

2Q24 Factsheet

KEY STATISTICS

as at 30 June 2024
(unless otherwise stated)

No. of Shares in issue	291.082m
Share Price	\$1.21 / £0.96
NAV*	\$451.0m / £356.8m
NAV per share*	\$1.550 / £1.226
Premium/(Discount) to NAV	(21.9%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share	\$0.10 p.a.

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

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

* 28 Jun 2024 closing mid-rate of USD/GBP 0.7911

Source: Morningstar

INVESTMENT MANAGER

TUFTON

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

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

Fund Managers:

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

Signatory of



INVESTMENT OBJECTIVES AND STRATEGY

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

PORTFOLIO HIGHLIGHTS

NAV total return was 5.2% for 2Q24 and 20.6% for the financial year ending 30 June. Operating profit was slightly higher QoQ as our Bulkers and Chemical Tankers benefited from strong markets. The divestments of Pollock and Dachshund closed on 16 May and 1 July respectively. Ahead of the divestments, the loan outstanding on the Product Tankers was refinanced on six vessels within one Holdco at a lower margin of 3.2%. SHIP's consolidated Company gearing at the end of the quarter was ~12%. As the Bulker market strengthened, the charters on four Bulkers were extended and new charters fixed on another two Bulkers such that the expected run rate yield from the segment increased from 10.6% at the end of 1Q24 to 11.6%.

DIVIDEND

The Company declared a 2Q24 dividend of \$0.025 per share, payable on 9 August. The Company is forecast to have a dividend cover of 1.7x over the next 18 months.

SHARE BUYBACKS

In 2Q24, SHIP purchased 550,000 ordinary shares at an average price of \$1.20 per share in line with its published discount management policy. SHIP has purchased a total of 17,546,000 ordinary shares from 4Q22 to the end of 2Q24. Further to the resolutions passed at the EGM on 11 June, SHIP will return approximately \$31.5m by way of a compulsory redemption of up to 20,328,259 shares in August at the 2Q24 NAV (\$1.55/share).

INVESTMENT OUTLOOK

Shipping is in the middle of a supply-driven upcycle. Clarksons Newbuilding price index rose ~2% during the quarter. While vessel transits through the Panama Canal normalised, vessel transits through the Suez Canal continued at very low levels due to the ongoing threat of attacks by Houthi rebels. The disruption adds to tonne-mile demand and has the potential to persist.

The Product Tanker and Bulker markets continued to improve with increasing asset prices and earnings. Despite the normalisation of transits through the Panama Canal, the medium-term thesis of a supply-driven upcycle remains intact with ageing fleets and tightening environmental restrictions. The demand outlook for Product Tankers remains strong with the IEA forecasting oil demand growth until 2030 and global refining capacity to rise by 3.3 mb/d from 2023 to 2030. Much of that capacity growth expected to be east of Suez. The Investment Manager believes this is a period of opportunity for shipping segments where investment has been below levels required for fleet renewal. While demand growth for Bulkers remains more dependent on macroeconomic developments in Asia, rates continued to improve during the quarter albeit at a slower pace.

The recent strength in the Containership market is largely attributable to the disruption in Suez Canal transits. Nevertheless, the current market highlights pockets of value. Much of the uptick in Containership orders are expected to be delivered by 2026 and have been concentrated in the larger segments. The supply side in smaller Containerships continues to be supportive in the medium-term with an ageing fleet vs. an orderbook of only ~7% of fleet.

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COMPANY INFORMATION

Registered Address	1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL
Listing	Specialist Fund Segment of the London Stock Exchange
IPO Date	20 December 2017
ISIN	GG00BDFC1649
SEDOL	BDFC164 / BMB3NJ1
Ticker	SHIP / SHPP
Dividend Frequency	Quarterly
ISA / SIPP eligible?	Yes
Website	www.tuftonoceanicassets.com
Email	SHIP@tuftonoceanicassets.com

BOARD OF DIRECTORS

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

CORPORATE ADVISERS

Hudnall Capital LLP
Adam House, 7-10 Adam Street
London, WC2N 6AA
Andrew Cade: +44 (0) 207 520 9085

Singer Capital Markets
1 Bartholomew Lane, London, EC2N 2AX
Alan Geeves: +44 (0) 207 496 3030
James Waterlow: +44 (0) 207 496 3031
Sam Greatrex: +44 (0) 207 496 3032

ADMINISTRATOR & SECRETARY

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

CORPORATE CALENDAR

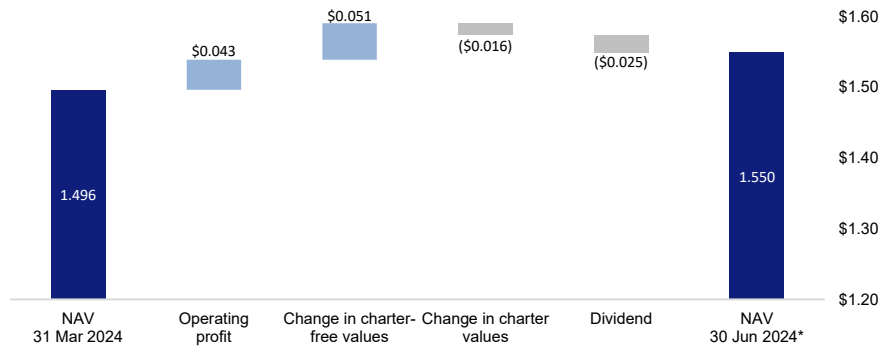
AGM	24 Oct 2024
Reporting period end	30 Jun 2024 (FY)

Dividend Calendar

	2Q 24	3Q 24	4Q 24	1Q 25
Release date	17 Jul	15 Oct	TBC	TBC
Ex-dividend date	25 Jul	24 Oct	TBC	TBC
Record date	26 Jul	25 Oct	TBC	TBC
Payment date	9 Aug	11 Nov	TBC	TBC

PORTFOLIO PERFORMANCE

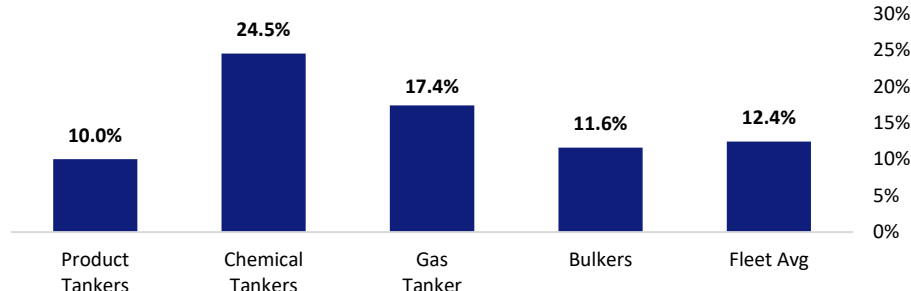
NAV total return for the quarter was 5.2%. Operating profit was \$0.043/share. The charter-free value of the portfolio rose by \$0.051/share as both Bulker and Tanker values rose. Portfolio charter value decreased slightly as the unwind in negative charter value was outweighed by the rise in benchmark Product Tanker time charter rates. The current total negative charter value is \$50.5m (11.2% of NAV) of which \$32.5m (7.2% of NAV) is expected to unwind over the next 12 months, ceteris paribus.



*Including accretion from buybacks

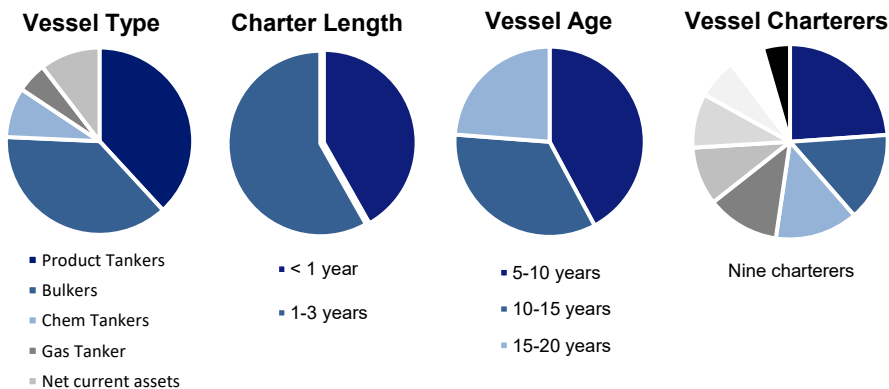
FLEET NET YIELDS

The run rate yield⁺ on the fleet is 12.4%. The average expected charter length (EBITDA-weighted) is c. 1.3 years for the portfolio.



*On market value and after capex accrual and fees

PORTFOLIO OVERVIEW



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