becoming an independent non-executive director in 2023, she held senior management positions at two separate Private Equity firms, including holding directorships on the respective firms' fund General Partner boards. She currently serves on the board of JPEL Private Equity Limited and Fair Oaks Income Limited, both London listed investment companies, as well as four private companies for a leading global private equity firm and two not-for-profit organisations. Trina is British and a resident in Guernsey.

#### Conflicts of Interest

None of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements at the date of this report and none of the Directors has or had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was affected by the Company during the year. At the date of this report, there are no outstanding loans or guarantees between the Company and any Director.

#### Share Dealing Code

The Company has adopted a share dealing code, in conformity with the requirements of the Listing Rules and the EU Market Abuse Regulation and takes steps to ensure compliance by the Board and relevant senior staff with the terms of the policy.

#### Appointment, re-election and remuneration of Directors

As stated within the Corporate Governance Statement, due to the Board's size, the Board has not deemed it necessary to appoint a separate nomination committee and therefore the role typically undertaken by such committee is currently conducted by the Board as a whole. The rules governing the appointment and replacement of Directors are set out in the Company's Articles. The Articles also require that at each annual general meeting, all the Directors will submit themselves for re-election. The Directors have overall responsibility for reviewing the size, structure and skills of the Board and considering whether any changes are required, or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board.

This is formally considered annually at the time of the Board, Chairman and Directors' annual performance appraisals.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Board Responsibilities and Corporate Governance (continued)

#### Appointment, re-election and remuneration of Directors (continued)

When considering new appointments, the Board ensures that a diverse group of candidates is considered and that appointments are made against objective criteria, in accordance with the Company's Diversity & Inclusion Policy. In the process to recruit Ms Trina Le Noury to the Board the services of OSA Recruitment Limited, an independent third-party consultant, were employed to compile a list of candidates for the Board's consideration. Initial interviews were carried out by the Guernsey resident directors and second interviews were carried out by the rest of the Board using video conferencing facilities. At the end of the selection process Ms Le Noury was identified as the most suitable candidate for appointment to the Board. The Board have been briefed by their legal advisers about their on-going responsibilities as directors and Ms Le Noury participated in a formal induction process. It is the Board's intention that a similar process will be followed for future appointments.

The Company does not have a separate remuneration committee as the Board as a whole fulfils the function of a remuneration committee, which includes the review on at least an annual basis of the remuneration of the Directors in accordance with the Company's remuneration policy and market information. The Company's policy is for Directors to be remunerated in the form of fees which are paid quarterly in arrears. No element of the Directors' remuneration is performance-related, and no Director is involved in setting his or her own remuneration.

Fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Board and should be sufficient to enable high calibre candidates to be recruited to the Board, ultimately contributing to a composition of the Board that is balanced and effectively discharges stewardship of the Company's affairs.

#### Annual performance appraisal

The performance of the Board, committees and individual Directors have been formally and rigorously evaluated by a self-assessment process coordinated by the Administrator who circulates the findings to the Board. This evaluation is performed annually. The last annual review took place in June 2024 with the next annual review taking place in June 2025. Evaluation of the Chairman is led by the Chairman of the Audit Committee, who carries out the functions of a senior independent director.

#### Audit Committee

The Board delegates certain responsibilities and functions to the Audit Committee. Stephen Le Page is the chairman of the Company's Audit Committee which also includes Paul Barnes, Trina Le Noury and Christine Rødsaether.

In discharging its responsibilities, the Audit Committee will review the annual and half yearly financial statements, the risks to which the Company is subject, the system of internal controls, and the terms of appointment and remuneration of the Independent Auditor. It is also the forum through which the Auditor reports to the Board. The Audit Committee is expected to meet at least twice a year.

The objectivity of the Independent Auditor will be reviewed by the Audit Committee, which will also review the terms under which the Independent Auditor is appointed to perform non-audit services. The Audit Committee will review the scope and results of the audit, its cost effectiveness, quality of work and the independence and objectivity of the Auditor, with particular regard to non-audit services and fees.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Board Responsibilities and Corporate Governance (continued)

#### Appointment, re-election and remuneration of Directors

The members of the Audit Committee consider that they collectively have the requisite skills and experience to fulfil the responsibilities of the audit committee. Given Mr Le Page's skills and financial experience, the Board has satisfied itself that at least two members of the Audit Committee has recent and relevant financial experience.

#### Other Committees

The Company formed a Management Engagement Committee chaired by Paul Barnes in 2023, which also includes Stephen Le Page, Rob King, and Christine Rødsaether.

The functions of the Management Engagement Committee are to review annually the compliance by the Investment Manager with the Company's investment policy as established by the Board and with the Investment Management Agreement ("IMA") entered into between the Company and the Investment Manager; and to review annually the performance and remuneration of any other service providers to the Company.

During the year, the Committee has reviewed the contractual relationship with and the performance of all the service providers to the Company, and in particular the Investment Manager. As part of the review process, the Committee concluded that service providers are performing in accordance with the Company's expectations and contractual arrangements, and that their continued appointment is in the best interests of shareholders.

#### Operation of the Board

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. A formal schedule of matters reserved for decision of the Board has been adopted. This includes the following items:

- changes to the structure, size and composition of the Board,
- the appointment of directors to specified offices of the Board, including the Chairman and senior independent director,
- board succession planning, training, development and evaluation,
- overall leadership of the Company and setting values and standards, and
- on-going review of the Company's Investment strategy, investment objectives and investment policy.

The Board and Investment Manager work closely together, with the Investment Manager attending and presenting at quarterly Board meetings. At each of these meetings the Board assess, discuss and challenge the Investment Manager's performance in terms of investment performance, risk and the management and impact of operational issues within the portfolio. During the current period, the Board has not identified any issues with the Investment Manager's performance.

The Board meet at least quarterly to review the overall business of the Company and to consider the matters specifically reserved for it. The quorum at Directors' meetings is two Directors present in person or by telephone and they are held in Guernsey.



# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Board Responsibilities and Corporate Governance (continued)

#### Operation of the Board (continued)

Detailed information is provided by the Investment Manager, Asset Manager and Administrator for these meetings and additionally at regular intervals to enable the Directors to monitor compliance with the investment objective and the investment performance of the Company both in an absolute and relative sense. Overall Company strategy is discussed in detail at quarterly meetings of the Board of Directors and at ad hoc board meetings when required. Directors also have the opportunity to discuss these and any other matters with the Investment Manager outside of the Board of Directors meetings as appropriate.

The Directors are provided with standard papers in advance of each quarterly meeting to allow the review of several key areas including the Company's investment activity over the quarter relative to its investment policy; the global shipping industry; the revenue and financial position; gearing, performance; share price discount or premium (both absolute levels and volatility); and relevant industry and macro-economic issues.

The Board also receive quarterly reports analysing and commenting on the composition of the Company's share register and monitoring significant changes to shareholdings.

### Independent Auditor

The Audit Committee is responsible for overseeing the Company's relationship with the Independent Auditor, including making recommendations to the Board on the appointment of the Independent Auditor and their remuneration. PricewaterhouseCoopers CI LLP ("PwC") was originally appointed as the Company's Independent Auditor on 20 December 2017.

The Auditor, PwC, has indicated its willingness to remain in office. A resolution for the reappointment of PwC was proposed and approved at the AGM on 24 October 2023. Another resolution for their appointment will be proposed at the AGM on 24 October 2024.

### Service Providers

#### The Investment Manager / Alternative Investment Fund Manager ("AIFM")

Tufton Investment Management Ltd, a specialist investment manager in maritime markets since 2000, has been appointed as the Investment Manager. Since its inception in 1985, the Investment Manager has been focused on financial services to this industry.

As of 30 June 2024, the Investment Manager manages investments of c.US\$0.8 billion and mandated capital of c. US\$1.5 billion. Whilst the Board has responsibility for all the strategic decision making (including acquisitions, disposals, financing, capital expenditure, charters and other material contracts) required by the Company, matters concerning the operations of the vessels (within the approved budgets and parameters set by the Board for the Company and the SPVs) are delegated to the Investment Manager.

As of 30 June 2024, the Tufton Group of which the Investment Manager is part, had 29 employees operating from offices in London, Isle of Man and Cyprus. The Investment Manager is fully dedicated to the shipping industry with in-house research and dedicated Asset Manager providing services to each vessel purchased.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Service Providers (continued)

#### The Investment Manager / Alternative Investment Fund Manager ("AIFM") (continued)

As described in the Prospectus, the Investment Manager has an established track record in managing segregated mandates for pension funds with similar investment objectives to those of the Company. The Investment Manager's employees have significant experience of investing and financing in the shipping industry. Each member of their Investment Committee has between 20 and 40 years of experience in the maritime financial markets either from investment banking, commercial banking or from the vessel owning/operating perspective.

The Investment Manager's role encompasses the identification of appropriate transaction opportunities, conducting necessary due diligence, making recommendations to the Board and completing the proposed transactions on behalf of the Company.

The Investment Manager (in conjunction with the Asset Manager) will also monitor the performance of the Company's portfolio. The Investment Manager, which acts as the Company's AIFM under the AIFMD, is authorised and regulated by the FCA.

#### Investment Committee

The Investment Manager has established an Investment Committee.

Each investment proposal is reviewed by the Investment Committee which meets on a weekly basis. In reviewing each potential investment, the Investment Committee considers a range of factors including a detailed analysis of the vessel's technical condition and other analyses from the Asset Manager, a full risk/reward analysis, downside stress testing, commercial/employment strategy, effects of adding moderate leverage in accordance with Company policy, market outlook, credit quality of charterer, market reputation of counterparties, deal modelling, exit strategy and any macro analysis that might be necessary to fully understand the investment. The Investment Manager is committed to Responsible Investment and integrates ESG factors into its investment process. The Investment Manager reviews the environmental footprint of new vessel acquisitions as well as KPIs of technical managers on safety and fulfilling regulatory requirements. Should the Investment Committee be in favour of an acquisition, an appropriate recommendation will be made to the Board who would ultimately determine whether an acquisition should be made.

#### Asset Manager

Tufton Management Limited was established in 2009 to act as the Asset Manager for vessels owned by funds and investment vehicles managed or advised by Tufton Group.

The Asset Manager subcontracts technical services from associated company Tufton Asset Management Limited, based in Cyprus, which employs professionals who have experience in all aspects of ship management including special surveys, maintenance, repair and negotiation of commercial agreements for vessel employment and provides the services detailed in the Prospectus.

The Asset Manager enters into an asset management agreement with each SPV and with effect from 1 July 2022 receives a fee of US\$200 per vessel per day.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Service Providers (continued)

#### Administrator and Secretary

Apex Administration (Guernsey) Limited (“Apex”) has been appointed as administrator and secretary to the Company, pursuant to the Administration Agreement dated 27 February 2017 and to LSA, pursuant to the Administration Agreement dated 20 April 2018. Apex was incorporated with limited liability in Guernsey on 20 January 2010 and is licensed by the Guernsey Financial Services Commission under the Protection of Investors (POI) Law. Apex is also regulated under The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020.

The Administrator forms part of the Apex Group Ltd (“Apex Group”) established in Bermuda in 2003. Apex Group is a global financial services provider which delivers an extensive range of services to asset managers, capital markets, private clients and family offices. The group employs over 13,000 staff in over 100 offices worldwide and collectively administers in excess of US\$200 billion in assets.

The Administrator provides day-to-day administration services to the Company and is also responsible for the Company’s general administrative and secretarial functions such as the calculation of the NAV, compliance with the Code and maintenance of the Company’s accounting and statutory records.

#### Depository

Apex Depository (UK) Limited has been appointed as depository to the Company, pursuant to the Depository Agreement dated 4 November 2022. The role of the depository will ensure that investment instructions from the Investment Manager comply with the Law or Constitutional Documents of the Fund. Apex Depository (UK) Limited is an active company incorporated on 25 October 2013 with the registered office located in London. The Depository also forms part of the Apex Group noted above.

#### Registrar

Computershare Investor Services (Guernsey) Limited was appointed as registrar to the Company pursuant to the Registrar Agreement dated 27 February 2017. In such capacity, the Registrar is responsible for the transfer and settlement of shares held in certificated and uncertificated form. The Register may be inspected at the office of the Registrar.

### Disclosure Obligations

Shareholders are obliged to comply, from Admission, with the shareholding notification and disclosure requirements set out in Chapter 5 of the Disclosure Guidance and Transparency Rules. The Administrator will monitor disclosure with reference to changes in shareholdings.

### Annual Report and Financial Statements

The Board of Directors is responsible for preparing the Annual Report and Financial Statements. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise and any specific areas which require judgement.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Anti-bribery and corruption

The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of the UK Bribery Act the Board reviews the perceived risks to the Company arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risks.

The Board has adopted a zero-tolerance policy towards both bribery and corruption and has reiterated its commitment to carry out business fairly, honestly and openly. Since April 2019, Tufton is an active member of the Maritime Anti-Corruption Network ("MACN"), a global network to eliminate corruption in the industry.

In respect of the UK Criminal Finances Act 2017 which introduced a Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

### Modern slavery

The Company, through its Investment Manager seeks to ensure that all charter counterparties have policies and procedures which prevent any possibility of slavery or similar issues on the vessels comprising the fleet. The Investment Manager has such policies and procedures in its own right which govern the ship management contracts used to appoint technical managers.

### General Data Protection Regulation ("GDPR")

The Board, through enquiry of its service providers, has ensured that the requirements of GDPR and its equivalent legislation in the UK and Guernsey, are met by them when they process any data on behalf of the Company.

### Alternative Investment Fund Managers Directive ("AIFMD")

The Investment Manager, Tufton Investment Management Ltd, has been authorised by the FCA as a Full Scope Registered UK AIFM under the AIFMD. The funds managed by the AIFM, including the Company, are now defined as Alternative Investment Funds and are subject to the relevant articles of the AIFMD.

The Company notes that while AIFMD no longer binds the UK in its implementation, a domestic regime has been put in place regulating the management and marketing of AIFs in the UK, which generally maintains the AIFMD rules as implemented at the end of the transition period with respect to the UK's departure from the European Union on 31 December 2020.

### Internal control and financial reporting

The Board is responsible for establishing and maintaining the system of internal controls required by the Company's operations. These internal controls are undertaken by the service providers. Internal control systems are designed to meet the specific needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Internal control and financial reporting (continued)

The key procedures which have been established to provide effective internal controls include:

- Apex Administration (Guernsey) Limited (“Apex”) is responsible for the provision of administration, accounting and company secretarial duties. Apex also provides compliance oversight in respect of the Company and its activities. As the Company itself has no IT systems and relies on the IT systems of its service providers, Apex additionally has a role in cyber security and the protection of the Company’s data through the operation of Information Security Protection Controls. Apex staff are also regularly trained in order to minimise the risk of an accidental data breach;
- Tufton Investment Management Ltd is the Investment Manager and provides portfolio management and risk management services to the Company. It is also the AIFM for the purposes of AIFMD;
- Tufton Management Limited, an affiliate of the Investment Manager, provides Asset Management services to each underlying SPV;
- Tufton Corporate Services, an affiliate of the Investment Manager, provides administration, accounting and company secretarial services for the SPVs;
- Computershare Investor Services (Guernsey) Limited is responsible for the provision of Registrar services;
- the Board clearly defines the duties and responsibilities of the Company’s agents and advisers in the terms of their contracts;
- the Board receives assurances from the Company’s agents and advisers that any amendments required as a result of regulatory change, are actioned accurately and promptly; and
- the Board reviews financial information and compliance reports produced by the Administrator on a regular basis.

The Board and Audit Committee have reviewed the Company’s risk management and internal control systems and believe that the controls are satisfactory given the size and nature of the Company.

### Responsible Investment, Sustainability and ESG Policy

The Company’s 2023 Sustainability Report can be found on the Company’s website, ([www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com)).

The Sustainability Report sets out the combined approach of the Investment Manager and the Company to the integration of sustainability risks and responsible investment principles in its investment decision making and asset ownership practices. The Investment Manager seeks to align the Company’s strategy with best practices and market standards in all ESG and Responsible Investment matters.

The Investment Manager believes upholding high standards of ESG and responsible investment principles and practices are an essential tool for managing the risks presented by challenges such as climate change, social inequality and human rights issues, delivering long-term value and positive returns for the Company’s shareholders as part of the Company’s investment objectives, and ensuring the continued sustainability of shipping as a whole.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Responsible Investment, Sustainability and ESG Policy (continued)

The Sustainability Report includes further details on the Company's approach to stakeholder engagement, human rights and anti-bribery practices, together with how the activities of the Company are aligned with recognised ESG standards such as the UN's Sustainable Development Goals. In accordance with the Policy, the Directors have requested that the Investment Manager consider the broader social, ethical and environmental issues of the vessels within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses and that this reflects stakeholders' views.

More specifically, the Board expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

The Directors along with the Investment Manager recognise the value of integrating principles of Responsible Investment into the investment management process and ownership practices in the belief that this can have an impact on long-term financial performance. The Sustainability Report has further information on how the Investment Manager practically implements and considers the Policy when making investment decisions.

### Viability statement

The Board, in assessing the long-term viability of the Company, has paid particular attention to the Principal Risks and Uncertainties faced by the Company as disclosed on pages 20 to 23 of these financial statements. The Company is also required to hold a continuation vote at the AGM to be held 24 October 2024. Notwithstanding this, the Board have determined that a three-year viability period is the most appropriate for viability testing since they are advised by their corporate brokers that the shareholders are unlikely to vote for discontinuation. The Board has considered the cashflow-weighted average length of its charters. In addition, the Board has considered the cash flow projection for the running costs of the Company to ensure the Company retains sufficient cash to meet its operating costs until the end of the viability period and is therefore able to sustain its business model and structure, including the payment of dividends at the announced target level.

The Board has also considered the cash flow projections for the Company and its SPVs in two market stress scenarios. The Board has considered the results of a viability test wherein the primary sensitivity of an extended period of market stress results in time charter rates staying below the historic median levels over the entire three-year forecast period. The most extreme scenario modelled resulted in unrestricted cash balances being exhausted in late 2025, but in the very remote event of such a cash shortage arising this would be addressed through one or all of the following significant actions: the sale of the Gas Tanker Neon after completion of its current charter in mid-2025, the deferral of discretionary capital expenditure, and/or the deferral or reduction of any dividend payment.

These scenarios allow for consistently low charter rates and even charter default. The Directors have also assumed that given the Company's recent level of performance, it is reasonable to assume that the continuation vote will be passed. As a result, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due and that the business model will remain applicable during the viability period.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Going concern

In assessing the going concern basis of accounting the Directors have, together with discussions and analysis provided by the Investment Manager, had regard to the guidance issued by the Financial Reporting Council. They have considered the possible impact of recent market volatility and geopolitical events on the current and future operations of the Company and its investments. Cash reserves are held at the LSA and SPV levels and rolled up to the Company as required to enable expenses to be settled as they fall due.

The Company is required to hold a vote on the Continuation of the Company at the AGM on 24 October 2024. During the year the Investment Manager and Brokers engaged major shareholders regarding their voting intentions, and as a result of these discussions and given the positive performance of the Company for its life to date, the Directors hold the view that the Continuation Vote will be for the Company to continue its operations. In the event the vote does not pass, the Board have six months in which to bring forward proposals for the future of the Company.

The Directors are satisfied that, at the time of approving the financial statements, no other material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for the foreseeable future concluding that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

### Further Details of Continuation Vote

In accordance with the prospectus published 25 September 2018, the Directors will propose an ordinary resolution at the annual general meeting to be held 24 October 2024 that the Company continues its business (a "Continuation Resolution"). If this Continuation Resolution is passed, then the Directors shall every three years thereafter at the annual general meeting held, following the publication of the audited accounts, propose a further Continuation Resolution.

### Shareholders' significant interests

The following shareholders had notified to the Company a substantial interest of 5% or more of the issued share capital as at 30 June 2024.

	% of issued share capital
East Riding Pension Fund	10.48
South Yorkshire Pensions Authority	9.85
Schroder Investment Management	9.69
West Yorkshire Pensions Fund	8.09
Raymond James Investment Services	6.63

The Directors place a great deal of importance on communication with shareholders. They request regular updates from the Company's Brokers and financial advisers on their communications with shareholders. They can also be contacted via the email address provided in the Chairman's Statement.

The Annual Report and Audited Financial Statements are also distributed to other parties who have an interest in the Company's performance. Additional information on the Company can be obtained through the website [www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com), which is maintained by the Investment Manager.

# Tufton Oceanic Assets Limited

## Report of the Directors (continued)

### Shareholders' significant interests (continued)

The Notice of the Annual General Meeting is included within the Annual Report and Audited Financial Statements and is sent out at least 20 working days in advance of the meeting, in accordance with the AIC Code. All shareholders have the opportunity to put questions to the Board or the Investment Manager formally at the Company's Annual General Meeting.

The Company Secretary and Investment Manager are available to answer general shareholder queries at any time throughout the year. The Company can be contacted via the Company Secretary or [SHIP@tuftonoceanicassets.com](mailto:SHIP@tuftonoceanicassets.com).

The Company confirms that there is no information that is required to be disclosed under Listing Rule 9.8.4.

Approved by the Board of Directors on 25 September 2024 and signed on behalf of the Board by:



.....  
Rob King  
Director



.....  
Stephen Le Page  
Director



# Tufton Oceanic Assets Limited

## Audit Committee Report

### Chairman's introduction

I am pleased to present to you the Audit Committee report prepared in accordance with the current AIC Code, which reflects the UK Corporate Governance Code to the extent that it is applicable to investment companies.

The terms of reference for the committee are available on the Company's website, [www.tuftonoceanicassets.com](http://www.tuftonoceanicassets.com). During the year ended 30 June 2024 and to the date of this report, the main areas of activity have been as follows:

- reviewing and assessing the Principal Risks and Uncertainties (as set out on pages 20 to 23);
- reviewing the accounting policies for the Company to ensure they remain appropriate for the preparation of the Company's Annual Report and Audited Financial Statements;
- reconsidering the areas of judgment or estimation arising from the application of International Financial Reporting Standards to the Company's activities and the documentation of the rationale for the decisions made and estimation techniques selected, to ensure they remain appropriate;
- meeting with the Independent Auditor, PwC, to review and discuss their independence, objectivity and proposed scope of work for their audit of this Annual Report;
- meeting with the Company's principal service providers to review the controls and procedures operated by them to ensure that the Company's risks are properly managed and that its financial reporting is complete, accurate and reliable; and
- reviewing in detail the content of this Annual Report, the work of the service providers in producing it and the results of the external audit.

### Membership and Role of the Committee

The Board has delegated certain responsibilities and functions to the Audit Committee. Stephen Le Page is the chairman of the Company's Audit Committee which also includes Paul Barnes, Trina Le Noury and Christine Rødsæther. In discharging its responsibilities, the Audit Committee will review the annual and half yearly financial statements, the risks to which the Company is subject, the system of internal controls, and the terms of appointment and remuneration of the Independent Auditor. It is also the forum through which the Auditor reports to the Board. The Audit Committee is expected to meet at least twice a year.

The Committee discharges its responsibilities through a series of scheduled meetings, the agendas of which are linked to events in the financial calendar of the Company. The Committee met two times during the year ended 30 June 2024 and once more since the year end. The Independent Auditors attended all of these meetings.

### Internal control

The Board reviews the internal controls of the Company's service providers, who are required to establish and maintain appropriate systems of internal control, by reviewing regular reports from the service providers. The Board also ensures segregation of duties between the service providers.

# Tufton Oceanic Assets Limited

## Audit Committee Report (continued)

### Internal control (continued)

In addition, the Board seeks to make visits to certain service providers periodically to assess their organisation and culture and to meet the individuals responsible for key functions. The Audit Committee, and particularly the Chairman of the Committee, also closely monitors the financial reporting process and the tasks undertaken in the production of the Annual Report.

This has involved discussions with the Administrator of the Company, the administrator of the Isle of Man SPVs and the Investment Manager.

### Review of accounting policies and areas for judgment or estimation

These financial statements reflect the application of the accounting policies and estimation techniques originally set out in the Company's Prospectus for its IPO in December 2017. The Audit Committee confirms that they are still considered to be appropriate.

In particular, the following are the significant issues that the Audit Committee considered relating to the financial statements:

- the application of IFRS 10 – Consolidated Financial Statements ("IFRS 10") to the Company, on page 63;
- the detailed approach to arriving at the estimate of fair value for each vessel, SPV and the Guernsey holding company, LSA; and
- the determination of the Company's viability and the applicability of the going concern assumption, on page 44 and 45.

These financial statements reflect the outcome of those discussions. In addition, the Independent Auditor's proposed scope of work in connection with these areas and the statements in general was agreed.

### Fair value estimation

The majority of the NAV of the Company is derived from the fair value of the vessels owned by the Company's indirect SPV subsidiaries, which are themselves held by the Company's subsidiary, LSA. The Company has chosen to use values provided by the Investment Manager, which uses valuation techniques appropriate to each vessel, as its best estimate of fair value. For the majority of the fleet this comprises values sourced from VesselsValue. Exact details of the valuation techniques applied to the vessels and of how the Company's NAV is derived is given in Note 12 to these financial statements.

The Committee has paid particular regard to evaluating these techniques to ensure they are in accordance with market methodology, based on accurate information, reliable and appropriate. The sensitivity of these valuations to various input assumptions is given in Note 12, to enable readers of these financial statements to make their own assessment of the carrying values.

The Committee is satisfied that these techniques are reasonable and appropriate for use in the preparation of these financial statements.

### Performance fee

Per the terms of the IMA, the Company accrues performance fees based on the size of the investment and the continued performance throughout the FY. The accrual at year end is US\$nil (2023: US\$nil). The Board reviews and approves the calculation.

# Tufton Oceanic Assets Limited

## Audit Committee Report (continued)

### External audit

During the year ended 30 June 2024, and up to the date of this report, the Committee held formal meetings with the Independent Auditor on two occasions, and in addition the Chair of the Committee has spoken to them informally on several occasions. These informal conversations have been held to ensure the Chairman is kept up to date with the progress of the audit work, and that the Independent Auditor's formal reporting meets the Committee's needs.

The formal meetings included detailed reviews of the proposed fees and scope of the work to be performed by PwC in their audit for the year ended 30 June 2024. They also included detailed reviews of the results of this work, and the audit findings and observations. I am pleased to report that there are no matters arising from the Independent Auditor's work which should be brought to the attention of shareholders.

The Committee has also reviewed PwC's report on PwC's own independence and objectivity, including the level of non-audit services provided by them. There were no non-audit services carried out during the year.

The Committee has therefore concluded that PwC is independent and objective, carries out its work to a high standard, and provides concise but useful reporting. The committee notes, following PwC rotation rules, Ross Burne has been appointed the new engagement leader. Accordingly, the Committee has recommended a resolution for their appointment to be proposed at the AGM on 24 October 2024.

### Annual report

The Committee members have each reviewed this Annual Report and earlier drafts of it in detail, comparing its content with their own knowledge of the Company, reporting requirements and shareholder expectations. Formal meetings of the Committee have also reviewed the report and its content and have received reports and explanations from the Company's service providers about the content and the financial results.

The Committee has concluded that the Annual Report, taken as a whole, is fair, balanced and understandable, and that the Board can reasonably and with justification make the Statement of Directors' Responsibilities on pages 30 to 31.

  
.....

Stephen Le Page  
Chairman of the Audit Committee

# Independent Auditor's report to the members of Tufton Oceanic Assets Limited

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tufton Oceanic Assets Limited (the "company") as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

### What we have audited

The company's financial statements comprise:

- the statement of financial position as at 30 June 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

We draw attention to note 2(m) in the financial statements, which indicates that the company is due to hold a continuation vote at its Annual General Meeting in October 2024. This event or condition indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Our audit approach

#### Overview

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##### Audit scope

- The company is a closed-ended investment company, incorporated and based in Guernsey, whose ordinary shares are admitted to trading on the London Stock Exchange's Specialist Fund Segment.
  - The financial statements consist of the standalone parent company financial information and include the company's investment into its directly held subsidiary (the "subsidiary"). The subsidiary in turn holds directly and indirectly Special Purpose Vehicles ("SPVs") through which the underlying vessels are held.
  - The financial statements are not consolidated but instead present the fair value of the subsidiary which includes the fair value of the underlying vessels held via the SPVs and the other residual net assets of the subsidiary and SPVs.
  - The principal activities of the company comprise investing in a diversified portfolio of vessels through its subsidiary based in Guernsey and the SPVs based in the Isle of Man.
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# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

- We conducted our audit of the financial statements based on financial information provided by the company's service providers, Apex Administration (Guernsey) Limited (the "Administrator") and Tufton Investment Management Ltd (the "Investment Manager") to whom the Board of Directors have delegated certain administrative functions and other activities.

## Key audit matters

- Material uncertainty related to going concern.
- Valuation and ownership/existence of financial assets at fair value through profit or loss.

## Materiality

- Overall materiality: US\$9.02 million (2023: US\$8.26 million) based on 2% of net assets.
- Performance materiality: US\$6.77 million (2023: US\$6.19 million).

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation and ownership/existence of financial assets at fair value through profit or loss (the "investments")</b></p> <p>Please refer to Notes 2(j), 3 and 4 to the financial statements.</p> <p><b>Valuation</b></p> <p>The Company's financial assets at fair value through profit and loss amounting to US\$444.14 million comprises the Company's holding in its unconsolidated direct subsidiary which further invests into SPVs (together the "entities"). The SPVs ultimately invest into a portfolio of shipping vessels (the "underlying portfolio") and/or other residual net assets. The fair value of the direct subsidiary investment has been determined based on the fair value of (a) the underlying portfolio and (b) the other residual net assets within the entities.</p> <p>The fair value of the underlying portfolio has been assessed</p>	<p><b>Valuation</b></p> <ul style="list-style-type: none"> <li>• We assessed the accounting policy for investments, as set out in note 2(j) for compliance with IFRS Accounting Standards.</li> <li>• We obtained an understanding and evaluated the design and implementation of internal controls surrounding the valuation process.</li> </ul> <p><i>For standard vessels:</i></p> <ul style="list-style-type: none"> <li>• We assessed the third-party vessel valuation service's reputation, independence, competence and expertise through independent research, enquiry with the Investment Manager and auditor's experts.</li> <li>• We inspected and observed the independent</li> </ul>

# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

using methodologies deemed most appropriate by the Investment Manager and the Board, taking into account whether the vessels are standard or specialised. In certain cases, management also consults an independent broker to establish the fair value of standard vessels.

The Board has detailed their considerations regarding estimation areas for vessel valuation in Note 3. Note 4 provides a breakdown of the investments, while Note 12 outlines the key assumptions used in the valuations. Both the Board and the Investment Manager apply significant judgment and estimates in determining the fair values of the underlying portfolio.

For the residual net assets within the entities there is also a risk that the valuations may be materially misstated arising from the misstatement of other assets and liabilities.

## Ownership/Existence

The company's ownership in its subsidiary and the SPVs includes unlisted equity securities and shareholder loans so there is no central independent depository or custodian. Similarly, there is no central depository or custodian for each vessel. The investment in the subsidiary, SPVs, and vessels is verified through legal ownership of the equity shares and the underlying portfolio.

As a result of the above and given the significance of this balance in the statement of financial position, the valuation and ownership/existence of financial assets at fair value through profit or loss are considered key audit matters.

valuations being obtained by the Investment Manager in respect of 'charter free' values from the third-party vessel valuation service.

- We assessed and challenged the charter lease contract adjustments made by the Investment Manager by comparing the actual charter rates, as documented by the SPVs for each vessel, to the market charter rates.
- Where material, we assessed and agreed any capital expenditure adjustments to appropriate supporting documentation.
- We agreed key inputs used by the third-party vessel valuation service to independent sources or underlying agreements (which included such details as the vessel build year, type, size etc).
- We assessed and evaluated the discount rate used by the third-party valuation service in calculating the charter lease contracts adjustments through enquiry with our auditor's expert.
- We conducted back testing procedures by comparing the proceeds received from the sale of vessels to the most recent valuations recorded in the SPVs'.

## *For specialised vessels:*

- We reviewed and agreed the significant inputs used in the model against signed agreements on a sample basis.
- We recalculated and assessed the exit values at the end of the fixed charter period based on the terms applicable to each vessel, considering management's intentions or agreements with counterparties (such as scrap value or depreciated replacement cost, etc.).
- We assessed the counterparty credit conditions as at 30 June 2024 and challenged the reasonableness of the discount rate applied by benchmarking them to market discount rates used by the third-party vessel valuation service.
- We recalculated each vessel's discounted cash flow model to confirm their mathematical accuracy.

## *For vessels valued by an independent broker:*

- We obtained the independent broker valuations and evaluated the reliability, independence, and reputation of the broker.
- We contacted the independent broker directly to confirm our understanding of the valuation methodology used for the respective vessels.

## *Use of auditor experts:*

- We engaged valuation experts within the PwC

# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

network to assess and evaluate the reasonableness and reliability of the third-party vessel valuation service, including the discount rates applied and valuation of two standard vessels. The expert also evaluated the reliability of the independent broker used.

*As it relates to the residual net assets of the subsidiary and SPVs:*

- We recalculated the mathematical accuracy of the net asset values of the SPVs. This involved reconciling the net asset values of the SPVs with the subsidiary's financial records and subsequently with the company's financial records.
- We agreed cash and loan balances back to independently received confirmations from third party financial institutions.
- Performed sample based substantive testing on the residual net assets.

## **Ownership/Existence**

- We obtained an understanding and evaluated the design and implementation of internal controls surrounding the ownership/existence process.
- We agreed the shareholdings of the directly held subsidiary as well as the SPVs to share registers and agreements.
- Where appropriate, we independently confirmed the titles of all vessels with the respective recognised Shipping Authorities as of June 30, 2024. For one vessel, we conducted alternative audit procedures to verify its existence since the flag country's register is not available for public inquiry.
- On a sample basis, we utilised open-source vessel tracking resources to corroborate that the vessels were operational.

We have not identified any matters to report to those charged with governance.

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## **How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

## **Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall materiality</i>	US\$9.02 million (2023: US\$8.26 million)
<i>How we determined it</i>	2% of net assets
<i>Rationale for the materiality benchmark</i>	We believe that 'net assets' is the most appropriate benchmark because this is the key metric of interest to the members of the company. It is also a generally accepted measure used for investment funds.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to US\$6.77 million (2023: US\$6.19 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US\$0.45 million (2023: US\$0.41 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Reporting on other information

The other information comprises all the information included in the Annual Report and Audited Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Independent Auditor's report to the members of Tufton Oceanic Assets Limited (continued)

## Report on other legal and regulatory requirements

### Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

### Other voluntary reporting

#### Corporate governance statement

The company has reported voluntary compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code.

#### Going concern

The directors have requested that we review the statement on page 45 in relation to going concern as if the company was a UK incorporated closed-ended investment fund with equity shares listed under the Closed-Ended Investment Fund category. We have nothing to report having performed our review.

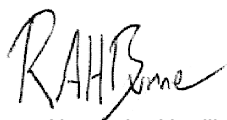
#### The directors' assessment of the prospects of the company and of the principal and emerging risks that would threaten the solvency or liquidity of the company

The directors have requested that we perform a review of the directors' statements on pages 20 to 23 and 44 that they have carried out a robust assessment of the principal and emerging risks facing the company and in relation to the longer-term viability of the company, as if the company was a UK incorporated closed-ended investment fund with equity shares listed under the Closed-Ended Investment Fund category.

Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. We have nothing to report having performed this review.

#### Other Code provisions

The directors have prepared a corporate governance statement and requested that we review it as though the company was a UK incorporated closed-ended investment fund with equity shares listed under the Closed-Ended Investment Fund category. We have nothing to report in respect of our agreed responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.



Ross Alexander Houlihan Burne

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognised Auditor

Guernsey, Channel Islands

25 September 2024

# Tufton Oceanic Assets Limited

## Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 US\$	2023 US\$
<b>Income</b>			
Net changes in fair value of financial assets at fair value through profit or loss	4	50,555,223	(33,950,645)
Dividend income	8	30,000,000	32,000,000
<b>Total net income / (loss)</b>		<b>80,555,223</b>	<b>(1,950,645)</b>
<b>Expenditure</b>			
Administration fees		(168,137)	(168,376)
Audit fees		(217,751)	(261,666)
Corporate Broker fees		(150,000)	(150,000)
Depository fees		(39,493)	-
Directors' fees	17	(231,674)	(174,913)
Foreign exchange gain / (loss)		4,468	(13,322)
Insurance fee		(33,016)	(24,200)
Investment management fees	13	(3,484,902)	(3,504,464)
Listing fees		(27,433)	(24,297)
Performance fees	14	-	3,980,432
Professional fees		(93,122)	(145,694)
Sundry expenses		(53,008)	(39,860)
<b>Total expenses</b>		<b>(4,494,068)</b>	<b>(526,360)</b>
<b>Operating profit / (loss)</b>		<b>76,061,155</b>	<b>(2,477,005)</b>
Finance income		6,567	3,646
<b>Total comprehensive income / (loss) for the year</b>		<b>76,067,722</b>	<b>(2,473,359)</b>
<b>Earnings / (Loss) per ordinary share (cents)</b>	9	<b>25.89</b>	<b>(0.81)</b>
<b>Diluted Earnings / (Loss) per ordinary share (cents)</b>	9	<b>25.89</b>	<b>(0.81)</b>

There were no potentially dilutive instruments in issue at 30 June 2024 or 30 June 2023.

All activities are derived from continuing operations.

There is no other comprehensive income or loss and consequently a Statement of Other Comprehensive Income has not been prepared.

The accompanying notes are an integral part of these financial statements.

# Tufton Oceanic Assets Limited


## Statement of Financial Position

At 30 June 2024

	Notes	2024 US\$	2023 US\$
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	4	444,977,383	405,988,715
<b>Total non-current assets</b>		<u>444,977,383</u>	<u>405,988,715</u>
<b>Current assets</b>			
Trade and other receivables	5	7,229,829	7,881,170
Cash and cash equivalents		56,007	47,731
<b>Total current assets</b>		<u>7,285,836</u>	<u>7,928,901</u>
<b>Total assets</b>		<u>452,263,219</u>	<u>413,917,616</u>
<b>Current liabilities</b>			
Trade and other payables	6	1,207,547	1,144,523
<b>Total current liabilities</b>		<u>1,207,547</u>	<u>1,144,523</u>
<b>Net assets</b>		<u>451,055,672</u>	<u>412,773,093</u>
<b>Equity</b>			
Ordinary share capital	7	291,640,823	303,326,231
Retained reserves		159,414,849	109,446,862
<b>Total equity attributable to ordinary Shareholders</b>		<u>451,055,672</u>	<u>412,773,093</u>
<b>Net assets per ordinary share (cents)</b>	11	<u>154.96</u>	<u>136.47</u>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 25 September 2024 and signed on its behalf by:

  
 Rob King  
 Director

  
 Stephen Le Page  
 Director

# Tufton Oceanic Assets Limited

## Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Ordinary share capital US\$	Retained earnings US\$	Total US\$
<b>Shareholders' equity at 30 June 2022</b>		310,272,983	137,270,726	447,543,709
Share buybacks	7	(6,946,752)	-	(6,946,752)
Total comprehensive loss for the year		-	(2,473,359)	(2,473,359)
Dividends paid	10	-	(25,350,505)	(25,350,505)
<b>Shareholders' equity at 30 June 2023</b>		303,326,231	109,446,862	412,773,093
Share buybacks	7	(11,685,408)	-	(11,685,408)
Total comprehensive income for the year		-	76,067,722	76,067,722
Dividends paid	10	-	(26,099,735)	(26,099,735)
<b>Shareholders' equity at 30 June 2024</b>		291,640,823	159,414,849	451,055,672

The accompanying notes are an integral part of these financial statements.

# Tufton Oceanic Assets Limited

## Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 US\$	2023 US\$
<b>Cash flows from operating activities</b>			
Total comprehensive income / (loss) for the year		76,067,722	(2,473,359)
Adjustments for:			
Changes in fair value on investments held at fair value through profit or loss	4	(50,555,223)	33,950,645
Foreign exchange (gain) / loss		(4,468)	13,322
<b>Operating cash flows before movements</b>		25,508,031	31,490,608
Return of investment capital	4	11,566,555	6,953,360
Movement in trade and other receivables	5	651,341	(2,140,785)
Movement in trade and other payables	6	63,024	(3,953,696)
<b>Net cash generated from operating activities</b>		37,788,951	32,349,487
<b>Cash flows from financing activities</b>			
Amounts paid for share buybacks	7	(11,685,408)	(6,946,752)
Dividends paid	10	(26,099,735)	(25,350,505)
<b>Net cash used in financing activities</b>		(37,785,143)	(32,297,257)
<b>Net movement in cash and cash equivalents during the year</b>		3,808	52,230
Cash and cash equivalents at the beginning of the year		47,731	8,823
Foreign exchange gain / (loss)		4,468	(13,322)
<b>Cash and cash equivalents at the end of the year</b>		<b>56,007</b>	<b>47,731</b>

The accompanying notes are an integral part of these financial statements.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements

For the year ended 30 June 2024

### 1. General information

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 6 February 2017 with registered number 63061, and is regulated by the GFSC as a registered closed-ended investment company. The registered office and principal place of business of the Company is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

The Company's investment objective is to provide investors with an attractive level of regular and growing income and capital returns through investing in secondhand commercial sea-going vessels.

The Company had 302,468,541 ordinary shares in issue on 1 July 2023, all of which were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange. During the current year, the Company bought back 11,386,000 ordinary shares at a weighted average price of US\$1.014 for a consideration of US\$11,685,409. The total number of Company's shares in issue was 291,082,541 at the end of the FY.

### 2. Material accounting policies

#### (a) Basis of preparation

##### *Compliance with IFRS Accounting Standards*

The financial statements have been prepared on a going concern basis in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"), Listing rules and applicable Guernsey law.

##### *Historical cost convention*

The financial statements have been prepared on a historical cost basis modified by the revaluation of financial assets at fair value through profit or loss. The principal accounting policies adopted, and which have been consistently applied, (unless otherwise indicated) are set out below.

##### *Basis of non-consolidation*

The Directors consider that the Company meets the investment entity criteria set out in IFRS 10: Consolidated Financial Statements. As a result, the Company applies the mandatory exemption applicable to investment entities from producing consolidated financial statements and instead fair values its investments in its subsidiaries in accordance with IFRS 13: Fair Value measurement.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### *Basis of non-consolidation (continued)*

The criteria which define an investment entity are, as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both (including having an exit strategy for investments); and
- an entity that measures and evaluates the performance of substantially all its investments on a fair value basis.

The Directors consider that the Company's objective of pooling investors' funds for the purpose of generating an income stream and capital appreciation is consistent with the definition of an investment entity, as is the reporting of the Company's net asset value on a fair value basis.

#### **(b) New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

#### **(c) Standards, amendments and interpretations effective during the year**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2023 that have a material effect on the financial statements of the Company.

#### **(d) Segmental reporting**

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investment of the Company's capital in secondhand commercial vessels. The financial information used to manage the Company presents the business as a single segment.

#### **(e) Income**

##### ***Dividend income***

Dividend income is accounted for on the date the dividend is declared.

##### ***Finance income***

Finance income is accounted for on an accruals basis.



# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### (f) Expenses

Expenses are accounted for on an accruals basis. The Company's investment management and administration fees and all other expenses are charged through the Statement of Comprehensive Income.

#### (g) Performance fees

Any performance fee liability is calculated on an amortised cost basis at each valuation date, with the respective expense or reversal charged through the Statement of Comprehensive Income. Refer to note 14.

#### (h) Dividends to Shareholders

Dividends are accounted for in the Statement of Changes in Equity in the year in which they are declared.

#### (i) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,600.

#### (j) Financial assets and financial liabilities

The Company holds its investments through a subsidiary company which has not been consolidated in line with IFRS 10: Consolidated Financial Statements.

The Company classifies its investment in LSA as a financial asset at fair value through profit or loss ("FVTPL").

The Company measures and evaluates the net assets of LSA on a fair value basis. The net assets include those of the underlying SPVs which own and value all vessels on a fair value basis.

The Investment Manager reports fair value information to the Directors who use this to evaluate the performance of investments.

##### *Recognition of financial assets and liabilities*

At both the Company and the SPV level, financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. This is deemed to occur when the memorandum of agreement is signed for vessel acquisitions only.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs indirectly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Comprehensive Income.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### (j) Financial Assets and Financial Liabilities (continued)

Subsequent to initial recognition, investments at FVTPL are measured at fair value with gains and losses arising from changes in the fair value being recognised in the Statement of Comprehensive Income.

##### *Financial assets at fair value through profit or loss*

Financial assets are classified at FVTPL when the financial asset is held for trading. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Statement of Comprehensive Income.

The Company's investment in LSA has been measured at FVTPL on the basis that it is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy.

The Company has not taken the option to irrevocably designate any investment in equity at fair value through other comprehensive income. The Company measures and evaluates the performance of the entire investment into LSA on a fair value basis by using the net asset value of LSA including, in particular, the underlying SPVs and the fair value of the SPVs' investments in their respective vessel assets, as well as the residual net assets and liabilities of both the SPVs and LSA itself. The investment in LSA consists of both equity and debt instruments.

In estimating the fair value of each underlying SPV (as a constituent part of LSA's net asset value at fair value), the Board has approved the valuation methodology for valuing the vessels held by the SPVs. The valuation methodology takes account of the indirect factors affecting the shipping industry including currency exchange rates, interest rates, the availability of credit, and climate change considerations.

Vessels sold before the period end for settlement/delivery afterwards, are carried at the sale price set out in the contract for sale less a provision for estimated costs of disposal (such as re-delivery costs) and the costs of liquidating the relevant SPV.

The fair value of a standard vessel consists of its charter-free value plus or minus the value of any charter lease contracts attached to the vessel, plus or minus an adjustment for the capital expenditure associated with the vessel. There are time charter contracts in place for standard vessels. Such charters will vary in length but would typically be in the 1 – 8 year range. As the shipping markets can be volatile over time, the value of such charters will therefore either add to or detract from the open market charter-free value of the vessel.

Under a time charter, the vessel owner provides a fully operational and insured vessel for use by the charterer. There is a fluid charter market reported daily by shipbrokers.

The charter-free and associated charter values of most standard vessels are calculated predominantly using an online valuation platform provided by VesselsValue or, in limited circumstances, based on a written valuation of a mainstream broker appointed by the Investment Manager. For charter-free values only, the VesselsValue system contains a number of algorithms that combine factors such as vessel type, technical features, age, cargo capacity, freight earnings, market sentiment and recent vessel sales.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### (j) Financial Assets and Financial Liabilities (continued)

##### *Financial assets at fair value through profit or loss (continued)*

For charter values, the platform provides a Discounted Cashflow ("DCF") module where vessel specific charter details are input and measured against a platform or shipbroker-provided market benchmark to obtain a premium or discount value of the charter versus the typical prevailing market for that type of vessel. The adjustment for the capital expenditure associated with the dry docking of the vessel is time apportioned on a straight-line basis over the period between the vessel's last visit to dry dock and the expected date of its next visit, by reference to the actual cost of the last visit and the budgeted cost of the next. This adjustment is an addition to value when the valuation date is nearer to the vessel's last dry docking than to its next expected visit to dry dock, and vice versa.

The net adjusted valuation is subject to a minimum fair value being the present value of all current contracted charter cashflows and the current vessel scrap value at the completion of the charter. The present value of the cashflows is discounted at the specific WACC assigned to the vessel type by VesselsValue adjusted for any counterparty credit risk where appropriate.

Specialist vessels are valued on a DCF basis by the Investment Manager using vessel specific information and both observable and unobservable data. The VesselsValue platform is not used for these assets. Instead a DCF approach is adopted and this determines the present value of the cashflows discounted at the project cost of capital IRR, and is deemed to be a fair representation of the vessel and charter value.

Refer to Note 3 which explains in detail the judgements and estimates applied.

SPVs and LSA account for residual net assets and liabilities in line with the accounting policies of the Company.

##### *Derecognition of financial assets*

The Company and the SPVs derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership. For vessel purchase and sale transactions undertaken by the SPVs derecognition normally occurs at the point of delivery of the vessel to the purchaser at the SPV level.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and any associated liability.

On derecognition of a financial asset in its entirety, gains and losses on the sale, which is the difference between the initial cost and sale value, will be taken to the profit or loss in the Statement of Comprehensive Income in the year in which they arise.

##### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### (j) Financial Assets and Financial Liabilities (continued)

##### *Financial liabilities and equity*

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. Trade and other payables are financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. However, given the nature of trade and other payables and the short time length involved between their origination and settlement, their amortised cost is considered to be the same as their fair value.

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire.

##### *Trade and other receivables*

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. However, given the nature of receivables and the short time length involved between their origination and settlement, their amortised cost is considered to be the same as their fair value.

At each reporting date, the Company shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.

##### *Trade and other payables*

Trade and other payables that have fixed or determinable payments that are not quoted in an active market are classified as payables. Payables are measured at amortised cost using the effective interest rate method. Interest expense is recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial.

#### (k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. In the current and prior years, the carrying amount of cash and cash equivalents approximate their fair value.

#### (l) Foreign currency translation

##### i) Functional and presentation currency

The financial statements of the Company are presented in US Dollars, which is also the currency in which the share capital was raised, and investments are purchased and is therefore considered by the Directors to be the Company's functional currency.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 2. Material accounting policies (continued)

#### (l) Foreign currency translation (continued)

##### ii) Transactions and balances

At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the Statement of Comprehensive Income in the year in which they arise.

Transactions denominated in foreign currencies are translated into US Dollars at the rate of exchange at the date of the transaction.

#### (m) Going concern

In assessing the going concern basis of accounting the Directors have, together with discussions and analysis provided by the Investment Manager, had regard to the guidance issued by the Financial Reporting Council. They have considered the possible impact of recent market volatility and geopolitical events on the current and future operations of the Company and its investments. Cash reserves are held at the LSA and SPV levels and rolled up to the Company as required to enable expenses to be settled as they fall due.

The Company is required to hold a vote on the Continuation of the Company at the AGM on 24 October 2024. During the year the Investment Manager and Brokers engaged major shareholders regarding their voting intentions, and as a result of these discussions and given the positive performance of the Company for its life to date, the Directors hold the view that the Continuation Vote will be for the Company to continue its operations. In the event the vote does not pass, the Board have six months in which to bring forward proposals for the future of the Company.

The Directors are satisfied that, at the time of approving the financial statements, no other material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for the foreseeable future concluding that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### (n) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 3. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenue and expenses during the year. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

#### *Critical judgements in applying the Company's accounting policies – IFRS 10*

The audit committee considered the application of IFRS 10, and whether the Company meets the definition of an investment entity.

The Company owns the investment portfolio through its investment in LSA. The investment by LSA comprises the NAVs of the SPVs. The Company holds 100% voting shares in LSA and has all the characteristics of an investment company. Cash reserves are held at the LSA and SPV levels and paid up to the Company as required to enable expenses to be settled as they fall due.

In the judgement of the Directors, the Company meets the investment criteria set out in IFRS 10 and they therefore consider the Company to be an investment entity in accordance with IFRS 10. As a result, as required by IFRS 10, the Company is not consolidating its subsidiary but is instead measuring it at fair value in accordance with IFRS 13 – Fair value measurements.

The criteria which define an investment entity are disclosed in Note 2(a).

#### *Critical Accounting Estimates*

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next FY.

The principal critical accounting estimate in the Company's financial statements is the value of its investment in LSA, which is in turn dependent on the values of LSA's investments in the SPVs. Principal critical accounting estimates in determining the values of the SPVs comprise the fair values of their vessels, in turn comprised of the charter-free and attached charter values and capital expenditure, all of which are critical accounting estimates.

The unobservable inputs which significantly impact the fair value of the vessels have been determined to be the charter-free valuation and market charter rates for standard vessels (used to calculate charter values) and the discount rate applied for specialised vessels.

The process of calculating the charter-free and charter values of the vessels is described in Note 2(j).

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 3. Critical Accounting Judgements and Estimates (continued)

#### *Critical Accounting Estimates (continued)*

At 30 June 2024 the charter-free valuations of two vessels (2023: two vessels) were provided through independent broker valuations rather than VesselsValue. These broker valuations are themselves estimates derived from the specialist knowledge of the broker, their proprietary data that considers vessel specifications and applicable market information.

Further to the information mentioned in Note 2 (j) there are specific capital adjustments considered as part of the valuation process for standard vessels, mainly the adjustments for BWTSSs and scrubbers installed. BWTSSs installed by the Company's SPVs are considered to be an enhancement to the charter-free value.

They are initially recognised at cost and straight-line depreciated from the commissioning date to 8 September 2024, being the date by which the IMO mandates all vessels should have installed BWTSS. Scrubbers are considered an enhancement to the charter-free value using an estimated valuation from a shipbroker, and straight-line depreciated over 5 years.

At 30 June 2024, one vessel was treated as a specialist vessel (2023: one vessel). The specialist vessel was valued on a DCF basis by the Investment Manager using vessel specific information including the appropriate discount rate, which is reviewed on a regular basis to ensure it remains relevant to the project and market risk parameters, however the discount rate remains a material driver to the valuation.

There were no other material areas of estimation for the Company.

### 4. Financial assets at fair value through profit or loss

The Company owns the investment portfolio through its investment in LSA, which comprises the NAV of the SPVs and residual assets and liabilities in LSA. The NAVs consist of the fair value of vessel assets and the SPVs' residual net assets and liabilities. The whole investment portfolio is designated by the Board as a Level 3 item on the fair value hierarchy because of the lack of observable market information in determining the fair value.

As a result, all the information below relates to the Company's Level 3 assets only, with respect to the requirements set out in IFRS 7: Financial Instruments: Disclosures. The investment held at fair value is recorded under Non-Current Assets in the Statement of Financial Position as there is no current intention to dispose of its investment in LSA.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 4. Financial assets at fair value through profit or loss (continued)

The changes in the financial assets measured at fair value through profit or loss for which the Company has used Level 3 inputs to determine fair value, after considering dividends declared (see Note 7 and 8) are as follows:

	2024 US\$	2023 US\$
<b>LSA</b>		
Brought forward cost of investment	292,529,864	299,483,224
Total return of investment capital during the year	(11,566,555)	(6,953,360)
<b>Carried forward cost of investment</b>	<b>280,963,309</b>	<b>292,529,864</b>
Brought forward unrealised gains on fair value	113,458,851	147,409,496
Movement in unrealised gains / (losses) on fair value	50,555,223	(33,950,645)
<b>Carried forward unrealised gains on fair value</b>	<b>164,014,074</b>	<b>113,458,851</b>
<b>Total investment at fair value</b>	<b>444,977,383</b>	<b>405,988,715</b>

The SPVs and holding companies Handy Holdco Limited and Product Holdco Limited (which are also SPVs) are incorporated in the Isle of Man. The subsidiary company LSA is incorporated in Guernsey. The country of incorporation is also their principal place of business.

#### Breakdown of Fair Value:

Name	2024 US\$	2023 US\$	Direct or indirect holding	Principal activity	Ownership at 30 June 2024	Ownership at 30 June 2023
LSA <sup>7</sup>	-	-	Direct	Holding company	100%	100%
Anvil Limited	17,502,570	18,240,972	Indirect	SPV	100%	100%
Auspicious Limited	20,505,411	20,137,727	Indirect	SPV	100%	100%
Awesome Limited	20,060,142	19,704,498	Indirect	SPV	100%	100%
Candy Limited <sup>6</sup>	-	16,785	Indirect	SPV	100%	100%
Charming Limited	20,221,500	18,953,365	Indirect	SPV	100%	100%
Citra Limited <sup>6</sup>	-	205,362	Indirect	SPV	100%	100%



# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 4. Financial assets at fair value through profit or loss (continued)

#### Breakdown of Fair Value: (continued)

Name	2024 US\$	2023 US\$	Direct or indirect holding	Principal activity	Ownership at 30 June 2024	Ownership at 30 June 2023
Cocoa Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Courteous Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Dachshund <sup>3</sup> Limited	-	-	Indirect	SPV	100%	100%
Daffodil Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Exceptional Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Golding Limited	19,055,526	21,081,370	Indirect	SPV	100%	100%
Handy HoldCo Limited	36,973,101	50,090,478	Indirect	SPV (Holding Company)	100%	100%
Idaho Limited	20,235,105	22,322,508	Indirect	SPV	100%	100%
Laurel Limited	14,803,667	16,410,147	Indirect	SPV	100%	100%
Lavender Limited <sup>6</sup>	-	60,848	Indirect	SPV	100%	100%
Marvelous Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Masterful Limited	19,630,327	18,893,952	Indirect	SPV	100%	100%
Mayflower Limited	15,101,491	15,590,330	Indirect	SPV	100%	100%
Mindful Limited <sup>4</sup>	-	-	Indirect	SPV	100%	100%
Neon Limited	24,405,007	26,616,326	Indirect	SPV	100%	100%
Octane Limited	22,977,354	20,155,744	Indirect	SPV	100%	100%
Orson Limited	15,603,911	17,938,851	Indirect	SPV	100%	100%
Parrot Limited <sup>1, 2</sup>	29,502	674	Indirect	SPV	100%	100%

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 4. Financial assets at fair value through profit or loss (continued)

#### Breakdown of Fair Value: (continued)

Name	2024 US\$	2023 US\$	Direct or indirect holding	Principal activity	Ownership at 30 June 2024	Ownership at 30 June 2023
Patience Limited <sup>1, 2</sup>	617,575	662,085	Indirect	SPV	100%	100%
Pollock Limited <sup>1, 3</sup>	-	-	Indirect	SPV	100%	100%
Product HoldCo Limited	56,855,114	58,135,471	Indirect	SPV (Holding Company)	100%	100%
Riposte Limited <sup>1, 2</sup>	1,127,015	411,002	Indirect	SPV	100%	100%
Rocky IV Limited	17,392,312	18,540,092	Indirect	SPV	100%	100%
Sierra Limited	23,195,939	20,393,002	Indirect	SPV	100%	100%
Vicuna Limited <sup>6</sup>	-	2,598	Indirect	SPV	100%	100%
Cash held pending investment <sup>5</sup>	30,136,235	10,709,986				
Residual net assets / (liabilities) <sup>5</sup>	48,548,579	10,714,542				
Total*	444,977,383	405,988,715				

\*Vessels are valued at fair value in each of the SPVs shown in the table above and combined with the residual net assets / (liabilities) of each SPV to determine the fair value of the total investment attributable to LSA.

<sup>1</sup> Vessel sold.

<sup>2</sup> Company in the process of dissolution at year end.

<sup>3</sup> These SPVs report zero fair value in the table above because they are owned by the intermediate holding company Handy Holdco Limited and are included in Handy Holdco Limited's fair value.

<sup>4</sup> These SPVs report zero fair value in the table above because they are owned by the intermediate holding company Product Holdco Limited and are included in Product Holdco Limited's fair value.

<sup>5</sup> The cash held pending investment and residual net assets / (liabilities) are held in LSA.

<sup>6</sup> Company has been dissolved.

<sup>7</sup> Fair value of LSA equals the sum of the assets of residual net assets, and cash as detailed below.

The movement in the fair value of the investment is recorded in the Statement of Comprehensive Income.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 5. Trade and other receivables

	2024 US\$	2023 US\$
Prepayments	35,051	38,577
Other receivables	4,799	1,108
Due from LSA (dividend receivable)	7,189,979	7,841,485
<b>Total trade and other receivables</b>	<b>7,229,829</b>	<b>7,881,170</b>

Amounts due from LSA are interest free and payable on demand. The amount of US\$7,841,485 due from LSA for the year ended 30 June 2023 was settled in the current year. Due to the value and short-term nature of these receivables, the Directors have assessed there to be no expected credit losses associated with these outstanding balances.

### 6. Trade and other payables

	2024 US\$	2023 US\$
Investment management fees	907,483	835,779
Audit fees	218,758	219,762
Administration fees	42,435	41,478
Corporate Brokers fees	37,500	37,500
Directors' fees	1,371	10,004
<b>Total trade and other payables</b>	<b>1,207,547</b>	<b>1,144,523</b>

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 7. Ordinary share capital

#### Share Capital

Share issuance	Number of shares	Gross amount (US\$)	Direct Issue costs (US\$)	Share capital (US\$)
<b>As at 30 June 2022</b>	<b>308,628,541</b>	<b>316,282,156</b>	<b>(6,009,173)</b>	<b>310,272,983</b>
Share buybacks	(6,160,000)	(6,946,752)	-	(6,946,752)
<b>As at 30 June 2023</b>	<b>302,468,541</b>	<b>309,335,404</b>	<b>(6,009,173)</b>	<b>303,326,231</b>
Share buybacks	(11,386,000)	(11,573,679)	(111,729)	(11,685,408)
<b>As at 30 June 2024</b>	<b>291,082,541</b>	<b>297,761,725</b>	<b>(6,120,902)</b>	<b>291,640,823</b>

The ordinary shares issued are of no par value and are authorised, issued and fully paid. Ordinary shares carry the right to receive all income of the Company attributable to ordinary shares, and to participate in any distribution or other return of capital attributable to ordinary shares. Ordinary shareholders have the right to receive notice of and attend any general meetings of the Company and to vote at such meeting with one vote for each ordinary share held.

The rights conferred upon the holders of the shares are not varied by the creation or issue of further shares or classes of shares or by the purchase or redemption by the Company of its own shares, or the holding of such shares in treasury.

At the end of the FY, there were 17,546,000 shares (2023: 6,160,000 shares) held in treasury. These treasury shares may be subsequently cancelled or sold for cash.

No shares will be sold from treasury at a price less than the NAV per share at the time of the sale unless they are first offered pro rata to existing shareholders.

### 8. Dividend income

	<b>2024 US\$</b>	<b>2023 US\$</b>
<b>Dividend income</b>	<b>30,000,000</b>	<b>32,000,000</b>

During the current year, LSA declared dividends of US\$30,000,000 (2023: US\$32,000,000) to the Company. At 30 June 2024, dividends of US\$7,189,979 (2023: US\$7,841,485) were outstanding (refer to Note 5).

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 9. Earnings / (Loss) per share

	2024 US\$	2023 US\$
Total comprehensive income / (loss) for the year	76,067,722	(2,473,359)
Weighted average number of ordinary shares	293,851,833	307,057,116
Earnings / (Loss) per ordinary share (cents)	25.89	(0.81)
Diluted Earnings / (Loss) per ordinary share (cents)	25.89	(0.81)

There were no potentially dilutive instruments in issue at 30 June 2024 or 30 June 2023.

### 10. Dividends

The company paid the following dividends during the year:

Quarter end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
30 June 2023	US\$0.02125	27 July 2023	US\$6,296,601	28 July 2023	11 August 2023
30 September 2023	US\$0.02125	26 October 2023	US\$6,264,129	27 October 2023	10 November 2023
31 December 2023	US\$0.02125	25 January 2024	US\$6,248,192	26 January 2024	6 February 2024
31 March 2024	US\$0.025	25 April 2024	US\$7,290,814	26 April 2024	10 May 2024

In addition, the company declared the following dividend in relation to the profit for the year ended 30 June 2024:

Quarter end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
30 June 2024	US\$0.025	25 July 2024	US\$7,277,064	26 July 2024	9 August 2024

Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to a prescribed net asset and solvency test.

The net asset and solvency test consider whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the net asset and solvency test for each dividend paid.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 11. Net assets per ordinary share

	2024 US\$	2023 US\$
Shareholders' equity	451,055,672	412,773,093
Number of ordinary shares	291,082,541	302,468,541
Net assets per ordinary share (cents)	154.96	136.47

### 12. Financial risk management

#### Capital management

The Board manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. In accordance with the Company's investment policy, the Company's principal use of cash has been to fund investments as well as ongoing operational expenses. The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The capital structure of the Company consists entirely of equity (comprising issued capital and retained earnings).

As the Company's ordinary shares are traded on the LSE, the ordinary shares may trade at a discount or premium to their NAV per share. However, the Directors and the Investment Manager monitor the discount on a regular basis and can use share buybacks to manage the discount.

The Company is not subject to any externally imposed capital requirements.

#### Financial risk management objectives

The Board, with the assistance of the Investment Manager, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

#### Market risk

The value of the investments held by the Company is indirectly affected by the factors impacting the shipping industry generally, being, *inter alia*, interest rates, the availability of credit, and currency exchange rates. Other risks such as climate change considerations, economic or political uncertainty, changes in laws and regulations governing shipping or trade are considered by the Investment Manager and the Board. Please see Principal Risks and Uncertainties. These factors may affect the price or liquidity of vessels held by the Company's SPVs and thus the value of the SPVs themselves.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing. However, the Company is exposed to a small amount of interest rate risk due to fluctuations in the prevailing levels of market interest rates because any excess cash or cash equivalents are invested at short-term market interest rates.

The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair value and the outstanding loans with variable interest rates. It does not consolidate the US\$62.0m (2023: US\$56.5m) loan (with a variable interest rate at SOFR plus a margin of 3.2% owed by Product Holdco Limited (with SOFR interest rate caps at 0.5% and 4.65% on amounts of US\$9.0m and US\$47.75m respectively for 3 years). (2023: loan of US\$14.00m owed by Handy HoldCo Limited).

Interest payments on these loans are subject to limited change from fluctuations in interest rates due to their capped nature.

<b>2024</b>	<b>Interest bearing less than 1 month (US\$)</b>	<b>Non-interest bearing (US\$)</b>	<b>Total (US\$)</b>
<b>Assets</b>			
Investments	-	444,977,383	444,977,383
Trade and other receivables excluding prepayments	-	7,194,778	7,194,778
Cash and cash equivalents	56,007	-	56,007
<b>Total assets</b>	<b>56,007</b>	<b>452,172,161</b>	<b>452,228,168</b>
<b>Liabilities</b>			
Trade and other payables	-	1,207,547	1,207,547
<b>Total liabilities</b>	<b>-</b>	<b>1,207,547</b>	<b>1,207,547</b>
<b>Total interest sensitivity gap</b>	<b>56,007</b>		<b>56,007</b>

The weighted average interest rate is 5.10% for cash and cash equivalents in the current FY.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Interest rate risk (continued)

2023	Interest bearing less than 1 month (US\$)	Non-interest bearing (US\$)	Total (US\$)
<b>Assets</b>			
Investments	-	405,988,715	405,988,715
Trade and other receivables excluding prepayments	-	7,842,593	7,842,593
Cash and cash equivalents	47,731	-	47,731
<b>Total assets</b>	47,731	413,831,308	413,879,039
<b>Liabilities</b>			
Trade and other payables	-	1,144,523	1,144,523
<b>Total liabilities</b>	-	1,144,523	1,144,523
<b>Total interest sensitivity gap</b>	47,731		47,731

The weighted average interest rate was 3.63% for cash and cash equivalents in the prior year.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 30 June 2024 would increase or decrease by US\$560 (2023: US\$477) as a result of the Company's exposure to interest rates on its variable rate deposits only.

The Company and LSA with its SPVs are permitted to utilise overdraft facilities towards the achievement of the Company's investment objectives. There was no overdraft utilised during the current and prior years. Refer to Price Risk on the following pages for a description of the indirect impact interest rates have on the valuation of vessel assets.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company's subsidiary SPVs hold credit risk exposures to charterers. Potential new charters are evaluated to assess counterparty credit risk, both at an SPV and portfolio level, prior to any contractual engagement. The SPVs historical actual counterparty credit losses over the life of the Company to date have been zero. At 30 June 2024 there were no receivables held by the SPVs considered impaired (2023: US\$nil).

Cash reserves are held at the LSA and SPV levels and are paid up to the Company as required to enable expenses to be settled as they fall due.



# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Credit risk (continued)

The Company maintains its cash and cash equivalents with various banks to diversify credit risk. These are subject to the Company's credit monitoring policies including the monitoring of the credit ratings issued by recognised credit rating agencies.

<b>30 June 2024</b>	<b>Credit rating Standard &amp; Poor's</b>	<b>Cash (US\$)</b>	<b>Short term fixed deposits (US\$)</b>	<b>Total as at 30 June 2024 (US\$)</b>
Barclays Bank Plc (Barclays)	A+ Long Term A-1 Short Term	34,990	-	34,990
Ravenscroft <sup>1</sup> (HSBC London – call accounts)	A+ Long Term A-1 Short Term	-	21,017	21,017
<b>Total</b>		34,990	21,017	56,007

<b>30 June 2023</b>	<b>Credit rating Standard &amp; Poor's</b>	<b>Cash (US\$)</b>	<b>Short term fixed deposits (US\$)</b>	<b>Total as at 30 June 2023 (US\$)</b>
Barclays Bank Plc (Barclays)	A+ Long Term A-1 Short Term	38,624	-	38,624
Ravenscroft <sup>1</sup> (HSBC London – call accounts)	A+ Long Term A-1 Short Term	-	9,107	9,107
<b>Total</b>		38,624	9,107	47,731

1 Ravenscroft is an execution only broker that acts solely on instruction of the Board of Directors. The Board of Directors only invest cash in banking institutions with an A- rating or higher.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board of Directors has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate cash reserves by monitoring forecast and actual cash flows. Cash reserves are held at the LSA and SPV levels and paid up to the Company as required to enable expenses to be settled as they fall due.

The table below shows the maturity of the Company's non-derivative financial assets and liabilities. The amounts disclosed are contractual, undiscounted cash flows and may differ from the actual cash flows received or paid in the future as a result of early repayments.

30 June 2024	Up to 3 months (US\$)	Between 3 and 12 months (US\$)	Between 1 and 5 years (US\$)	Total (US\$)
<b>Assets</b>				
Financial assets at fair value through profit or loss	-	-	444,977,383	444,977,383
Trade and other receivables excluding prepayments	7,194,778	-	-	7,194,778
Cash and cash equivalents	56,007	-	-	56,007
<b>Liabilities</b>				
Trade and other payables	1,207,547	-	-	1,207,547
<b>Total</b>	6,043,238	-	444,977,383	451,020,621

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Liquidity risk (continued)

30 June 2023	Up to 3 months (US\$)	Between 3 and 12 months (US\$)	Between 1 and 5 years (US\$)	Total (US\$)
<b>Assets</b>				
Financial assets at fair value through profit or loss	-	-	405,988,715	405,988,715
Trade and other receivables (excluding prepayments)	7,842,593	-	-	7,842,593
Cash and cash equivalents	47,731	-	-	47,731
<b>Liabilities</b>				
Trade and other payables	1,144,523	-	-	1,144,523
<b>Total</b>	6,745,801	-	405,988,715	412,734,516

#### Price risk in the shipping industry

The valuation techniques used by the underlying SPVs in determining the value of the vessels held (based on assumptions that are not supported by prices or other inputs from observable current market transactions) present a price risk to the Company. The Company's financial assets are measured at fair value which comprises the fair value of the underlying SPVs. The Company values its investment in LSA and the SPVs at their respective net asset values. The net asset values comprise shipping vessels which are measured at fair value and other residual net assets and liabilities of each of the entities.

All the assets and underlying vessels are Level 3 assets. All the market price risk pertains to the Level 3 investment portfolio in its entirety.

Price risk sensitivity analysis was conducted on vessel and charter fair values only as these are the most significant unobservable inputs to the valuation of the Company's investment.

#### (a) Standard Vessel valuations

The fair value of a standard vessel comprises both the charter-free value, the charter valuation and capital expenditure. The charter-free and associated charter values of typical vessels are calculated using an online valuation system provided by VesselsValue or, in limited circumstances, written mainstream broker valuations. For charter-free values, the VesselsValue system contains a number of algorithms that combine factors such as vessel type, technical features, age, cargo capacity, freight earnings, market sentiment and recent vessel sales.

Similarly, the charter-free values determined by written mainstream broker valuations consider vessel specifications and other applicable market information.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Price risk in the shipping industry (continued)

For charter values, the system provides a DCF module where vessel specific charter details are input and measured against a system or shipbroker-provided market benchmark to obtain a premium or discount value of the charter versus prevailing market.

The lower bound of the charter valuation process comprises the DCF value of the current charter plus scrap value of the vessel at the end of the charter. At the current and prior year ends this minimum value was not applied to any vessels.

#### (b) Specialised Vessels and arrangements

There will be cases where the Company may invest in vessels and make arrangements which are (i) of a specialised nature and fall out of scope of mainstream brokers and/or (ii) where contracted employment does not have an available reference benchmark in the freight brokerage community.

The Investment Manager will make its own assessment of a vessel's value with charter using a discounted cashflow model ("DCF Model"). The DCF Model will calculate the net present value of the charter and vessel value using the following inputs:

- Discount rate;
- Charter Rate; and
- Exit/scrappage value

There was one specialised vessel arrangement held at the year end (2023: one vessel) being a gas tanker with a long-term bareboat charter attached.

Refer to Note 3 for further information on the valuation methodologies applied. The Board and the Investment Manager believe that the above reflects those inputs where price risk could be significant, and where estimate and judgement can potentially be used.

#### Price risk sensitivity analysis

##### *Charter-free valuation for standard vessels*

A 10% change in vessel values is within the normal range of value variation over the course of a year and is simple to understand and flex. If the charter-free vessel values at 30 June were 10% higher or lower, then the effect on the standard vessel portfolio value would be as follows:

<b>Vessel values</b>	<b>+10% change in charter-free values</b>	<b>Standard vessel portfolio value</b>	<b>-10% change in charter-free values</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
Fair value at 30 June 2024	<b>+51,674</b>	<b>466,238</b>	<b>(51,674)</b>
Fair value at 30 June 2023	<b>+47,659</b>	<b>437,843</b>	<b>(47,659)</b>

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Price risk sensitivity analysis (continued)

The ballast water treatment system and scrubber adjustments are not considered significant or material and therefore no sensitivity analysis has been prepared.

#### *Charter valuation for standard vessels*

##### *Charter rates*

The Board has concluded that use of a 10% movement in benchmark charter rates remains a suitable sensitivity calculation, being within a normal range of benchmark variation over the course of a month and is simple to understand and flex, noting that most of the charter value is derived from charters having remaining periods of 1 year or more, the market benchmarks for which show lower volatility than spot rates and already reflect market expectations for the period of the charter. If market charter rates used to determine charter values were 10% higher or lower, then the effect on the standard vessel portfolio value would be as follows:

<b>Vessel values</b>	<b>+10% change</b>	<b>Standard vessel portfolio value</b>	<b>-10% change</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
Fair value at 30 June 2024	<b>(13,598)</b>	<b>466,238</b>	<b>+13,607</b>
Fair value at 30 June 2023	<b>(14,988)</b>	<b>437,852</b>	<b>+14,959</b>

##### *Specialised vessels*

If the discount rates were 0.5% higher or lower, being within a normal range of interest rate variation over the course of a year, then the effect on the specialised vessel portfolio value would be as follows:

	<b>+0.5% change</b>	<b>Specialised Vessel portfolio value</b>	<b>-0.5% change</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
Specialised vessel fair value at 30 June 2024	<b>(100)</b>	<b>23,510</b>	<b>+101</b>
Specialised vessel fair value at 30 June 2023	<b>(188)</b>	<b>24,904</b>	<b>+191</b>

There was one specialised vessel held at the year end (2023: one vessel).

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 12. Financial risk management (continued)

#### Currency risk

The Company may have assets and liabilities denominated in currencies other than the United States Dollar, the functional currency. It therefore may be exposed to currency risk as the value of assets or liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

However, such exposure is currently, and is expected to remain, insignificant. Consequently, no further information has been provided.

### 13. Investment management fee

The Investment Manager is entitled to receive an annual fee, calculated on a sliding scale, as follows:

- (a) 0.85% per annum of the quarter end Adjusted Net Asset Value up to US\$250m;
- (b) 0.75% per annum of the quarter end Adjusted Net Asset Value in excess of US\$250m but not exceeding US\$500m; and
- (c) 0.65% cent per annum of the quarter end Adjusted Net Asset Value in excess of US\$500m.

For the year ended 30 June 2024 the Company has incurred US\$3,484,902 (2023: US\$3,504,464) in investment management fees of which US\$907,483 was outstanding at 30 June 2024 (2023: US\$835,779).

### 14. Performance fees

Tufton ODF Partners LP shall be entitled to a performance fee in respect of a Calculation Period provided that the Total Return Per Share on the Calculation Day for the Calculation Period of reference is greater than the High Watermark Per Share and such performance fee shall be an amount equal to the Performance Fee Pay-Out Amount if:

- the High Watermark is greater than the Total Return Per Share on any Calculation Day; and
- the prevailing Historic Performance Fee Amount is greater than zero on such Calculation Day,

Any fee accruing as at the end of the Calculation Period is paid 50% subsequent to the end of that period, with the remaining 50% being retained by the Company and deferred until the next time that a performance fee payment is due, being adjusted for any subsequent underperformance during that time.

The prevailing Historic Performance Fee Amount shall be reduced by the lower of: (i) 20% of the difference between the High Watermark Per Share and the Total Return Per Share on such Calculation Day multiplied by the Relevant Number of shares; and (ii) the prevailing Historic Performance Fee Amount.

A performance fee of US\$nil (2023: US\$nil) was accrued at year end. The prior year included a reversal of accrued performance fees amounting to US\$3,980,432 in the Statement of Comprehensive Income.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 15. Related parties

The Investment Manager, Tufton Investment Management Ltd, is a related party due to having common key management personnel with the SPVs of the Company. All management fee transactions with the Investment Manager are disclosed in Note 13.

Tufton ODF Partners LP is a related party due to being the beneficiary of any performance fee paid by the company, as disclosed in note 14.

Transactions with LSA are not disclosed. There are no commercial transactions between the Company and LSA other than the business of investment into LSA, the transactions of which are shown in the main financial statements.

The Directors held the following interests in the share capital of the Company either directly or beneficially:

	25 September 2024	30 June 2024	30 June 2023
Director	Shares <sup>1</sup>	Shares	Shares
R King	55,811	60,000	60,000
S Le Page	38,387	41,268	40,000
P Barnes	4,651	5,000	5,000
C Rødsaether	27,906	30,000	30,000
T Le Noury	4,651	5,000	-

1. Further to the announcement on 15 August 2024 in relation to the compulsory Redemption of the Company's ordinary shares, the Directors have each had Shares redeemed.

### Other Interests

Tufton Group related stakeholders including current & former shareholders, employees, and non-executive directors directly or beneficially held ~4.9% of the issued share capital as at 30 June 2024 (2023: ~3.7%).

### 16. Controlling party

In the opinion of the Directors, based on shareholdings advised to them, the Company has no immediate or ultimate controlling party.

# Tufton Oceanic Assets Limited

## Notes to the Financial Statements (continued)

For the year ended 30 June 2024

### 17. Directors' fees

The remuneration of the Directors was US\$231,674 (2023: US\$174,913) for the year which consisted solely of short-term benefits. At 30 June 2024, no Directors' fees (2023: US\$10,004) were outstanding.

The Directors fees are as disclosed below:

	30 June 2024	30 June 2023
Director	£	£
R King	43,500	39,305
S Le Page	40,500	36,000
P Barnes	37,750	33,525
C Rødsæther	37,000	33,525
T Le Noury (Appointed 1 November 2023)	25,135	-

### 18. Events after the reporting year

Following the announcement of the sale of Pollock and Dachshund on 11 January 2024 for combined total of US\$41.75m, representing a 3.1% premium to the vessels' previous NAV, and the completion of the sale of Pollock in May 2024, the sale of Dachshund was completed on 1 July 2024. The realised net IRR across the two vessels was c.25% with net MOIC of c.2.0x, significantly ahead of the Company's published IRR target of 12%.

On 17 July 2024, the Company declared a dividend of US\$0.025 per ordinary share for the quarter ending 30 June 2024. The dividend was paid on 9 August 2024 to holders of ordinary shares recorded on the register as at close of business on 26 July 2024 with an ex-dividend date of 25 July 2024.

On 14 August 2024 the Company compulsorily redeemed 20,326,211 shares at a price of US\$1.550 per share for close of business for cancellation, returning US\$31.5m to shareholders, paid on 28 August 2024.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company the next financial period up to the date of approval of these financial statements.



# Tufton Oceanic Assets Limited

## Alternative Performance Measures (“APMs”)

This Annual Report and Audited Financial Statements contain APMs, which are financial measures not defined in IFRS Accounting Standards. These include certain financial and operational highlights and key financials. The definition of each of these APMs is shown below.

The Company assesses its performance using a variety of measures that are not specifically defined under IFRS Accounting Standards and are therefore termed APMs. The APMs that the Company uses may not be directly comparable with those used by other companies. These APMs are used to present a clearer picture of how the Company has performed over the year and are all financial measures of historical performance. The APMs are prepared on a consolidated basis.

<b>Alternative Performance Measure</b>	<b>Definition / Method of calculation</b>	<b>Reason for use</b>
<b>Aggregate Realised Net IRR</b>	Realised IRR based on aggregated equity cash flows across all divested vessels calculated at SPV level, net of fees.	Measures the net realised IRR on all vessel divestments
<b>Average Charter Length</b>	Total forecast EBITDA from charters in place, divided by the expected annualised EBITDA of those charters	To provide information about the extent to which the future revenue of the SPVs is contractually fixed
<b>CAGR</b>	Compound Annual Growth Rate. A business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period	To provide a measure of annual compound growth rate over time
<b>Company IRR</b>	The IRR of the Company calculated using all gross capital raises, dividends and buyback and current Company NAV	Measures the IRR achieved by the Company
<b>Consolidated Gearing Ratio</b>	Loans to charter-free value including capital adjustments on a consolidated basis	To provide an indication of leverage, which is not reported in the financial statements which are not prepared on a consolidated basis
<b>Depreciated Replacement Cost</b>	Estimating the cost to replace the asset, considering any changes in the cost of materials and labour since the asset was initially purchased or constructed, and subtracting the depreciation that has occurred since that time	To provide a methodical basis for estimating the residual value of an asset at the end of a planned investment period.
<b>Dividend Cover</b>	Portfolio Operating Profit less debt amortisation, divided by dividends for the period	To provide information about the extent to which dividends are covered by earnings
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation	To provide a measure of profitability from operating activity, independent of financing strategy
<b>Forecast Net Yield</b>	Forecast EBITDA over the current charters minus any capex accruals for the vessels in the portfolio divided by the time-weighted vessel values over the same period	To provide information about profitability from future operating activity relative to current vessel values

# Tufton Oceanic Assets Limited

## Alternative Performance Measures (“APMs”) (continued)

Alternative Performance Measure	Definition or method of calculation	Reason for use
<b>Gain / (loss) in Capital Values</b>	Fair value gains and losses (being the change in charter-free value + change in charter value) from marking assets to market in accordance with the valuation policy of the Company	Fair value of the Company's underlying investments is a key component of the Company's overall investment performance
<b>Gross Operating Profit</b>	Operating profit before gain / (loss) in capital values, loan interest, fees, and all other Company level expenses	To provide an indication of the underlying profit from operating activity, which is not reported in the financial statements, before interest, fees and Company level expenses
<b>IRR</b>	Internal rate of return - the internal rate of return is the interest rate at which the net present value of all the cash flows from a project or investment equal zero, and is a common performance indicator used in investment funds	A widely used APM which allows the shareholders to compare performance of different funds
<b>NAV Total Return Per Share</b>	The change in NAV per share plus dividends per share paid by the Company during the period, divided by the initial NAV per share at inception	A measure showing how the NAV per share has performed over a period of time, taking into account both capital return and dividends paid to Shareholders
<b>Portfolio Operating Profit</b>	Gross Operating Profit and interest income less loan interest and fees, Company Level Fees and Expenses	To provide an indication of the underlying net profit from operating activity, which is not reported in the financial statements
<b>Portfolio Price / Depreciated Replacement Cost (“P/DRC”)</b>	Price divided by the Depreciated Replacement Cost. Price may refer to a transaction (investment or divestment) value or fair value at a certain date	The Investment Manager's preferred valuation metric for investment analysis. P/DRC tends to revert to 100% in the long-term
<b>Revenue</b>	Charter income, net of broker commissions and charter related costs, earned by SPVs	To provide an indication of the underlying income from operating activity which is not reported in the financial statements
<b>Ship-Days</b>	The sum of the number of days each vessel was owned by the Company over the financial period	To provide information about the vessel operating activity measured in days
<b>Time-Weighted Capital Employed</b>	Time-weighted capital invested in vessels	A metric used to compare Gross Operating Profit across different periods

# Tufton Oceanic Assets Limited

## Alternative Performance Measures (“APMs”) (continued)

Alternative Performance Measure	Definition / Method of calculation	Reason for use
<b>Total Return Per Share</b>	<p>The Net Asset Value per ordinary share on any Calculation Day adjusted to:</p> <ul style="list-style-type: none"> <li>(i) include the gross amount of any dividends and/or distributions paid to an ordinary share since Admission;</li> <li>(ii) not take account of any accrual made in respect of the performance fee itself for that Calculation Period;</li> <li>(iii) not take account of any accrual made in respect of any prevailing Historic Performance Fee Amount (as adjusted pursuant to the operation of this paragraph below);</li> <li>(iv) not take account of any increase in Net Asset Value per share attributable to the issue of ordinary shares at a premium to Net Asset Value per share or any buyback of any ordinary shares at a discount to Net Asset Value per ordinary share during such Calculation Period;</li> <li>(v) not take account of any increase in Net Asset Value per share attributable to any consolidation or sub-division of ordinary shares;</li> <li>(vi) take into account any other reconstruction, amalgamation or adjustment relating to the share capital of the Company (or any share, stock or security derived therefrom or convertible there into); and</li> <li>(vii) take into account the prevailing Net Asset Value of any C Shares in issue</li> </ul>	<p>A measure showing how the investment in the Company's shares has performed over a period of time, taking into account both capital return and dividends paid to Shareholders</p>

# Tufton Oceanic Assets Limited

## Corporate Information

### Directors

Robert King, Chairman

Stephen Le Page

Paul Barnes

Christine Rødsaether

Trina Le Noury – appointed 1 November 2023

### Registered office

1 Royal Plaza

Royal Avenue

St Peter Port

GY1 2HL

Guernsey

### Investment Manager and AIFM

Tufton Investment Management Ltd

70 Pall Mall

1st Floor London

SW1Y 5ES

### Asset Manager

Tufton Management Limited

3rd Floor, St George's Court

Upper Church Street

Douglas

Isle of Man IM1 1EE

### Secretary and Administrator

Apex Administration (Guernsey) Limited ("Apex")

1 Royal Plaza

Royal Avenue

St Peter Port

GY1 2HL

Guernsey

# Tufton Oceanic Assets Limited

## Corporate Information (continued)

### Brokers

Hudnall Capital LLP  
Adam House  
7-10 Adam Street  
London  
WC2N 6AA

Singer Capital Markets  
1 Bartholomew Lane  
London  
EC2N 2AX

### Depository

Apex Depository (UK) Limited  
Bastion House  
140 London Wall  
London  
EC2Y 5DN

### Guernsey Legal Advisers

Carey Olsen (Guernsey) LLP  
PO Box 98, Carey House  
Les Banques  
St Peter Port  
Guernsey  
GY1 4BZ

### UK Legal Advisers

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

# Tufton Oceanic Assets Limited

## Corporate Information (continued)

### Registrar

Computershare Investor Services (Guernsey) Limited  
1<sup>st</sup> Floor, Tudor House  
Le Bordage  
St Peter Port  
Guernsey  
GY1 1DB

### Receiving Agent

Computershare Investor Services PLC  
The Pavillions  
Bridgewater Road  
Bristol  
BS99 6AH

### Independent Auditor to the Company

PricewaterhouseCoopers CI LLP  
Royal Bank Place  
1 Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 4ND

### Principal Bankers

Barclays Bank Plc  
Guernsey International Banking  
PO Box 41  
St Peter Port  
Guernsey, GY1 3BE

# Tufton Oceanic Assets Limited

## Definitions

The following definitions apply throughout this document unless the context requires otherwise:

<b>Adjusted Net Asset Value</b>	The Net Asset Value less uninvested monies (cash and cash value equivalents) held by the Company from time to time excluding monies arising on or from the realisation of or a distribution from an investment.
<b>Administrator</b>	Apex Administration (Guernsey) Limited
<b>AIC</b>	the Association of Investment Companies.
<b>AIFM Directive or AIFMD</b>	the EU Directive on Alternative Investment Fund Managers (No. 2011/61/EU).
<b>AIF</b>	an alternative investment fund.
<b>AIFM</b>	an alternative investment fund manager.
<b>AIFM Rules</b>	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK.
<b>Articles of Incorporation or Articles</b>	the articles of incorporation of the Company, as amended from time-to-time.
<b>Asset Manager</b>	Tufton Management Limited
<b>Auditor</b>	PricewaterhouseCoopers CI LLP
<b>Brokers</b>	a mercantile agent employed in buying and selling shares – The Company's brokers are Hudnall Capital LLP and Singer Capital Markets.
<b>BWTS</b>	Ballast Water Treatment System.
<b>Calculation Day</b>	The last business day of each Calculation Period.
<b>Calculation Period</b>	(a) the period starting on Admission and ending on the earlier of (i) 30 June 2024; (ii) the commencement of the winding up of the Company; and (iii) the termination of the Manager's appointment; and (b) if the previous Calculation Year ended on 30 June of the previous Year, each successive period starting on 1 July and ending on the earlier of (i) 30 June three years later; (ii) the commencement of the winding up of the Company; and (iii) the termination of the Manager's appointment.
<b>Calculation Year</b>	1 July to 30 June
<b>Companies Law</b>	the Companies (Guernsey) Law, 2008 as amended.
<b>Company</b>	Tufton Oceanic Assets Limited (Guernsey registered number 63061) which, when the context so permits, shall include any intermediate holding company of the Company and the SPVs.
<b>Depreciated Replacement Cost or DRC</b>	The Investment Manager's preferred valuation metric. DRC for a secondhand vessel is the current cost of replacing the vessel with an equivalent newbuild, depreciated to the same age.
<b>Directors or Board</b>	the Board of Directors of the Company or the Directors from time to time.
<b>Disclosure Guidance and Transparency Rules or DTRs</b>	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA.

# Tufton Oceanic Assets Limited

## Definitions (continued)

<b>Discount Control Policy</b>	The policy described in the Discount Control section of the Company's Prospectus.
<b>Environmental, Social, and Corporate Governance (ESG)</b>	an evaluation of the company's collective conscientiousness for social and environmental factors.
<b>FCA</b>	the UK Financial Conduct Authority
<b>Financial Reporting Council or FRC</b>	the UK Financial Reporting Council
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force.
<b>Fund Level Fees and Expenses</b>	Investment management fee and other professional fees and expenses at fund level.
<b>GFSC or Commission</b>	the Guernsey Financial Services Commission
<b>High Watermark Per Share</b>	the higher of: (i) US\$1.00 increased by the Hurdle; and (ii) if a Performance Fee has previously been paid, the Total Return Per Share on the Calculation Day for the last Calculation Period (if any) by reference to which a Performance Fee was paid.
<b>High Performance Fee Amount</b>	in respect of any Calculation Period, an amount equal to the Performance Fee Pay-Out Amount for the previous Calculation Period where a Performance Fee was payable.
<b>Historic Performance Fee Amount</b>	in respect of any Calculation Period, an amount equal to be Performance Fee Pay-Out Amount for the previous Calculation Period where a performance fee was payable.
<b>IASB</b>	International Accounting Standards Board
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS Accounting Standards</b>	International Financial Reporting Standards Accounting Standards
<b>IMO</b>	International Maritime Organisation
<b>Investment Manager</b>	Tufton Investment Management Ltd.
<b>IPO</b>	Initial public offering
<b>Issue Price</b>	An issue price refers to the initial cost of a security when it first becomes available for purchase by the public.
<b>Listing Rules</b>	the listing rules made by the UKLA pursuant to Part VI of FSMA
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>LPG Carrier</b>	a vessel used to transport liquefied petroleum gas.
<b>LS Assets Limited or LSA</b>	the Guernsey holding company owning the SPVs through which the Company investment into vessels.
<b>LSE Admission Standards</b>	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the SFS.
<b>Main Market</b>	the main market for listed securities operated by the London Stock Exchange.
<b>Market Abuse Regulation or MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
<b>Memorandum</b>	the memorandum of association of the Company.



# Tufton Oceanic Assets Limited

## Definitions (continued)

<b>Net Asset Value or NAV</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities of the Company and in relation to a class of shares in the Company, the value, as at any date of the assets attributable to that class of shares after the deduction of all liabilities attributable to that class of shares determined in accordance with the accounting policies adopted by the Company from time-to-time.
<b>Performance Fee Amount</b>	20% of the excess in Total Return Per Share and the High Watermark Per Share multiplied by the time weighted average number of shares in issue during the Calculation Period.
<b>Performance Fee Pay-Out Amount</b>	in respect of the relevant Calculation Period, an amount equal to "A", where: $A = (0.5 \times B) + C;$ B = the Performance Fee Amount; and C = an amount equal to the High Performance Fee Amount.
<b>POI Law</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended.
<b>Portfolio</b>	the Company's portfolio of investments from time to time.
<b>Paris Agreement</b>	The Paris Agreement is a legally binding international treaty on climate change.
<b>Prospectus</b>	The Placing and Offer for Subscription document for the Company dated 8 December 2017.
<b>Redemption</b>	The one-off capital return of US\$31.5m completed by the Company via a compulsory redemption of 20,326,211 ordinary shares at a price of US\$1.550 per share.
<b>Register</b>	the register of members of the Company.
<b>Relevant Number of Shares</b>	for any Calculation Period the time weighted average number of ordinary shares in issue during such Calculation Period.
<b>Responsible Investment</b>	A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.
<b>SFS or Specialist Funds Segment</b>	the Specialist Funds Segment of the Main Market (previously known as the Specialist Fund Market or SFM).
<b>Segment</b>	classifications of vessels within the shipping industry including, inter alia, Tankers, General Cargo, Containerships and Bulkers.
<b>SOFR</b>	Secured Overnight Financing Rate.
<b>SPV or Special Purpose Vehicle</b>	Corporate entities, formed and wholly owned (directly or indirectly) by the Company, specifically to hold one or more vessels, and including (where the context permits) any intermediate holding company of the Company.
<b>£ or Sterling</b>	the lawful currency of the United Kingdom.
<b>Tufton</b>	the Investment Manager
<b>Tufton Group</b>	Tufton Investment Management Holding Ltd and its subsidiaries.

# Tufton Oceanic Assets Limited

## Definitions (continued)

<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time.
<b>UK Listing Authority</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA.
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>VesselsValue</b>	VesselsValue Limited, a third party provider of vessel valuations to the Company and Investment Manager.
<b>WACC</b>	the weighted average cost of capital.
<b>VLCC</b>	Very large crude carrier.

# Tufton Oceanic Assets Limited

## Notice of AGM Tufton Oceanic Assets Limited

Registered Office Address: 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL

Registration Number: 63061

This document is important and requires your immediate attention. If you are in doubt as to any aspect of the proposals referred to in this document or the action you should take, you should seek your own advice from a stockbroker, solicitor, or other independent professional adviser. If you have recently sold or transferred all your shares in Tufton Oceanic Assets Limited, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Dear Shareholder,

I am pleased to send you the notice of the 2024 Annual General Meeting (“**AGM**”) of the members of Tufton Oceanic Assets Limited (the “**Company**” or “**SHIP**”), to be held at 1 Royal Avenue, St Peter Port, Guernsey GY1 2HL on Thursday, 24 October 2024 at 11.00 am BST time. Explanatory notes on all resolutions accompany the notice of the AGM (the “**Notice**”).

### **Re-Election of Directors**

As in previous years, all Directors are offering themselves for re-election or election in accordance with the AIC Code of Corporate Governance and the Articles of Incorporation of the Company (the “**Articles**”). Please note for your information that biographical details of all the Directors offering themselves for re-election are set out in the explanatory notes to the resolutions that follow this Notice.

### **Continuation Vote**

Alongside the ordinary business of the 2024 AGM, a resolution for the continuation of the Company is included in the Notice.

As set out in the Prospectus, the Directors will propose an ordinary resolution at the 2024 AGM that the Company continues its business (the “**Continuation Resolution**”). If the Continuation Resolution is passed at the 2024 AGM, the Directors will put a further resolution to Shareholders at the 2027 AGM and every three years thereafter.

The Board unanimously recommends that Shareholders vote in favour of the Continuation Resolution and the Board intend to vote the shares they control in favour.

The Board, in consultation with the Investment Manager, undertook a review of the Company’s mid-term strategy the highlights of which were announced on 17 January 2024 including:

- Since its IPO in December 2017, the Company has delivered strong results in line with its original objectives, despite the very challenging economic and operational backdrop during Covid, ongoing geopolitical events and the impact of inflation.
- The Investment Manager anticipates the investment opportunity set for fuel-efficient secondhand vessels to be very strong for the next decade as the shipping industry slowly transitions to net-zero carbon fuels to meet tightening regulations and decarbonisation targets.

# Tufton Oceanic Assets Limited

- The Board and the Investment Manager believe that strong supply-side fundamentals will continue to support high yields and secondhand values in the medium term, resulting in future IRRs being higher than the Company's published target.

Acknowledging the discount of the share price to the Company's NAV, the Board also announced changes to the Company's capital allocation policy and use of investible cash as follows:

- With effect from 1Q24, SHIP's annual target dividend was increased by c.17.6% from US\$0.085/share to US\$0.10/share.
- Towards the end of August 2024, the Company returned US\$31.5m by way of a one-time compulsory Redemption of shares at a price of US\$1.550 / share (being the NAV per share as at 30 June 2024).
- The Company sees fleet renewal (based on age, technology, and sector outlook) as a priority. Returns from all new asset investments over a three-year holding period will be compared to the benefit from a further return of capital given the prevailing share price at the time of the proposed investment and medium-term market outlook.
- The Board will annually evaluate a further return of capital using excess investible cash if no suitable investment opportunities are presented.
- The current buy-back policy is to remain in place i.e. excess cash may be used, at the discretion of the directors, to repurchase shares should they trade at a >10% discount to NAV, as set out in the Company's listing documents.

The Board therefore believes the correct strategy for SHIP over the medium term through to 2030 is to continue investing in fuel-efficient secondhand vessels to maximise shareholder returns, intending to realise the Company's current portfolio of assets starting from 2028, well before the decarbonisation of shipping accelerates.

## **Company Name Change**

The Board is proposing that the name of the Company be changed to Tufton Assets Limited as of 1 November 2024.

At the time of IPO, the Investment Manager was called Tufton Oceanic Limited ("TOL"). TOL was a professional investment manager with activities in the maritime industry involving both real maritime asset investments as well as financial asset (equity and derivative) investments. In late 2020, TOL informed the Company's Board of a reorganisation of its activities whereby the financial asset investment side of the business had been subject to a management buy-out under the subsequent name of Oceanic Investment Management Limited ("OIM") and that the real maritime asset investment activities of the Investment Manager would remain in place but with a name change to Tufton Investment Management Ltd ("TIM"). This change was notified to SHIP stakeholders on 5 January 2021.

It is proposed to remove "Oceanic" from the name of the Company and to re-name it Tufton Assets Limited thereby confirming that there is no ongoing connection between TIM and OIM. There is no change of any sort to the Investment Manager or any of the services provided by TIM to the Company.

## **Voting**

The Board of Directors of the Company believe that the proposed resolutions set out in this Notice are in the best interests of the Company and its members.

# Tufton Oceanic Assets Limited

If you would like to vote on the resolutions, please appoint a proxy by no later than Tuesday, 22 October 2024 at 11.00 am BST time. A form of proxy accompanies the Notice.

All resolutions will be put to a poll in reflection of best practice and to ensure that all members have their votes considered, proportional to their shareholdings in the Company.

The results of the AGM will be announced to the market as soon as practicable after the conclusion of the AGM. Should you wish to discuss anything ahead of the AGM, please see the contact details below:

*Tufton Investment Management Ltd, the Investment Manager*

[andrew.hampson@tufton.com](mailto:andrew.hampson@tufton.com)

[nicolas.tirogalas@tufton.com](mailto:nicolas.tirogalas@tufton.com)

*Hudnall Capital, the Joint Broker*

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*Singer Capital Markets, the Joint Broker*

[James.Maxwell@singercm.com](mailto:James.Maxwell@singercm.com)

[Alex.Bond@singercm.com](mailto:Alex.Bond@singercm.com)

[Jalini.kalaravy@singercm.com](mailto:Jalini.kalaravy@singercm.com)

*Apex Administration (Guernsey) Limited, the Company Secretary & Chairman*

[shipadmin@apexgroup.com](mailto:shipadmin@apexgroup.com)

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Robert King', with a large, sweeping flourish extending to the left.

**Robert King**  
Independent Non-Executive Chairman

# Tufton Oceanic Assets Limited

## NOTICE OF ANNUAL GENERAL MEETING 2024

Notice is hereby given that the eight Annual General Meeting of the members of Tufton Oceanic Assets Limited (**the “Company”**) will be held at 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey GY1 2HL on Thursday, 24 October 2024 at 11.00am BST time to transact the business set out in the resolutions below.

### ORDINARY RESOLUTIONS

1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2024.
2. To re-appoint PricewaterhouseCoopers CI LLP as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
3. To authorise the Directors of the Company (the "Directors") to determine the remuneration of the auditor.
4. To approve the remuneration of the Directors for the year ended 30 June 2024, as set out in the Directors' Report.
5. To re-elect Mr Robert King as a Director who retires by rotation in accordance with Article 21.3 of the Articles.
6. To re-elect Mr Stephen Le Page as a Director who retires by rotation in accordance with Article 21.3 of the Articles.
7. To re-elect Mr Paul Barnes as a Director who retires by rotation in accordance with Article 21.3 of the Articles.
8. To re-elect Ms Christine Rødsæther as a Director who retires by rotation in accordance with Article 21.3 of the Articles.
9. To re-elect Ms Trina Le Noury as a Director who retires by rotation in accordance with Article 21.3 of the Articles.
10. To authorise the Company to make market acquisitions (as defined in the Companies (Guernsey) Law, 2008, as amended) of its own ordinary shares of no par value (**“Ordinary Shares”**), either for cancellation or to hold as treasury shares for future resale or transfer, provided that:
  - a. the maximum number of Ordinary Shares authorised to be purchased shall be up to 14.99% of the Ordinary Shares in issue (excluding treasury shares in issue) as at 25 September 2024 (being the last business day prior to the publication of the Notice);
  - b. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is US\$0.01;

# Tufton Oceanic Assets Limited

- c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to the higher of:
    - i. an amount equal to 5% above the average of the mid-market values of an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made; or
    - ii. the higher of the price of the last independent trade or the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out;
  - d. subject to paragraph (e), such authority shall expire at the annual general meeting of the Company to be held in 2025 (unless previously varied, revoked or renewed by the Company in general meeting) or, if earlier, the date falling 15 months from the passing of this resolution; and
  - e. notwithstanding paragraph (d), the Company may make a contract to purchase its Ordinary Shares pursuant to the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own Ordinary Shares in pursuance of any such contract notwithstanding the expiry of the authority given by this resolution.
11. To re-approve the dividend policy of the Company as set out in the Prospectus dated 8 December 2017.
12. To approve the continuation of the company as set out in the Prospectus dated 8 December 2017.

## SPECIAL RESOLUTION

13. To consider and approve the Company name change from **Tufton Oceanic Assets Limited** to **Tufton Assets Limited as of 1 November 2024**.

## EXTRAORDINARY RESOLUTION

14. To authorise the Directors to allot and issue shares, to grant rights to subscribe for or to convert any security into shares and to make offers or agreements to allot and issue equity securities (as defined in Article 5.1(a) of the Articles) for cash and/or to sell Ordinary Shares held by the Company as treasury shares as if the pre-emption rights contained in Article 5.2 of the Articles did not apply to any such allotment, grant or sale, provided that such authority shall be limited to the allotment of shares and/or grant of rights to subscribe for or to convert any security into shares and/or sale of treasury shares up to an aggregate number of Ordinary Shares as equal to 27,075,633 Ordinary Shares (representing 10% of the Ordinary Shares in issue as at 25 September 2024) (excluding any Ordinary Shares held in treasury and after giving effect to the exercise of warrants, options or other convertible securities outstanding as at such date).

The authority granted by this resolution shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next annual general meeting of the Company and 15 months after the passing of this resolution, save that the Company may, before such expiry, make offers or enter into agreements during the relevant period which would or might require.

# Tufton Oceanic Assets Limited

Ordinary Shares to be allotted and issued or rights to subscribe for or to convert any security into Ordinary Shares to be granted or Ordinary Shares held in treasury to be sold after this authority has expired and the Directors may allot and issue equity securities and/or sell Ordinary Shares out of treasury in pursuance of any such offer or agreement as if this power had not expired.

By order of the Board  
On behalf of **Apex Administration (Guernsey) Limited**  
Company Secretary

1 Royal Avenue  
Royal Plaza  
St Peter Port  
Guernsey  
GY1 2HL



# Tufton Oceanic Assets Limited

## EXPLANATORY NOTES - GENERAL

The following notes explain your general rights as a member and your right to vote at the 2024 AGM or to appoint someone else to vote on your behalf.

A member of the Company who is entitled to attend the AGM is entitled to appoint one or more proxies to attend, speak and vote in their place. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. A member may appoint more than one proxy to attend the AGM, provided that each proxy is appointed to exercise rights attached to different shares. Under the current circumstances, the Board strongly advises shareholders to appoint the Chairman of the meeting as their proxy for all votes. Please note that appointing a proxy who cannot attend the AGM will effectively void your vote.

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share. Corporate members are strongly encouraged to complete and return a form of proxy appointing the Chairman of the meeting to ensure their votes are included in the poll.

A form of proxy is enclosed which should be completed in accordance with the instructions. To be valid, this form of proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of such power of attorney) must be lodged with the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by e-mail to [#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk). Alternatively, completed forms can be sent to the registered office of the Company c/o Apex Administration (Guernsey) Limited, 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey, GY1 2HL. All proxies must be received by no later than 11.00 am BST time on Tuesday, 22 October 2024, being 48 hours before the time appointed for the AGM. Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so.

CREST offers a proxy voting service which the Company's Registrar, Computershare are an agent of.

Shareholders are advised that, upon receipt of their proxy form from the Company, if they wish to appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Company's agent (ID 3RA50) two days prior to the date of the Company's AGM at the latest. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means.

CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009.

# Tufton Oceanic Assets Limited

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 11.00 am BST time on 22 October 2024 to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

Please note that the AGM will not be made available by way of publicly available real-time broadcast.

As at 25 September 2024 (being the last business day prior to the publication of the Notice), the Company's issued share capital consists of 270,756,330 Ordinary Shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 25 September 2024 is 270,756,330.

# Tufton Oceanic Assets Limited

## EXPLANATORY NOTES – ORDINARY RESOLUTIONS 1 to 12

**ORDINARY RESOLUTION 1** – The Company must present the financial statements for the year ended 30 June 2024 and the reports of the Directors and the Auditor to the AGM for approval.

**ORDINARY RESOLUTION 2** – The auditor of the Company must be re-appointed at each general meeting where accounts are laid, to hold office until the conclusion of the next such general meeting. It is proposed that PricewaterhouseCoopers CI LLP Limited be re-appointed as the Company's auditor, to hold office from the AGM's conclusion until the conclusion of the next general meeting at which accounts are laid before the Company.

**ORDINARY RESOLUTION 3** – This resolution gives authority to the Board of Directors to determine the remuneration of the Auditor.

**ORDINARY RESOLUTION 4** – Guernsey-registered companies are not obliged to prepare and publish a Directors' Remuneration Report. However, the Company has included details of its Directors' remuneration within the Financial Report and Audited Financial Statements and an ordinary resolution will be put to shareholders seeking approval of the Directors' remuneration, **which will be advisory only.**

**ORDINARY RESOLUTIONS 5-9** – The full Board of Directors are retiring. They are offering themselves for re-election or election as appropriate in accordance with Article 23.1 of the Articles and the Association of Investment Companies ("AIC") Code of Corporate Governance, of which the Company is a member. A brief biography for each of the Directors is set out on pages 35 and 36 of the Annual Report and Audited Financial Statements.

**ORDINARY RESOLUTION 10** – This resolution grants the Company authority to make market purchases of up to 14.99% of the Ordinary Shares in issue as at 25 September 2024 (being the last business day prior to the publication of the Notice). The Ordinary Shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each Ordinary Share must not be more than the higher of (i) 5% above the average of the mid-market values of an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made; or (ii) the higher of the price of the last independent trade or the highest current independent bid for the Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. The minimum price which may be paid for each Ordinary Share is US\$0.01.

This authority shall expire at the next annual general meeting of the Company (or, if earlier, the date falling 15 months from the passing of this resolution), when a resolution to renew the authority will be proposed. The Company currently intends that any Ordinary Shares repurchased would be held in treasury, subject to applicable law and regulation.

**ORDINARY RESOLUTION 11** – Shareholders are being asked to approve the Company's policy with respect to the payment of dividends. **This approval will be advisory only.** The dividend policy, as set out in the Prospectus dated 25 September 2018, is summarised below:

### Dividend Policy

*The Company intends to pay dividends on a quarterly basis with dividends declared in January, April, July and October. The Company will target a quarterly dividend of 2.5 cents per Ordinary Share for the financial year 2025.*

# Tufton Oceanic Assets Limited

**ORDINARY RESOLUTION 12** – This resolution grants the Company authority to continue its business. The Continuation Resolution, as set out in the Prospectus dated 25 September 2018, is summarised below:

## **Continuation Resolutions**

*The Directors propose an ordinary resolution at the annual general meeting to be held in 2024 that the Company continues its business (a “Continuation Resolution”). If this Continuation Resolution is passed, then the Directors shall every three years thereafter at the annual general meeting held following the publication of the audited accounts propose a further Continuation Resolution.*

*If the Continuation Resolution is not passed, the Directors will put forward proposals for the reconstruction or reorganisation of the Company to Shareholders for their approval as soon as reasonably practicable following the date on which the Continuation Resolution is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company.*

**An Ordinary Resolution is a resolution passed by a simple majority of Members.**

**SPECIAL RESOLUTION 13 - Company Name Change** – This resolution will, if passed, allow the Company to change its name from Tufton Oceanic Assets Limited to Tufton Assets Limited as of 1 November 2024.

**A Special Resolution is a resolution of the shareholders present in person in a general meeting passed by a majority of not less than seventy-five percent of the votes recorded on a show of hands or by way of a poll.**

**EXTRAORDINARY RESOLUTION 14 - General Disapplication of Pre-emption Rights** – This resolution will, if passed, give the Directors power to allot shares or grant rights to subscribe for or to convert any security into shares or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings up to an aggregate number of Ordinary Shares as equal to 27,075,633 Ordinary Shares, which represents approximately 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 25 September 2024.

Resolution 14 will allow the Company to carry out one or more tap issues, in aggregate, up to 10% of the number of Ordinary Shares in issue as at the last business day prior to publication of the Notice and thus to pursue specific investment opportunities in a timely manner in the future and without the requirement to publish a prospectus and incur the associated costs.

Any new Ordinary Shares issued under the combined authority will be at a minimum issue price equal to the last published NAV per Ordinary Share at the time of allotment together with a premium intended at least to cover the costs and expenses of the relevant placing or issue of new Ordinary Shares (including, without limitation, any placing commissions). The issue price in respect of each relevant placing or issue of new Ordinary Shares will be determined on the basis described above to cover the costs and expenses of each placing or issue and thereby avoid any dilution of the NAV of the then existing Ordinary Shares held by shareholders.

**In accordance with the Articles, an Extraordinary Resolution is a resolution of the shareholders present in person in a general meeting passed by a majority of not less than seventy-five percent of the votes recorded on a show of hands or by way of a poll.**

# Tufton Oceanic Assets Limited

## Form of Proxy - Annual General Meeting 2024

To be held at 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey GY1 2HL  
On Thursday, 24 October 2024 at 11.00 am BST time and at any adjournment thereof

I/We.....

(BLOCK LETTERS PLEASE)

of.....

.....

being (a) member(s) of the above-named Company, hereby appoint the Chairman of the meeting/  
or\*

.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 1 Royal Avenue Royal Plaza, St Peter Port, Guernsey, GY1 2HL on Thursday, 24 October 2024 at 11.00 pm BST time and at any adjournment thereof.

*\* To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present other than by proxy, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman. A proxy need not be a member of the Company.*

I/We direct my/our proxy to vote as follows:

ORDINARY RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD**
1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2024.			
2. To re-appoint PricewaterhouseCoopers CI LLP as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.			
3. To authorise the Directors to determine the remuneration of the auditor.			
4. To approve the remuneration of the Directors for the year ended 30 June 2024, as set out in the Directors' Report.			

# Tufton Oceanic Assets Limited

ORDINARY RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD**
5. To re-elect Mr Robert King as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
6. To re-elect Mr Stephen Le Page as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
7. To re-elect Mr Paul Barnes as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
8. To re-elect Ms Christine Rødsæther as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
9. To elect Ms Trina Le Noury as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
10. Authority to make acquisitions of the Company's own shares.			
11. To approve the Company's dividend policy.			
12. To approve the Continuation of the Company.			
<b>SPECIAL RESOLUTION</b>			
13. To approve the Company name change.			
<b>EXTRAORDINARY RESOLUTION</b>			
14. Authority to allot and issue shares and to sell shares held in treasury as if the pre-emption rights in the Articles do not apply.			

Signed this                      day of                      2024

Signature

☐ Please tick here to indicate that this proxy instruction is in addition to a previous instruction. Otherwise it will overwrite any previous instruction given.

# Tufton Oceanic Assets Limited

## NOTES TO THE FORM OF PROXY:

- i. Please indicate with an “X” in the appropriate box how you wish the proxy to vote.
- ii. If no “X” is marked in any of the for/against/vote withheld boxes in respect of a resolution, the proxy will exercise their discretion as to how they vote or whether they withhold their vote. The proxy will also exercise their discretion as to how they vote or whether they withhold their vote on any business or resolution considered at the AGM other than the resolutions referred to in this form of proxy.
- iii. In accordance with sections 222 and 223 of The Companies (Guernsey) Law 2008, you may appoint more than one person as your proxy to exercise all or any rights to attend and to speak and vote.
- iv. \*\*A vote withheld is not a vote in law and will not be counted in the calculation of the votes “For” and “Against” a resolution.
- v. To be valid this form of proxy and any power of attorney or of the authority under which it is executed (or a duly certified copy of such power of attorney) must be lodged with the Company’s Registrar: Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or the registered office of the Company c/o Apex Administration (Guernsey) Limited, 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey, GY1 2HL by no later than 11.00 am BST time on Tuesday, 22 October 2024, being 48 hours before the time appointed for the AGM. Completing and returning this form of proxy will not prevent you from attending the meeting and voting in person if you so wish.
- vi. In order to revoke a proxy instruction, a member will need to send a signed hard copy notice clearly stating their intention to revoke a proxy appointment, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, to the Company’s Registrar to the contact details noted above.
- vii. A form of proxy executed by a corporation must be either under its common seal or signed by an officer or attorney duly authorised by that corporation.
- viii. In the case of joint holdings, the signature of the first named member on the Register of Members will be accepted to the exclusion of the votes of the other joint holders.
- ix. Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two business days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.