

26 September 2023

Tufton Oceanic Assets Limited
("Tufton Oceanic Assets" or the "Company")
Final Results and Notice of AGM

Tufton Oceanic Assets announces its final results for the period ended 30 June 2023. A copy of the Annual Report and Audited Financial Statements will be submitted to the National Storage Mechanism <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and will shortly be available in the Company's website in the Investor Relations section under Company Documents at www.tuftonoceanicassets.com/financial-statements. The Company has also published its 2022 Sustainability Report which is available on the Company's website in the Investor Relations section under Company Documents.

The annual general meeting will be held at the Company's registered office at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey on 24th October 2023 at 1230 BST.

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Highlights

- 30 June 2023 NAV was US\$412.8m (£324.7m). 30 June 2023 NAV per share was US\$1.365 compared to 30 June 2022 NAV per share of US\$1.450.
- The Company had an overall loss for the financial year of US\$2.5m or US\$0.008 per share. Despite strong Portfolio Operating Profit of US\$56.3m (US\$40.6m in the financial year ended 30 June 2022), the Company was negatively impacted by the fall in capital values of bulkers and of Riposte, the containership which was divested during the financial year.
- NAV Total Return Per Share was -0.3% during the financial year (2022: 32.5%; 91.8% since inception).
- At 30 June 2023, the Average Charter Length was 1.3 years (2022: 0.9 years).
- Encouraged by 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 divested Riposte with realised net IRR exceeding 12%. The aggregate realised net IRR on the Company's containerships over the past five years was c.27%.
- The Company agreed to acquire two fuel-efficient Medium Range ("MR") product tankers, Mindful and Courteous, below Depreciated Replacement Cost ("DRC"), financed primarily by a new US\$60m loan which is secured on Mindful, Courteous, Marvelous and Exceptional.
- With the acquisitions, the Company is well-positioned to benefit from the ongoing strength in the product tanker and chemical tanker markets. The capital re-allocation is in line with its investment strategy and commitment to ESG.
- The Investment Manager expects the bulker market, supported by good supply-side fundamentals, to improve with demand growth.
- The Dividend Cover for the financial year was c.1.1x. The Company is forecast to have a dividend cover of c.1.6x through the end of 4Q24.
- ESG highlights of the Company are discussed in our 2022 Sustainability Report available on the Company's website. The highlights include a c.34% improvement in emissions intensity during 2022, primarily because of capital re-allocation, and an update on the retrofit of Energy Saving Devices ("ESDs") on the Company's vessels.
- The Company purchased 6,160,000 of its own shares at an average price of US\$1.13 per share, in line with its published discount management policy.
- The Investment Manager's principals acquired an additional 1,381,136 shares during the financial year such that Investment Manager-related shareholders owned 3.7% of the issued share capital as at 30 June 2023.

Chairman's Statement

Introduction

On behalf of The Board of Directors (the "Board"), I present the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2023.

Performance

As at 30 June 2023, the Company's NAV was US\$412.8m being US\$1.365 per share (US\$447.5m being US\$1.450 per share as at 30 June 2022). The Company declared a loss of US\$2.5m (2022: profit of US\$107.3m) or US\$0.008 per share (2022: US\$0.362) for the year with the US\$ NAV Total Return Per Share over the year of -0.3% (2022: 32.5%).

Strong Portfolio Operating Profit was outweighed by a fall in the bulker and containership capital value. The product tanker market strengthened and the Company acquired two MR product tankers, employed on long-term charters. The Company raised its target annual dividend from US\$0.080 to US\$0.085 per share, which commenced from 4Q22. As at 30 June 2023, the Average Charter Length was 1.3 years.

Performance fee accrual of US\$4.0m was unwound because the Total Return Per Share was slightly lower than the High Watermark Per Share at the end of the financial year. The Company is forecast to have a dividend cover of c.1.6x over the next 18 months (through the end of 4Q24). Full details of the investment portfolio are set out in the Investment Manager's Report.

Share Price and Discount Management

During the year, the Company's share price fell from US\$1.23 per share as at the close of business 30 June 2022 to US\$0.99 per share as at the close of business 30 June 2023. The total number of voting rights of the Company as at 30 June 2023 is 302,468,541.

On average, the Company's shares traded at a 20% discount to NAV over the financial year. During the year, the Company (in accordance with the authority granted to it by shareholders) repurchased 6,160,000 shares at a cost of US\$6,946,752. Refer to Note 7 for more details. At the end of the financial year, there were 6,160,000 shares held in treasury.

The share price performance, although disappointing, has suffered from the wider investment company sector de-rating, in particular for real asset companies. This has been exacerbated by many of our Shareholders being under pressure to rebalance their own portfolios. The Board will continue to support the share price where available capital permits them to do so in line with the published discount management policy as set out in the Company's Prospectus dated 25 September 2018. The Board also believe that having a buyback mechanism in place is in the best interest of all Shareholders as it allows the Company to buy back its own shares at a significant discount to NAV.

Since 1 July 2023, the Company has bought back an additional 7,386,000 shares with 13,546,000 Shares held in treasury and 295,082,541 shares outstanding as at 8 September 2023. As at 20 September 2023, the Company's shares traded at a 27.8% discount to the ex-dividend 30 June 2023 NAV.

War in Ukraine

The Investment Manager has continued to monitor the impact of the war in Ukraine on our fleet. I would like to reconfirm our previous position in that none of the Company's vessels have been 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 were compliant with all international sanctions imposed by the US, UK, EU and UN. We have had no issues to date with any vessels being damaged or blocked or otherwise affected by sanctions.

The Board and the Investment Manager remain watchful in monitoring the war and its consequences for shipping in general and the Company.

Dividends

The Company raised its target annual dividend from US\$0.080 to US\$0.085 per share, which commenced from 4Q22. As at 30 June 2023, the Average Charter Length was 1.3 years. The Dividend Cover for the financial year was c.1.1x. The Company is forecast to have a dividend cover of c.1.6x over the next 18 months (through the end of 4Q24).

Corporate Governance

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

Governance Code.

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

Board Composition

As in previous years, all Directors are offering themselves for re-election in accordance with the AIC Code of Corporate Governance and the Articles of Incorporation of the Company (the "Articles"). Three of the current four members of the Board were appointed at the formation of the Company in 2017. Whilst their respective tenure is much less than the AIC Guidance figure of nine years, a succession plan has been considered by the Board.

As part of our succession plan and despite the fact that a continuation vote must be put to the AGM in 2024, the Board have employed the services of a recruitment firm to assist the Board in identifying suitable candidates. This succession plan also aims to increase the diversity of the Board.

Continuation Vote

The vote for the continuation of the Company is due to be put before Shareholders and it's the Board's current intention to hold this vote at the AGM in October 2024.

Whilst the Board anticipates the continuation vote to be passed, with discount to NAV at current levels the Directors are not taking anything for granted and are working with the Investment Manager and its advisors to consider the most appropriate strategy for the Company and will update Shareholders of its recommendations accordingly.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held on 24 October 2023 at 12.30 pm BST the details of which are set out in the AGM notice and Proxy form.

At the last AGM held on 27 October 2022, the ordinary resolutions were all duly passed although there were some items which required further investigation. In the Notice to Shareholders, the Board have set out our views on the points requiring further investigation.

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

Environmental, Social, Governance ("ESG")

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

Outlook

At the end of the financial year, the portfolio had a total negative charter value of US\$49.5m. This is expected to trend to zero (i.e. increase NAV) in the medium term. *Ceteris paribus*, the negative charter value is expected to unwind by c.US\$24.8m over the next 12 months ending 2Q24 through the passage of time. The Investment Manager expects further upside to NAV as the bulker market improves and values rise. Meanwhile, the portfolio continues to benefit from the ongoing strength in the chemical tanker market with Golding and Orson trading in a pool. Supply-side dynamics are supportive for product and chemical tankers with very low fleet growth expected over the next two years. The Investment Manager believes the product and chemical tanker markets, well supported by good supply-side fundamentals, continue to offer potential for operating profit and capital appreciation.

I would like to thank my fellow Directors for their commitment and support during these challenging times, the Investment Manager and their team for their diligence in dealing with complex and challenging operational matters which were increased due to the war in Ukraine. I would also like to take this opportunity to thank our Shareholders for their support and continued belief in our strategy.

Investment Manager's Report

Highlights of the Financial Year

The Company re-allocated capital, in line with its investment strategy and commitment to ESG. During the year, the Company acquired two fuel-efficient MR product tankers and divested its last containership. With the capital re-allocation, the Company is better positioned to benefit from good supply-side fundamentals in the product tanker, chemical tanker and bulkier markets.

During the financial year ended 30 June 2023, the product and chemical tanker markets strengthened while the bulkier and containership markets weakened. We expect the product and chemical tanker markets to remain strong in the medium term. The bulkier market weakened during the year as a result of easing port congestion as well as disruption caused by the war in Ukraine, and weaker economic trends, especially in China. We expect the bulkier market will improve with demand growth. Please see the Shipping Market section of this report for details.

This section utilises alternative performance measures, applied on a consolidated basis, to analyse performance. Please see the Alternative Performance Measures ("APMs") for further information as to the definition and inclusion of these APMs. Over the financial year NAV Total Return Per Share was -0.3% (32.5% in the previous financial year), and 91.8% since inception.

Portfolio Operating Profit was strong at US\$56.3m (US\$40.6m in the previous financial year) as the Company benefited from higher bulkier time charter rates in the first half of the financial year, the MR product tankers acquired during the financial year on high time charter rates, and a strong chemical tanker market during the financial year.

There was a fall in charter-free value of US\$39.5m as the bulkier and containership markets weakened. The fall in bulkier and containership charter-free values outweighed the rise in product tanker and chemical tanker charter-free values. The Company started divesting containerships from mid-2021 in anticipation of a weaker market and divested its last containership, Riposte, in February 2023. The realised net IRR on Riposte exceeded 12% and the aggregate realised net IRR on the Company's containerships over the past five years was c.27%.

We had expected the bulkier market and charter-free values to improve from 2Q23 but the expected improvement has been delayed due to a combination of factors including easing port congestion in South America and Australia, disruption caused by the war in Ukraine, and weaker economic trends especially in China. We expect the bulkier market will improve with demand growth.

Both tankers and bulkiers benefit from good supply-side fundamentals. The low orderbook in both segments will result in slowing fleet growth. We expect upside in secondhand values of bulkiers and tankers due to limited shipyard capacity and tighter environmental regulations which increase newbuild prices. Please see the Shipping Market section of this report for details.

There was a fall in charter value of US\$23.3m mainly due to the increasing product tanker time charter rates during the year. Our bulkiers were on shorter-term charters and therefore did not have significant charter value gains despite the weakening market. At the end of the financial year, the portfolio had a total negative charter value of US\$49.5m. This is expected to trend to zero (i.e. increase NAV) in the medium term. *Ceteris paribus*, the negative charter value is expected to unwind by c.US\$24.8m over the next 12 months ending 2Q24 through the passage of time.

The Company paid dividends of US\$25.4m during the financial year (US\$23.0m in the previous financial year). Encouraged by visible cash flows from increased charter cover, diversification and continued supply-side recovery, the Company raised its target annual dividend from US\$0.080 to US\$0.085 per share, which commenced from 4Q22.

The Company purchased 6,160,000 of its own shares since 4Q22 in accordance with the Company's discount management policy. During the financial year, the Investment Manager's principals acquired an additional 1,381,136 shares so that the Investment Manager-related shareholders owned 3.7% of the issued share capital of the Company as at 30 June 2023. Highlights of the financial year also include:

- The Company divested its last containership, Riposte and agreed to acquire two fuel-efficient MR product tankers, Mindful and Courteous, below DRC. The acquisitions were financed primarily by a 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 Dividend Cover for the financial year was c.1.1x. This was lower than our long-run expectation because of high planned capex and off-hire in the first half of the financial year. Capex and off-hire were higher than previously expected due to the impact of Covid-related restrictions in China. Planned capex and off-hire in the second half of the financial year were low and as expected.
- At 30 June 2023, the Company forecast planned capex and off-hire at much lower levels for the next 18 months compared to this financial year.
- As at the end of June 2023, the loan outstanding was US\$70.5m. Total charter-free value of the fleet was US\$512.2m resulting in the Consolidated Gearing Ratio of 13.8% compared to the investment restriction of 40% based on loans to charter-free value on a consolidated basis.
- The Company's fleet had only c.5 days (corresponding to 0.06% of total Ship-Days) of unplanned commercial idle time (voids) during the financial year.
- Please see the ESG highlights of the Company which are further discussed in our 2022 Sustainability Report available on the Company's website.

The Assets

At 30 June 2023, the Company owned twenty-two vessels (twenty-one vessels at 30 June 2022).

Tankers

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

- Octane and Sierra are on time charters to an investment grade oil major.
- Pollock, Dachshund, Cocoa and Daffodil are on time charters to a major commodity trading and logistics company which exercised its optional periods until mid-2024 on Dachshund and Pollock.
- Marvelous, Mindful and Courteous are on time charters to the same major commodity trading and logistics company.
- Exceptional is on a time charter to a leading tanker shipping company.
- At 30 June 2023, the Average Charter Length of the product tankers was 2 years.
- The gas carrier Neon operates on a bareboat charter, under which the Company provides only the vessel to the charterer, who is responsible for crewing, maintaining, insuring, and operating it.
- Two chemical tankers, Orson and Golding, are 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.

Bulkers

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

- Awesome and Auspicious are on time charters to a leading operator of bulkers.
- Anvil is on a time charter to an owner and operator of bulkers.
- Laurel, Mayflower and Idaho are on time charters to leading owners and operators of bulkers. Mayflower's time charter was extended by 6-8 months from June 2023.
- Rocky IV and Masterful are on time charters to a leading merchant and processor of agricultural goods.
- Charming commenced a time charter for 10-12 months from July 2023 to the same leading merchant and processor of agricultural goods as Rocky IV and Masterful.
- At 30 June 2023, the Average Charter Length on our bulkers was 0.2 years. We have mostly employed our bulkers on short-term charters in anticipation of a market improvement.

The Company's fleet, across all segments, performed well. Marvelous, Mindful, Courteous, Exceptional, Awesome, Auspicious, Masterful and Charming are in the top quartile of fuel efficiency in their market segments. The market for secondhand ships is liquid with more than US\$44 billion worth of transactions across 4000+ vessels in 2022. The charter-free and associated charter values of the Company's standard vessels are calculated predominantly using the online valuation platform provided by VesselsValue.

The VesselsValue valuation platform utilises transaction data as well as other market data to estimate charter-free values. The Company's NAV is, in effect, proven by recent market transactions.

The Company's portfolio as at 30 June 2023:

SPV ⁺	Vessel Type and Year of Build	Acquisition Date	Earliest end of charter period	Latest end of charter period	Expected end of charter period**
Anvil	Handysize bulker built 2013	September 2021	August 2023	November 2023	August 2023
Auspicious	Handysize bulker built 2015	February 2022	August 2023	March 2024	August 2023
Awesome	Handysize bulker built 2015	January 2022	August 2023	March 2024	August 2023
Charming	Handysize bulker built 2015	June 2022	July 2023	October 2023	July 2023
Cocoa	Handysize product tanker built 2008	October 2020	December 2023	December 2025	December 2025
Courteous	MR product tanker built 2016	December 2022	December 2025	December 2027	December 2025
Dachshund	Handysize product tanker built 2008	February 2020	May 2024		
Daffodil	Handysize product tanker built 2008	October 2020	February 2024	February 2026	February 2026
Exceptional	MR product tanker built 2015	April 2022	May 2024		
Golding	25,600 DWT stainless steel chemical tanker built 2008	April 2021	NA - vessel is employed in a pool		
Idaho	Ultramax bulker built 2011	July 2021	November 2023	February 2024	November 2023
Laurel	Handysize bulker	July	October	December	October

	built 2011	2021	2023	2023	2023
Marvelous	MR product tanker built 2014	July 2022	November 2025	November 2027	November 2025
Masterful	Handysize bulk carrier built 2015	April 2022	June 2023	September 2023	August 2023
Mayflower	Handysize bulk carrier built 2011	June 2021	December 2023	February 2024	December 2023
Mindful	MR product tanker built 2016	December 2022	December 2025	December 2027	December 2025
Neon	Mid-sized LPG carrier built 2009	July 2018	August 2025	August 2025	August 2025
Octane	MR product tanker built 2010	December 2018	August 2024	August 2025	August 2025
Orson	20,000 DWT stainless steel chemical tanker built 2007	July 2021	NA - vessel is employed in a pool		
Pollock	Handysize product tanker built 2008	December 2018	April 2024		
Rocky IV	Handysize bulk carrier built 2013	September 2021	July 2023	November 2023	August 2023
Sierra	MR product tanker built 2010	December 2018	September 2024	September 2025	September 2025

Notes:

+ SPV that owns the vessel.

** Based on our assessment of the prevailing market conditions at 30 June 2023.

At 30 June 2023, the Company's vessels had an average age of 11.4 years and were chartered to ten different counterparties.

Investment Performance

During the financial year, Portfolio Operating Profit was US\$56.3m (US\$40.6m in the previous financial year). Gross Operating Profit, an indicator of the underlying profit from operating activity, increased YoY due to a combination of higher bulk carrier time charter rates, additional MR product tankers at high time charter rates and the strong chemical tanker market. Loan interest and fees were higher compared to the previous financial year due to the new US\$60m loan for the acquisitions of the two MR product tankers, Mindful and Courteous. The new loan is secured on Mindful, Courteous, Marvelous and Exceptional. The accrued performance fee was unwound in accordance with the terms in the Company's Prospectus dated 25 September 2018.

Investment performance summary

	From 1 Jul 2022 to 30 Jun 2023	From 1 Jul 2021 to 30 Jun 2022
<i>Figures below are in US\$m unless otherwise stated (unaudited)</i>		
Ship-Days	7,945	7,702
Revenue	119.9	104.0
Operating Expense	(55.6)	(57.6)
Gross Operating Profit	64.3	46.4
Gross Operating Profit / Time-Weighted Capital Employed	14.7%	13.9%
Loan interest and fees	(3.5)	(1.6)
Gain / (loss) in capital values	(62.8)	70.7
Portfolio (loss) / profit	(2.0)	115.5
Interest income	0.1	0.0
Fund Level Fees and Expenses	(4.6)	(4.2)
Performance fee accrual	4.0	(4.0)
(Loss) / Profit for the period	(2.5)	107.3
Portfolio Operating Profit	56.3	40.6

There was a loss in capital value of US\$62.8m. We expect capital value gains in the medium term as the charter-free value of product tankers and bulkers rises and the negative charter value unwinds. Both tankers and bulkers benefit from good supply-side fundamentals. The low orderbook in both segments will result in slowing fleet growth. We expect upside in secondhand values of bulkers and tankers due to limited shipyard capacity and tighter environmental regulations which increase newbuild prices.

Portfolio loss during the financial year was US\$2.0m as strong Gross Operating Profit and gains in charter-free values of product and chemical tankers were outweighed by the loss in charter-free value of bulkers and loss in charter values of product tankers. The loss in charter value of product tankers was mainly due to the improvement in the product tanker market during the year.

As discussed earlier in this report and the Shipping Market section, we expect upside in charter-free value of bulkers in the medium term and from the unwind of the total negative charter value. At the end of the financial year, the portfolio had a total negative charter value of US\$49.5m. *Ceteris paribus*, this is expected to trend to zero as previously mentioned.

Segment performance summary

Segment Performance During the Financial Year (unaudited)	Product Tankers	Chemical Tankers	Gas Tanker	Containership	Bulkers	Total
<i>US\$m unless otherwise stated</i>						
Gross Operating Profit	24.5	6.1	4.2	1.1	28.4	64.3
Loan interest & fees	(3.5)	-	-	-	-	(3.5)
Gain / (loss) in charter-free values	33.4	3.3	(1.2)	(23.4)	(51.6)	(39.5)
Gain / (loss) in charter values	(36.2)	-	-	10.9	2.0	(23.3)
Portfolio (loss) / profit	18.2	9.4	3.0	(11.4)	(21.2)	(2.0)

Segment Exposure and Forecast Yields* (unaudited)	Product Tankers	Chemical Tankers	Gas Tanker	Containership	Bulkers	Total
% of NAV	40.1%	9.2%	6.0%	-	39.7%	95.0%
Forecast Net Yields*	8.9%	23.8%	16.3%	NA	8.4%	11.0%

* Based on the market values at 30 June 2023

With the expected bulker market improvement, we will selectively redeploy our bulkers, as they complete their current charters, on longer-term charters at higher rates over the next financial year. Our two chemical tankers are employed in a pool. The Forecast Net Yield on our chemical tankers is based on our expectation of a continued strong chemical tanker market in the medium term. Please see the Shipping Market section for details.

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\$21,539/day, c.47% lower than at the end of June 2022 and c.27% lower than at the end of December 2022. Despite the recent fall, the Clarksea Index remains well above its long-term average of c.US\$16,700/day. In April, the IMF forecast 2.8% world GDP growth for 2023. In July, the IMF forecast was revised higher to 3% with moderating inflation and an improved GDP growth forecast for Advanced Economies. Global seaborne trade is expected to grow by 2.3% in 2023 and 3.9% in 2024, roughly in line with the long term trend rate of c.3% CAGR (over the two decades leading up to 2021).

We believe the market for tankers and bulkers is in the midst of a multi-year upcycle. 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.36% since the end of 2020 while the Clarksons Research Secondhand Price Index has risen c.63% over the same period. We expect further upside in secondhand values of bulkers and tankers due to tighter environmental regulations which will further increase newbuild prices. Clarksons Research estimates that global shipbuilding capacity is 40% lower compared to a decade ago.

This section utilises data from the Tufton Real-Time Activity Capture System ("TRACS") which analyses satellite data to track the international shipping fleet by the major segments. TRACS uses the draught of each vessel as a proxy for its utilisation and thereby enables us to have a close to real-time measure of shipping demand. Other research data used in this section is from Clarksons Research, unless specified otherwise.

Tankers

According to the US Energy Information Administration, world petroleum liquids demand is expected to grow 1.8% in 2023 and 1.6% in 2024 after growing by more than 2% in 2022. Tanker demand growth accelerated as the war in Ukraine partially replaced some demand for short-haul product tanker cargoes with demand for long-haul cargoes: increasing Russian exports to Asia and also increasing European imports from non-Russian suppliers including the Middle East, the US and Asia. The attractive fundamentals in the segment have attracted investment in newbuilds. The product tanker orderbook rose from c.6% of fleet at the end of June 2022 to c.9% of fleet as at the end of June 2023. This is still relatively low in historic terms. Most of the newbuild product tankers ordered are expected to be delivered only starting in 2025. According to Banchero Costa research, the chemical tanker orderbook remains low at c.5% of fleet. Supply-side dynamics are supportive for product and chemical tankers with very low fleet growth expected over the next 2 years.

During the financial year, 1-year time charter rates for MR product tankers rose to c.US\$30,250/day in April, the highest since 2005. Time charter rates fell slightly towards the end of the financial year due to seasonal weakness. Refinery expansions in the Middle East and Asia as well as limited fleet growth suggest the product tanker market will remain strong for the next two years.

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25-30% of MR product tankers are capable of engaging in the chemicals/vegetable oil trade. The chemical tanker market benefits as MR product tankers shift to the tightening product tanker market. The chemical tanker market also benefits from good supply-side fundamentals with a low orderbook and strong demand growth forecast. 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 years, and two chemical tankers that operate in a pool.

We believe the product and chemical tanker markets, well supported by good supply-side fundamentals, continue to offer potential for operating profit and capital appreciation.

Bulkers

Over the financial year, the bulker market weakened due to a combination of previously underutilised capacity rejoining the market as port congestion was rapidly resolved, weaker demand growth especially for minor bulk from macroeconomic headwinds, disruption caused by the war in Ukraine, and weaker economic trends in China. 1-year time charter rates for handysize bulkers fell c.57% to US\$10,700/day. The bulker market has good supply-side fundamentals. The bulker orderbook was c.7% of fleet as at the end of June 2023 (c.8% of fleet at the end of June 2022).

We expect the bulker market to improve in the medium term as utilisation increases with demand growth. Grain and minor bulk trade demand growth are forecast to improve in 2024 which should especially benefit Handysize bulkers. As at the end of the financial year, the Company had 9 bulkers on fixed-rate charters with Average Charter Length of 0.2 years. We have chosen to employ some of our bulkers on index-linked charters in anticipation of market improvement. As the market improves, we will selectively redeploy our bulkers on new longer-term charters at higher rates over the next financial year.

The combination of tightening environmental regulations and lower shipyard capacity suggest newbuild prices of bulkers and tankers will remain high thereby also supporting secondhand prices for the next two years. 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 during the financial year with strong demand growth for long-haul cargoes and a supportive supply side with slowing fleet growth. New environmental regulations from the IMO to measure and improve vessel carbon emission intensity incentivise lower speeds resulting in reduced shipping capacity, aiding the supply-side adjustment. Fuel-efficient vessels such as the two MR product tankers the Company acquired during the year 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. We have been a signatory of the United Nations Principles of Responsible Investment ("UN PRI") since December 2018 and have a Responsible Investment policy statement which is available on the Company's website (www.tuftonocanicasassets.com).

The Company's Board does not have a separate ESG committee but collectively reviews progress against the policy statement as part of the Company's annual Sustainability Report which is also publicly available on the Company's website.

Highlights of the financial year include:

- The Company's operating emissions intensity, as measured by the EEOI, improved by c.34% YoY during 2022 primarily because of capital re-allocation. We expect further improvement in emissions intensity with further ESD retrofits.
- We have started receiving the efficiency hire rate premium for ESDs on eight vessels after the retrofits were completed or substantially completed on these vessels. ESD retrofits on another three vessels will be completed in 2024.
- We prioritise crew welfare and have especially taken action to improve the welfare of the Ukrainian crew members on board the Company's vessels.
- 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. The issue of overdue crew members was substantially resolved in the industry as at the end of 3Q22. We remain prepared to swiftly act should new disruptions to crew rotations arise in the future.
- We aim to minimise coal carriage on the Company's vessels without negative financial impact. During 2022, only one of the Company's bulkers carried coal, accounting for <2% of the total cargo carried by the Company's bulkers and <0.5% of total cargo carried on the Company's vessels.
- In June 2023, Tufton committed to limiting revenues from transportation of thermal coal to 5% of the Company's total consolidated revenues. As part of the ongoing improvement in ESG related disclosures, we will report thermal coal carriage related revenues in future periods.

Principal Risks and Uncertainties

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

accordance with agreed procedures where possible.

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

The Board identified the Russian war on Ukraine as a principal risk. The specific areas of concern identified at the time have become part of the overall risk control and monitoring processes of the Investment Manager.

In the current period, the Board have identified the macroeconomic changes of high inflation and higher interest rates as potential risks to the Company's operations. Gearing levels of the Company and its SPVs are low in comparison to the restriction of 40% set out in the Company's Prospectus, and Tufton has further mitigated the impact of higher interest rate using interest rates caps. Accordingly, the Board is of the view that higher interest rates will not have a significant impact on the operations and financial standing of the Company. High inflation and supply chain issues are impacting the cost of capital expenditure incurred by the Company and its SPVs, but again this is not expected to have a significant impact. Both of these potential impacts are kept under review by both the Board and the Investment Manager.

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

Underlying cause of risk or uncertainty	Objective impacted (in what way)	Control or mitigation implemented
Demand for shipping may decline, either because of a reduction in international trade (e.g., "trade wars") or because of general GDP growth slowing.	Capital growth Vessel values	This risk cannot be controlled, but is mitigated by: <ul style="list-style-type: none"> - diversification to reduce reliance on any particular segment, sector or geography; - focus on fleet vessel quality and specifications to improve utilisation; - longer term employment strategy to reduce market exposure; and - ultimately, lower charter rates would be accepted in order to ensure the employment of the vessels.
Failure of, or unwillingness of, a vessel charterer to meet charter payments.	Liquidity Dividends	Charter counterparty credit worthiness is subjected to extensive checks prior to and throughout a charter. In the unlikely event of default the Board believes there will be no issues finding alternative employment for any of the ships in the portfolio at prevailing market rates.
Vessel maintenance or capital expenditure may be more costly than expected due to delays, resource constraints or inflation generally.	Capital growth Dividends Liquidity Vessel values	The Company monitors maintenance and capital expenditure through experienced technical managers. Assessments of expected capital expenditure are made prior to investing in a vessel. It is important to note that whilst the Company's fleet has experienced increases beyond budgeted costs, such increases were not so significant as to undermine the initial investment decision.
A vessel may be lost or significantly damaged.	Capital growth Vessel values	Measures to mitigate operational risks are included in the employment charters of the Company's vessels including: <ul style="list-style-type: none"> - avoiding conflict areas; - daylight sailing, naval escort or route planning to avoid higher risk areas; and - detailed best practice operating procedures to be followed. Comprehensive insurance protection is in place at all times to cover <i>inter alia</i> significant damages to or loss of vessels.
The Company may not have enforceable title to the vessels purchased	Liquidity Vessel values	The Company has engaged a very experienced Investment Manager who is responsible for establishing such title. This is then monitored by the Administrator on behalf of the Board using publicly available information.
Failure of systems or controls in the operations of the Investment Manager, Asset Manager or the Administrator and thereby of the Company	Capital growth, Loss of assets, reputation or regulatory permissions and resulting fines	This risk cannot be directly controlled but the Management Engagement Committee regularly review the performance of the service providers and their internal controls through making enquiries, and inspection visits.
Failure to comply with	Capital growth.	The Investment Manager assesses the bona fides of

sanctions applicable to vessels or their cargo may impact the Company's reputation and/or lead to expropriation of assets	Loss of assets, reputation or regulatory permissions and resulting fines	prospective charterers before contracts are entered into and also monitors the operations of the vessels owned by the Company's SPVs to ensure that all applicable sanctions are complied with.
The Company may be exposed to substantial risk of loss from environmental claims arising in respect of vessels owned by its SPVs, in particular if such a vessel were to be involved in an incident with the potential risk of environmental damage, contamination or pollution	Liquidity, Vessel values, Loss of income, reputation or regulatory permissions and resulting fines	<p>The Investment Manager arranges for environmental due diligence in respect of all vessels considered for acquisition by the Company's SPVs to identify potential sources of pollution, contamination or environmental hazard for which that vessel may be responsible and to assess the status of its environmental regulatory compliance.</p> <p>The Asset Manager maintains a detailed manual that documents best practice operating procedures to be followed by crew and technical staff. The Asset Manager reviews the environmental performance of key service providers and all vessels and reports its findings to the Investment Manager annually.</p> <p>Protection and indemnity mutual insurance overseen by the Asset Manager provides cover of up to US\$1 billion per incident for oil pollution damage compensation.</p> <p>The Investment Manager is committed to Responsible Investment and has identified ESG risk factors relevant to the industry in its Responsible Investment Policy statement. The Board reviews both the Company's and the Investment Manager's policy and its implementation at least annually. Please see the Investment Manager's Sustainability Report on the Company's website (www.tuftonocceanicassets.com) for details.</p> <p>As part of their review of the Company's operational risks and controls, which takes place on at least an annual basis, the Board of Directors consider ESG specific risks and how these may be mitigated. This includes receiving regular reports and updates from the Investment Manager on the measures put in place by them to ensure the Company carries out its activities in an environmentally sustainable and responsible manner.</p>

Corporate Summary

The Company is a closed-ended investment company, limited by shares, registered and incorporated in Guernsey under the Companies Law on 6 February 2017, with registration number 63061.

The Company is a Registered Closed-ended Collective Investment Scheme regulated by the GFSC pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Closed-ended Investment Scheme Rules 2021.

As at 30 June 2023, the Company has 302,468,541 shares in issue, all of which are admitted to the Specialist Funds Segment of the Main Market of the London Stock Exchange under the ticker "SHIP", ISIN: GG00BDFC1649, and SEDOL: BDFC164. During the financial year, the Company bought back 6,160,000 shares.

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

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

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

Corporate Governance Statement

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

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

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

Areas of exception

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

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

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

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

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

The Listing Rules regarding diversity do not directly apply to the Company since it is a member of the Specialist Fund Segment. There are current challenges such as tenure, knowledge and experience of our relatively small Board but further consideration will be given on a voluntary basis to these guidelines during the course of implementing any future succession plans.

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

Independence

All the non-executive Directors are currently considered by the Board to be independent of the Company, Investment Manager and the Tufton Group and have been Directors for less than seven years. The Board's current policy on tenure, including that of the Chairman, is that continuity and experience are considered to add significantly to the strength of the Board.

New Directors receive an induction from the Investment Manager and the Administrator on joining the Board, and all Directors receive other relevant training as necessary on their on-going responsibilities in relation to the Company.

Environmental, Social and Governance

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

Diversity and Inclusion Policy

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

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

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

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

UK Companies Act 2006 - Section 172 Statement

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

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

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

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

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

Investors	Service providers	Community and environment
Issues that matter to them		
Performance of the shares Growth of the Company.	Reputation of the Company Compliance with laws and regulations.	Compliance with laws and regulations.
Liquidity of the shares.	Remuneration	Impact of the Company and its activities on third parties.
Engagement process		
Annual General Meeting Frequent meetings with investors by Brokers and the Investment Manager and subsequent reports to the Board. Quarterly factsheets Key Information Document	The main two service providers - Tufton Investment Management Ltd (Investment Manager) and Maitland Administration (Guernsey) Limited an Apex Group company ("Administrator") - engage with the Board in face-to-face meetings quarterly, giving them direct input to Board discussions. Where face-to-face contact has not been possible engagement has continued via video conferencing services such as Microsoft Teams. All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company, and the Board ordinarily undertakes an annual visit to the offices of the Investment Manager and its associated companies in London, Cyprus and the Isle of Man.	The Company and its SPVs themselves have only a very small footprint in their local communities and only a very small direct impact on the environment. However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability. The activities of the Company in this regard, and in particular concerning the vessels owned, are reflected within the Company's Sustainability Report and the Responsible Investment Policy of the Investment Manager.
Investors	Service providers	Community and environment
Rationale and example outcomes		
Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about "business as usual" matters, but has also included discussions about the discount of the share price to the NAV.	The Company relies on service providers (including the Investment Manager, Asset Manager and technical managers) entirely as it has no systems or employees of its own. No major decisions were made by the Board which affected service providers in the year	The Board and the Investment Manager work together to ensure that ESG factors are carefully considered and reflected in investment decisions, and that vessel operators are influenced positively. Board members do travel, partly to meetings in Guernsey, and

<p>The major decisions arising from this have been for the Board to seek to ensure long-term value and opportunities to realise value through sales of vessels. A decision was also made to buy back shares in an attempt to reduce or at least contain the share price discount and to improve the liquidity of the Company's shares.</p> <p>In addition, the Board has focused on the valuation of vessels, a key priority for shareholders. As a result, the Board placed greater emphasis on reviewing the output from the VesselsValue system used and charter rates to value most of the Company's fleet and the charter and discount rates used in valuing the remaining vessels.</p>	<p>service providers in the year.</p> <p>The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.</p>	<p>to meetings in Guernsey, and partly elsewhere on Company business, including for the annual due diligence visits to London and the Isle of Man. The Board considers this essential in overseeing service providers and safeguarding stakeholder interests. Otherwise, the Board seeks to minimise travel using video conference calls whenever good governance permits.</p>
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Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via the Company Secretary or SHIP@tuftonoceanicassets.com on these or any other matters.

Statement of Directors' Responsibilities

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

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

In preparing financial statements the Directors are required to:

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

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

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

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

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

The AIC Code, as adopted by the Company, also requires Directors to ensure that Annual Reports and

Audited Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter the Board has requested that the Audit Committee advises on whether it considers that this Annual Report and Audited Financial Statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in the Audit Committee Report.

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

Having taken into account all matters considered by the Board and brought to the attention of the Board for the year ended 30 June 2023, as outlined in the Corporate Governance Statement and the Audit Committee Report, the Board has concluded that the Annual Report and Audited Financial Statements for the year ended 30 June 2023, taken as a whole, are fair, balanced and understandable and provide the information required to assess the Company's performance, business model and strategy.

Report of Directors

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 30 June 2023.

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

Investment Objective and Policy

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

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

Subject to the solvency requirements of the Companies Law, the Company intends to pay dividends on a quarterly basis. The Directors expect the dividend to grow, in absolute terms, modestly over the long term. In October 2022 the Company raised its target annual dividend to US\$0.085 per share (previously US\$0.08 per share).

The Company aims to achieve an IRR of 12% or above (net of expenses and fees) on the Issue Price over the long term. The loss for the Company in the financial year was US\$2.5m, or US\$0.008 per share.

Shareholder information

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

The Company has a 30 June financial year end.

Share issues and buybacks

The Company has not issued any shares in the year ended 30 June 2023 nor in the period to 20 September 2023. On various occasions during the year the Company purchased a total of 6,160,000 shares at an average price of US\$1.13. Since 1 July 2023 to 20 September 2023 a further 7,386,000 shares have been bought back at an average price of US\$0.98. Accordingly the Company had 295,082,541 shares in issue at the date of signing these financial statements. All shares repurchased are held in treasury.

Results and dividends

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

The Directors of the Company who served during the year and to date are set out below.

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2023, and as at the date of signing these financial statements:

	2023	2022
Director	Shares	Shares
R King	60,000	45,000
S Le Page	40,000	40,000
P Barnes	5,000	5,000
C Rødsaether	30,000	20,000

The Directors fees are as disclosed below:

	30 June 2023	30 June 2022
Director	£	£

R King	39,305	36,610
S Le Page	36,000	34,000
P Barnes	33,525	31,550
C Rødsæther	33,525	31,550

Directors' Attendance

Attendance of Directors at each meeting held during the year:

Director	Quarterly Board meetings		Audit Committee		Ad hoc meetings	
	Held	Attended	Held	Attended	Held	Attended
R King	4	4	2	2	10	10
S Le Page	4	4	2	2	10	10
P Barnes	4	4	2	2	10	8
C Rødsæther	4	4	2	1	10	8

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 30 June 2023

Name	Ordinary Shares	% of issued Share Capital
Tufton Group Shareholders	6,968,839	2.30
Tufton Group Staff	580,450	0.19
Tufton Group Non-Executive Directors	403,279	0.13
Former Tufton Group Shareholders	3,258,263	1.08

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

Share buyback and discount management

Subject to working capital requirements, and at the absolute discretion of the Board, excess cash may be used to repurchase shares. The Directors may implement share buybacks at any time before the 90-day guideline set out in the Prospectus where they feel it is in the best interest of the Company and all shareholders.

The Board will consider repurchasing the Company's ordinary shares in the market if they believe it to be in shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the shares.

The Company purchased 6,160,000 of its own shares at an average price of US\$1.13 per share during the financial year. Refer to Note 7 for more details. There were 6,160,000 shares held in treasury and 302,468,541 shares outstanding as at the end of the financial year. The Company bought back a further 7,386,000 shares, between the end of the financial year and 20 September 2023, at an average price of US\$0.98. The purchased shares are held in treasury. The Company had 295,082,541 shares outstanding as at the date of approval of these accounts.

Companies Law allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them.

These treasury shares may be subsequently cancelled or sold for cash. Therefore, it is agreed that any shares repurchased pursuant to the general authority referred to above may be held by the Company in treasury, to the extent permitted by Companies Law.

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

Board Responsibilities and Corporate Governance

Please note the Corporate Governance Statement forms part of this report.

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 year are listed below.

Robert King, Chairman

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

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

Stephen Le Page, Chairman of Audit Committee

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

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

Paul Barnes

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

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

Paul chairs the recently formed Management Engagement Committee.

Christine Rødseth

Christine is a partner in law firm Simonsen Vogt Wiig, with more than 30 years' experience working in the international shipping sector and offshore related transactions, design, vessel construction, offshore installations, restructurings, international banking and finance. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Christine has extensive board experience, and currently serves on the boards of OSE listed Odfjell SE and Oslo Børs listed Gram Car Carriers ASA. Christine is Norwegian and is resident in Norway.

Conflicts of Interest

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

Share Dealing Code

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

Appointment, re-election and remuneration of Directors

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

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

When considering new appointments in the future, the Board will ensure that a diverse group of candidates is considered and that appointments are made against objective criteria, in accordance with the Company's Diversity & Inclusion Policy. As at 21 July 2023 the Board have employed the services of a Guernsey recruitment firm to compile a list of candidates for the Board's consideration. At the end of the selection process suitable candidate or candidates will look to be appointed to the Board. The Board have been briefed by their legal advisers about their on-going responsibilities as directors and newly appointed directors will be invited to participate in a formal induction process.

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

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

Annual performance appraisal

The performance of the Board, committees and individual Directors have been formally and rigorously evaluated by a self-assessment process coordinated by the Administrator who circulates the findings to the Board. This evaluation is performed annually and the Chairman is considering having externally facilitated board evaluation. The last internal review took place in October 2022 with the next annual review taking place in October 2023. Evaluation of the Chairman is led by the Chairman of the Audit Committee, who carries out the functions of a senior independent director.

Audit Committee

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

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

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

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

Other Committees

The Company has recently formed a Management Engagement Committee chaired by Paul Barnes, which will hold its inaugural meeting in 2H23.

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

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

Operation of the Board

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

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

The Board and Investment Manager work closely together, with the Investment Manager attending and presenting at quarterly Board meetings. At each of these meetings the Board assess, discuss and challenge the Investment Manager's performance in terms of investment performance, risk and the

challenge the Investment Manager's performance in terms of investment performance, risk and the management and impact of operational issues within the portfolio. During the current period, the Board has not identified any issues with the Investment Manager's performance.

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

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

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

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

Independent Auditor

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

The Auditor, PwC, has indicated its willingness to remain in office. A resolution for the reappointment of PwC was proposed and approved at the AGM on 27 October 2022. Another resolution for their appointment will be proposed at the AGM on 24 October 2023.

Service Providers

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

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

As of 30 June 2023, the Investment Manager manages investments of c.US\$0.8 billion. Whilst the Board has responsibility for all the strategic decision making (including acquisitions, disposals, financing, capital expenditure, charters and other material contracts) required by the Company, matters concerning the operations of the vessels (within the approved budgets and parameters set by the Board for the Company and the SPVs) are delegated to the Investment Manager.

As of 30 June 2023, the Tufton Group of which the Investment Manager is part, had 29 employees operating from offices in London, Isle of Man and Cyprus. The Investment Manager is fully dedicated to the shipping industry with an in-house research team and dedicated Asset Manager providing services to each vessel purchased. As described in the Prospectus, the Investment Manager has an established track record in managing segregated mandates for pension funds with similar investment objectives to those of the Company.

The Investment Manager's employees have significant experience of investing and financing in the shipping industry. Each member of their Investment Committee has between 20 and 40 years of experience in the maritime financial markets either from investment banking, commercial banking or from the vessel owning/operating perspective.

The Investment Manager's role encompasses the identification of appropriate transaction opportunities, conducting necessary due diligence, making recommendations to the Board and completing the proposed transactions on behalf of the Company. The Investment Manager (in conjunction with the Asset Manager) will also monitor the performance of the Company's portfolio. The Investment Manager, which acts as the Company's AIFM under the AIFMD, is authorised and regulated by the FCA.

Investment Committee

The Investment Manager has established an Investment Committee.

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

Asset Manager

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

The Asset Manager subcontracts technical services from associated company Tufton Asset Management Limited, based in Cyprus, which employs professionals who have experience in all aspects of ship

Limited, based in Cyprus, which employs professionals who have experience in all aspects of ship management including special surveys, maintenance, repair and negotiation of commercial agreements for vessel employment and provides the services detailed in the Prospectus.

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

Administrator and Secretary

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

The Administrator forms part of the Apex Group Ltd ("Apex") established in Bermuda in 2003. Apex is a global financial services provider which delivers an extensive range of services to asset managers, capital markets, private clients and family offices. The group employs over 12,000 staff in over 50 offices worldwide and collectively administers in excess of US\$200 billion in assets.

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

Depositary

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

Registrar

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

Disclosure Obligations

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

Annual Report and Financial Statements

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

Anti-bribery and corruption

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

The Board has adopted a zero-tolerance policy towards both bribery and corruption and has reiterated its commitment to carry out business fairly, honestly and openly.

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

Modern slavery

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

General Data Protection Regulation ("GDPR")

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

Alternative Investment Fund Managers Directive ("AIFMD")

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

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

Internal control and financial reporting

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

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

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

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

Responsible Investment, Sustainability and ESG Policy

The Company published its 2022 Sustainability Report, a copy of which is available on the Company's website (www.tuftonoceancassets.com).

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

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

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

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

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

Viability statement

The Board, in assessing the long-term viability of the Company, has paid particular attention to the Principal Risks and Uncertainties faced by the Company as disclosed in these financial statements. The Board has taken into account the cashflow-weighted average length of its charters. The Company is also required to hold a continuation vote at the AGM to be held 24 October 2024. Notwithstanding this, the Board have determined that a three-year viability period is the most appropriate for viability testing. In addition, the Board has considered the cash flow projection for the running costs of the Company to ensure the Company retains sufficient cash to meet its operating costs until the end of the viability period and is therefore able to sustain its business model and structure, including the payment of dividends at the announced level. The Board has also considered the cash flow projections for the Company and its SPVs in two market stress scenarios

two market stress scenarios.

The Board has considered the results of a viability test wherein the primary sensitivity of an extended period of market stress results in time charter rates staying below the historic median levels over the entire three-year forecast period along with significant void periods modelled between charters.

The most extreme scenario modelled resulted in unrestricted cash balances being exhausted in late 2024, but in the very remote event of such a cash shortage arising this would be addressed through one or all of the following significant actions: the sale of a vessel, the deferral of discretionary capital expenditure, and/or the deferral or reduction of any dividend payment.

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

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 also considered the potential impact of macroeconomic factors, such as high inflation and interest rates on the current and future operations of the Company and its investments, as well as those other risks set out in more detail in the Principal Risks and Uncertainties section. Cash reserves are held at the LS Assets Limited ("LSA") and SPV levels and paid 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 and meet its ongoing obligations for at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please also refer to the section below.

Continuation Vote

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

Shareholders' significant interests

The following shareholders had notified to the Company a substantial interest of 5% or more of the issued share capital as at 30 June 2023.

	% of issued share capital
East Riding Pension Fund	10.57
South Yorkshire Pensions Authority	9.62
Schroder Investment Management	8.07
West Yorkshire Pensions Fund	7.90
Raymond James Investment Services	5.55
FIL Investment International	5.19

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

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

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

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

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

Approved by the Board of Directors on 25 September 2023 and signed on behalf of the Board by:

Audit Committee Report

Chairman's introduction

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

The terms of reference for the committee are available on the Company's website, www.tuftonoceanicassets.com. During the year ended 30 June 2023 and to the date of this report, the main

areas of activity have been as follows:

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

Membership and Role of the Committee

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

The Committee discharges its responsibilities through a series of scheduled meetings, the agendas of which are linked to events in the financial calendar of the Company. The Committee met two times during the year ended 30 June 2023 and three more since the year end. The Independent Auditors attended three of these five meetings.

Internal control

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

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

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

Review of accounting policies and areas for judgment or estimation

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

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

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

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

Fair value estimation

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

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

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

Performance fee

Per the terms of the IMA, the Company accrues performance fees based on the size of the investment and the continued performance throughout the financial year. The accrual at year end is US\$nil (2022: US\$ 3,980,432). The prior year's accrual was written back in the current year. The Board reviews and approves the calculation.

External audit

During the year ended 30 June 2023, and up to the date of this report, the Committee held formal meetings with the Independent Auditor on two occasions, and in addition the Chair of the Committee has spoken to them informally on several occasions. These informal conversations have been held to ensure the Chairman is kept up to date with the progress of the audit work, and that the Independent Auditor's formal reporting meets the Committee's needs.

The formal meetings included detailed reviews of the proposed fees and scope of the work to be performed by PwC in their audit for the year ended 30 June 2023. They also included detailed reviews of the results of this work, and the audit findings and observations. I am pleased to report that there are no matters arising from the Independent Auditor's work which should be brought to the attention of shareholders.

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

The Committee has therefore concluded that PwC is independent and objective, carries out its work to a high standard, and provides concise but useful reporting. The Committee also notes that Roland Mills has served 5 years as the audit engagement leader and therefore reached his maximum term as such. PwC CI LLP will introduce the audit committee to Roland's replacement accordingly. Accordingly, the Committee has recommended a resolution for their appointment will be proposed at the AGM on 24 October 2023.

Annual report

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

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tufton Oceanic Assets Limited (the "company") as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 30 June 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Audit scope

- The company is a closed-ended investment company, incorporated and based in Guernsey, whose ordinary shares are admitted to trading on the London Stock Exchange's Specialist Fund Segment.
- The financial statements consist of the standalone parent company financial information and include the company's investment into its directly held subsidiary (the "subsidiary"). The subsidiary in turn holds directly and indirectly 31 Special Purpose Vehicles ("SPVs") through which the underlying vessels are held.
- The financial statements are not consolidated but instead present the fair value of the subsidiary which includes the fair value of the underlying vessels held via the SPVs and the other residual net assets of the subsidiary and SPVs.

- The principal activities of the company comprise investing in a diversified portfolio of vessels through its subsidiary based in Guernsey and the SPVs based in the Isle of Man.
- We conducted our audit of the financial statements based on financial information provided by the company's service providers, Maitland Administration (Guernsey) Limited (the "Administrator") and Tufton Investment Management Ltd (the "Investment Manager") to whom the Board of Directors have delegated certain administrative functions and other activities.

Key audit matters

- Valuation and existence of financial assets at fair value through profit or loss.

Materiality

- Overall materiality: US\$8.26 million (2022: US\$8.90 million) based on 2% of net assets.
- Performance materiality: US\$6.19 million (2022: US\$6.68 million).

The scope of our audit

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

Key audit matters

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

Key audit matter

How our audit addressed the Key audit matter

Valuation and existence of financial assets at fair value through profit or loss

Please refer to Notes 2(j), 3 and 4 to the financial statements.

Valuation

The fair value of the company's investment totals US\$405.99 million as at 30 June 2023 and comprises the company's holding in its direct subsidiary, which in turn directly and indirectly owns 31 SPVs (together the "entities"). These SPVs hold the interests in the vessels (the "underlying portfolio"), other SPVs and/or other residual net assets.

The fair value of the investment is reflected by the net asset value of the subsidiary and has been determined based on the fair value of (a) the underlying portfolio of vessels and (b) the other residual net assets within the entities.

The fair value of the underlying portfolio has been determined using methodologies considered to be most appropriate by the Investment Manager and the Board, which considers whether the vessels are standard or specialised. In limited circumstances, management also use an independent broker to determine the fair value of standard vessels.

The Board has set out in Note 3 their consideration of the areas of estimation relating to the valuation of the vessels. Note 4 includes a breakdown of the investments and Note 12 includes the key assumptions applied to the valuations. Significant levels of judgement and estimates are applied by both the Board and Investment Manager in determining the respective fair values of the underlying portfolio.

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

Existence

The company's direct and indirect ownership rights in its subsidiary and the SPVs within the structure consist of unlisted equity securities, shareholder loans and capital contributions and therefore there is no central independent depository or custodian. For each vessel there is similarly no central depository or custodian. The existence of the investment in the subsidiary as

- We obtained an understanding and evaluated the design and implementation of internal controls surrounding the valuation process.

As it relates to valuation of the underlying portfolio held by the SPVs:

For standard vessels:

- We assessed the third-party vessel valuation service's reputation, independence, competence and expertise through enquiry confirmation with valuation experts in the PwC network.
- We performed back testing procedures through comparison of disposal proceeds received for vessels sold to the latest valuations recorded in the SPVs records to assess the reasonableness of the valuations determined.
- Inspected and agreed the independent valuations obtained by the Investment Manager in respect of 'charter free' values from the third-party vessel valuation service to those independently obtained from the third-party vessel valuation service.
- Assessed and challenged the charter lease contract adjustments by comparing the actual charter rates, per the records of the SPVs pertaining to each vessel, to market charter rates to assess the reasonableness of the adjustments made by the Investment Manager.
- Where material, we assessed and agreed any capital expenditure adjustments to appropriate supporting documentation.
- Agreed key inputs used by the third-party vessel valuation service to independent sources or underlying agreements (which included such details as the vessel build year, type, size etc).
- We assessed and evaluated the discount rate used by the third-party valuation service in calculating the charter lease contracts adjustments through enquiry and/or engagement within the PwC network.

well as the SPVs and vessels is determined via legal title to each of the equity shares of the subsidiaries and SPVs and ownership title to the underlying portfolio.

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

- We benchmarked the current year fair values to recent comparable market transactions per vessel. Where vessels were outside of the range indicated by the relevant recent transactions applied by the engagement team, we challenged and sought further evidence and explanation to support the Investment Manager's determination of fair value.

For specialised vessels:

- Assessed and agreed the forecast charter income and other discounted cash flow inputs on a sample basis to signed agreements.
- Recalculated and assessed exit values at the end of the fixed charter period based on the terms applicable to each vessel, dependent on management's intention or agreement with the counterparties (such as scrap value or depreciated replacement cost etc.).
- Assessed the counterparty credit conditions as at 30 June 2023 and challenged the reasonableness of the discount rate applied by benchmarking to market discount rates used by the third-party vessel valuation service.
- Recalculated each vessel's discounted cash flow model to confirm their mathematical accuracy.

For vessels valued by an independent broker:

- We obtained the independent broker valuations and assessed and confirmed the reliability, independence, and reputation of the independent broker.
- We contacted the independent broker directly to confirm and understand the valuation and discussed the valuation methodology applied to the valuation of the respective vessels.

Use of auditor experts:

- We engaged valuation experts within the PwC network to assess and evaluate the reasonableness and reliability of the third-party vessel valuation service, including the discount rates applied, and broker provided prices for a sample of vessels.

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

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

As it relates to existence of the investment in the subsidiary, SPVs and underlying portfolio:

- Agreed the shareholdings of the directly held subsidiary as well as the SPVs to share registers and agreements.
- Agreed the delivery dates and transaction amounts for the purchase and divestment of all vessels made during the current financial year to supporting agreements and contracts.
- Confirmed independently with the respective

recognised Shipping Authorities the title of all of the vessels as at 30 June 2023 where possible. For one vessel, we performed alternative audit procedures that provided us with evidence over existence, as the flag country's register is unavailable for public enquiry.

- For all vessels, we utilised open-source vessel tracking resources to corroborate that the vessels were operational, the routes they are chartered on and recent photographic evidence thereof.

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

How we tailored the audit scope

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

Materiality

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

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

<i>Overall materiality</i>	US\$8.26 million (2022: US\$8.90 million)
<i>How we determined it</i>	2% of net assets
<i>Rationale for the materiality benchmark</i>	We believe that 'net assets' is the most appropriate benchmark as this is a key metric of interest to the members of the company. It is also a generally accepted measure used for investment funds.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to US\$6.19 million (2022: US\$6.68million) for the company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US\$0.41 million (2022: US\$0.45 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Corporate governance statement

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

Going concern

The directors have requested that we review the statement on page 39 in relation to going concern as if the company were a UK premium listed Guernsey company. We have nothing to report having performed our review.

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

The directors have requested that we perform a review of the directors' statements on pages 16 to 19 and 38 to 39 that they have carried out a robust assessment of the principal and emerging risks facing the company and in relation to the longer-term viability of the company, as if the company were a UK premium listed Guernsey company.

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

Other Code provisions

The directors have prepared a corporate governance statement and requested that we review it as though the company were a UK premium listed Guernsey company. We have nothing to report in respect of the requirement for the auditors of UK premium listed companies to report when the directors' statement relating to the company's compliance with the Code does

premium listed companies to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 US\$	2022 US\$
Income			
Net changes in fair value of financial assets at fair value through profit or loss	4	(33,950,645)	89,604,707
Dividend income	8	32,000,000	25,934,742
Total net (loss) / income		(1,950,645)	115,539,449
Expenditure			
Administration fees		(168,376)	(167,441)
Audit fees		(261,666)	(137,286)
Corporate Broker fees		(150,000)	(150,000)
Directors' fees	17	(174,913)	(177,338)
Foreign exchange (loss) / gain		(13,322)	7,171
Insurance fee		(24,200)	(15,455)
Investment management fees	13	(3,504,464)	(3,410,456)
Legal fees		-	(26,287)
Listing fees		(24,297)	(23,452)
Performance fees	14	3,980,432	(3,980,432)
Professional fees		(145,694)	(147,719)
Sundry expenses		(39,860)	(12,700)
Total expenses		(526,360)	(8,241,395)
Operating (loss) / profit		(2,477,005)	107,298,054
Finance income		3,646	4,364
Total comprehensive (loss) / income for the year		(2,473,359)	107,302,418
(Loss) / Earnings per ordinary share (cents)	9	(0.81)	36.17
Diluted (Loss) / Earnings per ordinary share (cents)	9	(0.81)	36.17

There were no potentially dilutive instruments in issue at 30 June 2023 or 30 June 2022.

All activities are derived from continuing operations.

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

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

Statement of Financial Position

At 30 June 2023

	Notes	2023 US\$	2022 US\$
Non-current assets			
Financial assets at fair value through profit or loss	4	405,988,715	446,892,720
Total non-current assets		405,988,715	446,892,720
Current assets			
Trade and other receivables	5	7,881,170	5,740,385
Cash and cash equivalents		47,731	8,823
Total current assets		7,928,901	5,749,208
Total assets		413,917,616	452,641,928
Current liabilities			
Trade and other payables	6	1,144,523	5,098,219

Total current liabilities		1,144,523	5,098,219
Net assets		412,773,093	447,543,709
Equity			
Ordinary share capital	7	303,326,231	310,272,983
Retained reserves		109,446,862	137,270,726
Total equity attributable to ordinary Shareholders		412,773,093	447,543,709
Net assets per ordinary share (cents)	11	136.47	145.01

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

The financial statements were approved and authorised for issue by the Board of Directors on 25 September 2023 and signed on its behalf by:

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	Ordinary share capital US\$	Retained earnings US\$	Total US\$
Shareholders' equity at 30 June 2021		259,657,871	52,988,084	312,645,955
Share issue	7	51,429,265	-	51,429,265
Direct issue costs	7	(814,153)	-	(814,153)
Total comprehensive income for the year		-	107,302,418	107,302,418
Dividends paid		-	(23,019,776)	(23,019,776)
Shareholders' equity at 30 June 2022		310,272,983	137,270,726	447,543,709
Share buybacks	7	(6,946,752)	-	(6,946,752)
Total comprehensive income for the year		-	(2,473,359)	(2,473,359)
Dividends paid		-	(25,350,505)	(25,350,505)
Shareholders' equity at 30 June 2023		303,326,231	109,446,862	412,773,093

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

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 US\$	2022 US\$
Cash flows from operating activities			
Total comprehensive (loss) / income for the year		(2,473,359)	107,302,418
Adjustments for:			
Changes in fair value on investments held at fair value through profit or loss	4	33,950,645	(89,604,707)
Operating cash flows before movements		31,477,286	17,697,711
Sale / (Purchase) of investments	4	6,953,360	(49,560,001)
Movement in trade and other receivables	5	(2,140,785)	19,994
Movement in trade and other payables	6	(3,953,696)	4,225,794
Net cash generated from / (used in) operating activities		32,336,165	(27,616,502)
Cash flows from financing activities			

Amounts paid for share buybacks	7	(6,946,752)	-
Proceeds from issue of shares	7	-	51,429,265
Direct issue cost for issue of shares	7	-	(814,153)
Dividends paid		(25,350,505)	(23,019,776)
Net cash (used in) / generated from financing activities		(32,297,257)	27,595,336
Net movement in cash and cash equivalents during the year		38,908	(21,166)
Cash and cash equivalents at the beginning of the year		8,823	29,989
Cash and cash equivalents at the end of the year		47,731	8,823

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

Notes to the financial statements

For the year ended 30 June 2023

1. General information

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

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

The Company had 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 year, the Company bought back 6,160,000 ordinary shares at an average price of US\$1.13 for a consideration of US\$6,946,752.

The total number of Company's shares in issue was 302,468,541 at the end of the financial year.

2. Significant accounting policies

(a) Basis of preparation

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 financial assets at fair value through profit or loss. The principal accounting policies adopted, and which have been consistently applied, (unless otherwise indicated) are set out below.

Basis of non-consolidation

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

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

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

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

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Company.

- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2023); and
- Amendments to IAS 1: Presentation of Financial Statements (effective 1 January 2023).

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.

(d) Segmental reporting

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

(e) Income

Dividend income

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

Finance income

Interest income is accounted for on an accruals basis.

(f) Expenses

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

(g) Performance fees

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

(h) Dividends to Shareholders

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

(i) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200.

(j) Financial assets and financial liabilities

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

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

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

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

Recognition of financial assets and liabilities

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

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

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

Financial assets at fair value through profit or loss

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

The Company's investment in LSA has been measured at FVTPL on the basis that it is managed and

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

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

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

The carrying value of a standard vessel consists of its charter-free value plus or minus the value of any charter lease contracts attached to the vessel, plus or minus an adjustment for the capital expenditure associated with the vessel.

There are time charter contracts in place for standard vessels. Such charters will vary in length but would typically be in the 1 - 8 year range. As the shipping markets can be volatile over time, the value of such charters will therefore either add to or detract from the open market charter-free value of the vessel.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Offsetting financial instruments

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

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. Trade and other payables are financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables are

recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. However, given the nature of trade and other payables and the short time length involved between their origination and settlement, their amortised cost is considered to be the same as their fair value.

Derecognition of financial liabilities

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

Trade and other receivables

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

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

(k) Cash and cash equivalents

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

(l) Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

(m) Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council and have considered recent market volatility, and the impact of the ongoing Russian invasion of Ukraine on the Company's investments (as set out in more detail in the Principal Risks and Uncertainties section). Cash reserves are held at the LSA and SPV levels and paid up to the Company as required to enable expenses to be settled as they fall due.

After making enquiries 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 financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

(n) Equity instruments

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

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

3. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenue and expenses during the year. 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.

Critical judgements in applying the Company's accounting policies - IFRS 10

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

The Company owns the investment portfolio through its investment in LSA. The investment by LSA comprises the NAVs of the SPVs. The Company holds 100% voting shares in LSA and has all the

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

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

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

Critical Accounting Estimates

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

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

The process of calculation of the charter-free and charter values of the vessels is described in Note 2(j), Significant Accounting Policies.

At 30 June 2023 the charter-free valuations of two vessels (30 June 2022: one vessel) were provided through independent broker valuations rather than VesselsValue, as elected by the Investment Manager given limited transactions in this vessel type and the specialist knowledge of the broker selected. The broker uses proprietary data that considers vessel specifications as well as applicable market information.

Further to the information mentioned in Note 2 (j) there are specific capital adjustments considered as part of the valuation process for standard vessels, mainly the adjustments for 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, being the date by which the IMO mandates all vessels should have installed BWTs. Scrubbers are considered an enhancement to the charter-free value using an estimated valuation from a shipbroker, and straight-line depreciated over 5 years.

At 30 June 2023, one vessel was treated as a specialist vessel (30 June 2022: one vessel).

The specialist vessel was valued on a DCF basis by the Investment Manager using vessel specific information including the appropriate discount rate, which is reviewed on a regular basis to ensure it remains relevant to the project and market risk parameters.

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

4. Financial assets at fair value through profit or loss

The Company owns the investment portfolio through its investment in LSA, which comprises the NAV of the SPVs and residual assets and liabilities in LSA. The NAVs consist of the fair value of vessel assets and the SPVs' residual net assets and liabilities. The whole investment portfolio is designated by the Board as a Level 3 item on the fair value hierarchy because of the lack of observable market information in determining the fair value. As a result, all the information below relates to the Company's Level 3 assets only, with respect to the requirements set out in IFRS 7 - Financial Instruments. 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 the Company's investment in LSA.

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

	2023 US\$	2022 US\$
LSA		
Brought forward cost of investment	299,483,224	249,923,223
Total investment (disposed of) / acquired in the year	<u>(6,953,360)</u>	<u>49,560,001</u>
Carried forward cost of investment	292,529,864	299,483,224
Brought forward unrealised gains on fair value	147,409,496	57,804,789
Movement in unrealised (losses) / gains on fair value	<u>(33,950,645)</u>	<u>89,604,707</u>
Carried forward unrealised gains on fair value	113,458,851	147,409,496
Total investment at fair value	<u>405,988,715</u>	<u>446,892,720</u>

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.

in currency; the currency of incorporation is also their principal place of business.

Breakdown of Fair Value:

Name	2023 US\$	2022 US\$	Direct or indirect holding	Principal activity	Ownership at 30 June 2023	Ownership at 30 June 2022
LS Assets Limited ⁸	-	-	Direct	Holding company	100%	100%
Aglow Limited ¹	-	107,202	Indirect	SPV	-	100%
Antler Limited ¹	-	74,463	Indirect	SPV	-	100%
Anvil Limited	18,240,972	23,591,722	Indirect	SPV	100%	100%
Auspicious Limited	20,137,727	25,929,027	Indirect	SPV	100%	100%
Awesome Limited	19,704,498	25,638,607	Indirect	SPV	100%	100%
Bear Limited ¹	-	77,702	Indirect	SPV	-	100%
Candy Limited ²	16,785	37,192	Indirect	SPV	100%	100%
Citra Limited ²	205,362	220,238	Indirect	SPV	100%	100%
Charming Limited	18,953,365	25,109,394	Indirect	SPV	100%	100%
Cocoa Limited ³	-	-	Indirect	SPV	100%	100%
Courteous Limited ⁴	-	-	Indirect	SPV	100%	-
Dachshund ³ Limited	-	-	Indirect	SPV	100%	100%
Daffodil Limited ³	-	-	Indirect	SPV	100%	100%
Dragon Limited ¹	-	133,991	Indirect	SPV	-	100%
Echidna Limited ¹	-	34,275	Indirect	SPV	-	100%
Exceptional Limited ⁴	-	29,553,364	Indirect	SPV	100%	100%
Golding Limited	21,081,370	17,868,732	Indirect	SPV	100%	100%
Handy HoldCo Limited	50,090,478	32,455,919	Indirect	SPV (Holding Company)	100%	100%
Idaho Limited	22,322,508	25,150,084	Indirect	SPV	100%	100%
Kale Limited ¹	-	109,304	Indirect	SPV	-	100%
Laurel Limited	16,410,147	19,486,868	Indirect	SPV	100%	100%
Lavender Limited ⁷	60,848	18,736,992	Indirect	SPV	100%	100%
Marvelous Limited ⁴	-	1,882,219	Indirect	SPV	100%	100%
Masterful Limited	18,893,952	25,761,402	Indirect	SPV	100%	100%
Mayflower Limited	15,590,330	20,030,420	Indirect	SPV	100%	100%
Mindful Limited ⁴	-	-	Indirect	SPV	100%	-
Neon Limited	26,616,326	32,633,044	Indirect	SPV	100%	100%
Octane Limited	20,155,744	19,243,615	Indirect	SPV	100%	100%
Orson Limited	17,938,851	11,704,544	Indirect	SPV	100%	100%
Parrot Limited ⁷	674	660,649	Indirect	SPV	100%	100%
Patience Limited ⁶	662,085	475,673	Indirect	SPV	100%	100%
Pollock Limited ³	-	-	Indirect	SPV	100%	100%
Product HoldCo	58,135,471	-	Indirect	SPV (Holding	100%	-

Product Holdco Limited	2023, 2022, 2021	2020	Interests	SPV (Holding Company)	2023	2022
Riposte Limited	411,002	24,996,021	Indirect	SPV	100%	100%
Rocky IV Limited	18,540,092	23,280,175	Indirect	SPV	100%	100%
Sierra Limited	20,393,002	19,474,698	Indirect	SPV	100%	100%
Swordfish Limited ¹	-	137,229	Indirect	SPV	-	100%
Vicuna Limited ²	2,598	97,243	Indirect	SPV	100%	100%
Cash held pending investment ⁵	10,709,986	29,805,237				
Residual net assets / (liabilities) ⁵	10,714,542	(7,604,525)				
Total*	405,988,715	446,892,720				

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

¹ Dissolved in the current year.

² Company in the process of dissolution at year end.

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 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.

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

⁶ At 30 June 2022, the SPV Patience had sold and derecognised its vessel, but continued to operate the vessel under a bareboat charter from the new owners until the end of its time charter in November 2022.

⁷ Company commenced dissolution process post year end.

⁸ Fair value of LSA equals to the sum of the assets of residual net assets and cash as detailed below.

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

5. Trade and other receivables

	2023 US\$	2022 US\$
Accrued income	-	4
Prepayments	38,577	18,379
Other receivables	1,108	-
Due from LSA (dividend receivable)	7,841,485	5,722,002
Total trade and other receivables	7,881,170	5,740,385

Amounts due from LSA are interest free and payable on demand. The amount of US\$5,722,002 due from LSA for the year ended 30 June 2022 was settled in the current year. Due to the value and short-term nature of these receivables, the Directors have assessed there to be no expected credit losses associated with these outstanding balances.

6. Trade and other payables

	2023 US\$	2022 US\$
Performance fees	-	3,980,432
Investment management fees	835,779	908,449
Audit fees	219,762	109,603
Administration fees	41,478	42,446
Corporate Brokers fees	37,500	37,500
Directors' fees	10,004	19,789
Total trade and other payables	1,144,523	5,098,219

7. Ordinary share capital

Share Capital

Share issuance	Number of shares	Gross amount (US\$)	Direct Issue costs (US\$)	Share capital (US\$)
Total issue at 30 June 2021	270,037,638	264,852,891	(5,195,020)	259,657,871

30 June 2021				
Tap issue 11 August 2021	10,533,763	12,429,840	(160,917)	12,268,923
Tap issue 12 November 2021	28,057,140	38,999,425	(653,236)	38,346,189
As at 30 June 2022	308,628,541	316,282,156	(6,009,173)	310,272,983
Share buybacks	(6,160,000)	(6,946,752)	-	(6,946,752)
As at 30 June 2023	302,468,541	309,335,404	(6,009,173)	303,326,231

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

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

8. Dividend income

	2023 US\$	2022 US\$
Dividend income	32,000,000	25,934,742

During the current year, LS Assets Limited declared dividends of US\$32,000,000 (2022: US\$25,934,742) to the Company. At 30 June 2023, dividends of US\$7,841,485 (2022: US\$5,722,002) were outstanding (refer to Note 5).

9. (Loss) / Earnings per share

	2023 US\$	2022 US\$
Total comprehensive (loss) / income for the year	(2,473,359)	107,302,418
Weighted average number of ordinary shares	307,057,116	296,654,794
(Loss) / Earnings per ordinary share (cents)	(0.81)	36.17
Diluted (Loss) / Earnings per ordinary share (cents)	(0.81)	36.17

There were no potentially dilutive instruments in issue at 30 June 2023 or 30 June 2022.

10. Dividends

The Company declared the following dividends in respect of the profit for the year ended 30 June 2023:

Quarter end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
30 September 2022	US\$0.02	27 October 2022	US\$6,172,571	28 October 2022	11 November 2022
31 December 2022	US\$0.02125	26 January 2023	US\$6,537,831	27 January 2023	10 February 2023
31 March 2023	US\$0.02125	27 April 2023	US\$6,467,832	28 April 2023	11 May 2023
30 June 2023	US\$0.02125	27 July 2023	US\$6,330,992	28 July 2023	11 August 2023

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

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

11. Net assets per ordinary share

	2023 US\$	2022 US\$
Shareholders' equity	412,773,093	447,543,709
Number of ordinary shares	302,468,541	308,628,541

Net assets per ordinary share
(cents)

136.47

145.01

12. Financial risk management

Capital management

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

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

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

Financial risk management objectives

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

Market risk

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

Interest rate risk

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

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

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair value and the outstanding loans with variable interest rates. It does not consolidate the US\$14.00m (2022: US\$18.00m) outstanding loan (with a variable interest rate capped at 4.65%) owed by Handy HoldCo Limited or the US\$56.5m (with a variable interest rate capped at 7.66% for 3 years from inception) owed by Product Holdco Limited.

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

2023	Interest bearing less than 1 month (US\$)	Non-interest bearing (US\$)	Total (US\$)
Assets			
Investments	-	405,988,715	405,988,715
Trade and other receivables	-	7,881,170	7,881,170
Cash and cash equivalents	47,731	-	47,731
Total assets	47,731	413,869,885	413,917,616
Liabilities			
Trade and other payables	-	1,144,523	1,144,523
Total liabilities	-	1,144,523	1,144,523
Total interest sensitivity gap	47,731		47,731

The weighted average interest rate is 3.63% for cash and cash equivalents in the current financial year.

Interest rate risk (continued)

2022	Interest bearing less than 1 month (US\$)	Non-interest bearing (US\$)	Total (US\$)
Assets			
Investments	-	446,892,720	446,892,720
Trade and other receivables	-	5,740,385	5,740,385

Cash and cash equivalents	8,823	-	8,823
Total assets	8,823	452,633,105	452,641,928
Liabilities			
Trade and other payables	-	5,098,219	5,098,219
Total liabilities	-	5,098,219	5,098,219
Total interest sensitivity gap	8,823		8,823

The weighted average interest rate is 0.25% for cash and cash equivalents in the prior year.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 30 June 2023 would increase or decrease by US\$477 (2022: US\$88) as a result of the Company's exposure to interest rates on its variable rate deposits only.

The Company and LSA with its SPVs are permitted to utilise overdraft facilities towards the achievement of the Company's investment objectives. There was no overdraft utilised during the current and prior years.

Refer to Price Risk on the following pages for a description of the indirect impact interest rates have on the valuation of vessel assets.

Credit risk

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

The Company's subsidiary SPVs hold credit risk exposures to charterers. Potential new charters are evaluated to assess counterparty credit risk, both at an SPV and portfolio level, prior to any contractual engagement. The SPVs historical actual counterparty credit losses over the life of the Company to date have been zero. At 30 June 2023 there were no receivables held by the SPVs considered impaired (2022: US\$nil).

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

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

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

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

30 June 2022	Credit rating Standard & Poor's	Cash (US\$)	Short term fixed deposits (US\$)	Total as at 30 June 2022 (US\$)
Barclays Bank Plc (Barclays)	A Long Term A-1 Short Term	4,152	-	4,152
Ravenscroft ¹ (HSBC London - call accounts)	A+ Long Term A-1 Short Term	-	4,671	4,671
Total		4,152	4,671	8,823

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

Liquidity risk

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

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

The table below shows the maturity of the Company's non-derivative financial assets and liabilities. The amounts disclosed are contractual, undiscounted cash flows and may differ from the actual cash flows

amounts expected are contractually enforceable each time and may differ from the actual cash flows received or paid in the future as a result of early repayments.

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

30 June 2022	Up to 3 months (US\$)	Between 3 and 12 months (US\$)	Between 1 and 5 years (US\$)	Total (US\$)
Assets				
Financial assets at fair value through profit or loss	-	-	446,892,720	446,892,720
Trade and other receivables	5,722,006	-	-	5,722,006
Cash and cash equivalents	8,823	-	-	8,823
Liabilities				
Trade and other payables	5,098,219	-	-	5,098,219
Total	632,610	-	446,892,720	447,525,330

Price risk in the shipping industry

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

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

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

(a) Standard Vessel valuations

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

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

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

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

(b) Specialised Vessels and arrangements

There will be cases where the Company may invest in vessels and make arrangements which are (i) of a specialised nature and fall out of scope of mainstream brokers and/or (ii) where contracted

employment does not have an available reference benchmark in the freight brokerage community.

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

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

There was one specialised vessel arrangement held at the year end (one vessel at 30 June 2022) being a gas tanker with a long-term bareboat charter attached.

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

Covid

The global economy has largely recovered from the negative impacts of Covid. 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. With the easing of Covid-related restrictions in China from January, port congestion caused by the restrictions has been resolved. The delays to crew rotation caused by national restrictions put in place to contain the spread of Covid were also largely resolved by 4Q22.

The Investment Manager believes the Company's strong operating profit and performance in the Covid crisis, both on an absolute basis and relative to other asset classes, demonstrate it can be an attractive high income and low correlation investment.

Price risk sensitivity analysis

Charter-free valuation for standard vessels

If the charter-free vessel values at 30 June were 10% higher or lower, then the effect on the standard vessel portfolio value would be as follows:

Vessel values	+10% change in charter-free values US\$ 000	Standard vessel portfolio value US\$ 000	-10% change in charter-free values US\$ 000
Fair value at 30 June 2023	+47,659	437,843	(47,659)
Fair value at 30 June 2022	+47,265	432,089	(47,265)

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

Charter valuation for standard vessels

Charter rates

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

Vessel values	+10% change US\$ 000	Standard vessel portfolio value US\$ 000	-10% change US\$ 000
Fair value at 30 June 2023	(14,988)	437,852	+14,959
Fair value at 30 June 2022	(11,368)	432,089	+12,184

Price risk sensitivity analysis

Specialised vessels

If the discount rates were 0.5% higher or lower, then the effect on the specialised vessel portfolio value would be as follows:

	+0.5% change US\$ 000	Specialised Vessel portfolio value US\$ 000	-0.5% change US\$ 000
Specialised vessel fair value at 30 June 2023	(188)	24,904	+191

June 2023			
Specialised vessel fair value at 30 June 2022	(270)	26,069	+275

There was one specialised vessel held at the year end (one at 30 June 2022).

Currency risk

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

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

13. Investment management fee

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

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

For the year ended 30 June 2023 the Company has incurred US\$3,504,464 (2022: US\$3,410,456) in investment management fees of which US\$835,779 was outstanding at 30 June 2023 (2022: US\$908,449).

14. Performance fees

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

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

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

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

The prior year's accrued performance fees of US\$3,980,432 was reversed, resulting in an accrued performance fee of US\$nil (2022: US\$3,980,432) at year end.

15. Related parties

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

Tufton ODF Partners LP is a related party due to being the beneficiary of any performance fee paid by the Company. Refer to note 14.

Transactions with LSA and SPVs are not disclosed.

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2023, and as at the date of signing these financial statements:

	2023	2022
Director	Shares	Shares
R King	60,000	45,000
S Le Page	40,000	40,000
P Barnes	5,000	5,000
C Rødsæther	30,000	20,000

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 30 June 2023

Name	Ordinary Shares	% of issued Share Capital
Tufton Group Shareholders	6,968,839	2.30
Tufton Group Staff	580,450	0.19
Tufton Group Non-Executive Directors	403,279	0.13
Former Tufton Group Shareholders	3,258,263	1.08

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

16. Controlling party

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

17. Directors' fees

The remuneration of the Directors was US\$174,913 (2022: US\$177,338) for the year which consisted solely of short-term benefits. At 30 June 2023, Directors' fees of US\$10,004 (2022: US\$19,789) were outstanding.

The Directors fees are as disclosed below:

Director	30 June 2023 £	30 June 2022 £
R King	39,305	36,610
S Le Page	36,000	34,000
P Barnes	33,525	31,550
C Rødsæther	33,525	31,550

18. Events after the reporting year

The Company purchased a total of 7,386,000 ordinary shares at a price of US\$0.98 per share post period end to 20 September 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, the results of those operations, or the state of affairs of the Company the next financial period up to the date of approval of these financial statements.

Alternative Performance Measures ("APMs")

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

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

Alternative Performance Measure	Definition / Method of calculation	Reason for use
Average Charter Length	Total forecast EBITDA from charters in place, divided by the expected annualised EBITDA of those charters	To provide information about the extent to which the future revenue of the SPVs is contractually fixed
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	To provide a measure of annual compound growth rate over time

Consolidated Gearing Ratio	Loans to charter-free value on a consolidated basis	To provide an indication of leverage, which is not reported in the financial statements which are not prepared on a consolidated basis
Dividend Cover	Portfolio Operating Profit less capex less debt amortisation, divided by dividends for the period	To provide information about the extent to which past dividends are covered by past earnings
EBITDA	Earnings before interest, taxes, depreciation and amortisation	To provide a measure of profitability from operating activity, independent of financing strategy
Forecast Net Yield	Forecast EBITDA over the current charters minus any capex accruals for the vessels in the portfolio divided by the time-weighted vessel values over the same period	To provide information about profitability from future operating activity relative to current vessel values
Gain / (loss) in Capital Values	Fair value gains and losses (being the change in charter-free value + change in charter value) from marking assets to market in accordance with the valuation policy of the Company	Fair value of the Company's underlying investments is a key component of the Company's overall investment performance
Gross Operating Profit	Operating profit before gain / (loss) in capital values, loan interest, fees, and all other Company level expenses	To provide an indication of the underlying profit from operating activity, which is not reported in the financial statements, before interest, fees and Company level expenses
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 from a project or investment equal zero, and is a common performance indicator used in investment funds	A widely used APM which allows the shareholders to compare performance of different funds
NAV Total Return Per Share	The change in NAV per share plus dividends per share paid by the Company during the period, divided by the initial NAV per share at inception	A measure showing how the NAV per share has performed over a period of time, taking into account both capital return and dividends paid to Shareholders
Portfolio Operating Profit	Gross Operating Profit and interest income less loan interest and fees, Company Level Fees and Expenses	To provide an indication of the underlying net profit from operating activity, which is not reported in the financial statements
Portfolio Price / Depreciated Replacement Cost ("P/DRC")	Price divided by the Depreciated Replacement Cost. Price may refer to a transaction (investment or divestment) value or fair value at a certain date	The Investment Manager's preferred valuation metric for investment analysis. P/DRC tends to revert to 100% in the long-term
Revenue	Charter income, net of broker commissions and charter related costs, earned by SPVs	To provide an indication of the underlying income from operating activity which is not reported in the financial statements
Ship-Days	The sum of the number of days each vessel was owned by the Company over the financial period	To provide information about the vessel operating activity measured in days
Time-Weighted Capital Employed	Time-weighted capital invested in vessels	A metric used to compare Gross Operating Profit across different periods
Total Return Per Share	<p>The Net Asset Value per ordinary share on any Calculation Day adjusted to:</p> <p>(i) include the gross amount of any dividends and/or distributions paid to an ordinary share since Admission;</p> <p>(ii) not take account of any accrual made in respect of the performance fee itself for that Calculation Period;</p>	A measure showing how the investment in the Company's shares has performed over a period of time, taking into account both capital return and dividends paid to Shareholders
Total Return Per Share	(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

Corporate Information

Directors

Robert King, Chairman
Stephen Le Page
Paul Barnes
Christine Rødsaether

Registered office

3rd Floor
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD
Prior to effective date of 31 March 2023

1 Royal Plaza
Royal Avenue
St Peter Port
GY1 2HL
Guernsey
Effective from 31 March 2023

Investment Manager and AIFM

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

Asset Manager

Tufton Management Limited
3rd Floor, St George's Court
Upper Church Street
Douglas
Isle of Man IM1 1EE

Secretary and Administrator

Maitland Administration (Guernsey) Limited, an Apex Group company ("Maitland")
3rd Floor
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD
Prior to effective date of 31 March 2023

1 Royal Plaza
Royal Avenue
St Peter Port
GY1 2HL
Guernsey
Effective from 31 March 2023

Brokers

Hudnall Capital LLP
Adam House
7-10 Adam Street
London
EC2A 4BB

WC2N 6AA

Singer Capital Markets
1 Bartholomew Lane
London
EC2N 2AX

Depository

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

Appointment date: 4 November 2022

Guernsey Legal Advisers

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

UK Legal Advisers

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

Registrar

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

Receiving Agent

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

Independent Auditor to the Company

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

Principal Bankers

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

Definitions

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

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.
Administrator	Maitland Administration (Guernsey) Limited an Apex Group company.
AIC	the Association of Investment Companies.
AIFM Directive or AIFMD	the EU Directive on Alternative Investment Fund Managers (No. 2011/61/EU).
AIF	an alternative investment fund.
AIFM	an alternative investment fund manager.
AIFM Rules	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK.
Articles of Incorporation or Articles	the articles of incorporation of the Company, as amended from time-to-time.
Asset Manager	Tufton Management Limited
Auditor	PricewaterhouseCoopers CI LLP
Board	the Directors from time to time.
Brokers	a mercantile agent employed in buying and selling shares - The Company's brokers are Hudnall Capital LLP and Singer Capital Markets.
BWTS	Ballast Water Treatment System.
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

Calculation Year	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.
Companies Law	1 July to 30 June
Company	the Companies (Guernsey) Law, 2008 as amended.
Depreciated Replacement Cost or DRC	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.
Directors or Board	The Investment Manager's preferred valuation metric. DRC for a secondhand vessel is the current cost of replacing the vessel with an equivalent newbuild, depreciated to the same age.
Disclosure Guidance and Transparency Rules or DTRs	the Board of Directors of the Company.
Discount Control Policy	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA.
Environmental, Social, and Corporate Governance (ESG)	The policy described in the Discount Control section of the Company's Prospectus.
FCA	an evaluation of the company's collective conscientiousness for social and environmental factors.
Financial Reporting Council or FRC	the UK Financial Conduct Authority
FSMA	the UK Financial Reporting Council
Fund Level Fees and Expenses	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force.
GFSC or Commission	Investment management fee and other professional fees and expenses at fund level.
High Watermark Per Share	the Guernsey Financial Services Commission
High Performance Fee Amount	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 the Performance Fee Pay-Out Amount for the previous Calculation Period where a Performance Fee was payable.
IASB	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.
IFRIC	International Accounting Standards Board
IFRS	International Financial Reporting Interpretations Committee
Investment Manager	International Financial Reporting Standards
Issue Price	Tufton Investment Management Limited
Listing Rules	An issue price refers to the initial cost of a security when it first becomes available for purchase by the public.
London Stock Exchange or LSE	the listing rules made by the UKLA pursuant to Part VI of FSMA
LPG Carrier	London Stock Exchange plc
LS Assets Limited or LSA	a vessel used to transport liquefied petroleum gas.
LSE Admission Standards	the Guernsey holding company owning the SPVs through which the Company investment into vessels.
Main Market	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the SFS.
Market Abuse Regulation or MAR	the main market for listed securities operated by the London Stock Exchange.
Memorandum	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
Net Asset Value or NAV	the memorandum of association of the Company.
Performance Fee Amount	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.
Performance Fee Pay-Out 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.
POI Law	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 Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended.
Paris Agreement	the Company's portfolio of investments from time to time.
Prospectus	The Paris Agreement is a legally binding international treaty on climate change.
Register	The Placing and Offer for Subscription document for the Company dated 8th December 2017.
Relevant Number of Shares	the register of members of the Company.
	for any Calculation Period the time weighted average number of

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.
SFS or Specialist Funds Segment	the Specialist Funds Segment of the Main Market (previously known as the Specialist Fund Market or SFM).
SOFR	classifications of vessels within the shipping industry including, inter alia, Tankers, General Cargo, Containerships and Bulkers.
SPV or Special Purpose Vehicle	Secured Overnight Financing Rate. 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.
£ or Sterling	the lawful currency of the United Kingdom.
Tufton	the Investment Manager
Tufton Group	Tufton Investment Management Holding Ltd and its subsidiaries.
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time.
UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA.
United Kingdom or UK VesselsValue	the United Kingdom of Great Britain and Northern Ireland. VesselsValue Limited, a third party provider of vessel valuations to the Company and Investment Manager.
WACC	the weighted average cost of capital.
VLCC	Very large crude carrier.

Notice of AGM

Tufton Oceanic Assets Limited

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

Registration Number: 63061

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

Dear Shareholder,

I am pleased to send you the notice of the seventh Annual General Meeting ("AGM") of the members of Tufton Oceanic Assets Limited (the "Company"), to be held at 1 Royal Avenue, St Peter Port, Guernsey GY1 2HL on Tuesday, 24 October 2023 at 12.30 p.m. BST. Explanatory notes on all resolutions accompany the notice of the AGM (the "Notice").

Re-Election of Directors

As in previous years, all Directors are offering themselves for re-election in accordance with the AIC Code of Corporate Governance and the Articles of Incorporation of the Company (the "Articles"). Three of the current four members of the Board were appointed at the formation of the Company in 2017. Whilst their respective tenure is much less than the AIC Guidance figure of nine years, a succession plan has been considered by the Board. As part of this plan and despite the fact that a continuation vote must be put to the AGM in 2024, it has been decided to start a search for a new director using an external agency. This succession plan also aims to increase the diversity of the Board. Please note for your information that biographical details of all the Directors offering themselves for re-election are set out in the explanatory notes to the resolutions that follow this Notice.

Resolution 9 (Market Acquisitions of Shares)

The Company will only exercise the authority to buy back shares (granted by resolution 9) when, in the prevailing circumstances, it believes to do so is in the best interests of the Company and its shareholders.

Typically the authority to buy back shares would be exercised as a means of addressing any discount at which the Company's shares trade to their underlying net asset value (the "Discount"). The existence and extent of any Discount is a product of many factors including the total market capitalisation of the Company and the liquidity in terms of the trading in its shares. It is also noted that in the current macro-economic environment many closed ended investment companies trade on wide discounts to their underlying net asset values.

The Board does not believe:

- the total expense ratio of the Company; or
- the performance of the Company's investment manager and the level and structure of the fees payable to the Company's investment manager are significant contributing factors to the Discount

The Board will continue to monitor the Discount and the appropriateness of utilising the authority to buy back shares as a means of addressing the Discount. However it should be appreciated that there can be no guarantee that such utilisation will reduce the Discount either on a temporary or permanent basis.

Since the Company's general authority to make market purchases was last approved at the 2022 AGM, the Company has made 6,160,000 market purchases of shares, amounting to 2.04% of the shares in issue as at 30 June 2023. All the shares were acquired at a significant discount (averaging 17.9%) to the prevailing Net Asset Value (NAV) per share issued by the Company quarterly. The Board, in making the decision to

net Asset value (NAV) per share issued by the Company quarterly. The Board, in making the decision to acquire shares, took into account the views against making share buy backs expressed by some advisors to the Company's shareholder base, but felt that the very wide discount to which the shares had fallen resulted from factors external to the Company. This market wide discount represented a very good capital management opportunity to enhance the NAV per share attributable to long term shareholders and create a better return for them than investing the funds in a new vessel. For the avoidance of doubt, the Board has not benefitted directly or indirectly from these market purchases except to the extent to which all remaining shareholders have benefitted. The Board is seeking authority to continue making market purchases of shares, to the extent permitted in the Articles of the Company, when it believes such activity to be in the best interests of shareholders as a whole.

Voting

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

If you would like to vote on the resolutions, please appoint a proxy by no later than 12.30 pm BST on Friday, 20 October 2023. A form of proxy accompanies the Notice.

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

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

Tufton Investment Management Ltd, the Investment Manager

andrew.hampson@tufton.com

Paulo.almeida@tufton.com

Hudnall Capital, the Joint Broker

ac@hudnallcapital.com

Singer Capital Markets, the Joint Broker

James.Maxwell@singercm.com

Alex.Bond@singercm.com

Maitland Administration (Guernsey) Limited, the Company Secretary & Chairman

admin.guernsey@maitlandgroup.com

NOTICE OF ANNUAL GENERAL MEETING 2023

Notice is hereby given that the seventh Annual General Meeting of the members of Tufton Oceanic Assets Limited (**the "Company"**) will be held at 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey GY1 2HL on Tuesday, 24 October 2023 at 12.30 pm BST to transact the business set out in the resolutions below.

ORDINARY RESOLUTIONS

1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2023.
2. To re-appoint PricewaterhouseCoopers CI LLP as Auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
3. To authorise the Directors of the Company (the "Directors") to determine the remuneration of the Auditor.
4. To approve the remuneration of the Directors for the year ended 30 June 2023, as set out in the Directors' Report.
5. To re-elect Mr Robert King as a Director who retires by rotation in accordance with Article 21.3 of the Articles of Incorporation of the Company (**the "Articles"**).
6. To re-elect Mr Stephen Le Page as a Director who retires by rotation in accordance with Article 21.3 of the Articles of Incorporation of the Company.
7. To re-elect Mr Paul Barnes as a Director who retires by rotation in accordance with Article 21.3 of the Articles of Incorporation of the Company.

8. To re-elect Ms Christine Rødsæther as a Director who retires by rotation in accordance with Article 21.3 of the Articles of Incorporation of the Company.
9. To authorise the Company to make market acquisitions (as defined in the Companies (Guernsey) Law, 2008, as amended) of its own ordinary shares of no par value ("**ordinary shares**"), either for cancellation or to hold as treasury shares for future resale or transfer, provided that:
- a. the maximum number of ordinary shares authorised to be purchased shall be up to 14.99 per cent. of the ordinary shares in issue (excluding treasury shares in issue) as at 23 September 2023 (being the last business day prior to the publication of the Notice);
 - b. the minimum price (exclusive of expenses) which may be paid for an ordinary share is US\$0.01;
 - c. the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to the higher of:
 - i. an amount equal to 5 per cent. above the average of the mid-market values of an ordinary share taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made; or
 - ii. the higher of the price of the last independent trade or the highest current independent bid for ordinary shares on the London Stock Exchange at the time the purchase is carried out;
 - d. subject to paragraph (e), such authority shall expire at the annual general meeting of the Company to be held in 2024 (unless previously varied, revoked or renewed by the Company in general meeting) or, if earlier, the date falling 15 months from the passing of this resolution; and
 - e. notwithstanding paragraph (d), the Company may make a contract to purchase its ordinary shares pursuant to the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own ordinary shares in pursuance of any such contract notwithstanding the expiry of the authority given by this resolution.
10. To re-approve the dividend policy of the Company as set out in the Prospectus dated 25 September 2018.

EXTRAORDINARY RESOLUTION

11. To authorise the Directors to allot and issue shares, to grant rights to subscribe for or to convert any security into shares and to make offers or agreements to allot and issue equity securities (as defined in Article 5.1(a) of the Articles) for cash and/or to sell ordinary shares held by the Company as treasury shares as if the pre-emption rights contained in Article 5.2 of the Articles did not apply to any such allotment, grant or sale, provided that such authority shall be limited to the allotment of shares and/or grant of rights to subscribe for or to convert any security into shares and/or sale of treasury shares up to an aggregate number of ordinary shares as equal to 30,862,854 ordinary shares (representing 10 per cent. of the ordinary shares in issue as at 23 September 2023) (excluding any ordinary shares held in treasury and after giving effect to the exercise of warrants, options or other convertible securities outstanding as at such date).

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

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

By order of the Board

On behalf of Maitland Administration (Guernsey) Limited

Company Secretary

1 Royal Avenue

Royal Plaza

St Peter Port

Guernsey

GY1 1WD

EXPLANATORY NOTES - GENERAL

The following notes explain your general rights as a member and your right to vote at the 2023 AGM or to appoint someone else to vote on your behalf

appoint someone else to vote on your behalf.

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

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

A form of proxy is enclosed which should be completed in accordance with the instructions. To be valid, this form of proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of such power of attorney) must be lodged with the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by e-mail to UKCSBRS.ExternalProxyQueries@computershare.co.uk. Alternatively, completed forms can be sent to the registered office of the Company c/o Maitland Administration (Guernsey) Limited, 3rd Floor, 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey, GY1 2HL. All proxies must be received by no later than 12.30pm BST on Friday, 20 October 2023, being 48 hours before the time appointed for the AGM. Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so.

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

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

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

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

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.00 on 15 October 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

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

As at 23 September 2023 (being the last business day prior to the publication of the Notice), the Company's issued share capital consists of 308,628,541 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 20 September 2023 is 308,628,541.

EXPLANATORY NOTES - ORDINARY RESOLUTIONS 1 to 10

ORDINARY RESOLUTION 1 - The Company must present the financial statements for the year ended 30 June 2023 and the reports of the Directors and the Auditor to the AGM for approval.

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

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

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

ORDINARY RESOLUTIONS 5-8 - The full Board of Directors are retiring. They are offering themselves for re-election in accordance with Article 23.1 of the Articles and the Association of Investment Companies ("AIC") Code of Corporate Governance, of which the Company is a member. A brief biography for each of the Directors is set out on pages 30 and 31 of the Annual Report and Audited Financial Statements.

ORDINARY RESOLUTION 9 - This resolution grants the Company authority to make market purchases of up to 14.99 per cent. of the ordinary shares in issue as at 23 September 2023 (being the last business day

prior to the publication of the Notice). The ordinary shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

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

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

ORDINARY RESOLUTION 10 - Shareholders are being asked to approve the Company's policy with respect to the payment of dividends. **This approval will be advisory only.** The dividend policy, as set out in the Prospectus dated 25 September 2018, is summarised below:

Dividend Policy

The Company intends to pay dividends on a quarterly basis with dividends declared in January, April, July and October. The Company will target a quarterly dividend of 2.125 cents per ordinary share for the financial year 2024.

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

EXTRAORDINARY RESOLUTION 11 - General Disapplication of Pre-emption Rights - This resolution will, if passed, give the Directors power to allot shares or grant rights to subscribe for or to convert any security into shares or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings up to an aggregate number of ordinary shares as equal to 29,508,254 ordinary shares, which represents approximately 10 per cent of the Company's issued ordinary shares (excluding treasury shares) as at 23 September 2023.

Resolution 11 will allow the Company to carry out one or more tap issues, in aggregate, up to 10 per cent of the number of ordinary shares in issue as at the last business day prior to publication of the Notice and thus to pursue specific investment opportunities in a timely manner in the future and without the requirement to publish a prospectus and incur the associated costs.

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

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

Form of Proxy - Annual General Meeting 2023

To be held at 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey GY1 2HL

On Thursday, 24 October 2023 at 12.30 pm BST and at any adjournment thereof

I/We.....

(BLOCK LETTERS PLEASE)

of.....

.....

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

.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 1 Royal Avenue Royal Plaza, St Peter Port, Guernsey, GY1 2HL on Tuesday, 24 October 2023 at 12.30 pm BST and at any adjournment thereof.

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

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

ORDINARY RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD**
1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2023.			
2. To re-appoint PricewaterhouseCoopers CH LLP as auditor			

ORDINARY RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD**
to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.			
3. To authorise the Directors to determine the remuneration of the Auditor.			
4. To approve the remuneration of the Directors for the year ended 30 June 2023, as set out in the Directors' Report.			
5. To re-elect Mr Robert King as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
6. To re-elect Mr Stephen Le Page as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
7. To re-elect Mr Paul Barnes as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
8. To re-elect Ms Christine Rødsæther as a Director who retires by rotation in accordance with Article 21.3 of the Articles.			
9. Authority to make acquisitions of the Company's own shares.			
10. To approve the Company's dividend policy.			
EXTRAORDINARY RESOLUTION	FOR	AGAINST	VOTE WITHHELD**
11. Authority to allot and issue shares and to sell shares held in treasury as if the pre-emption rights in the Articles do not apply.			

Signed this day of 2023

Signature

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

NOTES TO THE FORM OF PROXY:

- i. Please indicate with an "X" in the appropriate box how you wish the proxy to vote.
- ii. If no "X" is marked in any of the for/against/vote withheld boxes in respect of a resolution, the proxy will exercise their discretion as to how they vote or whether they withhold their vote. The proxy will also exercise their discretion as to how they vote or whether they withhold their vote on any business or resolution considered at the AGM other than the resolutions referred to in this form of proxy.
- iii. In accordance with sections 222 and 223 of The Companies (Guernsey) Law 2008, you may appoint more than one person as your proxy to exercise all or any rights to attend and to speak and vote.
- iv. **A vote withheld is not a vote in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
- v. To be valid this form of proxy and any power of attorney or of the authority under which it is executed (or a duly certified copy of such power of attorney) must be lodged with the Company's Registrar: Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or the registered office of the Company c/o Maitland Administration (Guernsey) Limited, 1 Royal Avenue, Royal Plaza, St Peter Port, Guernsey, GY1 2HL by no later than 12.30 pm on Friday, 20 October 2023, being 48 hours before the time appointed for the AGM. Completing and returning this form of proxy will not prevent you from attending the meeting and voting in person if you so wish.
- vi. In order to revoke a proxy instruction, a member will need to send a signed hard copy notice clearly stating their intention to revoke a proxy appointment, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, to the Company's Registrar to the contact details noted above.
- vii. A form of proxy executed by a corporation must be either under its common seal or signed by an officer or attorney duly authorised by that corporation.
- viii. In the case of joint holdings the signature of the first named member on the Register of Members

- viii. in the case of joint holdings, the signature of the first named member on the Register of Members will be accepted to the exclusion of the votes of the other joint holders.
- ix. Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two business days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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