Tufton Oceanic Assets Limited

Interim Report and Condensed Interim Financial Statements

For the period ended 31 December 2022

Contents

Highlights

- Portfolio Operating Profit was strong at US$27.0m (vs. US$17.4m in the financial period ending 31 December 2021) but NAV Total Return over the financial period was negatively impacted by unrealised losses in bulkers and the remaining containership, Riposte.
- NAV Total Return was -0.6% during the financial period, 7.7% in 2022 and 91.1% since inception.
- The 31 December 2022 NAV was US$431.6m (£358.8m[1]) or US$1.402 (£1.165) per share.
- The Investment Manager expects the bulker market to improve from 2Q23, aided by the easing of Covid-related restrictions in China and strong supply-side fundamentals.
- After the end of the financial period, the Company agreed to divest Riposte with realised net IRR exceeding 12%. The aggregate realised net IRR on the Company's containerships over the past five years is c.27%.
- The Company agreed to acquire two product tankers, Mindful and Courteous, below DRC, financed primarily by a new US$60m loan which is secured on Mindful, Courteous, Marvelous and Exceptional.
- The Company is well positioned to benefit from the ongoing strength in the product tanker and chemical tanker markets and the expected improvement in the bulker market.
- Encouraged by strong visible cash flows from increased charter cover, diversification and continued supply-side recovery, the Company raised its target annual dividend from $0.080 to $0.085 per share, which commenced from 4Q22.
- The Company is forecast to have a dividend cover of c.1.8x over the next 18 months (through the end of 2Q24) after reinvesting the proceeds from the divestment of Riposte.
- The Company's operating emissions intensity improved by c.34% YoY in 2022 primarily because of capital re-allocation. We expect further improvement as Energy Saving Device ("ESD") retrofits on eight vessels are fully completed by mid 2023 and on another three vessels by the end of the year.
- We prioritise crew welfare and have especially taken action to improve the welfare of the Ukrainian crew members on board the Company's vessels.
- The Investment Manager's principals acquired an additional 613,000 ordinary shares during the financial period such that Investment Manager-related shareholders owned 3.2% of the issued share capital at 31 December 2022.

[1] 31 December 2022 closing mid-rate of USD/GBP 0.8313. Source: Morningstar

Chairman's Statement

Introduction

On behalf of the Board, I present the Interim Financial Statements of the Company for the period ended 31 December 2022.

During the financial period, the Company acquired two product tankers and agreed to divest its last containership, Riposte, after the end of the financial period. The fleet as at 31 December 2022 consisted of eight handysize bulkers, an ultramax bulker, one containership and thirteen tankers. Full details of the investment portfolio are set out in the Investment Manager's Report.

Performance

As at 31 December 2022, the Company's NAV was US$431.6m, being US$1.402 per share (US$447.5m and US$1.450 per share as at 30 June 2022). NAV Total Return over the period was -0.6%. Despite a strong operating profit, performance was impacted by unrealised capital value losses. The bulker and containership markets weakened over the financial period. The Investment Manager expects the bulker market to improve from 2Q23, aided by the easing of Covid-related restrictions in China and strong supply-side fundamentals.

The Company is well positioned to benefit from the ongoing strength in the product tanker and chemical tanker markets and the expected improvement in the bulker market.

The Average Charter Length on the Company's product tankers at 31 December 2022 was 2.3 years. Encouraged by the strong charter coverage, the Company raised its target annual dividend from US$0.08 to US$0.085 per share, commencing from 4Q22. The Company is forecast to have a dividend cover of c.1.8x over the next 18 months (through the end of 2Q24) after reinvesting the proceeds from the divestment of Riposte.

During the year, the Company's share price decreased from US$1.230 per share as at the close of business 30 June 2022 to US$1.150 per share as at the close of business 31 December 2022.

Discount Management

On average, the Company's shares traded at an 18% discount to NAV over the financial period. As at 15 March 2023, the Company's shares traded at a 18% discount to the ex-dividend 31 December 2022 NAV. In November and December 2022, the Company (in accordance with the authority granted to it by Shareholders) repurchased 850,000 shares at a cost of US$969,451. Refer to Note 5 for more details. At the end of the financial period, there were 850,000 Shares held in Treasury and 307,778,541 Shares outstanding.

From the period end the Company has bought back an additional 710,000 shares with 1,560,000 Shares held in Treasury and 307,068,541 Shares outstanding as at 15 March 2023.

Chairman's Statement (continued)

Dividends

During the period the Company declared and paid dividends to shareholders as follows:

Period end	Dividend per share (US$)	Announce date	Ex div date	Record date	Paid date
Ordinary shareholders					
30.06.22	0.02000	19.07.22	28.07.22	29.07.22	12.08.22
30.09.22	0.02000	18.10.22	27.10.22	28.10.22	11.11.22

A further dividend of US$0.02125 per share was declared on 17 January 2023 for the quarter ending 31 December 2022. The dividend was paid on 10 February 2023 to holders of shares on record date 27 January 2023 with an ex-dividend date of 26 January 2023.

Russian Invasion of Ukraine

None of the Company's vessels were directly impacted by the war in Ukraine and all remain fully insured against war perils. The Investment Manager has formally requested all our charterers and vessel managers to desist from trade with Russia wherever legally possible except for humanitarian purposes. Additionally, the Investment Manager monitors compliance through regular inspection of vessel logs and satellite data. The Company and its vessels will remain compliant with all international sanctions imposed by the US, UK, EU and UN. We have had no issues to date with any vessels being damaged or blocked. The Board and the Investment Manager remain watchful in monitoring the war and its consequences for shipping and the Company.

Covid-19

The global economy has largely recovered from the negative impact of Covid. The delays to crew rotation caused by national restrictions put in place to contain the spread of Covid were largely resolved by 4Q22. The introduction of Covid-related restrictions in China over the summer of 2022 impacted the bulker market and increased planned capex and off-hire for some of the Company's vessels. There is a growing consensus that the easing of Covid-related restrictions in China from January will lead to improvement in the bulker market.

Corporate Governance

The Company is a member of the Association of Investment Companies ("AIC") and complies 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 (the "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.

Chairman's Statement (continued)

Corporate Governance (continued)

The Company established a Management Engagement Committee during the period which is chaired by Paul Barnes and includes all of the members of the Board. The purpose of the committee is to formulate the reviews undertaken of the Investment Manager and the other key service providers. The annual reviews were undertaken during 4Q22 and 1Q23. Further information of the findings of the reviews will be included in the Audited Financial Statements each year.

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.

Environmental, Social, Governance ("ESG")

Our Investment Manager continues to integrate ESG factors into its investment recommendations and asset ownership practices. As you will see in the Investment Manager's Report on pages 20 to 26 there is significant focus given to the ESG aspects of the Company's operations.

Crew welfare continued to be a significant area of focus with the Investment Manager paying special attention to the Ukrainian crew members on the Company's vessels. Where requested, we will assist in the repatriation of crew members or extension of crew contracts.

The Board has reviewed and approved the Investment Manager's Responsible Investment Policy and Implementation Report for the Company. Shareholders can view the policy and the implementation report on the Company's website (www.tuftonoceanicassets.com). Being a closed-end investment company listed on the Specialist Funds Segment of the London Stock Exchange, the Company is not required to have disclosure aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") framework. Nevertheless, the Investment Manager supports the framework and will publish a separate sustainability report later this year based on TCFD guidelines.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company was held on 27 October 2022. I am pleased to report that all the resolutions were duly passed.

Chairman’s Statement (continued)

Outlook

The Investment Manager expects:

- the bulker market to improve from 2Q23;
- the Company’s chemical tankers to benefit from strong supply-side fundamentals and the tight product tanker market; and
- further upside in secondhand values of bulkers and tankers due to limited shipyard capacity for new deliveries and tighter environmental regulations which increase newbuild prices.

The Investment Manager continues to seek good investment opportunities across the segments.

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Rob King
Non-executive Chairman

Board Members

The Company's Board of Directors comprises four 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 period are:

Robert King

Stephen Le Page

Paul Barnes

Christine Rødsæther

They also served during the year ended 30 June 2022, and their brief biographies are available in the annual report as at that date.

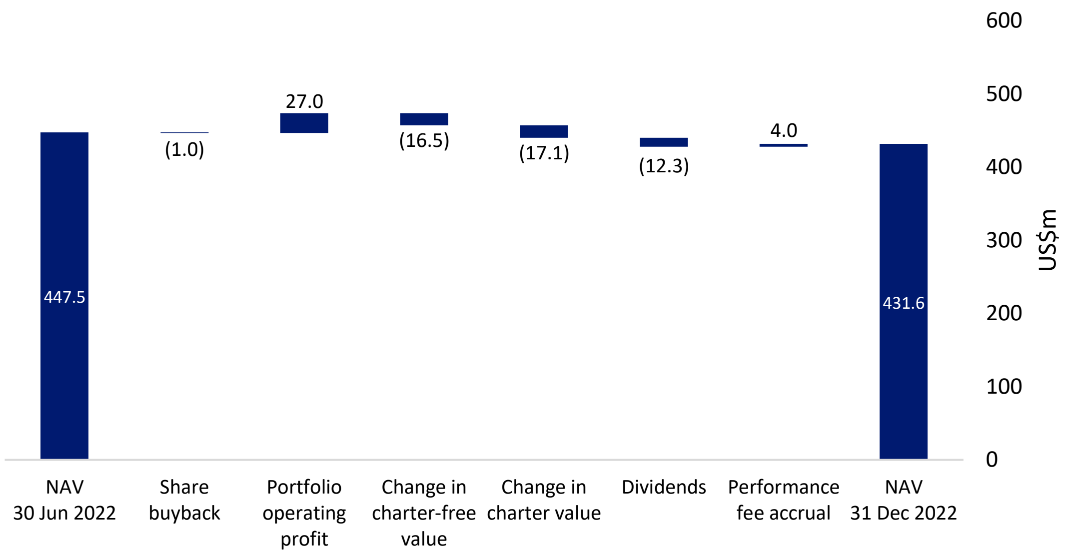
Investment Manager's Report

Highlights of the Financial Period

The Company continued to re-allocate capital, in line with its investment strategy and commitment to ESG. During the financial period, the Company acquired two fuel-efficient product tankers and after the end of the financial period agreed to divest its last containership. The capital re-allocation has better positioned the Company to benefit from the ongoing strength in the product tanker and chemical tanker markets and the expected improvement in the bulker market from 2Q23.

During the financial period, the product and chemical tanker markets strengthened while the bulker and containership markets weakened. We expect the product and chemical tanker markets to remain strong in the medium term, the bulker market to improve from 2Q23 and the containership market to remain relatively weak in 2023. Please see the Shipping Market section of this report for details.

This section utilises alternative measures, applied on an unconsolidated basis, to analyse performance. Please see the Definitions on pages 51 to 55 for details of the measures. NAV Total Return was -0.6% during the financial period, 7.7% for 2022 and 91.1% since inception. The effectiveness of our strategy of diversification across the major segments, conservative leverage and strong charter cover is evidenced by the portfolio performance and growing dividend through a variety of market conditions since the Company's listing in December 2017.



Portfolio Operating Profit was strong at US$27.0m (vs. US$17.4m in the financial period ending 31 December 2021) mainly as the Company benefited from a larger bulker fleet and higher bulker time charter rates. While the bulker market weakened over the financial period, we expect it to improve from 2Q23, aided by the easing of Covid-related restrictions in China and strong supply-side fundamentals. At 31 December 2022, the Average Charter Length on the Company's bulkers was 0.3 years. We expect the improving bulker market will offer opportunities to employ our bulkers on charters at higher rates than at the end of the financial period.

Highlights of the Financial Period (continued)

There was a loss of US$16.5m in charter-free value as the bulker and containership markets weakened during the financial period. The fall in bulker and containership charter-free values outweighed the rise in product tanker and chemical tanker charter-free values. We expect the bulker market and charter-free values to improve from 2Q23. The Company started divesting containerships from mid 2021 in anticipation of a weaker market and agreed to divest its last containership, Riposte, just after the end of the financial period. The realised net IRR on Riposte exceeds 12% and the aggregate realised net IRR on the Company’s containerships over the past five years is c.27%.

There was a loss of US$17.1m in charter value mainly due to rising product tanker time charter rates. The Company did not benefit significantly from higher charter values on bulkers, which had only 0.3 years of Average Charter Length at the end of the financial period. At the end of the financial period, the portfolio had a total negative charter value of US$43.3m[2]. This will trend to zero (i.e. increase NAV) in the medium term. *Ceteris paribus*, the negative charter value will unwind by c.US$18m in 2023. During the financial period, the rise in product tanker charter-free values slightly lagged the rise in time charter rates as the market strengthened. Product tanker charter-free values should rise further as confidence builds in the duration of the market strength – or, if rates were to moderate, negative charter value should unwind more than charter-free values drop.

Both tankers and bulkers benefit from strong supply-side fundamentals. The low orderbook in both segments will result in slowing fleet growth. We expect further upside in secondhand values of bulkers and tankers due to limited shipyard capacity and tighter environmental regulations which increase newbuild prices.

Highlights of the financial period also include:

- The Company acquired two product tankers, Mindful and Courteous, below Depreciated Replacement Cost (“DRC”). The acquisitions were financed primarily by a new US$60m loan with a SOFR cap of 3.5% for the first three years which is secured on Mindful, Courteous, Marvelous and Exceptional.
- The Company agreed to divest its last containership, Riposte, after the end of the financial period.
- Our investment activity continues to demonstrate our commitment to capital re-allocation and ESG. With these transactions, we have re-allocated capital to position the portfolio for the greater upside potential in fuel-efficient tankers.
- The Dividend Cover for the financial period was c.0.5x. This was lower than our long-run expectation because of high planned capex and off-hire. Capex and off-hire were higher than previously expected due to the impact of Covid-related restrictions in China.
- At 31 December 2022, the Company forecast much lower planned capex and off-hire in the next 18 months.
- At 31 December 2022, the Company’s Consolidated Gearing Ratio was 13.7%.
- The Company’s fleet had no unplanned commercial idle time (voids) during the financial period.

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[2] Excluding Riposte

Highlights of the Financial Period (continued)

- The Company’s operating emissions intensity, as measured by the Energy Efficiency Operating Index (“EEOI”), improved by c.34% YoY in 2022 primarily because of capital re-allocation. We expect further improvement in emissions intensity with ESD retrofits.
- ESD retrofits are substantially complete on seven of the Company’s vessels. We expect ESD retrofits on eight vessels will be fully completed by mid 2023 and another three vessels by the end of the year.
- We prioritise crew welfare and have especially taken action to improve the welfare of the Ukrainian crew members on board the Company’s vessels.
- We aim to minimise coal carriage on the Company’s vessels without negative financial impact. During 2022, only one of the Company’s bulkers, Masterful, carried coal, accounting for <2% of the total cargo carried by the Company’s bulkers.

The Assets

As at 31 December 2022, the Company owned twenty-three vessels.

Containership

At the end of the financial period, Riposte was on a fixed-rate time charter to a major investment-grade container shipping group. The Company agreed to divest Riposte after the end of the financial period.

Tankers

Employment for vessels owned by the Company at the end of the financial period:

- Octane and Sierra were on time charters to an investment grade oil major.
- Pollock, Dachshund, Cocoa and Daffodil were on time charters to a major commodity trading and logistics company which exercised its optional periods on Dachshund and Pollock until mid 2024.
- Marvelous, Mindful and Courteous were on time charters to the same major commodity trading and logistics company.
- Exceptional was on a time charter to a leading tanker shipping company.
- At 31 December 2022, the Average Charter Length of the product tankers was 2.3 years.
- The gas carrier Neon operated 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.
- Two chemical tankers, Orson and Golding, were 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.

Investment Manager's Report (continued)

The Assets (continued)

Acquisitions:
The Company agreed to acquire:

- Two product tankers, Mindful and Courteous, for US$73.0m in September 2022. The vessels were delivered to the Company in December 2022. The acquisitions were financed primarily by a new US$60m loan which is secured on Mindful, Courteous, Marvelous and Exceptional.

Mindful, Courteous, Marvelous and Exceptional are in the top quartile of fuel efficiency in their market segment.

Bulkers

Employment for vessels owned by the Company at the end of the financial period:

- Awesome and Auspicious were on time charters to a leading operator of bulkers.
- Charming was on a time charter to a leading dry bulk shipping company. Charming's time charter was extended by 5-8 months from October 2022.
- Laurel was on a time charter to a leading owner and operator of bulkers.
- Idaho and Mayflower were on time charters to a leading owner and operator of bulkers.
- Mayflower's time charter was extended by 5-7 months from December 2022.
- Rocky IV, Anvil and Masterful were on time charters to a leading merchant and processor of agricultural goods.

Awesome, Auspicious, Masterful and Charming are in the top quartile of fuel efficiency in their market segment. Average Charter Length on our bulkers was 0.3 years at the end of the financial period. We expect the improving bulker market from 2Q23 will offer opportunities to employ our bulkers on charters at higher rates than at the end of the financial period.

The Company's fleet across all segments is well maintained and performed well, though certain vessels had minor Covid-related disruptions or suffered supply chain issues and inflationary pressures.

Investment Manager’s Report (continued)

The Assets (continued)

As at 31 December 2022:

SPV[+]	Vessel Type and Year of Build	Acquisition Date	Earliest end of charter period	Latest end of charter period	Expected end of charter period**
Riposte[ˆ]	2500-TEU containership built 2009	March 2018	February 2023	July 2023	February 2023
Neon	Mid-sized LPG carrier built 2009	July 2018	August 2025	August 2025	August 2025
Sierra	Medium-range (“MR”) product tanker built 2010	December 2018	June 2024	July 2025	July 2025
Octane	MR product tanker built 2010	December 2018	May 2024	June 2025	June 2025
Cocoa	Handysize product tanker built 2008	October 2020	October 2023	January 2026	January 2025
Pollock	Handysize product tanker built 2008	December 2018	April 2024		
Daffodil	Handysize product tanker built 2008	October 2020	October 2023	March 2026	March 2025
Dachshund	Handysize product tanker built 2008	February 2020	May 2024		
Golding	25,600 DWT stainless steel chemical tanker built 2008	April 2021	NA – vessel is employed in a pool		
Mayflower	Handysize bulker built 2011	June 2021	May 2023	July 2023	July 2023
Laurel	Handysize bulker built 2011	July 2021	June 2023	October 2023	June 2023

<u>Investment Manager's Report</u> (continued)

The Assets (continued)

SPV+	Vessel Type and Year of Build	Acquisition Date	Earliest end of charter period	Latest end of charter period	Expected end of charter period**
Orson	20,000 DWT stainless steel chemical tanker built 2007	July 2021	NA – vessel is employed in a pool		
Idaho	Ultramax bulker built 2011	July 2021	February 2023	July 2023	February 2023
Anvil	Handysize bulker built 2013	September 2021	February 2023	May 2023	February 2023
Rocky IV	Handysize bulker built 2013	September 2021	October 2022	January 2023	January 2023
Exceptional	MR product tanker built 2015	April 2022	April 2023	April 2024	April 2024
Awesome	Handysize bulker built 2015	January 2022	September 2023	March 2024	September 2023
Auspicious	Handysize bulker built 2015	February 2022	September 2023	March 2024	September 2023
Masterful	Handysize bulker built 2015	April 2022	January 2023	April 2023	January 2023
Charming	Handysize bulker built 2015	June 2022	March 2023	June 2023	March 2023
Marvelous	MR product tanker built 2014	July 2022	November 2025	November 2027	November 2025
Mindful	MR product tanker built 2016	December 2022	December 2025	November 2027	December 2025
Courteous	MR product tanker built 2016	December 2022	December 2025	November 2027	December 2025

<u>Notes:</u>
+ SPV that owns the vessel.
** Based on our assessment of the prevailing market conditions as at 31 December 2022.
ˆ Riposte, the last containership in the portfolio, was divested in February 2023.

Investment Manager's Report (continued)

Investment Performance

NAV per share was US$1.402 at 31 December 2022. US$ NAV Total Return for the financial period was -0.6% and for calendar year 2022 was 7.7%. During the financial period, Portfolio Operating Profit contributed US$27m (vs. US$17.4m in the financial period ending 31 December 2021) mainly as the Company benefited from a larger bulker fleet and higher bulker time charter rates.

There was a Loss in Capital Value of US$33.6m or US$0.109 per share mainly due to the fall in bulker and containership values as those markets weakened over the financial period. We expect the bulker market and charter-free values to improve from 2Q23. After the end of the financial period, the Company agreed to divest Riposte.

Figures below are in US$m unless otherwise stated	**From 1 Jul 2022 to 31 Dec 2022**	**From 1 Jul 2021 to 31 Dec 2021**
Total ship-days	*3,908*	*3,947*
Revenue	57.0	48.5
Operating Expense	(26.0)	(28.1)
Gross Operating Profit	**31.0**	**20.4**
Gross Operating Profit / Time-Weighted Capital Employed	***15.0%***	***13.6%***
Loan interest and fees	(1.6)	(0.8)
Gain/(loss) in Capital Values	(33.6)	57.2
Portfolio (loss) / profit	**(4.2)**	**76.8**
Interest income	0.0	0.0
Fund Level Fees and Expenses	(2.4)	(2.2)
Performance fee accrual	4.0	(2.4)
(Loss) / Profit for the period	**(2.6)**	**72.2**
Portfolio Operating Profit	**27.0**	**17.4**

Loan interest and fees were higher compared to 2H21 as a new US$60m loan was committed and drawn for the acquisitions of two product tankers, Mindful and Courteous, during the financial period. The new loan is secured on Mindful, Courteous, Marvelous and Exceptional. The accrued performance fee was unwound because the Total Return per Share was slightly lower than the High Watermark per Share at the end of the financial period.

Investment Manager's Report (continued)

Investment Performance (continued)

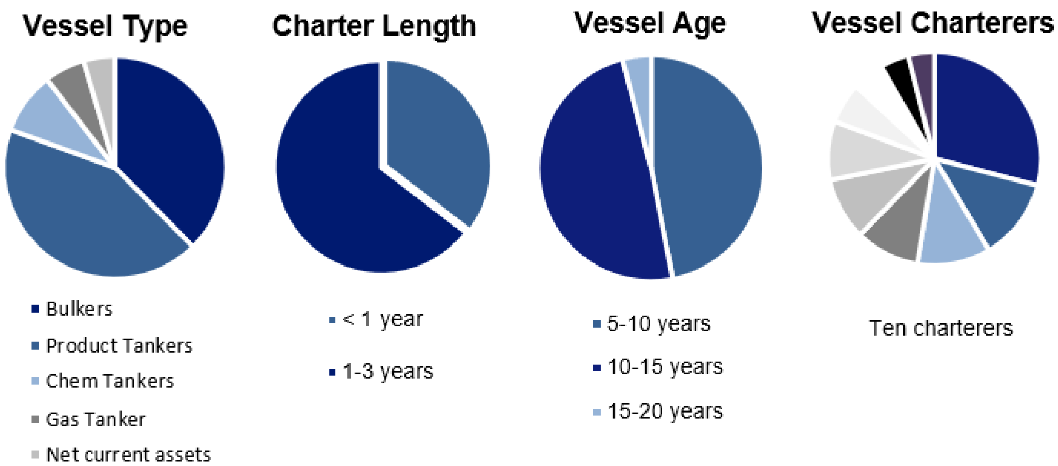
The Company benefited from a significant improvement in the market for chemical tankers as tankers which can trade both chemicals and products shifted to the tightening product tanker market. The chemical tanker market benefits from strong supply-side fundamentals with a low orderbook (c.4% of fleet for stainless steel tankers) and a strong demand growth forecast of c.6% CAGR (2022-2024). Gross operating profit for chemical tankers during the financial period was negatively impacted by the planned off-hire of Orson and Golding, which are operating in a chemical tanker pool.

Segment Performance During the Financial Period	Product Tankers	Chemical Tankers	Gas Tanker	Containership	Bulkers	Total
US$m unless otherwise stated						
Gross Operating Profit	8.3	1.4	2.1	1.2	18.0	31.0
Loan interest & fees	(1.6)	-	-	-	-	(1.6)
Gain/(loss) in charter-free values	55.7	5.1	(0.6)	(23.4)	(53.3)	(16.5)
Gain/(loss) in charter values	(32.8)	-	-	10.9	4.8	(17.1)
Portfolio profit	**29.6**	**6.5**	**1.5**	**(11.3)**	**(30.5)**	**(4.2)**

Segment Exposure and Forecast Yields*	Product Tankers	Chemical Tankers	Gas Tanker	Containership	Bulkers	Total
% of NAV	42.9%	9.0%	5.9%	-	37.6%	**95.5%**
Forecast Net Yields*	9.0%	23.8%	15.8%	NA	15.7%	**12.0%**

*Based on the pro forma fleet and market values at 31 December 2022

Portfolio breakdowns:



Based on the pro forma fleet for all transactions announced through January 2023

At 31 December 2022, the Company's vessels had an average age of c.11 years and were chartered to ten different counterparties. The forecast net yield on the product tankers slightly fell to 9.0% at the end of December 2022 from 10.6% at the end of June largely due to the rise in asset values during the financial period.

The Shipping Market

The Company focuses on three main shipping segments: tankers, bulkers and containerships. The Clarksea Index, a broad vessel earnings indicator from Clarksons Research, ended the financial period at US$29,657/day, c.29% lower than at the end of June 2022 and c.15% lower than at the end of December 2021, because of weakness in the containership and bulker markets. In January 2023, the IMF forecast 2.9% world GDP growth in 2023, 0.2 percentage points higher than its forecast of October 2022. The easing of Covid-related restrictions in China has paved the way for a faster-than-expected recovery. Global seaborne trade is expected to grow by 1.5% in 2023. In comparison, seaborne trade grew by c.3% CAGR in the two decades leading up to 2021.

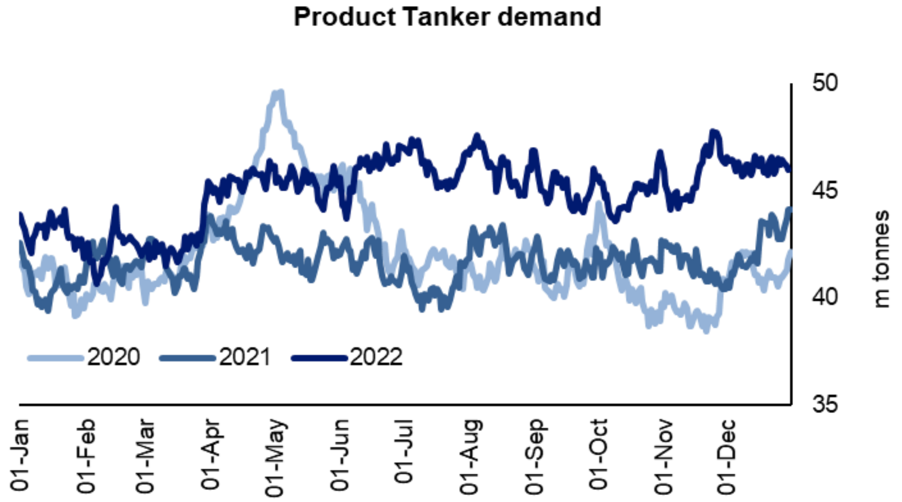
We believe the shipping market is in a multi-year upcycle because of the relative lack of investment in new capacity (supply). The combination of commodity price inflation and reduced shipyard capacity has increased newbuild prices. This led to higher values for secondhand vessels. The Clarksons Research Newbuilding Price Index has risen c.29% since the end of 2020 while the Clarksons Research Secondhand Price Index has risen c.57% over the same period. We expect further upside in secondhand values of bulkers and tankers due to limited shipyard capacity and tighter environmental regulations which increase newbuild prices. Clarksons Research estimates that global shipbuilding capacity is 40% lower compared to a decade ago.

This section utilises data from our Tufton Real-Time Activity Capture System ("TRACS") which analyses satellite data to track the international shipping fleet by the major segments. TRACS utilises 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

According to the US Energy Information Administration, world petroleum liquids demand is expected to grow 1.1% in 2023 and 1.7% in 2024 after growing by more than 2% in 2022. We had expected improvement in tanker demand in 2022 along with the recovery in global oil demand. The improvement in tanker demand was accelerated as the war in Ukraine partially replaced some demand for short-haul product tanker cargoes with demand for long-haul: increasing Russian exports to Asia, notably India, and higher European imports from non-Russian suppliers including the Middle East, the US and Asia. 1-year time charter rates for MR product tankers rose 48% to c.US$30,000/day at the end of the financial period, the highest since 2005. Beyond the current market strength, supply-side dynamics are supportive for product and chemical tankers with the orderbook at only c.5% of fleet. The easing of Covid-related lockdowns in China, refinery expansions in the Middle East and Asia as well as slowing fleet growth suggest the product tanker market will remain strong in the medium term. The Company acquired four MR product tankers in 2022: Exceptional, Marvelous, Courteous and Mindful.

The Shipping Market (continued)



Source: TRACS

25-30% of MR product tankers are capable of engaging in the chemicals/veg oil trade. The chemical tanker market benefits from the strength in product tankers as MR product tankers shift to the tightening product tanker market. The chemical tanker market also benefits from strong supply-side fundamentals with a low orderbook (c.4% of fleet for stainless steel tankers) and strong demand growth forecast of c.6% CAGR (2022-2024). The Company's chemical tankers benefit from this trend as they are employed in a revenue-sharing pool and have spot market exposure.

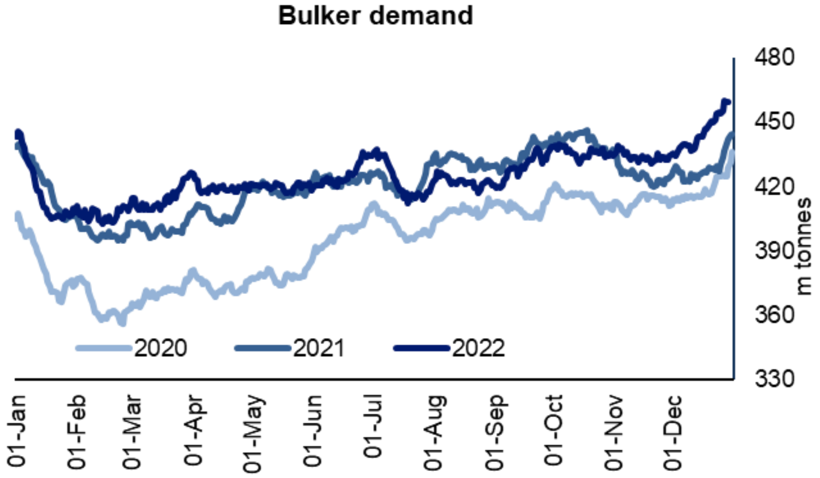
At the end of the financial period, the Company had 10 product tankers on fixed-rate charters with Average Charter Length of 2.3 years and two chemical tankers that operate in a pool. We believe the product and chemical tanker markets, well supported by strong supply-side fundamentals, offer potential for strong operating profit and capital appreciation.

Bulkers

Over the financial period, the bulker market weakened due to the impact of Covid-related restrictions in China, a slowdown in global industrial production and the easing of port congestion. 1-year time charter rates for Handysize bulkers fell c.41% to US$12,375/day. We expect the bulker market to improve from 2Q23, aided by the easing of Covid-related restrictions in China, as the market has strong supply-side fundamentals. The bulker orderbook is only c.7% of fleet compared to c.80% of fleet in 2008 when the increase in rates resulted in an ordering boom. Further, c.14% of the Handysize bulker fleet is ≥20 years old compared to the orderbook of c.7% of fleet which suggests negative net supply growth as the oldest and least efficient vessels are recycled. As at the end of the financial period, the Company had 9 bulkers on fixed-rate charters with Average Charter Length of 0.3 years.

Investment Manager’s Report (continued)

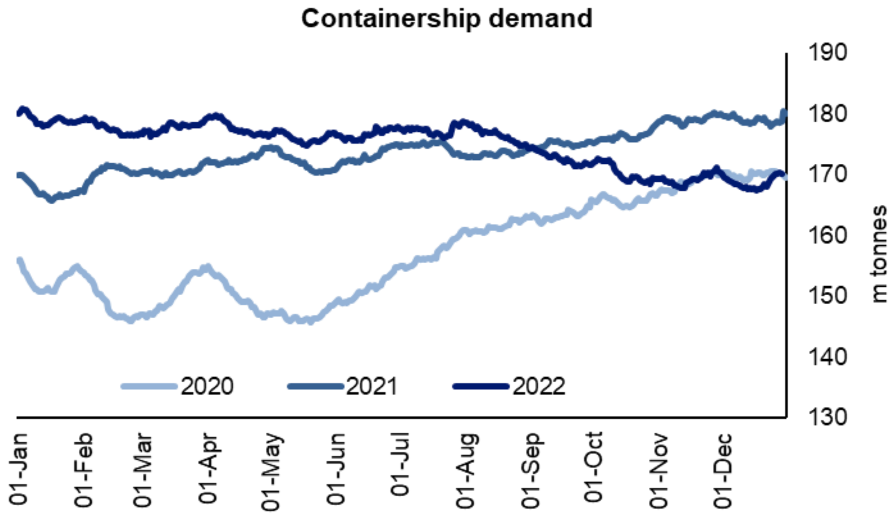
The Shipping Market (continued)



Source: TRACS

Containerships

The containership market weakened over the financial period. Consumer demand weakened due to the impact of inflationary pressure on consumers, Covid-related lockdowns in China and the war in Ukraine. The effect of weak demand was exacerbated by easing port congestion. Over the financial period, 1-year time charter rates for small (2500-TEU) containerships fell 75% to US$18,750/day. The containership orderbook was c.29% of fleet at the end of the financial period. Fleet growth is expected to accelerate to c.7% in 2023. We expect the containership market to remain relatively weak and have re-allocated capital by divesting containerships to reinvest in fuel-efficient tankers and bulkers. After the end of the financial period, the Company agreed to divest its last containership. The orderbook for small containerships remains relatively low at c.14% of fleet compared to c.24% of fleet which is at least 20 years old and will continue to seek opportunities as they arise.



Source: TRACS

Investment Manager's Report (continued)

The Shipping Market (continued)

Across the main segments, asset values and time charter rates reflect our thesis of supply-side adjustment to varying degrees. In bulkers and tankers, the combination of tightening environmental regulations and lower shipyard capacity suggest newbuild prices will remain high thereby also supporting secondhand prices. Clarksons Research estimates that global shipbuilding capacity is 40% lower compared to a decade ago. Many newbuild designs incorporate more flexible machinery and storage systems to handle multiple fuel types to reduce emissions. These further increase newbuild prices.

The shipping industry has a history of being resilient during periods of disruption. Despite the negative impact of the war in Ukraine, the product tanker market strengthened to record highs at the end of the financial period as demand for long-haul cargoes outpaced demand for short-haul cargoes and the supply side remains supportive with slowing fleet growth. New environmental regulations from the International Maritime Organisation ("IMO") to measure and improve vessel carbon emission intensity incentivise lower speeds resulting in reduced shipping capacity, aiding the supply-side adjustment. Fuel-efficient vessels such as the Company's recent acquisitions are likely to be favoured.

Environmental, Social and Governance ("ESG")

We emphasise the principles of Responsible Investment in the management of clients' 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 achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company. Since December 2018, we are a signatory of the United Nations Principles of Responsible Investment ("UN PRI") and have a Responsible Investment policy statement (most recently revised in June 2022) which is available on the Company's website (www.tuftonoceanicassets.com). Current areas of ESG focus include:

1. Assessment of the fuel efficiency and environmental impact of potential acquisitions
2. Regular review of our fleet to identify opportunities for improving fuel efficiency
3. Reducing environmental impact across the asset life cycle
4. Responsible vessel recycling
5. Health and safety of the crew on our vessels
6. Enhanced security to lower risk of contraband
7. Compliance with all international sanctions imposed by the US, UK, EU and UN
8. Promoting acceptance and implementation of ESG principles with our business partners

We are committed to reducing greenhouse gas emissions and aligning our funds to the temperature goals of the Paris Agreement by fully transitioning to zero carbon energy sources by 2050 and investing in zero carbon capable vessels before 2030. In September, we appointed a Senior Adviser for Decarbonisation.

In SHIP, we aim to achieve greenhouse gas reduction and participate in the energy transition by:

- investing in ESDs;
- deploying digital tools to measure and optimise fuel consumption;
- increasing the use of zero-emission fuels by 2030; and
- favouring long-term charters that minimise coal carriage without negative financial impact

Being a closed-end investment company listed on the Specialist Fund Segment of the London Stock Exchange, the Company is not required to report against the TCFD framework. Nevertheless, we believe the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities within financial markets and intend to publish a sustainability report later this year on that basis. As a member of the AIC (https://www.theaic.co.uk/), the Company reports against the AIC Code of Corporate Governance on a comply or explain basis. Our Senior Management (i.e. the CEO and the CIO) is committed to Responsible Investment and oversees the implementation of our Responsible Investment policy statement. We devote more than 4 full time employee equivalents to ESG integration-related analysis and implementation in aggregate. The policy statement is reviewed at least annually and approved by the Company's Board. The Company's Board does not have a separate ESG committee but collectively reviews implementation progress against the policy statement and issues an implementation review report which is also publicly available on the Company's website.

Environmental, Social and Governance (continued)

The Board recognises that climate change and related risks will have an impact on the Company's business and considers climate-related risks and opportunities when approving investment decisions. The Board maintains ultimate responsibility for the policy and its implementation and is committed to upholding high standards of corporate governance.

We are a signatory of the UN PRI since 2018. In the 2021 UN PRI signatory assessment, we received a 5-star rating in the Infrastructure category, the highest rating in that category and above the median rating of our peer group. We received a 4-star rating in the Investment and Stewardship Policy category which was also above the median rating of our peer group. Please see the 2021 UN PRI scoring methodology for details. We are a member of the Getting to Zero Coalition, an alliance of more than 200 organisations including 160 companies within the maritime, energy, infrastructure and finance sectors. The Coalition is committed to getting commercially viable deep sea zero-emission vessels into operation by 2030, towards full decarbonisation by 2050. In February 2022, we became a Mission Ambassador to the Maersk Mc-Kinney Møller Center for Zero Carbon Shipping ("MMCZCS"), a not-for-profit research and development organisation. We expect to benefit from the Center's extensive work in fuel transition and technologies.

Environmental

We are reducing emissions from the Company's vessels through investment in ESDs and promoting best operational practices such as regular hull/propeller cleaning and optimal use of auxiliary engines. We have invested in digital technologies for performance monitoring and emissions reduction, which provide data and insights for further emissions reduction and efficiency gains. Sustainable biofuels are expected to be part of the long-term fuel mix on the path to decarbonisation. We aim to increase the use of sustainable biofuels following successful trials.

The potential for ESDs often depends on how efficient a vessel design is already (the more modern the vessel the smaller the impact of ESDs). The choice of ESDs also depends on whether a vessel is operating near its original design parameters or not. The selection of ESDs, the investment required, retrofit timing, commercial arrangements for fuel savings and returns will vary from vessel to vessel depending upon the results of energy efficiency studies, prevailing market conditions and commercial considerations. We have engaged a consulting firm of naval architects to conduct energy efficiency studies on the Company's vessels and select the appropriate ESDs for retrofit. Energy efficiency studies will be carried out on all the Company's acquisitions.

We have invested c.US$0.5m per vessel on ESDs such as propeller boss cap fins, Mewis or Schneekluth ducts and variable frequency drives. The expected return from the ESD investments is c.20% based on the expected increased hire rate (premium) to reflect fuel savings, from all the ESDs, of c.10% on each vessel. We expect further upside on ESD retrofits as we better capture savings from rising fuel prices and carbon prices. We also assess the suitability of advanced ESDs like wind-assisted propulsion or air lubrication for the Company's vessels and have invested in rotor sails for a vessel in another fund that we manage.

Investment Manager's Report (continued)

Environmental (continued)

Although we have experienced some supply chain delays in the procurement and retrofit of ESDs, we expect ESD retrofits on eight vessels will be fully completed by mid 2023 and on another three vessels by the end of the year. Where possible, the ESD retrofits are planned to coincide with each vessel's scheduled special survey to minimise installation cost. ESD retrofit studies are in progress on four other vessels. The other six Company vessels are already fuel-efficient relative to their peers but will nevertheless be evaluated for further improvement including the retrofit of ESDs.

We have started receiving the hire rate premium for the ESD retrofits on Laurel and Idaho. Golding and Orson operate in a pool and will benefit directly from the fuel savings based on the prevalent fuel prices. We are in discussion with the charterer of Cocoa, Daffodil, Pollock and Dachshund for the hire rate premium to reflect the fuel savings from the retrofits.

A Mewis duct was installed and a high-performance hull coating was applied on Dachshund

Total CO_2 emissions from the Company's fleet in 2022 was 315,708 tonnes. With a growing portfolio of vessels, this measure is less relevant to the Company than normalised measures of emissions intensity. Total CO_2 emissions from the portfolio are calculated from the fuel consumption of the Company's vessels for propulsion and onboard power generation. The majority of the Company's vessels are on time charter or operate in a pool wherein the Company does not have full operating control of the vessels but is responsible for the regular surveys and maintenance of the vessels. Data from one vessel (Neon) on long-term bareboat charter is excluded as the Company does not have operating control of the vessel and is not responsible for the regular surveys or maintenance of the vessel.

From 2023, the IMO requires the reporting of vessel carbon intensity using the Carbon Intensity Indicator ("CII"). The CII measures how efficiently a vessel transports goods and is given in grams of CO_2 emitted per cargo-carrying capacity and nautical mile. All else equal, a lower CII is indicative of a more efficiently operated asset. The Portfolio CII improved by c.24% in 2022 mainly because of the capital re-allocation.

Investment Manager's Report (continued)

Environmental (continued)

Environmental Metrics	2022	2021
Total CO_2 emissions (tonnes)	315,708	401,348
CII (g CO_2/dwt-nautical mile)	7.7	10.1
EEOI (g CO_2/tonne-nautical mile)	13.9	21.1
Oil spills	None	None

Of the three major segments, containerships tend to have the highest emissions intensity due to higher operating speeds. The Company started divesting containerships from mid 2021 to re-allocate capital into fuel-efficient tankers and bulkers.

The EEOI is a measure of operational emissions intensity defined as the mass of CO_2 emitted per unit of transport work. The EEOI measures a ship's fuel efficiency. Like the CII, a lower EEOI is indicative of a more efficiently operated asset. We have utilised the EU MRV (Monitoring, Reporting and Verification) methodology for calculating the EEOI using data on total CO_2 emissions and total cargo transported by the Company's fleet for the 2022 calendar year. The emissions intensity of the Company's vessels as measured by the EEOI for 2022 improved by c.34% YoY. We expect further reduction in emissions intensity from ESD retrofits as they are completed in 2023. Since the Company's vessels operate on time charters or within a pool, we are typically not involved in determining specific voyage parameters and are therefore not able to influence the geographic and cargo carriage metrics of the fleet. We can only directly influence CII and EEOI metrics from the vessel's technical parameters (such as by retrofitting ESDs) and fleet composition.

We are committed to the deployment of new technologies to reduce emissions and have invested in the retrofit of rotor sails on a large bulker owned in another fund that we manage. The Company will benefit from our knowledge and experience as we continue to evaluate the suitability of such new technologies for the Company's vessels. The Company's vessels utilise compliant fuel (Very Low Sulphur Fuel Oil and Marine Gas Oil). Only one vessel, Marvelous, is capable of utilising Heavy Fuel Oil as it has an open-loop scrubber. According to DNV research, c.5,000 vessels in the global fleet are scrubber-equipped with 81% having open-loop scrubbers. The scrubber on Marvelous is compliant with current regulations and enables the vessel to earn a premium rate for utilising cheaper Heavy Fuel Oil.

We have proactively implemented a policy to favour long-term charters that minimise coal carriage without negative financial impact. Over 2022, only one of the Company's bulkers (Masterful) carried coal, accounting for <2% of the total cargo carried by the Company's bulkers over the year.

Environmental (continued)

All of the Company's vessels have Ballast Water Treatment Systems ("BWTS") installed except for the gas carrier Neon (on a bareboat charter) where the charterer is responsible for BWTS installation and compliance. BWTS prevent the translocation of marine organisms from one region to another and help preserve biodiversity. While BWTS installation will be mandatory from late 2024, we have expedited the installation of BWTS on Company vessels in line with our commitment to be ahead of regulatory requirements.

Biodiversity can also be impacted by waste generated from shipping, particularly plastic waste. We are installing water purification systems on all vessels to replace drinking water in plastic bottles. The crew on each vessel are being provided with complimentary, refillable, metal drinking water bottles. Environmental benefits include an estimated annual reduction in the supply of plastic-packaged water by 11,000 (1 Litre) bottles per vessel and an annual reduction of CO_2 by 2 tonnes per vessel.

The average age of the Company's vessels is c.11 years. Based on the current portfolio and target segments, we do not expect the Company to have recycling candidates in its portfolio in the near future. When recycling situations do arise, the Company will follow industry best practices in adopting the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.

For investment and divestment decisions, we consider the historic environmental performance and energy efficiency metrics of candidate vessels as well as other important information on potential environmental impact including the status of BWTS and history of compliance to environmental and safety regulations. We also consider the candidate track record and capability (in addition to commercial terms) before recommending the appointment of the technical manager for each vessel.

Social

The Company has no employees. The crew on board the Company's vessels are employed by our technical managers. We consider crew health and safety to be a priority and work closely with our technical managers to promote best practices and establish a strong safety culture, exceeding regulatory standards. The technical managers have implemented a collection of comprehensive safety procedures, policies, and protocols on board vessels that conform to our guidelines. Safety performance is monitored by collecting and tracking a comprehensive list of industry Key Performance Indicators ("KPIs") every quarter, ensuring that any significant incidents are reported upon with follow-up actions taken.

We are a signatory to:

- Maritime UK's Mental Health in Maritime pledge to promote quality of mental health and well-being in the industry.

  We have engaged Mental Health Support Solutions GmbH ("MHSS") to provide a free counselling service for crew members to help them handle concerns of stress, anxiety, and personal issues while on board.

<u>Investment Manager's Report</u> (continued)

Social (continued)

- Maritime UK's Women in Maritime pledge to build an employment culture that actively supports and celebrates gender diversity at all levels in the industry.

  The Company has no employees. As an Investment Manager, we have made a conscious effort to build a supportive employment culture. As at the end of the financial period, we had c.38% female employees and 17% female employees at the Senior Management level.

- The Neptune Declaration since January 2021, supporting measures to ensure timely relief of crew and putting measures in place to manage any pandemic-related travel restrictions.

  As a result of Covid-related restrictions, crew rotation was significantly delayed between mid 2020 and the end of the financial period. We monitored and facilitated (sometimes at additional cost) the prompt rotation of overdue crew members. The number of overdue crew members was also reported to the Board on a quarterly basis. As a result of our proactive approach to ensure timely relief, the Company's vessels had fewer crew members overdue for rotation compared to peers. We are pleased to note that the issue of overdue crew members is substantially resolved in the industry as of early 2023. We remain prepared to swiftly act should new disruptions to crew rotations arise in the future.

We are specifically monitoring the safety and well-being of the Ukrainian crew members on board the Company's vessels. The war could increase stress on crew members and may exacerbate challenges to crew rotation due to the closure of airports. We have engaged with all our technical managers to address these issues. Where requested, we will assist in the repatriation of crew members or extension of crew contracts. We are concerned about potential conflict between Ukrainian and Russian crew members. Whilst no problems have arisen to date, we have instructed our technical managers to closely monitor the environment on board the Company's vessels for potential conflicts.

We are committed to the deployment of new technologies towards improving crew health and safety and are deploying ShipIN FleetVision on all the Company's vessels. ShipIN Fleetvision leverages machine learning camera vision technology to enhance the safety and security of crew and cargo as well as prevent pollution, while improving real-time, ship-to-shore collaboration.

<u>Investment Manager's Report</u> (continued)

Governance

We aim to promote acceptance and implementation of ESG principles by business partners through an annual survey and feedback and conduct an annual survey of all the Company's technical managers which includes KPIs to assess their performance on numerous metrics including ESG. The results of the survey are communicated to the technical managers to ensure best practices are shared.

We have a strict reporting policy for our technical managers. We employ a third party to conduct independent inspections of the Company's vessels on a regular basis to assist in evaluating the performance of the technical managers. These independent inspections include assessment of key aspects of vessel condition as well as regulatory compliance and crew health and safety. We update the Board on the progress of the Company's investments every quarter with additional updates where significant events have occurred.

We continue to closely monitor adherence to sanctions regimes from the US, UK, EU and UN. The employment contracts for the Company's vessels are structured to exclude trading in sanctioned regions. Additionally, we monitor compliance through regular inspection of vessel logs and satellite data to monitor the movements of all the Company's vessels. Through regular contact with our charterers, legal counsel and insurers, we are ensuring that all vessels continue to trade in full compliance with all relevant sanctions laws. All vessels remain insured against war-like events. We have had no issues to date with any vessels being damaged or blocked. We continue to monitor the consequences of the war for shipping and the Company.

We have formally requested all our charterers and vessel managers to desist from trade with Russia wherever legally possible except for humanitarian purposes. The Master of each vessel may refuse to allow the vessel to trade in areas assessed as "perilous" where there is heightened physical risk to the vessel or its crew. The Master of the vessel will always have the last say on the safety of the vessel and crew and we will always support the position of the Master in a dispute with charterers or other interested parties.

We have a zero-tolerance policy towards bribery and adhere to the UK Bribery Act with the following policies in place:

- payment controls requiring dual sign-off/authorisation of all payments;
- gifts and entertainment policies that restrict staff from giving and receiving gifts;
- recruitment policies and ongoing monitoring of the fitness and propriety of staff including their honesty, integrity, and financial soundness; and
- FCA Conduct rules and a Code of Ethics which require staff to conduct themselves appropriately.

We are also a member of the Maritime Anti-Corruption Network ("MACN").

Principal Risks and Uncertainties

The Directors have reconsidered the principal risks and uncertainties effecting the Company. The directors consider that the principal risks and uncertainties have not significantly changed since the publication of the Annual Report for the year ended 30 June 2022. The risks and associated risk management processes, including financial risks, can be found in the Annual Report for the financial year ending 30 June 2022, http://www.tuftonoceanicassets.com/financial-statements/.

The risks referred to and which could have a material impact on the Company's performance for the remainder of the current financial year relate to:

- Shipping and financial markets;
- Commercial risks around charter payments;
- Damage to the Company's assets;
- Cost overruns;
- Regulatory and legislative compliance;
- Safety, health and environment;
- Service quality of the Investment Manager and other Service Providers;
- Liquidity.

Interim Report of the Directors

The Directors present their Interim Report and the Condensed Interim Financial Statements of the Company for the six-month period ended 31 December 2022.

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

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, LS Assets Limited, which is governed by the same Directors as the Company.

All vessels acquired, vessel-related contracts and costs are held in 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. In July 2021 the Company raised its target annual dividend to US$0.08 per share (previously US$0.075 per share). Encouraged by strong visible cash flows from increased charter cover, diversification and continued supply-side recovery, the Company again raised its target annual dividend from US$0.080 to US$0.085 per share, which commenced from 4Q22.

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

Results and dividends

The Company's performance during the period is discussed in the Chairman's Statement on pages 3 - 6. The results for the year are set out in the Condensed Statement of Comprehensive Income on page 32.

Related Parties

Details of related party transactions that have taken place during the period and of any material changes are set out in Note 13 of the Condensed Interim Financial Statements.

Interim Report of the Directors (continued)

Directors

The Directors of the Company who served during the period and to date are set out on page 7.

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as of 31 December 2022, and as of the date of signing these Financial Statements:

	31 December 2022 Shares	30 June 2022 Shares
R King	60,000	45,000
S Le Page[3]	40,000	40,000
P Barnes	5,000	5,000
C Rødsæther	30,000	20,000

The Directors fees are disclosed below:

Director	Payable from 1 January 2023 To 30 June 2023 £	Paid from 1 July 2022 To 31 December 2022 £	Paid from 1 July 2021 to 30 June 2022 £
R King	21,000	19,000	36,610
S Le Page	19,250	17,500	34,000
P Barnes	17,750	16,250	31,550
C Rødsæther	17,750	16,250	31,550

Other Interests

Tufton Investment Management Holding Limited group ("Tufton Group") shareholders, employees, non-executive directors and former shareholders held the following interests in the share capital of the Company either directly or beneficially.

As at 31 December 2022

Name	Ordinary Shares	% of issued Share Capital
Tufton Shareholders	5,988,133	1.90
Tufton Staff	466,261	0.15
Tufton Non-Executive Directors	403,279	0.13
Former Tufton Shareholders	3,041,740	0.99

As at 30 June 2022

Name	Ordinary Shares	% of issued Share Capital
Tufton Group Shareholders	5,375,133	1.74
Tufton Group Staff	466,261	0.15
Tufton Group Non-Executive Directors	403,279	0.13
Former Tufton Group Shareholders	3,041,740	0.99

[3] 15,000 of these shares are held through a Retirement Annuity Trust.

Share buybacks 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 buyback 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 Company purchased 850,000 of its own Shares at an average price of US$1.14 per Share during November and December 2022. Refer to Note 5 for more details. There were 850,000 Shares held in Treasury and 307,778,541 Shares outstanding as at the end of the financial period. The Company bought back a further 710,000 ordinary shares, between the end of the financial period and 15 March 2023, at an average price of US$1.14. The purchased shares will be held in treasury. The Company had 307,068,541 Shares outstanding as at the date of approval of these accounts.

Going concern

In assessing the going concern basis of accounting the Directors have, together with discussions and analysis provided by Tufton, had regard to the guidance issued by the Financial Reporting Council. They have considered recent market volatility, the Russian invasion of Ukraine, and the potential impact of Covid restrictions in China on the current and future operations of the Company and its investments. Cash reserves are held at the LS Assets Limited and SPV levels and rolled up to the Company as required to enable expenses to be settled as they fall due.

Based on these activities and bearing in mind the nature of the Company’s business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Interim Report and the Condensed Interim Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Interim Report and the Condensed Interim Financial Statements.

<u>Interim Report of the Directors</u> (continued)

Responsibility Statement
For the period from 1 July 2022 to 31 December 2022

The Directors are responsible for preparing the Interim Report and Condensed Interim Financial Statements, which have not been audited or reviewed by an independent auditor, and confirm that to the best of their knowledge:

- the Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting;

- the Interim Report includes a fair review of the information required by:

    - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

    - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors on 16 March 2023 and signed on behalf of the Board by:

…………………………	…………………………
Rob King	Stephen Le Page
Non-executive Chairman	Director

Condensed Statement of Comprehensive Income

For the 6-month period ended 31 December 2022

Income	Notes	31 December 2022 US$ (Unaudited)	31 December 2021 US$ (Unaudited)
Net changes in fair value of financial assets at fair value through profit or loss	4	(4,314,159)	76,730,838
Foreign exchange gain		-	1,008
Total net (loss) / income		(4,314,159)	76,731,846
Expenditure			
Administration fees		(85,547)	(83,577)
Audit fees		(119,636)	(79,757)
Corporate Broker fees		(75,000)	(75,000)
Directors' fees	15	(80,996)	(88,055)
Directors' expenses		(3,892)	(238)
Foreign exchange loss		(10,144)	-
Insurance fee		(4,925)	(3,025)
Investment management fee	11	(1,815,843)	(1,645,783)
Legal fees		-	(26,287)
Performance fees	12	3,980,432	(2,419,323)
Professional fees		(66,096)	(109,239)
Sundry expenses		(13,716)	(21,486)
Total credit / (expenses)		1,704,637	(4,551,770)
Operating (loss) / profit		(2,609,522)	72,180,076
Finance income		1,246	4,348
(Loss) / Profit and comprehensive income for the period		(2,608,276)	72,184,424
IFRS Earnings per ordinary share (cents)	6	(0.85)	25.34

There were no potentially dilutive instruments in issue at 31 December 2022.

All activities are derived from continuing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a Statement of Other Comprehensive Income has not been prepared. The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Statement of Financial Position

At 31 December 2022

	Notes	31 December 2022 US$ (Unaudited)	30 June 2022 US$ (Audited)
Non-current assets			
Financial assets designated at fair value through profit or loss	4	442,578,561	446,892,720
Total non-current assets		442,578,561	446,892,720
Current assets			
Trade and other receivables		18,800	5,740,385
Cash and cash equivalents		11,018	8,823
Total current assets		29,818	5,749,208
Total assets		442,608,379	452,641,928
Current liabilities			
Trade and other payables		11,001,541	5,098,219
Total current liabilities		11,001,541	5,098,219
Net assets		431,606,838	447,543,709
Equity			
Ordinary share capital	5	309,289,530	310,272,983
Retained reserves	5	122,317,308	137,270,726
Total equity attributable to ordinary shareholders		431,606,838	447,543,709
Net assets per ordinary share (cents)	8	140.23	145.01

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

The financial statements were approved and authorised for issue by the Board of Directors on 16 March 2023 and signed on its behalf by:

Rob King
Non-executive Chairman

Stephen Le Page
Director

Condensed Statement of Changes in Equity
For the 6-month period ended 31 December 2022

	Notes	Ordinary share capital US$	Retained earnings US$	Total US$
For the six months ended 31 December 2022 (Unaudited)				
Shareholders' equity at 1 July 2022		310,272,983	137,270,726	447,543,709
Loss and comprehensive income for the period		-	(2,608,276)	(2,608,276)
Share buybacks	5	(969,451)	-	(969,451)
Share issue costs	5	(14,002)	-	(14,002)
Dividends paid	7	-	(12,345,142)	(12,345,142)
Shareholders' equity at 31 December 2022		309,289,530	122,317,308	431,606,838

	Notes	Ordinary share capital US$	Retained earnings US$	Total US$
For the six months ended 31 December 2021 (Unaudited)				
Shareholders' equity at 1 July 2021		259,657,871	52,988,084	312,645,955
Profit and comprehensive income for the period		-	72,184,424	72,184,424
Share issue		51,429,265	-	51,429,265
Share issue costs		(827,640)	-	(827,640)
Dividends paid	7	-	(10,674,634)	(10,674,634)
Shareholders' equity at 31 December 2021		310,259,496	114,497,874	424,757,370

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

Condensed Statement of Cash Flows
For the 6-month period ended 31 December 2022

	Notes	31 December 2022 US$ (Unaudited)	31 December 2021 US$ (Unaudited)
Cash flows from operating activities			
(Loss) / profit and comprehensive income for the period		(2,608,276)	72,184,424
Adjustments for:			
Purchase of investments	4	-	(49,560,001)
Change in fair value on investments	4	4,314,159	(76,730,838)
Operating cash flows before movements in working capital		1,705,883	(54,106,415)
Changes in working capital:			
Movement in trade and other receivables		5,721,585	5,740,147
Movement in trade and other payables		5,903,322	8,663,489
Net cash generated from / (used in) operating activities		13,330,790	(39,702,779)
Cash flows from financing activities			
Share issue costs	5	(14,002)	50,601,625
Net cost from share buybacks	5	(969,451)	-
Dividends paid to Ordinary shareholders	7	(12,345,142)	(10,674,634)
Net cash (utilised in) / generated from financing activities		(13,328,595)	39,926,991
Net movement in cash and cash equivalents during the period		2,195	224,212
Cash and cash equivalents at the beginning of the period		8,823	29,989
Cash and cash equivalents at the end of the period		11,018	254,201

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

Notes to the Condensed Interim Financial Statements
For the 6-month period ended 31 December 2022

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 Le Truchot, St Peter Port, Guernsey, Channel Islands, GY1 1WD.

The Company had 308,628,541 ordinary shares in issue on 1 July 2022 all of which were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange.

During the current period, the Company bought a total of 850,000 of its own ordinary shares at an average price of US$1.14 per Share. Further details are noted in Note 5. The total number of Company's shares in issue was 307,778,541 at the end of the financial period.

2. Significant accounting policies

(a) Basis of Preparation

The Condensed Interim Financial Statements have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting, and applicable Guernsey law. These Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, and should be read in conjunction with the Financial Statements of the Company as of and for the year ended 30 June 2022, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2022 were approved by the Board of Directors on 23 September 2022. The opinion of the auditors on those Financial Statements was not qualified. The accounting policies adopted in these Condensed Interim Financial Statements are consistent with those of the previous financial year and the corresponding interim reporting period can be found in the Annual Report for the financial year ending 30 June 2022, http://www.tuftonoceanicassets.com/financial-statements/, except for the adoption of new and amended standards as set out below.

Compliance with IFRS

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved 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 investments 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.

2. Significant accounting policies (continued)

(a) Basis of Preparation (continued)

Basis of non-consolidation

The Directors consider that the Company meets the investment entity criteria set out in IFRS 10. 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. 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 services; and
- 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 of 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 31 December 2022 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 2022 that have a material effect on the financial statements of the Company.

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 period. The nature of the estimation means that actual outcomes could differ from those estimates. 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.

Information about significant judgements, estimates and assumptions which have the greatest effect on the recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the Annual Report and Financial Statements for the year ended 30 June 2022.

Critical judgements in applying the Company's accounting policies – IFRS 10: Consolidated Financial Statements

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 LS Assets Limited ("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 is held at the LSA level and transferred to the Company when needed to cover expenditure.

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 terms of 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.

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

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.

Critical judgements and estimates in applying the Company's accounting policies – financial assets at fair value

Specific capital adjustments are considered as part of the valuation process for standard vessels, mainly the adjustment for BWTS installed on vessels is considered an enhancement to the charter-free value, initially recognised at cost and straight line depreciated from the commissioning date to 8 September 2024.

At the current and prior period ends, the charter-free valuation of one vessel was provided by broker valuation rather than VesselsValue, as elected by the Investment Manager given limited transactions in this vessel type.

At the current period and prior period ends, one vessel was valued at its expected sale price.

3. Critical Accounting Judgements and Estimates (continued)

Critical Accounting Estimates

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

Specific capital adjustments are considered as part of the valuation process for standard vessels, mainly the adjustments for BWTS and scrubbers installed. BWTS 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. 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 31 December 2022, one vessel was treated as a specialist vessel (one vessel at 30 June 2022).

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.

The Prospectus sets out the basis on which non-typical and specialist vessels would be valued.

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

4. Financial Assets designated at fair value through profit or loss (Investment)

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. 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 but at the underlying SPV level one of the vessels was contracted to be sold as at 31 December 2022.

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)) are as follows:

LSA	**31 December 2022 US$ (Unaudited)**	**30 June 2022 US$ (Audited)**
Brought forward cost of investment	299,483,224	249,923,223
Total investment acquired in the period / year	-	49,560,001
Carried forward cost of investment	**299,483,224**	**299,483,224**
Brought forward unrealised gains on valuation	147,409,496	57,804,789
Movement in unrealised (losses) / gains on valuation	(4,314,159)	89,604,707
Carried forward unrealised gains on valuation	**143,095,337**	**147,409,496**
Total investment at fair value	**442,578,561**	**446,892,720**

4. Financial Assets designated at fair value through profit or loss (Investment) (continued)

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 LS Assets Limited is incorporated in Guernsey. The country of incorporation is also their principal place of business.

Breakdown of Fair Value:

Name	31 December 2022 US$	30 June 2022 US$	Direct or indirect holding	Principal activity	Ownership at 31 December 2022	Ownership at 30 June 2022
LS Assets Limited	-	-	Direct	Holding company	100%	100%
Aglow Limited[1, 6]	101,309	107,202	Indirect	SPV	100%	100%
Antler Limited[1, 6]	68,175	74,463	Indirect	SPV	100%	100%
Anvil Limited	19,573,459	23,591,722	Indirect	SPV	100%	100%
Auspicious Limited	22,010,283	25,929,027	Indirect	SPV	100%	100%
Awesome Limited	21,958,158	25,638,607	Indirect	SPV	100%	100%
Bear Limited[1, 2]	76,521	77,702	Indirect	SPV	100%	100%
Candy Limited[1]	11,679	37,192	Indirect	SPV	100%	100%
Charming Limited	21,057,463	25,109,394	Indirect	SPV	100%	100%
Citra Limited[1]	205,230	220,238	Indirect	SPV	100%	100%
Cocoa Limited[3]	-	-	Indirect	SPV	100%	100%
Courteous Limited[5]	-	-	Indirect	SPV	100%	-
Dachshund[3] Limited	-	-	Indirect	SPV	100%	100%
Daffodil Limited[3]	-	-	Indirect	SPV	100%	100%

Notes to the Condensed Financial Statements (continued)
For the 6-month period ended 31 December 2022

4. Financial Assets designated at fair value through profit or loss (Investment) (continued)

LSA (own net assets) - Breakdown of Fair Value (continued):

Name	31 December 2022 US$	30 June 2022 US$	Direct or indirect holding	Principal activity	Ownership at 31 December 2022	Ownership at 30 June 2022
Dragon Limited[1, 6]	119,606	133,991	Indirect	SPV	100%	100%
Echidna Limited[1, 6]	79,220	34,275	Indirect	SPV	100%	100%
Exceptional Limited[5]	-	-	Indirect	SPV	100%	100%
Golding Limited	20,105,693	17,868,732	Indirect	SPV	100%	100%
Handy HoldCo Limited	44,431,951	32,455,919	Indirect	SPV (Holding Company)	100%	100%
Idaho Limited	23,733,651	25,150,084	Indirect	SPV	100%	100%
Kale Limited[1, 6]	140,731	109,304	Indirect	SPV	100%	100%
Laurel Limited	16,936,250	19,486,868	Indirect	SPV	100%	100%
Lavender Limited[1]	13,193	18,736,992	Indirect	SPV	100%	100%
Marvelous Limited[5]	-	-	Indirect	SPV	100%	100%
Masterful Limited	22,044,111	25,761,402	Indirect	SPV	100%	100%
Mayflower Limited	17,514,882	20,030,420	Indirect	SPV	100%	100%
Mindful Limited[5]	-	-	Indirect	SPV	100%	-
Neon Limited	27,156,298	32,633,044	Indirect	SPV	100%	100%
Octane Limited	21,381,954	19,243,615	Indirect	SPV	100%	100%
Orson Limited	15,967,898	11,704,544	Indirect	SPV	100%	100%
Parrot Limited[1]	415,280	660,649	Indirect	SPV	100%	100%
Patience Limited[1]	676,822	475,673	Indirect	SPV	100%	100%
Pollock Limited[1,3]	-	-	Indirect	SPV	100%	100%

4. Financial Assets designated at fair value through profit or loss (Investment) (continued)

LSA (own net assets) - Breakdown of Fair Value (continued):

Name	31 December 2022 US$	30 June 2022 US$	Direct or indirect holding	Principal activity	Ownership at 31 December 2022	Ownership at 30 June 2022
Product HoldCo Limited	73,305,051	-	Indirect	SPV (Holding Company)	100%	-
Riposte Limited	13,950,131	24,996,021	Indirect	SPV	100%	100%
Rocky IV Limited	19,165,273	23,280,175	Indirect	SPV	100%	100%
Sierra Limited	21,570,430	19,474,698	Indirect	SPV	100%	100%
Swordfish Limited[1, 2]	100,033	137,229	Indirect	SPV	100%	100%
Vicuna Limited[1]	35,820	97,243	Indirect	SPV	100%	100%
Cash held pending investment[4]	740,593	29,805,237				
Residual net assets / (liabilities)[4]	17,931,413	(7,604,525)				
***Total investment at fair value**	**442,578,561**	**446,892,720**				

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

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

1 Vessel sold.
2 Company in the process of dissolution.
3 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.
4 The cash held pending investment and residual net liabilities are held in LSA.
5 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.
6 Company has been dissolved.

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

5. Share capital and reserves

	Number of shares	Gross amount (US$)	Issue costs (US$)	Share capital (US$)
Total issue at 30 June 2022	**308,628,541**	**316,282,156**	**(6,009,173)**	**310,272,983**
Share issue costs	-	-	(14,002)	(14,002)
Share buyback 9 November 2022	(100,000)	(113,227)	-	(113,227)
Share buyback 17 November 2022	(40,000)	(45,693)	-	(45,693)
Share buyback 22 November 2022	(100,000)	(114,229)	-	(114,229)
Share buyback 23 November 2022	(100,000)	(114,229)	-	(114,229)
Share buyback 25 November 2022	(100,000)	(114,229)	-	(114,229)
Share buyback 28 November 2022	(100,000)	(114,229)	-	(114,229)
Share buyback 29 November 2022	(25,000)	(28,559)	-	(28,559)
Share buyback 30 November 2022	(25,000)	(28,308)	-	(28,308)
Share buyback 5 December 2022	(25,000)	(28,308)	-	(28,308)
Share buyback 22 December 2022	(35,000)	(39,981)	-	(39,981)
Share buyback 28 December 2022	(100,000)	(114,229)	-	(114,229)
Share buyback 29 December 2022	(50,000)	(57,115)	-	(57,115)
Share buyback 30 December 2022	(50,000)	(57,115)	-	(57,115)
Total in issue at 31 December 2022	**307,778,541**	**315,312,705**	**(6,023,175)**	**309,289,530**

Retained reserves

Retained reserves comprise the retained earnings as detailed in the Condensed Statement of Changes in Equity.

Notes to the Condensed Financial Statements (continued)
For the 6-month period ended 31 December 2022

6. Earnings per share calculated in accordance with IFRS

	31 December 2022 US$ (Unaudited)	31 December 2021 US$ (Unaudited)
(Loss) / profit and comprehensive income for the period	(2,608,276)	72,184,424
Weighted average number of ordinary shares	308,495,117	284,876,271
Earnings per ordinary share (cents)	(0.85)	25.34
Diluted Earnings per ordinary share (cents)	(0.85)	25.34

The weighted average number of ordinary shares is 308.5m shares (2021: 284.9m shares).

7. Dividends

The Company declared the following dividends to Ordinary Shareholders in respect of the profit for the periods indicated:

Period end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
Dividends declared for the period ended 31 December 2022:					
30 June 2022	US$0.02	28 July 2022	US$6,172,571	29 July 2022	12 August 2022
30 September 2022	US$0.02	27 October 2022	US$6,172,571	28 October 2022	11 November 2022
Dividends declared for the period ended 31 December 2021:					
30 June 2021	US$0.01875	29 July 2021	US$5,063,206	30 July 2021	13 August 2021
30 September 2021	US$0.02	28 October 2021	US$5,611,428	29 October 2021	12 November 2021

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 considers 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.

8. Net assets per ordinary share

	31 December 2022 US$ (Unaudited)	30 June 2022 US$ (Audited)
Shareholders' equity	431,606,838	447,543,709
Number of ordinary shares	307,778,541	308,628,541
Net assets per ordinary share (cents)	140.23	145.01

9. Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 June 2022.

There have been no significant changes in the management of risk or in any risk management policies since the last Statement of Financial Position date.

10. Financial assets and liabilities not measured at fair value

Cash and cash equivalents and trade and other receivables are liquid assets whose carrying value represents fair value. The fair value of other current assets and liabilities would not be significantly different from the values presented at amortised cost.

11. Management fee

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

(a) 0.85 per cent per annum of the quarter end Adjusted Net Asset Value up to US$250 million;

(b) 0.75 per cent per annum of the quarter end Adjusted Net Asset Value in excess of US$250 million but not exceeding US$500 million; and

(c) 0.65 per cent per annum of the quarter end Adjusted Net Asset Value in excess of US$500 million.

For the period ended 31 December 2022 the Company incurred US$1,815,843 (2021: US$1,645,783) in management fees of which US$880,688 (2021: US$871,872) was outstanding at 31 December 2022.

12. Performance fee

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.

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.

A performance fee of US$nil (2021: US$2,419,323) was accrued at 31 December 2022.

13. Related parties

The Investment Manager, Tufton Investment Management Ltd, is a related party due to having key management personnel in common with the subsidiaries of the Company. All management fee transactions with the Investment Manager are disclosed in Note 11.

Tufton ODF Partners LP is a related party due to being the beneficiary of any performance fee paid by the Company. All performance fee transactions are disclosed in Note 12.

Transactions with LSA and subsidiary SPVs are not disclosed.

The Directors of the Company and their shareholdings are stated in the Interim Report of the Directors, page 29.

14. Controlling party

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

15. Remuneration of the Directors

The remuneration of the Directors was US$80,996 (2021: US$88,055) for the period which consisted solely of short-term employment benefits (refer to the Interim Report of the Directors on page 29). At 31 December 2022, Directors' fees of US$nil (2022: US$19,789) were outstanding.

16. Events after the reporting period

On 3 January 2023, the Company agreed to divest its last containership, Riposte, for US$13m.

The Company purchased a total of 710,000 ordinary shares at a price of US$1.14 per share post period end to 15 March 2023.

On 17 January 2023, the Company declared a dividend of US$0.02125 per ordinary share for the quarter ending 31 December 2022. The dividend was paid on 10 February 2023 to holders of ordinary shares recorded on the register as at close of business on 27 January 2023 with an ex-dividend date of 26 January 2023.

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 or the state of affairs of the company in the current or future financial years.

Corporate Information

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Stephen Le Page
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Christine Rødsæther

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Definitions

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

AIC	The Association of Investment Companies
AIFM	An alternative investment fund manager
Adjusted Net Asset Value	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
Asset Manager	Tufton Management Limited (formerly Oceanic Marine Management Limited)
Auditor	PricewaterhouseCoopers CI LLP
Average Charter Length	Total forecast EBITDA from charters in place, divided by the expected annualised EBITDA of those charters
CAGR	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
Calculation Day	The last business day of each Calculation Period
Calculation Period	(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
Calculation Year	1 July to 30 June
Companies Law	The Companies (Guernsey) Law, 2008 as amended
Company	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
Consolidated Gearing Ratio	Loans to charter-free value on a consolidated basis
Directors or Board	The Board of Directors of the Company
Disclosure Guidance and Transparency Rules or DTRs	The disclosure guidance and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA
Dividend Cover	Portfolio Operating Profit less capex less debt amortisation, divided by dividends for the period
EBITDA	Earnings before interest, taxes, depreciation and amortisation

Definitions (continued)

Energy Efficiency Existing Ship Index or EEXI	The emissions intensity of a vessel calculated using its design characteristics
Energy Efficiency Operating Index or EEOI	The operating emissions intensity of a vessel calculated using the emissions from that vessel
Environmental, Social, and Governance	(“ESG”), An evaluation of the company’s collective conscientiousness for environmental, social and governance factors
FCA	The UK Financial Conduct Authority
FSMA	The Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
Financial Reporting Council or FRC	The UK Financial Reporting Council
Forecast Net Yield	Forecast EBITDA minus any capex accruals for the vessels in the portfolio divided by the time-weighted vessel values
Fund Level Fees and Expenses	Investment management fee and other professional fees and expenses at fund level
GFSC or Commission	The Guernsey Financial Services Commission
Gain/(Loss) in Capital Value	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
Gain/(Loss) in Capital Value per Share	Gain/(Loss) in Capital Value divided by the weighted-average number of ordinary shares during that period
Gross Operating Profit	Operating income before gain/(loss) of capital values, loan interest, fees, and all other fund level expenses
High Performance Fee Amount	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
High Watermark per Share	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
Historic Performance Fee Amount	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
Hurdle	US$1.00 (Issue Price) increased by 12 per cent. compounded annually and expressed as a percentage
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards

Definitions (continued)

IRR	Internal rate of return - the Internal rate of return is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, and is a common performance indicator used in investment funds
Investment Manager	Tufton Investment Management Ltd
Issue Price	US$1.00 per Share
LPG Carrier	A vessel used to transport liquefied petroleum gas
LS Assets Limited or LSA	The Guernsey holding company owning the SPVs through which the Company investment into vessels
Listing Rules	The listing rules made by the UKLA pursuant to Part VI of FSMA
London Stock Exchange or LSE	London Stock Exchange
Main Market	The main market for listed securities operated by the London Stock Exchange
NAV Total Return	The change in NAV plus distributions paid by the Company during the period, divided by the initial NAV
Net Asset Value or NAV	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
Operating Expense	Expenses incurred during vessel and subsidiary company operations
Overdue Crew Relief or Overdue Crew Rotation	Crew members staying on board vessels beyond contractual periods
POI Law	The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change
Performance Fee Amount	20 per cent. 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
Performance Fee Pay-Out Amount	In respect of the relevant Calculation Period, an amount equal to “A”, where: A = (0.5 x B) + C; B = the Performance Fee Amount; and C = an amount equal to the High Performance Fee Amount
Portfolio	The Company’s portfolio of investments from time to time

Definitions (continued)

Portfolio Operating Profit	Gross Operating Profit and interest income less loan interest and fees, Fund Level Fees and Expenses
Prospectus	The Placing and Offer for Subscription document for the Company dated 8th December 2017
Register	The register of members of the Company
Relevant Number of Shares	For any Calculation Period the time weighted average number of Ordinary Shares in issue during such Calculation Period
Responsible Investment	A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership
Revenue	Charter income net of broker commissions and charter related costs
SFS or Specialist Funds Segment	The Specialist Funds Segment of the Main Market (previously known as the Specialist Fund Market or SFM)
SPV or Special Purpose Vehicle	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
Segment	Classifications of vessels within the shipping industry including, inter alia, Tankers, General Cargo, Containerships and Bulkers
Ship-days	The sum of the number of days each vessel was owned in the fund over the financial period
Time-Weighted Capital Employed	Time-weighted capital invested in vessels

Definitions (continued)

Total Return per Share	The Net Asset Value per Ordinary Share on any Calculation Day adjusted to: (i) include the gross amount of any dividends and/or distributions paid to an Ordinary Share since Admission; (ii) not take account of any accrual made in respect of the performance fee itself for that Calculation Period; (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); (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; (v) not take account of any increase in Net Asset Value per Share attributable to any consolidation or sub-division of Ordinary Shares; (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 (vii) take into account the prevailing Net Asset Value of any C Shares in issue
Tufton Group	Tufton Investment Management Holding Ltd and its subsidiaries
United Kingdom or UK	The United Kingdom of Great Britain and Northern Ireland
VesselsValue	VesselsValue Limited, a third party provider of vessel valuations to the Company and Investment Manager
£ or Sterling	The lawful currency of the United Kingdom