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Tufton Oceanic Assets Ltd.
20 May 2024

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Tufton Oceanic Assets Limited
(The "Company")

Publication of Circular and Notice of EGM

in connection with

Recommended proposals for (a) adoption of New Articles of Incorporation to permit future returns of capital by way of compulsory redemptions, and (b) amendment to investment restrictions to align with market opportunities (together the "Proposals")

Notice of Extraordinary General Meeting

The Board of Tufton Oceanic Assets Limited (ticker: SHIP.L) has today published a circular and notice of an extraordinary general meeting (the "**EGM**") to be held at 11 a.m. on 11 June 2024 at 1 Royal Plaza, Royal Avenue, St Peter Port, GY1 2HL, Guernsey (the "**Circular**").

The Circular is available for inspection on the Company's website. In addition, a copy of the Circular has been submitted to the National Storage Mechanism and will shortly be available for viewing online.

Further Information on the Proposals

Background to the Proposals

The Company announced the results of its strategy review on 17 January 2024. As part of the review the Board considered its capital allocation policy and use of investible cash and, inter alia, the Company announced:

- the Board was evaluating a proposed one-off return of capital in 2Q24 representing between 5 per cent. and 10 per cent. of NAV at a price representing the prevailing Net Asset Value per Share less attributable costs; and
- the Board will annually evaluate further returns of capital using excess investible cash if no suitable investment opportunities are presented.

In accordance with the Investment Manager's recommendations, the Board determined to divest all Containerships by early 2023, thereby reducing the number of shipping Segments (i.e. Tankers, General Cargo, Containerships and Bulkers) the Company is currently invested in to two (being Bulkers and Tankers). The Existing Investment Policy (as defined in the Circular) restricts the Company from making new investments that would result in any shipping Segment accounting for more than 50 per cent. of Net Asset Value.

After careful consideration and consultation with the Investment Manager, the Board is recommending that the Existing Investment Policy be amended to ease the above investment restriction to enable the Investment Manager to propose investments the Investment Manager believes will maximise investor returns in a manner that is still consistent with the objective of diversifying investment risk across shipping Segments. A summary of the proposed amendments to the Existing Investment Policy are set out below:

Proposed Amendments

Pursuant to the Proposals, the Circular:

- provides fuller details in respect of the terms of the one-off return of capital referred to above;

- contains a proposal for the adoption of New Articles which will provide for the periodic Compulsory Redemption of the Company's Shares (excluding those held in treasury) at the discretion of the Directors to allow excess investible cash to be returned to Shareholders (the "**Compulsory Redemption Proposal**"); and
- contains a proposal to amend the Company's Existing Investment Policy (the "**Investment Policy Amendment Proposal**").

The adoption of the New Articles to permit the Compulsory Redemption of the Company's Shares requires Shareholder approval, pursuant to the Companies Law, by way of a special resolution. The proposed amendments to the Company's Existing Investment Policy are considered to be a material change, which requires Shareholder approval by way of ordinary resolution. The Company's investment objective remains unchanged.

Accordingly, the Board is publishing the Circular to convene the Extraordinary General Meeting at which it will seek approval from Shareholders to: (a) adopt the New Articles to facilitate returns of capital; and (b) adopt the New Investment Policy.

The Investment Policy Amendment Proposal

The Existing Investment Policy restricts the Company from making new investments that would result in any shipping Segment (i.e. Tankers, General Cargo, Containerships and Bulkers) accounting for more than 50 per cent. of Net Asset Value.

After careful consideration and consultation with the Investment Manager, the Board is recommending that the Existing Investment Policy be amended to ease the above investment restriction to enable the Investment Manager to propose investments the Investment Manager believes will maximise investor returns in a manner that is still consistent with the objective of diversifying investment risk across shipping Segments.

The background to the proposed amendment is as follows. In accordance with the Investment Manager's recommendations, the Board determined to divest all Containerships by early 2023, thereby reducing the number of shipping Segments (i.e. Tankers, General Cargo, Containerships and Bulkers) the Company is currently invested in to two (being Bulkers and Tankers). As a consequence of Containership divestments and rising Tanker values, the Company's exposure to a single shipping Segment has exceeded 50 per cent. of Net Asset Value and the Company has been unable to make further investments in the relevant shipping Segment. At the end of Q1 2024 Tankers accounted for 56.5 per cent. of Net Asset Value.

The Board, as advised by the Investment Manager, believes that:

- the Company's strategy of low leverage and high Charter coverage continues to limit volatility;
- the Company's Tanker Segment exposure is diversified in sub-segments such as 'Gas Tankers', 'Product Tankers' and 'Chemical Tankers' which have different supply/demand drivers; and
- at various times, fundamentals in certain Segments may not support new investments: for example, despite current good yields in the Containership Segment, fundamentals suggest near-term risk to residual values.

One-off Return of Capital

On 11 January 2024, the Company announced that it had agreed to sell two Handysize Product Tankers, Pollock and Dachshund, for a total of $41.75m, which represented a 3.1 per cent. premium to the two vessels' 31 December 2023 net asset value of $40.50m (the "**Disposals**"), being the latest available Net Asset Value prior to the announcement. Following receipt of the proceeds from the Disposals, the Board intends to return $31.5m to Shareholders by way of a one-off Compulsory Redemption (as defined below), subject to Shareholder approval of the Compulsory Redemption Proposal. This return of capital is net of costs and expenses incurred by the Company relating to the approval of the Proposals and implementing the Compulsory Redemption.

The Compulsory Redemption will be priced at the attributable Net Asset Value per Share as at 30 June 2024. The Board expects to announce the Company's NAV as at 30 June 2024 on or around 17 July 2024. Subject to the Company having received the proceeds from the Disposals, a timetable for the Compulsory Redemption will be released simultaneously with the NAV announcement on 17 July 2024. The Board currently expects that settlement of the Compulsory Redemption will be in early August 2024.

For the avoidance of doubt, the record date for the Company's quarterly dividend to the 3 months ending 30 June 2024 (the "**2Q24 Dividend**") will precede the Redemption Record Date. Accordingly, Shareholders will be eligible to receive both the 2Q24 Dividend and proceeds from the Compulsory Redemption on the basis they continue to own shares on each of the 2Q24 Dividend record date and the Redemption Record Date.

Change of Articles, returns of capital and Compulsory Redemptions of Shares

The Directors propose to effect any such returns of capital to Shareholders by way of redemptions of Shares (excluding those held in treasury) compulsorily (each a "**Compulsory Redemption**"). Currently the Company's Shares are non-redeemable. Accordingly, it will first be necessary to change the Company's existing Articles to permit the Directors, at their sole discretion, to effect a Compulsory Redemption of Shares on an ongoing basis, and pro rata to each Shareholder's shareholding in the Company, in order to return capital to Shareholders. Upon the New Articles being adopted, the Directors shall convert the Shares into redeemable shares, redeemable on the terms set out in the New Articles.

For any Compulsory Redemption undertaken after the Compulsory Redemption in relation to the Disposals, the Redemption Price per Share is expected to be calculated by reference to the NAV per Share less the costs associated with the relevant redemption and adjusted as the Directors consider appropriate. The number of Shares to be redeemed will be redeemed from all Shareholders pro rata to their Shareholdings on the relevant Redemption Date. Details of any Compulsory Redemption approved by the Board will be announced to the market by way of an announcement released on a Regulatory Information Service.

The Board believes that the Compulsory Redemption Proposal is in the best interests of the Company and its Shareholders as a whole by giving the Company the ability to return capital to Shareholders in a cost-effective and timely manner through the proposed Compulsory Redemption mechanism in accordance with the revised capital allocation policy.

Amendment to investment restrictions to align with market opportunities

The Existing Investment Policy restricts the Company from making new investments that would result in any shipping Segment (i.e. Tankers, General Cargo, Containerships and Bulkers) accounting for more than 50 per cent. of Net Asset Value. The Board is seeking Shareholder approval to ease the above investment restriction such that:

- the restriction on making further investments that would result in a shipping Segment accounting for more than 50 per cent. of Net Asset Value will only apply where the Company is invested in at least three shipping Segments; and
- where the Company is only invested in two shipping Segments: (i) no further investment may be made that results in any shipping Segment accounting for more than 75 per cent. of Net Asset Value; and (ii) if the Tankers shipping Segment accounts for more than 50 per cent. of Net Asset Value and exposure is only to a single Tanker sub-segment (i.e. Crude Tankers, Product Tankers, Chemical Tankers, Gas Tankers), no further investment may be made in such Tankers sub-segment.

The Board believes that the Investment Policy Amendment Proposal is in the best interests of the Company and its Shareholders as a whole as it will enable the Investment Manager to propose investments the Investment Manager believes will maximise investor returns in a manner that is still consistent with the objective of diversifying investment risk across shipping Segments.

Forms of Proxy

All Shareholders are requested to complete and return their Form(s) of Proxy. To be valid, Forms of Proxy for use at the EGM must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or delivered by hand during office hours only to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or in the case of Shares held through CREST, via the CREST system or if submitting the registrar's website, by no later than 11.00 a.m. on 7 June 2024.

Capitalised terms in this announcement have the same meaning as in the Circular unless otherwise indicated.

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A copy of this announcement will be available on the Company's website at https://www.tuftonoceanicassets.com. Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

About the Company

Tufton Oceanic Assets Limited invests in a diversified portfolio of secondhand commercial sea-going vessels with the objective of delivering strong cash flow and capital gains to investors. The Company's investment manager is Tufton Investment Management Ltd. The Company has raised a total of approximately $316.5m (gross) through its Initial Public Offering on the Specialist Fund Segment of the London Stock Exchange on 20 December 2017 and subsequent capital raises.

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