24 September 2020

TUFTON OCEANIC ASSETS LIMITED

("Tufton Oceanic Assets" or the "Company")

Final Results and Notice of AGM

Tufton Oceanic Assets Limited announces its final results for the period ended 30 June 2020. A copy of the Annual Report and Audited Financial Statements has been submitted to the National Storage Mechanism and will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism. A copy of the Annual Report and Audited Financial Statements will also shortly be available on the Company's website in the Investor Relations section under Company Documents at www.tuftonoceanicassets.com/financial-statements.

Printed copies of the Company's Annual Report and Audited Financial Statements together with Notice of the 2020 Annual General Meeting will be posted to investors shortly. The annual general meeting will be held at the Company's registered office at 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey on 23 October 2020 at 9.30 am BST. Due to continuing Covid-19 restrictions, specifically regarding the period of self-isolation required for any incoming travellers to Guernsey, members are reminded that they may appoint a Guernsey-based proxy.

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Highlights

- The Company has performed reasonably well on a NAV basis, benefiting from the diversification of its fleet, although its share price, like that of many others, has suffered as a result of the impact of the Covid-19 pandemic.
- The Company had an overall loss for the financial year of US$1.2m, or US$0.0049 per Share.
- Despite strong portfolio operating profit[1], the Company suffered non-cash, fair value losses as asset values fell due to the impact of Covid-19 on the value of vessels in the shipping market. Please see the Investment Manager's Report (page 7) for more details.
- The Company benefited from sector diversification as the negative impact of the demand shock from Covid-19 lockdowns on containership and bulker markets, was partly offset by the strong performance in tankers.
- The Company declared dividends of US$0.0175 per Share each quarter and continues to target a total annual dividend of US$0.07 per Share.

- The NAV per Share decreased from US$1.005 as at 30 June 2019 to US$0.931 as at 30 June 2020 net of share issue costs, after dividends. The NAV total return for the financial year was -0.7%.

- The Company's Shares traded at an average discount of 0.96% to NAV during the financial year.

- Net proceeds of US$30.4m were raised in September 2019 pursuant to the Placing Programme described in the Company's prospectus published 25 September 2018.

- The Company took the opportunity to sell three general cargo vessels in the financial year. This was the Company's first divestment. The resulting realised yield and IRR exceeded the targets expressed in the Company's prospectuses.

- During the financial year, the Company acquired five vessels for US$77.2m, bringing the total number of vessels to sixteen after the divestment of the three general cargo vessels.

- All sixteen vessels are employed on fixed rate charters[2]. Vessels coming off charter in the second half of 2020 represent circa ("c.")17% of NAV, so the portfolio remains largely insulated from geopolitical and macroeconomic shocks.

- EBITDA-weighted average length of charter is c. 2.5 years based on expected charter duration.

- The Company's fleet had only c.0.5% (26 ship-days[3]) of commercial idle time across the fleet over the financial year and had no commercial idle time between 1 July and 22 September 2020.

1. *Portfolio operating profit refers to profit and comprehensive income for the year excluding valuations gains/losses*
2. *Bear's charter has a fixed rate component plus a profit-share mechanism.*
3. *Ship-days: Total number of days owned in the Company's fleet for all the ships over the financial year.*

Chairman's Statement

Introduction

On behalf of the Board, I present the Company's Annual Report and Audited Financial Statements for the year ended 30 June 2020. During the financial year, we raised additional funds (net proceeds of US$30.4m) from a Placing on 20 September 2019, bringing the total gross funds raised to US$250.4m.

The proceeds of the Placing were largely invested during the financial year and we made the first divestment from the Company in February 2020 through the sale of three general cargo vessels for US$19.3m. As a result of a change in market conditions from March onwards, following the first divestment, the Company slowed its deployment of capital and therefore its subsidiaries had investible cash of c.US$19m at the end of the financial year.

The Company currently has sixteen vessels in its fleet consisting of three handysize bulkers, seven containerships and six tankers with EBITDA-weighted average charter length of 2.5 years. There is a further breakdown of the portfolio in the Investment Manager's Report set out on pages 7 and 8.

Covid-19

Despite strong portfolio operating profit and cash flows, the Company suffered non-cash, fair value losses as asset values fell largely due to the impact of Covid-19 on the shipping market. The Company benefited from sector diversification as the negative impact on the containership and bulker markets during the financial year was partly offset by the stronger performance of tankers. The Investment Manager's Report provides a more detailed breakdown of the impact that Covid-19 has had on the fleet and the overall performance of the Company.

Performance

As at the end of 30 June 2020, the Company's NAV was US$237.7m being US$0.931 per Share. The Company declared a loss of US$1.2m or US$0.0049 per Share for the financial year.

The dividend cover* for the financial year was c.1.4x, despite the market backdrop in the first half of 2020 and that the Company is not currently fully invested. The Company forecasts that dividend cover will continue to average 1.4x for the next 12-18 months based on current market conditions. The EBITDA-weighted average charter length c.2.5 years and the Company continues to target a total annual dividend of US$0.07 per Share.

During the financial year, the Company's listed share price decreased from US$0.99 per Share as at 30 June 2019 to US$0.915 per Share as at the close of business 30 June 2020. The Company's Shares traded at an average discount of 0.96% to NAV during the financial year.

Discount Management

During the financial year, the Company moved from a healthy premium up until 29 February 2020 to a discount as markets plummeted around the world and the impact of Covid-19 took effect on the shipping sector. The discount levels reduced significantly, from 19.98% on 31 March to 1.70% as at 30 June 2020.

* EBITDA less capex (excluding the scrubber retrofit for Parrot) less debt service, divided by dividends for the period

Following the end of the financial year, the discount to NAV although initially narrow, widened to more than 10% in August and the Board utilised its powers to buy back Shares.

Although none were purchased during the accounting period, the Company bought 150,000 of its own Shares at an average price of US$0.824 per Share after the end of the financial year. There are currently 150,000 Shares held in Treasury and 255,337,638 Shares in issue as at the date of approval of these accounts.

Dividends

During the financial year, the Company declared and/or paid dividends to shareholders as follows:

Period end	Dividend per Share (US$)	Ex div date	Record date	Paid date
30.06.19	0.0175	08.08.19	09.08.19	23.08.19
30.09.19	0.0175	07.11.19	08.11.19	22.11.19
31.12.19	0.0175	06.02.20	07.02.20	21.02.20
31.03.20	0.0175	07.05.20	11.05.20	26.05.20
30.06.20	0.0175	06.08.20	07.08.20	21.08.20

The dividend for the prior quarter (ending 30 June 2019) was paid during the financial year on 23 August 2019. A dividend was declared on 29 July 2020 of US$0.0175 per Share for the quarter ending 30 June 2020 and paid on 21 August 2020 to holders of Shares on record date 7 August 2020 with an ex-dividend date of 6 August 2020.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held on 23 October 2020 at 9.30 am BST the details of which are set out in the AGM notice and Proxy on from pages 88 to 98. Under the current travel restrictions in place in Guernsey we would recommend that Shareholders appoint either the Chairman or an alternative proxy to represent their votes at the AGM as Shareholders will not be permitted at this time to attend the meeting in person.

At the last AGM held on 25 October 2019 there were four resolutions with a significant number of votes against, the details of which were set out in the Interim Financial Statements as at 31 December 2019.

There were votes against the approval of the accounts based on the fact that the Company did not offer Shareholders the opportunity to approve the dividend policy of the Company. We have included a resolution to approve the dividend policy at the forthcoming AGM and will do so in future years.

The votes against the re-appointment of the Auditors and the re-appointment of Mr Le Page were as a result of a deemed conflict between PwC and Mr Le Page as Chairman of the Audit Committee. Following consultation with the shareholder representatives, I would like to believe that the Shareholders consider Mr Le Page to be an independent director without any conflicts of interest with the Company's Auditors and in any event the Board have determined that by the date of the AGM on 23 October 2020, Mr Le Page will have exceeded a seven year period since being a partner of PwC CI LLP and thus will satisfy the voting agents' criteria.

There were also a number of votes against me owing to the number of listed appointments which I hold, which has now been addressed

Where Shareholders or their appointed agent 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 part of our annual board evaluation held on 25 October 2019, the Board considered it appropriate to introduce a new board member with knowledge and experience of the shipping sector with an emphasis on Environmental, Social and Governance ("ESG") matters. I am pleased to confirm, during a difficult time to engage with potential candidates, that we have appointed, Christine Rødsæther, whose details are set out on page 33.

I would like to welcome Christine to the Board and following her appointment, the Board has reviewed the roles and responsibilities of the individual Directors. Christine will join the Audit Committee with effect from 1 October 2020 and I will step down from that Committee on the same date, ensuring the Audit Committee is independent of the Chairman.

It is not intended at this time the Company would form any other committees, with remuneration, nominations and management engagement being the responsibility of the whole board. The evaluation of the Chairman will be undertaken by the independent directors, led by the Audit Committee Chair, as part of the annual board evaluation process. Shareholders are also encouraged to contact the Audit Committee Chair if they feel unable to approach the Chairman directly, and consequently, the Company has no plans to appoint a Senior Independent Director at this time.

As discussed above and set out in greater detail in the Investment Manager's Report, this has been one of the most challenging periods for the shipping sector and global economies in general. The performance of the fleet has been strong with the tanker sector significantly outperforming bulkers and containerships. Although we see continued divergence between sectors, the diversity of our fleet has allowed the Company to provide some insulation against the under-performing sectors.

The Board are greatly encouraged by the Investment Manager's ability to manage the diversified portfolio of vessels and also continue to obtain new opportunities to increase the fleet size. It is likely that the remaining part of 2020 will not be any easier and the uncertain future in global markets, will lead to new challenges. We saw a reduction in charter period renewal and charter rates fall in the first half of 2020 primarily due to the impact of Covid-19.

Towards the end of the financial year, we noted a significant improvement in the shipping market as global lockdowns to contain Covid-19 were relaxed. Please see the Investment Manager's Report for more details on the shipping market. We are optimistic for the Company's prospects as the global shipping markets return to growth.

Outlook

I would like to thank my fellow directors for their commitment and support during these difficult times, the Investment Manager and their team for their diligence in dealing with complex and challenging operational matters which have greatly increased due to the impact of Covid-19. I would also like to take this opportunity to thank our Shareholders for their support and continued belief in our strategy.

Rob King
Non-executive Chairman

Investment Manager's Report

Highlights of the Financial Year

The portfolio operating profit from the fleet remained strong at US$29.1m but this was outweighed by a US$30.3m decline in fair value of fleet. Approximately 74% of the capital value decline was in the second half of the financial year, mainly as containership and bulker values declined due to the impact of Covid-19 on shipping demand. The Company's loss for the financial year was US$1.2m or US$0.0049 per Share based on the weighted average number of shares (note 9).

The Investment Manager believes the Company's strong portfolio operating profit and performance in the Covid-19 crisis, both on an absolute basis and relative to other asset classes, demonstrates that it can be an attractive high income and low correlation investment.

- The Company declared quarterly dividends of US$0.0175 per Share.
- During the year, the Company acquired two containerships (Parrot and Vicuna), one crude tanker (Bear), a product tanker (Dachshund) and a handysize bulker (Antler) for a total of US$77.2m.
- Three general cargo vessels (Hongi, Darwin and Java) were sold in the financial year when the opportunity arose to realise a good return for Shareholders. This was the Company's first divestment. The realised yield and IRR exceeded the targets expressed in the Company's prospectus published on 25 September 2018.
- Parrot Limited, the SPV of Parrot, entered into a US$13.0m 5-year non-recourse senior secured loan. The first tranche of US$7.8m was drawn in April 2020 and the second tranche of US$5.2m was drawn in June. The blended fixed rate for the facility is 5.05%. The loan facility proceeds were used to fund the planned capital expenditure for Parrot and to release cash for new investments.
- As at 30 June 2020, all sixteen vessels were employed on fixed rate charters (Bear's charter has a fixed rate floor and a profit sharing mechanism) and vessels coming off charter in the second half of 2020 represent only c.17% of NAV so the portfolio remains largely insulated from short term geopolitical and macroeconomic shocks.

- The Company's fleet had only c.0.5% (26 ship-days) of unplanned commercial idle time across the fleet during the financial year and had no commercial idle time between 1 July and 22 September 2020.

- The dividend cover* for the financial year was c.1.4x, despite the market backdrop in the first half of 2020 and that the Company is not currently fully invested.

- EBITDA-weighted average length of charter was 2.5 years as at 30 June 2020.This has declined during the period partly due to the passage of time but also because recent charter renewals were generally for shorter periods due to the impact of Covid-19.

- Net proceeds of US$30.4m were raised in September 2019 pursuant to the Placing Programme described in the Company prospectus published on 25 September 2018.

- As at 30 June 2020, the expected cash-on-cash run-rate yield from the fleet is c.13.8% after management fees and capex.

Much of the market volatility resulting from Covid-19 was mitigated by strong operating performance and we believe the Company stands to benefit from a recovery as asset values rebound with demand, albeit with a lag. The Investment Manager's proprietary system for analysis of shipping satellite data (Tufton Real Time Activity Capture System "TRACS") shows a strong recovery in demand, back to trendline, for bulker and containership markets after Covid-19 related lockdowns were lifted in the latter half of the second quarter of 2020.

* EBITDA less capex (excluding the scrubber retrofit for Parrot) less debt service, divided by dividends for the period

The Assets

As at 30 June 2020, the Company owned sixteen vessels. 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. All other vessels operate on time charter contracts, under which the Company provides fully operational and insured vessels for use by the charterers.

As at 30 June 2020

SPV+	Vessel Type and Year of Build	Acquisition Date	Earliest end of charter period	Latest end of charter period	Expected end of charter period**
Swordfish	1700-TEU containership built 2008	February 2018	September 2020	December 2020	December 2020
Kale	1700-TEU containership built 2008	February 2018	October 2020	September 2021	September 2021
Patience	2500-TEU containership built 2006	March 2018	April 2021	October 2022	October 2022
Riposte	2500-TEU containership built 2009	March 2018	March 2020	March 2021	October 2020
Neon	Mid-sized LPG carrier built 2009	July 2018	August 2025	August 2025	August 2025
Aglow	Handysize bulker built 2011	July 2018	May 2020	October 2020	October 2020

Dragon^	Handysize bulker built 2010	September 2018	August 2020	October 2020	August 2020
Citra	2500-TEU containership built 2006	November 2018	November 2020	January 2021	November 2020
Sierra	Medium-range product tanker built 2010	December 2018	January 2021	January 2022	January 2022
Octane	Medium-range product tanker built 2010	December 2018	January 2021	January 2022	January 2022
Pollock	Handysize product tanker built 2008	December 2018	February 2023	February 2024	February 2023
Parrot	8200-TEU containership built 2006	July 2019	May 2025	May 2025	May 2025
Bear	Crude oil tanker Built 2005	September 2019	October 2021	October 2021	October 2021
Vicuna	2500-TEU containership built 2006	October 2019	October 2022	October 2024	October 2022
Dachshund	Handysize product tanker built 2008	February 2020	March 2023	March 2024	March 2023
Antler	Handysize bulker built 2012	March 2020	September 2020	December 2020	December 2020

Notes:

+ SPV that owns the vessel

** These may differ from the Interim Report (31 March 2020) following the re-assessment by the Investment Manager of the prevailing market conditions

^ Charter renewed on 4 August 2020 for 2-4 months, ending October 2020 (earliest)/ December 2020 (latest)

The Company divested three general cargo vessels for US$19.3m. The realised yield and IRR exceeded the targets expressed in the Company's prospectus published on 25 September 2018. This was the Company's first divestment. As a result of the change in market conditions from March onwards the Company slowed its deployment of capital and therefore had investible cash of c.US$19m (held by LS Assets Ltd) at the end of the financial year. While the Investment Manager aims to hold investments over the longer term, it will continue to consider sale opportunities that generate additional value for shareholders.

Operating and Investment Highlights

During the financial year, the Company acquired five vessels for US$77.2m, bringing the total number of vessels to sixteen vessels after the divestment of the three general cargo vessels. The Company's fleet had only c.0.5% (26 ship-days) of commercial idle time across the fleet over the financial year and had no commercial idle time between 1 July and 22 September 2020. This is a good result over the period which included the impact of Covid-19 on shipping demand, resulting in c.10.6% of the global containership fleet being idle for much of second quarter of 2020.

Containerships

Despite the disruptions to the Containership market from Covid-19 (please see the Shipping Market discussion on page 13 for the details), the seven containerships operate on time charter contracts, under which the Company provides fully operational and insured vessels for use by the charterers.

- Swordfish is on a short-term charter to a public shipping company based in Asia after a small gap following its previous charter in May 2020.
- Kale, Patience, Riposte and Vicuna are chartered to a major investment grade container shipping group. Kale's charter was extended in March 2020. Vicuna was acquired for US$8.75m in October 2019 and is on a 3 to 5 year charter.
- Citra is chartered to a leading private operator of containerships specialising in fresh fruit transportation.
- The total investment in Parrot, a 2006 built 8200-TEU containership, was US$28.3m. The vessel was delivered in July 2019 and is on a 5.5-year charter to a leading global container shipping group. The vessel had its planned third special survey and scrubber retrofit completed in May 2020. The SPV of Parrot drew down US$13.0m in two tranches under a non-recourse loan facility at a blended, fixed rate off 5.05%. The loan proceeds were used to fund the planned capital expenditure for Parrot and release cash back to the Company for new investments.

<u>Bulkers</u>

The market for bulkers weakened after a strong third quarter of 2019 and was further impacted by Covid-19. The Investment Manager has employed the Company's bulkers on short term charters to position the vessels for a market recovery.

- Dragon and Aglow (handysize bulkers) operate under time charters to two private European operators. After the financial year, Dragon had its charter extended for several months, minimising the likelihood of idle time during the second half of 2020.
- Antler, a 2012 built handysize bulker, was acquired in March 2020 for US$7.0m. It is on a fixed rate time charter for 6 to 8 months to a major agricultural commodity trading and logistics company.

<u>Tankers</u>

- Four product tankers (Sierra, Octane, Pollock and Dachshund) operate under time charters to a major commodity trading and logistics company. Pollock's charter was extended at a fixed rate (previously floating) for 3 to 4 years starting February 2020. Dachshund, a 2008 built product tanker, was acquired in February 2020 for US$13.25m and was delivered to the Company in March. It is on a fixed rate time charter for 3 to 4 years.
- Bear, a 2005 built crude oil tanker, was acquired in September 2019 for US$19.9m and operates under a 2-year time charter with a fixed floor rate and profit-sharing mechanism to a major tanker operator.
- 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.

The vessels in the fleet are well maintained and have performed to expectations. Some events over the financial year worth noting include:

- Dragon had its scheduled second special survey;
- Swordfish and Riposte had minor machinery issues which were promptly rectified;
- Patience was struck by another vessel (which was at fault) in October 2019, resulting in 12 days of unplanned off-hire (repair costs minus deductible were covered by insurance);
- Vicuna had its planned remedial maintenance and survey in first quarter of 2020; and
- Parrot had its scheduled special survey and retrofit of a scrubber in China in May 2020.

All the vessels in the portfolio transitioned to low sulphur fuel at the end of 2019 to comply with the International Maritime Organization's (IMO) new sulphur cap. The Investment Manager continues to identify an attractive pipeline of opportunities across the shipping segments.

Investment Performance

NAV per Share was US$0.931 at 30 June 2020. Portfolio operating profit from the fleet contributed US$0.117 per Share. There was an unrealised loss in the charter-adjusted fleet value of US$0.122 per Share during the financial year. The unrealised loss arose mainly because of the fall in capital values of containerships and bulkers during the second half of the financial year due to the impact of Covid-19 on demand for these vessel types. Tankers proved to be an effective diversifier, contributing to performance through strong portfolio operating profit and higher asset values as the segment benefited from demand for floating storage. NAV total return over the financial year was -0.7%.

The fleet performance during the financial year was strong with gross profit/ time weighted capital employed increasing to 14.2%, compared to 12.3% in the previous financial year. The dividends for first and second quarter of 2020 were paid in May 2020 and August 2020 respectively, both of US$0.0175 per Share. The Company's dividend cover* for the financial year was c.1.4x, despite the market backdrop and that the Company is not fully invested.

Portfolio performance by segment

Portfolio operating profit was strong except for the bulkers. The three bulkers in the fleet are on short-term charters at relatively low rates in a poor market and represent only c.9.5% of the portfolio NAV. The short-term charters position the vessels well for longer term charters at higher rates as demand recovers. Much of the negative impact on capital values came from fair value losses in containerships as demand in that segment saw the worst impact from Covid-19. TRACS data show a recovery in containership and bulker demand back to trendline at the end of the second quarter of 2020. Please see the Shipping Market section for more details on TRACS.

As at 30 June 2020, vessels corresponding to more than 60%, by value, of the portfolio (i.e. excluding investible cash) have charter coverage greater than one year. Fixed employment in the portfolio was across ten different charterers. Exposure to tankers totalled 47.9%, containerships represented 32.8% and bulkers 9.5% of the portfolio.

The shipping market was expected to encounter an impactful regulatory change ("IMO2020") in early 2020 as the global fuel sulphur cap was reduced to 0.5% by the IMO. The last six months proved to be eventful but for very different reasons. The impact of IMO2020 paled before the twin impacts of Covid-19 and OPEC policy changes. Covid-19 quickly developed into a global pandemic over the first quarter of 2020. Travel restrictions and shutdowns to limit the contagion had a negative impact on global GDP growth. In June, the IMF forecast 2020 World GDP to shrink by 4.9%. The IMF forecasts a return to 5.4% growth in 2021 as governments around the globe put in place unprecedented fiscal and monetary stimulus to support the economic recovery. Shipping demand growth is historically linked to the growth in GDP. Clarksons Research forecasts global trade (tons) to shrink by 4.4% in 2020 and return to 5% growth in 2021.

This section includes data from the Investment Manager's proprietary TRACS system which analyses satellite data to track the international shipping fleet. By monitoring the overall levels of cargo on water, TRACS enables the Investment Manager to have a close to real-time measure of shipping demand. Other statistics on demand and supply are from Clarksons Research.

Some notable highlights of the shipping market (based on Clarksons Research) include

- Global seaborne trade is forecast to contract by 5% (ton-miles) in 2020 after a slowdown to 1% growth in 2019. Seaborne trade grew by 3.3% CAGR in the two decades leading up to 2019.

- After strong growth of 3.9% in 2019, fleet expansion is forecast to decelerate to 2.4% in 2020 and 1.9% in 2021

- The global orderbook is at its lowest level since 2004, equivalent to only 7.8% of the fleet, compared to over 50% in 2008.

- Over the twelve months leading to June 2020:

    - Average 12-month time charter rates for handysize bulkers fell 8% year on year.

    - Clarksons' containership time charter rates index fell 24% year on year.

    - Average 12-month time charter rates for handysize tankers rose 3% year on year, while Suezmax 12-month charter rates rose 14%.

The second half of 2019 was marked by a slowdown in global GDP growth and industrial production. As the benefits of the 2018 tax cuts in the US faded, business confidence weakened in the face of the uncertainties of US-China trade negotiations. Manufacturing firms became more cautious on long term capital expenditure. The growth slowdown was exacerbated in the first half of 2020, primarily due to the impact of Covid-19.

Despite the impact of Covid-19, the boom in the tanker market proved that disruption is not always negative for the global shipping industry. Towards the end of the third quarter of 2019, the tanker market received an unexpected boost when the US sanctioned Cosco Tankers, a large Chinese operator - effectively removing a significant portion of available tanker capacity. Benchmark rates for large tankers hit decade highs as the effect of US sanctions was exacerbated by ships taken out of service for scrubber retrofits ahead of IMO2020.

The rally in tanker rates paused in early 2020 as US sanctions were removed in January. The combined impact of Covid-19 on oil demand and the change in OPEC policy in early March led to strong demand for floating storage as oil production and exports greatly exceeded demand.

TRACS data show the tremendous boost for tanker demand from floating storage, with around 30m tons (c.210m barrels) of oil and products being stored at sea by the end of April. On a like for like basis, there is usually no such demand.

Benchmark rates for large tankers hit new record highs exceeding levels achieved in the fourth quarter of 2019. Tanker demand peaked on 1 May as OPEC cut production by 9.7m barrels per day.

The tanker market had a strong first half of 2020 supported by demand for floating storage. Tonnage in floating storage is likely to be gradually released back into the market over the second half of 2020 but easing travel restrictions and tapering of OPEC production cuts from July will support incremental demand growth.

On the other hand, dry bulk shipping remained very volatile over the financial year. Businesses opportunistically built inventories in the third quarter of 2019 ahead of expected changes in tariff regimes, resulting in record demand for many dry bulk products. The benchmark Baltic Dry Index hit a six-year high in the third quarter of 2019 However, bulker demand weakened in the fourth quarter of 2019 with the combined effects of slowing GDP growth, lower steel demand growth and pullback from the inventory building of the third quarter of 2019 being exacerbated by environmental shutdowns in Asia. The weakness continued into the first quarter of 2020 with the impact of seasonality over Chinese New Year amplified by travel restrictions and business shutdowns around Covid-19. According to TRACS data, bulker demand recovered back to trendline towards the end of the second quarter of 2020 as Chinese iron ore imports increased to replenish low inventories and fulfil pent-up demand.

In the second half of 2019, consumer sentiment remained buoyant, particularly in the US as additional easing by the US Federal Reserve was followed by mortgage refinancing which added to disposable income. Containership rates, led by larger vessels, improved over the course of the third of quarter of 2019 and consolidated at relatively high levels in the fourth quarter of 2019. TRACS data show that Covid-19 had dual impacts on the containership segment. The initial impact was through lower Chinese exports due to extended shutdowns and travel restrictions around Chinese New Year. Even as the restrictions were eased in China, they were rolled out in Europe and then the United States resulting in a second negative impact on demand. Benchmark time charter rates on feeder containerships fell by 24% over the 12 months leading to June 2020. From the middle of May, TRACS data show a rebound in containership demand back to trendline. Time charter rates stabilised toward the end of the second quarter of 2020 and started improving after the end of the financial year.

The supply-side adjustment across shipping subsectors has continued and was possibly accelerated by the impact of Covid-19. The pace of new orders continued to fall. According to Clarksons Research, the 5.7m CGT of new orders in the first half of 2020 was a 25-year low. The orderbook shrunk to 7.8% of the fleet, the lowest level since 2004. Fleet growth is expected to slow from 2.4% in 2020 to 1.9% in 2021. The supply adjustment could be further aided by a reduction in average fleet speed. At the moment, the speed reduction is largely an industry response to the current commercial environment but mandatory speed reduction to lower emissions remains under consideration. Speed reduction as a means of optimizing voyage economics, reducing emissions and managing fleet capacity is unique to the shipping industry.

Environment, Social and Governance

The Investment Manager endeavours to conduct its affairs responsibly and take into consideration ESG factors regarding investment decisions taken on behalf of the Company. The Investment Manager recognises that its 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. As part of its commitment to Responsible Investment, the Investment Manager integrates ESG factors into the investment management process and ownership practices in the belief that this can have a positive impact on the long-term financial performance of its investments. The Investment Manager became a signatory to the United Nations Principles of Responsible Investment in December 2018 and has a Responsible Investment policy which is available on its website, (http://www.tuftonoceanic.com).

Initial areas of focus on ESG implementation shall include

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

7. Promoting acceptance and implementation of ESG principles with our business partners.

Over the course of 2019, the Investment Manager noted increased incidences of contraband smuggling in the international shipping industry and therefore prioritized enhanced security on board vessels.

Environmental: Fuel efficiency

The Company and Investment Manager intend to contribute towards the IMO's ambition to reduce, compared to 2008, total annual emissions by at least 50% by 2050 and to reduce CO_2 emissions per transport work, compared to 2008, by at least 40% by 2030.

In September 2019, the Investment Manager joined the Getting to Zero Coalition, a partnership between the Global Maritime Forum, the Friends of Ocean Action, and the World Economic Forum. The ambition of the Getting to Zero Coalition is closely aligned with the IMO's vision for greenhouse gas reduction. The Coalition is committed to getting commercially viable deep-sea zero emission vessels powered by zero emission fuels into operation by 2030 which is required to ultimately align greenhouse gas emissions from international shipping with the Paris Agreement.

Based on data from the vessels, the Company's fleet emitted 278,101 tons of CO_2 over the calendar year 2019. This includes emissions from Bear, Parrot and Vicuna which were acquired over the course of the year but excludes Neon and the general cargo vessels which were on bareboat charters as charterers are fully responsible for operating these vessels.

Total CO_2 emissions in 2019	**Value (tons CO_2)**
Containerships	196,310
Bulkers	27,268
Tankers	54,524
Company	278,101

All the vessels in the Company's fleet transitioned to very low sulphur fuel oil (VLSFO) at the end of 2019 in order to comply with IMO2020. Parrot was retrofitted with a scrubber in May 2020 which allows the vessel to continue utilizing high sulphur fuel oil (HSFO). The Company's fleet emissions in 2019 were generated from consumption of c.89,000 tons of fuel, of which 85% was HSFO. The Investment Manager aims to reduce emissions by increasing fuel efficiency. The benefits from fuel efficiency usually accrue to the charterer for vessels on time charter employment. The split incentive means the Investment Manager has to carefully structure investments that enhance fuel efficiency to ensure that the investments are accretive to the Company. The charterer remains responsible for vessel operating parameters such as speed, cargo and routing which strongly influence fuel consumption and emissions. While responsible for c.3% of global emissions, shipping remains a very carbon efficient mode of transport with a much lower carbon footprint per unit transport work compared to other modes of transport such as air freight and trucking.

The IMO has defined a normalised measure of emissions called the Energy Efficiency Operational Indicator (EEOI). The EEOI is defined as the mass of CO_2 emitted per unit of transport work. The EEOI can also provide useful information on a ship's performance regarding fuel efficiency and emissions. All else equal, a lower EEOI number is indicative of a more efficiently operated asset. The European Union has established a regulatory requirement that all vessels visiting or transiting European ports (starting 2019) utilize relevant voyage data to calculate an annual average EEOI per vessel which is independently verified and reported to the EU. The resulting database from the EU Monitoring, Reporting and Verification (EU MRV) system is publicly available. The Investment Manager has utilized the EU MRV methodology and database to benchmark the emissions from the Company's fleet. The value weighted 2019 EEOI of the Company's fleet was 21.2 gm CO_2 per ton-mile which is c. 7% lower than the peer group average of 22.7 gm CO_2 per ton-mile.

Energy Efficiency Operational Indicator (EEOI)
(gram CO_2/ton-nautical mile)

	SHIP Average for 2019	**Peer Group Average for 2019**
Containerships	25.5	28.2
Bulkers	14.9	16.8
Tankers	15.0	17.6
Company	**21.2**	**22.7**

The Company's fleet average EEOI for 2019 was c.7% better than that of its peer group

The Investment Manager continues to closely follow developments in this dynamic space and endeavours to make the Company's fleet more efficient. As part of its initiative to reduce emissions, the Investment Manager invested in an industry leading integrated Vessel Performance (VP) system to monitor operational efficiency and emissions.

The Investment Manager is also trialling (over 2020) a bespoke system to obtain and analyse high frequency data on fuel consumption and torque from onboard sensors. Using VP data, the Company has started proactively scheduling hull and propeller cleaning on vessels that show deteriorating fuel efficiency. Timely hull and propeller cleaning can increase fuel efficiency by c.3-5% and reduce emissions by the same amount.

The average age of the vessels in the portfolio at the end of June 2020 was c.11.5 years. The Investment Manager therefore does not expect any recycling candidates in the Company's fleet in the near future, as the normal life of vessels in the fleet is at least twenty years. The Company will however follow industry best practices with regards to recycling as and when the situation occurs.

Social: Crew Health and Safety

International shipping is responsible for the carriage of around 90% of world trade. Around 50,000 commercial, ocean-going vessels crewed by more than a million seafarers transport goods around the globe. Ship crews have a challenging task in being responsible for high value, complex machinery on the high seas. The challenges faced by seafarers have been recognized internationally and their working conditions are governed by strict guidelines from the International Labor Organization (ILO) and the IMO. The Investment Manager considers crew health and safety to be a priority and works closely with the vessels' technical managers to promote best practices.

Covid-19 had a significant impact on crew health and safety in the second half of the financial year. The Investment Manager worked with technical managers to ensure that all regulations including IMO protocols for provision of personal protective equipment were followed and is pleased to note that no infections were reported in the crew of any of the Company's vessels. National regulations limiting travel and disembarkation of crew in order to contain Covid-19 had the effect of delaying crew changes (referred to in the industry as rotations). Typically, 150,000 seafarers around the world participate in crew rotations every month.

Responsibility for crewing lies primarily with each vessel's technical manager. As at mid-July, c.40% of the crew members on board the Company's vessels were overdue for rotation. Based on a survey of our technical managers (managing more than 1,000 ships across multiple owners) this was slightly better than the industry average of crew overdue for rotation which was in the range of 45 - 50%.

The Investment Manager has engaged with each vessel's technical manager to address crew issues and facilitate rotations, in some cases with additional costs. Webinars and counselling sessions are being offered to crew members and their families.

The following strategies are being employed to facilitate rotations:

- Undertaking deviation voyages to safe ports that allow crew changes;
- Approving delays to existing schedules to facilitate rotation; and
- Organizing chartered flights for crew members.

The additional measures will result in some additional costs as well as a one-time increase in operating expenses (c. 5% higher opex similar to an inflationary increase over 1-2 years).

The Investment Manager expects that the delayed rotations will be resolved on the Company's vessels by the end of the third quarter of 2020. As at mid-September, only c.16% of the crew on board the Company's vessels were overdue for rotation.

Governance: Sanctions Compliance and Security

The Investment Manager closely monitors and adapts to sanctions regimes from the US, UK, EU and the UN. During 2019 there were rapid changes in international sanctions regimes so we have instituted internal procedures to ensure that charter contracts exclude sanctioned regions. If existing guidelines are unclear, our internal procedure ensures that we seek legal advice. The Investment Manager regularly monitors vessel positioning using satellite data to verify compliance.

In 2019, the Investment Manager noted several high-profile contraband seizures in international shipping and instituted security measures to minimize the risk of such situations. The measures include:

- Crew briefings before entry into high risk ports where narcotics smuggling is reputedly more prevalent;
- Increased seaside deck watch to prevent unauthorized entry from boats;
- Regular and around the clock deck inspections conducted by the vessel crew; and
- Thorough stowaway and narcotics checks before and immediately after port departure.

Principal and Emerging Risks and Uncertainties

The Board of Directors receives periodic updates on principal risks at their meetings and have adopted their own control review to ensure that, where possible, risks are monitored appropriately, mitigation plans are in place, and that emerging risks have been 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. While the Investment Manager monitors and puts in place controls to mitigate risks, please note that risk or uncertainty cannot be completely eliminated.

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 requiring 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 the Company, together with the Investment Manager, have carefully considered the potential impact of the Covid-19 pandemic, considered to be both an emerging risk and an emerging cause of risk, on the activities of the Company and its subsidiaries. As an emerging risk, Covid-19 could impact the ability of technical managers appointed by the Asset Manager to supply crew for the Company's vessels. The Investment Manager and Asset Manager have taken appropriate steps to ensure the Company's fleet is properly serviced (as set out in the ESG section above. To date the fleet has not experienced any crewing difficulties and none are expected.

Aa an emerging cause of risk, the negative impact of Covid-19 on GDP growth could result in lower demand for shipping. The Group presently has no exposure to the spot market for vessels, but lower demand has resulted in some charters being renewed or replaced at lower rates and for shorter periods. A weaker shipping market may cause charter counterparties to be unable to pay the Group when due as well as have a negative impact on vessel and charter values. It is the Board's opinion that all these potential consequences are already managed and monitored as part of the Group's ongoing approach to risk in respect of counterparties, values and service providers. The Board will of course continue to reassess the position as more information about the impact of Covid-19 becomes available.

The Company's activities are primarily dependent upon global seaborne trade flows and as seaborne trade activities between mainland Europe and the UK are not significant to the Company's fleet, Brexit is not expected to have a material impact on the Company or the Investment Manager.

The Board would like to highlight in the following table, some principal and emerging risks (not limited to Covid-19 causes only) to the business and efforts to mitigate the 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 (e.g. impact of Covid-19)	Capital growth Vessel values	This risk cannot be controlled, but is mitigated by: • Diversification to reduce reliance on any particular 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 employment of the vessels.
Failure of, or unwillingness of, a vessel charterer to meet charter payments	Liquidity Vessel values	Charter counterparty creditworthiness is subjected to extensive checks prior to and throughout a charter. In the event of default, the generic nature of the ships in the portfolio should enable alternative employment to be found, though possibly at lower rate.

Vessel maintenance or capital expenditure may be more costly than expected due to delays or resource constraints arising from the impact of Covid-19 or other causes	Capital growth Dividends Liquidity Vessel values	The Company has engaged experienced technical managers to monitor maintenance and capital expenditure. Capex provisions are made prior to investing in a vessel.
A vessel may be lost or significantly damaged	Capital growth Vessel values	Measures to mitigate operational risks include: • avoiding conflict areas • daylight sailing, naval escort, route planning to avoid higher risk areas; and • detailed best practice operating procedures to be followed by crew and technical staff. Comprehensive Insurance protection is in place at all times to cover *inter alia* 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 Board using publicly available information.

Underlying cause of risk or uncertainty	**Objective impacted (in what way)**	**Control or mitigation implemented**
Failure of, or unwillingness of other non-charterer counterparties to meet their obligations	Capital Growth Loss of invested cash	• The Investment Manager and Asset Manager rely on third party service providers for performance of services integral to the operation of the Company. • The Asset Manager is constantly monitoring the performance of all its key operational service providers and especially the technical managers. • SPV operating accounts are held with one or more unrated banks, because those banks' systems are better suited for shipping company operations. Exposure to such banks are limited to US$10m per bank. • Surplus funds are invested with banks of a single A- (or equivalent) or higher credit rating as determined by an internationally recognised rating agency. • Credit ratings, monthly sweeps and overall limits are monitored by the Administrator, who reports exceptions to the Board.
Failure of systems or controls in the operations of the Investment	Capital Growth	This risk cannot be directly controlled but the Board and its Audit Committee regularly review

Manager, Asset Manager or the Administrator and thereby of the Company	Loss of assets, reputation or regulatory permissions and resulting fines	reports from its Service Providers on their internal controls.
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 a vessel owned by the Company's SPVs were to be involved in an incident with the potential risk of environmental damage, contamination or pollution.	Liquidity, Vessel values, Loss of assets, reputation or regulatory permissions and resulting fines	• The Investment Manager arranges for environmental due diligence in respect of all vessels considered for acquisition by the Company to identify potential sources of pollution, contamination or environmental hazard for which that vessel may be responsible and to assess the status of environmental regulatory compliance. • 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 environmental performance of key service providers on a quarterly basis. • Protection and Indemnity Club mutual insurance provides cover of up to US$1 billion for oil pollution damage compensation.

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 registered 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 1987, as amended and the Registered Closed-ended Investment Scheme Rules 2018.

As at 30 June 2020, the Company has 255,337,638 Shares in issue, all of which are admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange under the ticker "SHIP". ISIN: GG00BDFC1649, SEDOL: BDFC164. After the end of the financial year, the Company bought 150,000 of its own Shares which are held in treasury as at 18 September 2020.

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 were 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's 'name' rather than the actual name of the respective vessel for confidentiality purposes.

The Investment Manager is Tufton Investment Management Limited (formerly Tufton Oceanic Limited), a company incorporated in England and Wales with registered number 1835984, which is regulated by the UK FCA and has been authorised to act as a Small Registered UK AIFM under the AIFMD. Tufton Investment Management Limited has been a specialist fund 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 Company is a member of the 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 (the "AIC Code"). The AIC Code has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission (the "GFSC") as an alternative means for members to meet their obligations in relation to the UK Corporate Governance Code ("the Code") and the AIC Code is that the matters set out in section 172. The Companies Act 2006 (UK) are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law.

The AIC Code was updated in February 2019 for accounting periods commencing on or after 1 January 2019 ("AIC Code 2018"). The AIC Code 2018 came into effect for the Company from 1 July 2019. The Directors are committed to high standards of corporate governance and for this reason have implemented all of provisions of the AIC Code. In place of the previous 21 principles, the AIC Code 2018 adapts the Principles and Provisions set out in the UK the Code to make them relevant for investment companies under the new AIC Code. The Board has considered the principles and provisions of the existing AIC Code, produced by the Association of Investment Companies ("AIC"). The Company has complied with the recommendations of the AIC Code (except as set out below) and associated disclosure requirements of the Listing Rules (to the extent applicable to the Company).

As disclosed in the Listing documents, the Company, being an externally advised investment company with an entirely non-executive board of directors does not consider the following provisions of the AIC Code applicable:

- the role of the chief-executive,
- executive directors' remuneration, and
- the need for an internal audit function

Considering that the Board comprises of only four independent Directors, they have agreed not to appoint a Senior Independent Director. The Audit Committee Chairman fulfils the role of the Senior Independent Director.

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

Independence

All the Directors are currently considered by the Board to be independent of the Company and the Tufton Group and have been Directors for less than 4 years. The Board's current policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the role of Chairman, has been imposed. New Directors receive an induction from the Investment Manager and the Administrator on joining the Board, and all Directors will receive other relevant training as necessary on their on-going responsibilities in relation to the Company.

Diversity Policy

The Company supports the AIC Code provision that Boards 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 Company's aim as regards the composition of the Board is that it should have a balance of experience, skills and knowledge to enable each Director and the Board as a whole to discharge their duties effectively.

Whilst the Board of the Company agrees that it is entirely appropriate that it should seek diversity, it does not consider that this can be best achieved by establishing specific quotas and targets and appointments will continue to be made based wholly on merit. Accordingly, when changes to the Board are required, due regard is given to both the need for diversity and to a comparative analysis of candidates' qualifications and experience. A pre-established, clear, neutrally formulated and unambiguous set of criteria would be utilised to determine the most suitable candidate for the specific position sought.

<u>UK Companies Act 2006 - Section 172 Statement</u>

Whilst directly applicable to UK domiciled companies, the intention of the AIC Code of Corporate Governance 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 that this does not conflict with local company law.

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 Liquidity of the shares	Reputation of the Company Compliance with Law and Regulation Remuneration	Compliance with Law and Regulation 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 Monthly factsheets Key Information Document	The main two service providers - Tufton IML and MAGL - engage with the Board in face to face meetings quarterly, giving them direct input to Board discussions. The Board also considers the interests of the Corporate Broker at each of its meetings. All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company, and the Board undertakes an annual visit to Tufton in both London and the Isle of Man.	The Company and its subsidiaries 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.

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 major decisions arising from this have been for the Board to seek to ensure long term value and to seek greater liquidity for the Company's shares through increasing its profile. In addition, the Board has focussed on 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 to value most of the Company's fleet and the discount rates used in valuing the remaining vessels.	The Company relies on service providers entirely as it has no systems or employees of its own. No major decisions were made by the Board which effected service providers in the year. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The nature of the Company's investments is such that they do not provide a direct route to influence ESG matters in many areas, but the Board and the Investment Manager work together to ensure that such factors are carefully considered and reflected in investment decisions, as outlined elsewhere in the document. Board members do travel, partly 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 conference calls whenever good governance permits.

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 financial statements for each financial period 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 period.

Company 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").

In preparing the 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 maintenance and integrity of the Company's website, which is maintained by the Investment Manager, is the responsibility of the Directors. 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 which enable them to ensure that the Financial Statements comply with 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 auditors are 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 auditors are 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 Chairman's Statement, Report of Directors and Corporate Governance Statement include a fair and balanced review of the development of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Corporate Governance Code, as adopted by the Company, also requires Directors to ensure that the Annual Report 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 the Annual Report and Audited Financial Statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in the Audit Committee Report on pages 42 to 44

Furthermore, the Board believes that the disclosures set out on pages 53 to 79 in the Annual Report 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 2020, 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 2020, taken as a whole, are fair, balanced and understandable and provide the information required to assess the Company's performance, business model and strategy.

Statement of Comprehensive Income
For the year ended 30 June 2020

	Notes	2020 US$	2019 US$
Income			
Net changes in fair value of Financial Assets designated at fair value through profit or loss	4	(24,177,906)	17,776,829
Dividend income	8	25,626,377	-
Total net income		1,448,471	17,776,829
Expenditure			
Aborted deal costs		-	(21,293)
Administration fees		(144,812)	(120,680)
Audit fees		(128,450)	(91,358)
Corporate Broker fees		(150,000)	(130,511)
Directors' fees	18	(118,038)	(109,264)
Foreign exchange gain / (loss)		1,246	(2,507)
Insurance fee		(28,971)	(62,803)
Investment management fee	14	(2,070,834)	(1,294,621)
Legal fees		(10,165)	-
Professional fees		(53,571)	(48,753)
Sundry expenses		(23,062)	(48,870)
Total expenses		(2,726,657)	(1,930,660)
Operating (loss) / profit		(1,278,186)	15,846,169
Finance income		60,106	574,331
(Loss) / Profit and comprehensive (loss) / income for the year		(1,218,080)	16,420,500
IFRS Earnings per ordinary share (cents)	9	(0.49)	11.94
Adjusted Earnings per ordinary share (cents)	9a	(0.49)	10.00

There were no potentially dilutive instruments in issue at 30 June 2020.

All activities are derived from continuing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a Statement of Other Comprehensive Income has not been prepared.

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

Statement of Financial Position
At 30 June 2020

	Notes	2020 US$	2019 US$
Non-current assets			
Financial assets designated at fair value through profit or loss (Investments)	4	232,441,142	220,998,073
Total non-current assets		232,441,142	220,998,073
Current assets			
Trade and other receivables	6	5,839,928	32,248
Cash and cash equivalents		20,441	5,500,139
Total current assets		5,860,369	5,532,387
Total assets		238,301,511	226,530,460
Current liabilities			
Trade and other payables		633,418	687,781
Total current liabilities		633,418	687,781
Net assets		237,668,093	225,842,679
Equity			
Share capital	7	245,392,016	215,012,016
Retained reserves	7	(7,723,923)	10,830,663
Total equity attributable to ordinary shareholders		237,668,093	225,842,679
Net assets per ordinary share (cents)	11	93.08	100.53

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 23 September 2020 and signed on its behalf by:

Rob King
Director

Steve Le Page
Director

Statement of Changes in Equity
For the year ended 30 June 2020

	Ordinary share capital US$	Retained earnings US$	Total US$
Shareholders' equity at 30 June 2018	89,180,000	3,283,443	92,463,443
Share issue	50,000,016	-	50,000,016
Share issue costs	(1,000,000)	-	(1,000,000)
C-Class share issue conversion	76,832,000	-	76,832,000
Profit and comprehensive income for the year	-	16,420,500	16,420,500
Dividends paid	-	(8,873,280)	(8,873,280)
Shareholders' equity at 30 June 2019	215,012,016	10,830,663	225,842,679
Share issue	31,000,000	-	31,000,000
Share issue costs	(620,000)	-	(620,000)
Loss and comprehensive loss for the year	-	(1,218,080)	(1,218,080)
Dividends paid	-	(17,336,506)	(17,336,506)
Shareholders' equity at 30 June 2020	245,392,016	(7,723,923)	237,668,093

Statement of Cash Flows
For the year ended 30 June 2020

	Notes	2020 US$	2019 US$
Cash flows from operating activities			
(Loss) / Profit and comprehensive (loss) / income for the year		(1,218,080)	16,420,500
Adjustments for:			
Purchase of investments	4	(35,620,975)	(153,598,985)
Change in fair value on investments	4	24,177,906	(17,776,829)
Operating cash flows before movements in working capital		(12,661,149)	(154,955,314)
Changes in working capital:			
Movement in trade and other receivables	6	(5,807,680)	2,548
Movement in trade and other payables		(54,363)	463,433
Net cash used in operating activities		(18,523,192)	(154,489,333)
Cash flows from financing activities			
Net proceeds from issue of shares	7	30,380,000	125,832,016
Dividends paid to Ordinary shareholders	10	(17,336,506)	(8,481,280)
Dividends paid to C shareholders	10	-	(392,000)
Net cash generated from financing activities		13,043,494	116,958,736
Net movement in cash and cash equivalents during the year		(5,479,698)	(37,530,597)
Cash and cash equivalents at the beginning of the year 43,030,736			5,500,139
Cash and cash equivalents at the end of the year		20,441	5,500,139

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

Notes to the financial statements
For the year ended 30 June 2020

1. General information

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

On 11 October 2018, the Company announced that it had raised gross proceeds of US$78,400,000 pursuant to the Placing and Offer for Subscription of C-Class Shares. The Company's C-Class Shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 16 October 2018.

On 31 January 2019, the Company announced that the C-Class Share conversion had been completed. The resulting 84,624,960 ordinary shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 12 February 2019.

On 11 March 2019, the Company announced the results of its Placing and Offer for Subscription of 49,019,608 Ordinary Shares, which raised gross proceeds of US$50 million. These ordinary shares were listed on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 14 March 2019.

On 20 September 2019, the Company announced the results of its Placing and Offer for Subscription of 30,693,070 Ordinary Shares, which raised gross proceeds of US$31 million. These ordinary shares were issued on the Specialist Funds Segment of the Main Market of the London Stock Exchange effective 24 September 2019.

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, which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, Listing rules and applicable Guernsey law.

Historical cost convention

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

Basis of non-consolidation

The directors consider that the Company meets the investment entity criteria set out in IFRS 10. As a result, the Company applies the mandatory exemption applicable to investment entities from producing consolidated financial statements and instead fair values its investments in its subsidiaries in accordance with IFRS 13. The criteria which define an investment entity are, as follows:

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

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

(b) New and amended standards

At the reporting date of these Financial Statements, the following standards, interpretations and amendments, which have not been applied in these Financial Statements, were in issue but not yet effective:

Amendments to IFRS 3 Definition of a business (Effective 1 January 2020)

Amendments to IAS 1 and IAS 8 Definition of material (Effective 1 January 2020)

Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards (Effective 1 January 2020)

The Company expects that the application of the abovementioned amendments in the future will not have an impact on the Company's Financial Statements.

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

The New and revised Standards and Interpretations adopted in the current year did not have any significant impact on the amounts reported in these financial statements.

(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 second-hand 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.

Interest Income

Interest income is accounted for on an accruals basis.

(f) Expenses

Expenses are accounted for on an accruals basis. Any performance fee liability is calculated on an amortised cost basis at each valuation date, with the respective expense charged through the Statement of Comprehensive Income. The Company's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

(g) Dividends to Shareholders

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

(h) 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 for the current year. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200.

(i) Financial Assets and Financial Liabilities Investments

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 themselves 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

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. 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.

Financial assets at fair value through profit or loss

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated at FVTPL. 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 designated as 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, and information about the investment is provided internally on that basis. 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 into 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 shipping assets held by the SPVs. The carrying value of a standard shipping asset 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 2 - 8 years' 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 freight brokers based on time charter rates.

The charter-free and associated charter values of standard vessels are calculated using an on-line valuation platform provided by VesselsValue Ltd. For charter free values the 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 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 date of its next expected 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.

Specialist vessels are valued on a pure DCF basis by the Investment Manager using vessel specific information and both observable and unobservable data. The VesselsValue Ltd 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 or the specific WACC assigned to the vessel type by Vessels Value Ltd, 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.

Once a contracted time charter is known this is compared to the market benchmark and the difference is discounted using an industry weighted average cost of capital to establish a negative or positive value of the charter.

The value of the Charter is added to the Charter-Free value to ascertain a value with Charter.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any expected credit losses.

Derecognition of financial assets

The Company derecognises 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 of the asset to another entity.

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 an associated liability for amounts it may have to pay.

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 period 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.

Derecognition of financial liabilities

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

(j) 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. As at 30 June 2020, the carrying amount of cash and cash equivalents approximate their fair value.

(k) 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 balance sheet 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 Statement of Comprehensive Income in the period in which they arise. Transactions denominated in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of the transaction.

(l) 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 considered recent market volatility and the potential impact of the Covid-19 virus on the Company's investments (as set out in more detail in the Principal and Emerging Risks and Uncertainties section on pages 20 and 22). 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.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of 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 period in which the estimates are revised and in any future periods affected.

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

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

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

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

The Company's objective of pooling investors' funds for the purpose of generating an income stream and capital appreciation is consistent with the definition of an investment entity.

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

Further to the information mentioned in note 2 (i) there are specific capital adjustments considered as part of the valuation process for standard vessels, mainly the adjustment for ballast water treatment systems installed on vessels is considered an enhancement to the charter-free value, initially recognised at cost and straight line depreciated from the commissioning date to 31 December 2021.

For specialist vessels, there are two remaining vessels at 30 June 2020 (four vessels at 30 June 2019) treated as specialist vessels.

The first is on a long-term Bareboat Charter (four vessels at 30 June 2019). The second has had scrubbers installed under an enhanced long-term contract with a charterer.

Specialist vessels are valued on a pure DCF basis by the Investment Manager using vessel specific information and both observable and unobservable data. Project cost of capital discount rates are reviewed on a regular basis to ensure they remain relevant to prevailing project and market risk parameters. The prospectus sets out the basis on which non-typical and specialist vessels would be valued.

There is one vessel which is operating in a pool, from which its earnings are crystallised on an annual basis. In months prior to the completion of the annual period, the vessel's reported earnings are based on actual earnings for the period to date, and an estimate of the pool's future earnings to the end of the calculation period.

There were no other areas of estimation in the current year for the Company.

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

The Company owns the Investment Portfolio through its investment in LSA. The investment by LSA comprises the NAVs of the SPVs. 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 the Company's level 3 assets only, with respect to the requirements set out in IFRS 7. The investment held at fair value is recorded under Non-Current Assets in the Statement of Financial Position as there is no current intention to dispose of any of the assets.

The changes in Financial Assets designated at fair value through profit or loss (Investments) which the Company has used Level 3 inputs to determine fair value, after considering dividends declared (see note 8) are as follows:

	2020 **US$**	**2019** **US$**
LSA		
Brought forward cost of investment	199,739,076	46,140,091
Total investment acquired in the year	35,620,975	153,598,985
Carried forward cost of investment	**235,360,051**	199,739,076
Brought forward unrealised gains on valuation	21,258,997	3,482,168
Movement in unrealised (losses) / gains on valuation	(24,177,906)	17,776,829
Carried forward unrealised (losses) / gains on valuation	**(2,918,909)**	21,258,997
Total investment at fair value	**232,441,142**	220,998,073

Note 12 - Price risk in the shipping industry, presents the valuation techniques used by the underlying SPV's 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).

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

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

	2020 US$	2019 US$
Aglow Limited	6,544,853	9,962,674
Antler Limited	7,086,424	-
Bear Limited	25,159,399	-
Citra Limited	6,879,658	12,930,529
Dachshund Limited	14,836,028	-
Darwin Limited **	1	7,283,389
Dragon Limited	7,836,366	11,200,383
Hongi Limited **	1	7,214,554
Java Limited **	1	6,655,732
Kale Limited	5,289,398	12,056,392
Neon Limited	30,393,897	31,375,694
Octane Limited	18,462,207	20,170,969
Parrot Limited	31,865,549	5,736,394
Patience Limited	5,687,983	11,528,670
Pollock Limited	15,010,226	15,189,286
Riposte Limited	7,603,717	14,303,930
Sierra Limited	18,765,453	20,620,297
Swordfish Limited	4,927,358	11,916,570
Vicuna Limited	10,610,002	-
Cash held pending investment into vessels	29,618,568	34,606,314
Residual net liabilities	(14,135,947)	(11,753,704)
*Total investment at fair value	232,441,142	220,998,073

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

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

**The three companies above are currently in voluntary liquidation. The ships were sold during the current year, and therefore, these companies no longer hold any assets.

5. Subsidiaries

The Company holds its investment through a subsidiary company which has not been consolidated as a result of the adoption of IFRS 10: Consolidated Financial Statements. Below is the legal entity name for the Holding Company which owns 100% of the shares in the SPVs.

The remaining legal entities are owned indirectly through the investment in the Holding Company. The country of incorporation is also their principal place of business.

Name	Country of incorporation	Direct or indirect holding	Principal activity	Ownership at 30 June 2020	Ownership at 30 June 2019

LS Assets Limited	Guernsey	Direct	Holding company	100%	100%
Aglow Limited	Isle of Man	Indirect	SPV	100%	100%
Antler Limited	Isle of Man	Indirect	SPV	100%	N/A
Bear Limited	Isle of Man	Indirect	SPV	100%	N/A
Citra Limited	Isle of Man	Indirect	SPV	100%	100%
Dachshund Limited	Isle of Man	Indirect	SPV	100%	N/A
Darwin Limited *	Isle of Man	Indirect	SPV	100%	100%
Dragon Limited	Isle of Man	Indirect	SPV	100%	100%
Hongi Limited *	Isle of Man	Indirect	SPV	100%	100%
Java Limited *	Isle of Man	Indirect	SPV	100%	100%
Kale Limited	Isle of Man	Indirect	SPV	100%	100%
Neon Limited	Isle of Man	Indirect	SPV	100%	100%
Octane Limited	Isle of Man	Indirect	SPV	100%	100%
Parrot Limited	Isle of Man	Indirect	SPV	100%	100%
Patience Limited	Isle of Man	Indirect	SPV	100%	100%
Pollock Limited	Isle of Man	Indirect	SPV	100%	100%
Riposte Limited	Isle of Man	Indirect	SPV	100%	100%
Sierra Limited	Isle of Man	Indirect	SPV	100%	100%
Swordfish Limited	Isle of Man	Indirect	SPV	100%	100%
Vicuna Limited	Isle of Man	Indirect	SPV	100%	N/A

*The three companies above are currently in voluntary liquidation. The ships were sold during the current year, and therefore, these companies no longer hold any assets.

6. Trade and other receivables

	2020 US$	2019 US$
Current assets		
Accrued income	-	8,216
Prepayments	25,627	17,298
Due from subsidiaries (dividend receivable)	5,814,301	6,734
Total trade and other receivables	5,839,928	32,248

Amounts due from subsidiaries were interest free and payable on demand. The amount due from subsidiaries in the prior year of US$6,734 were 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.

7. Share capital and reserves

Share issuance	Number of shares	Gross amount raised (US$)	Issue costs (US$)	Share capital (US$)
Total issue at 30 June 2019	224,644,568	219,400,016	(4,388,000)	215,012,016
Issued on 24 September 2019	30,693,070	31,000,000	(620,000)	30,380,000
Total issue at 30 June 2020	255,337,638	250,400,016	(5,008,000)	245,392,016

The Company currently has 255,337,638 Share in issue of no-par value in issue. The Company bought 150,000 of its own shares at an average price of US$0.824 per Share after the end of the financial year. There are currently 150,000 Shares held in Treasury. Therefore, 255,187,638 Shares will be entitled to receive dividends as declared from time to time and 1 vote per Share at meetings of the Company.

Retained reserves

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

8. Dividend income

	2020 US$	2019 US$
Dividend income	25,626,377	-

During the current year, LS Assets Limited declared dividends of US$25,626,377 (2019: US$nil) to the Company. At 30 June 2020, an amount of US$5,814,301 was still outstanding (refer to note 6).

9. Earnings per share calculated in accordance with IFRS

	2020 US$	2019 US$
(Loss) / Profit and comprehensive (loss) / income for the year	(1,218,080)	16,420,500
Weighted average number of ordinary shares	248,125,605	137,499,622
Earnings per ordinary share (cents)	(0.49)	11.94

The weighted average number of ordinary shares (248.1m shares (2019: 137.5m shares)) is calculated in accordance with IFRS guidelines.

9a. Adjusted Earnings per share

	2020 US$	2019 US$

(Loss) / Profit and comprehensive (loss) / income for the year	(1,218,080)	16,420,500
Adjusted Weighted average number of ordinary shares	248,125,605	164,134,143
Adjusted Earnings per ordinary share (cents)	(0.49)	10.00

The adjusted weighted average number of ordinary shares (164.1m shares) in the prior year is calculated as if the C Shares were ordinary shares from the date that the C Shares were issued. This alternate performance measure also provides a comparison to the dividends paid, which have been paid in full on all ordinary shares in issue at each dividend declaration date. There were no adjustments to the shares in the current year.

10. Dividends

The Company declared the following dividends in respect of the profit for the year ended 30 June 2020:

Quarter end	Dividend per share	Ex div date	Net Dividend paid	Record date	Paid date
30 September 2019	US$0.0175	7 November 2019	US$4,468,408	8 November 2019	22 November 2019
31 December 2019	US$0.0175	6 February 2020	US$4,468,409	7 February 2020	21 February 2020
31 March 2020	US$0.0175	7 May 2020	US$4,468,409	11 May 2020	26 May 2020
30 June 2020	US$0.0175	8 August 2020	US$4,468,409	7 August 2020	21 August 2020

Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to a prescribed net asset and solvency tests. The net asset and solvency tests 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 both the net asset and solvency test for each dividend paid.

11. Net assets per ordinary share

	2020 US$	**2019 US$**
Shareholders' equity	237,668,093	225,842,679
Number of ordinary shares	255,337,638	224,644,568
Net assets per ordinary share (cents)	93.08	100.53

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, reserves 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 on occasion. However, the Directors and the Investment Manager monitor the discount on a regular basis and can use share buy backs 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 on the shipping industry generally, being, amongst other factors, currency exchange rates, interest rates, the availability of credit, economic or political uncertainty and changes in law governing shipping or trade. These factors may affect the price or liquidity of vessels held by the Company's subsidiaries and thus the value of the subsidiaries themselves.

Currency risk

The Company may have assets and liabilities denominated in currencies other than United States Dollars, 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.

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 values, categorised by the earlier of contractual re-pricing or maturity dates. It does not consolidate the US$12.45m outstanding loan (with a blended, fixed rate of 5.05%) owed by Parrot Ltd. Interest payments on the loan are not affected by fluctuations in interest rates.

2020	Interest bearing less than 1 month (US$)	Non-interest bearing (US$)	Total (US$)
Assets			
Investments	-	232,441,142	232,441,142
Trade and other receivables	-	5,839,928	5,839,928
Cash and cash equivalents	20,441	-	20,441
Total assets	20,441	238,281,070	238,301,511
Liabilities			
Trade and other payables	-	633,418	633,418
Total liabilities	-	633,418	633,418
Total interest sensitivity gap	20,441		

The weighted average interest rate is 1.21% for cash and cash equivalents in the current financial year.

2019	Interest bearing less than 1 month (US$)	Non-interest bearing (US$)	Total (US$)
Assets			
Investments	-	220,998,073	220,998,073
Trade and other receivables	-	32,248	32,248
Cash and cash equivalents	5,500,139	-	5,500,139
Total assets	5,500,139	221,030,321	226,530,460
Liabilities			
Trade and other payables	-	687,781	687,781
Total liabilities	-	687,781	687,781
Total interest sensitivity gap	5,500,139		

The weighted average interest rate is 2.24% 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 2020 would increase or decrease by US$204 (2019: US$55,001). This is attributable to the company's exposure to interest rates on its variable rate deposits.

The Investment Manager is permitted to utilise overdraft facilities towards the achievement of the Company's investment objectives. This was not utilised during the year.

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 does not have any significant credit risk exposure to any single counterparty in relation to trade and other receivables. On-going credit evaluation is performed on the financial condition of accounts receivable. As at 30 June 2020 there were no receivables considered impaired (2019: US$nil).

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 2020	**Credit rating Standard & Poor's**	**Cash (US$)**	**Short term fixed deposits (US$)**	**Total as at 30 June 2020 (US$)**
Barclays Bank Plc (Barclays)	A Long Term A-1 Short Term	19,062	-	19,062
Ravenscroft [1] (HSBC London - call accounts)	A+ Long Term A-1 Short Term	-	1,379	1,379
Total		19,062	1,379	20,441

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 2019	**Credit rating Standard & Poor's**	**Cash (US$)**	**Short term fixed deposits (US$)**	**Total as at 30 June 2019 (US$)**
Royal Bank of Scotland International (RBSI)	A- Long Term A-2 Short Term	6,454	-	6,454
Barclays Bank Plc (Barclays)	A Long Term A-1 Short Term	53,913	-	53,913
Ravenscroft [1] (HSBC London - call accounts)	AA- Long Term A-1+ Short Term	-	5,439,772	5,439,772
Total		60,367	5,439,772	5,500,139

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-, medium- 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.

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

30 June 2020	**Up to 3 months (US$)**	**Between 3 and 12 months (US$)**	**Between 1 and 5 years (US$)**	**Total (US$)**
Assets				
Trade and other receivables	-	-	-	-
Cash and cash equivalents	20,441	-	-	20,441
Liabilities				
Trade and other payables	633,418	-	-	633,418
Total	(612,977)	-	-	(612,977)

30 June 2019	**Up to 3 months (US$)**	**Between 3 and 12 months (US$)**	**Between 1 and 5 years (US$)**	**Total (US$)**
Assets				
Trade and other receivables	14,950	-	-	14,950
Cash and cash equivalents	5,500,139	-	-	5,500,139
Liabilities				
Trade and other payables	687,781	-	-	687,781
Total	4,827,308	-	-	4,827,308

As described in Note 3, the Company's financial assets are measured at fair value which comprises the fair value of the underlying SPVs and the residual net assets of each company. 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 considered to be level 3 assets, that price risk pertains to the level 3 investment portfolio in its entirety, and that no other market price risk exists.

(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 on-line valuation system provided by VesselsValue Ltd. For charter free values the 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 system provides a DCF module where vessel specific charter details are input and measured against system provided market benchmark to obtain a premium or discount value of the charter versus prevailing market.

(b) Specialised Vessels and arrangements

There will be cases where the Company may invest in vessels 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 Value with Charter using a discounted cashflow ("DCF Model") model. The DCF Model will calculate the net present value of the charter and vessel value using the following inputs:

- IRR/Discount rate
- Charter Rate
- Exit/scrappage value

There were two specialised vessels held at the year end (four at 30 June 2019).

Refer to Note 3 for further information on the valuation methodologies applied. The Directors and Tufton believe that the following inputs reflect those inputs where market price risk could be significant and where there is the potential for estimate and judgement to be used.

Covid-19

Despite strong net income and cash flows, the Company suffered non-cash, fair value losses as asset values fell largely due to the impact of Covid-19 on the shipping market

The Company benefited from diversification as the negative impact of Covid-19 on the containership and bulker markets, which were negatively impacted by the demand shock from Covid-19 lockdowns, was partly offset by the performance in tankers. The Investment Manager believes the Company's strong operating profit and performance in the Covid-19 crisis both on an absolute basis and relative to other classes demonstrates it can be an attractive high income and low correlation investment.

Price Risk Sensitivity analysis

Charter-free valuation for standard vessels

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

Ship values	**+10% change** **US$ 000**	**Standard vessel portfolio value** **US$ 000**	**-10% change** **US$ 000**
Fair value at 30 June 2020 (US$)	**+14,544**	**$154,699**	**(14,544)**
Fair value at 30 June 2019 (US$)	**+12,811**	**$139,879**	**(12,811)**

Charter rates

If market charter rates used on VesselsValue.com to determine Charter values were 10% higher or lower, then the effect on the standard vessel portfolio value would be as follows

Ship values	**+10% change** **US$ 000**	**Standard vessel portfolio value** **US$ 000**	**-10% change** **US$ 000**
Fair value at 30 June 2020 (US$)	**(4,095)**	**$154,699**	**+4,283**
Fair value at 30 June 2019 (US$)	**(3,467)**	**$139,879**	**+3,467**

* Please see page 75 for details on standard vessels and specialised vessels

Price Risk Sensitivity analysis

Specialised Vessels

If the discount rate factors 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 company fair value at 30 June 2020 (US$)	**(1,224)**	**62,259**	**+1,263**
Specialised Vessel company fair value at 30 June 2019 (US$)	**(1,442)**	**58,266**	**+1,402**

There were two specialised vessel held at the year end (four at the prior year end).

The directors consider that the effects of the Covid-19 crisis are included in the benchmark rates used, therefore requiring no separate analysis, and have concluded that use of a 10% movement in benchmark charter rates remains a suitable sensitivity calculation, noting that the benchmark charter rates used are for charter periods of 1 year or more, which show lower volatility than spot rates.

13. Financial assets and liabilities not measured at fair value

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

* Please see page 75 for details on standard vessels and specialised vessels

14. Management fee

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

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

For the year ended 30 June 2020 the Company has incurred US$2,070,834 (2019: US$1,294,621) in management fees of which US$504,842 (2019: US$468,089) was outstanding at 30 June 2020.

15. Performance fee

Tufton ODF Partners LP, the entity holding the carried interest, shall be entitled to a performance fee in respect of a Calculation Period provided that the Total Return per Share on 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 on any Calculation Day; and
- the prevailing Historic Performance Fee Amount (to the extent not previously adjusted pursuant to the operation of this paragraph) is greater than zero on such Calculation Day.

The prevailing Historic Performance Fee Amount shall be reduced by the lower of: (i) 20 per cent of the difference between the High Watermark and the Total Return on such Calculation Day multiplied by the Relevant Number of Shares; and (ii) the prevailing Historic Performance Fee Amount. No performance fees were accrued or paid during the current or prior period.

16. Related parties

The Investment Manager, Tufton Investment Management Limited (formerly Tufton Oceanic Limited), is a related party due to having common key management personnel with the subsidiaries of the Company. All management fee transactions with the Investment Manager are disclosed in note 14.

The Directors of the Company and their shareholding is stated in the Report of the Directors on page 30.

17. Controlling party

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

18. Remuneration of the Directors

The remuneration of the Directors was US$118,038 (2019: US$109,264) for the year which consisted solely of short-term employment benefits (refer to the Report of the Directors on page 30).

19. Events after the reporting period

A further dividend was declared on 29 July 2020 for US$0.0175 per ordinary share for the quarter ending 30 June 2020. The dividend was paid on 21 August 2020 to holders of ordinary shares on record date 7 August 2020 with an ex-dividend date of 6 August 2020.

The Company bought 150,000 of its own shares at an average price of US$0.824 per Share after the end of the financial year. There are currently 255,337,638 Shares in issue with 150,000 held in Treasury as at the date of approval of these accounts.

Corporate information

Directors
Robert King, Chairman
Stephen Le Page
Paul Barnes
Christine Rødsæther (appointed 9 September 2020)

Registered office
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Investment Manager and AIFM
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Asset Manager
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Secretary and Administrator
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Principal Bankers
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Definitions

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

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 (formerly Oceanic Marine Management Limited)
Auditor	PricewaterhouseCoopers CI LLP
Board	the Directors from time to time
Calculation Day	The last business day of each Calculation Period
Calculation Period	(a) the period starting on Admission and ending on the earlier of (i) 30 June 2024; (ii) the commencement of the winding up of the Company; and (iii) the termination of the Manager's appointment; and (b) if the previous Calculation Year ended on 30 June of the previous Year, each successive period starting on 1 July and ending on the earlier of (i) 30 June three years later; (ii) the commencement of the winding up of the Company; and (iii) the termination of the Manager's appointment
Cash-on-cash run-rate yield	as the total forecast EBITDA minus any capex accruals, divided by the time-weighted capital employed for vessels-in-operation

Companies Law	the Companies (Guernsey) Law, 2008 as amended
Company	Tufton Oceanic Assets Limited (Guernsey registered number 63061) which, when the context so permits, shall include any intermediate holding company of the Company and the SPVs
Compensated Gross Tonnage or CGT	An indicator of the amount of work that is necessary to build a given ship and is calculated by multiplying the tonnage of a ship by a coefficient, which is determined according to type and size of a particular ship.
Directors or Board	the Board of Directors of the Company
Disclosure Guidance and Transparency Rules or DTRs	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA-weighted average length of charter	is the total forecast EBITDA from charters in place, divided by the expected annualised EBITDA of those charters

FCA	the UK Financial Conduct Authority
Financial Reporting Council or FRC	the UK Financial Reporting Council
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
GFSC or **Commission**	the Guernsey Financial Services Commission
High Watermark per Share	the higher of: (i) US$1.00 increased by the Hurdle: and (ii) if a Performance Fee has previously been paid, the Total Return per Share on the Calculation Day for the last Calculation Period (if any) by reference to which a Performance Fee was paid.
High Performance Fee Amount	in respect of any Calculation Period, an amount equal to the Performance Fee Pay-Out Amount for the previous

	Calculation Period where a Performance Fee was payable.
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
Investment Manager	Tufton Investment Management Limited (formerly Tufton Oceanic Limited)
IRR	Internal rate of return. The Internal rate of return is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, and is a common performance indicator used in investment funds
Listing Rules	the listing rules made by the UKLA pursuant to Part VI of FSMA
London Stock Exchange or **LSE**	London Stock Exchange plc
LPG Carrier	a vessel used to transport liquefied petroleum gas
LS Assets Limited	The Guernsey holding company owning the SPVs through which the Company investment into vessels
LSE Admission Standards	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
Main Market	the main market for listed securities operated by the London Stock Exchange
Market Abuse Regulation or MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Memorandum	the memorandum of association of the Company
Net Asset Value or NAV	the value, as at any date, of the assets of the Company after deduction of all liabilities of the Company and in relation to a class of shares in the Company, the value, as at any date of the assets attributable to that class of shares after the deduction of all liabilities attributable to that class of shares determined in accordance with the accounting policies adopted by the Company from time-to-time
Net Asset Value or NAV per Share	at any date, the Net Asset Value attributable to the Shares of the relevant class divided by the number of Shares of such class in issue (other than Shares of the relevant class held in treasury) at the date of calculation

Performance Fee Amount	20 per cent. of the excess in Total Return per Share and the High Watermark per Share multiplied by the time weighted average number of Shares in issue during the Calculation Period
Performance Fee Pay-Out Amount	in respect of the relevant Calculation Period, an amount equal to "A", where: A = (0.5 x B) + C; B = the Performance Fee Amount; and C = an amount equal to the High Performance Fee Amount.
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
Portfolio	the Company's portfolio of investments from time to time
Prospectus	The Placing and Offer for Subscription document for the Company dated 8th December 2017
Register	the register of members of the Company
Relevant Number of Shares	for any Calculation Period the time weighted average number of Ordinary Shares in issue during such Calculation Period.
SFS or Specialist Fund Segment	the Specialist Fund Segment of the Main Market (previously known as the Specialist Fund Market or SFM)
Segment	classifications of vessels within the shipping industry including, inter alia, Tankers, General Cargo, Containerships and Bulkers
Shares	ordinary shares of no par value in the capital of the Company of such classes (denominated in such currencies) as the Directors may determine
SPV or Special Purpose Vehicle	corporate entities, formed and wholly owned (directly or indirectly) by the Company, specifically to hold one or more vessels, and including (where the context permits) any intermediate holding company of the Company
Total Return per Share	the Net Asset Value per Ordinary Share on any Calculation Day adjusted to (i) include the gross amount of any dividends and/or distributions paid to an Ordinary Share since Admission; (ii) not take account of any accrual made in respect of the performance fee itself for that Calculation Period; (iii) not take account of any accrual made in respect of any prevailing Historic Performance Fee Amount (as adjusted pursuant to the operation of this paragraph below); (iv) not take account of any increase in Net Asset Value per Share attributable to the issue of Ordinary Shares at a premium to Net Asset Value per Share or any buyback of any Ordinary Shares at a discount to Net Asset Value per Ordinary Share during such Calculation Period; (v) not take account of any increase in Net Asset Value per Share attributable to any consolidation or sub-division of Ordinary Shares;

	(vi) take into account any other reconstruction, amalgamation or adjustment relating to the share capital of the Company (or any share, stock or security derived therefrom or convertible there into); and (vii) take into account the prevailing Net Asset Value of any C Shares in issue
Tufton Group	Oceanic Finance Group Limited (formerly Tufton Oceanic Finance Group Limited) and its subsidiaries, including the Investment Manager
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	the United Kingdom of Great Britain and Northern Ireland
Unlevered cash flow run rate	EBITDA net of accruals over the remaining term of the charters for the vessels in the portfolio, expressed annually
VesselsValue	VesselsValue Limited a third party provider of vessel valuations to the Company and Investment Manager
VLCC	Very Large Crude Carrier
WACC	the weighted average cost of capital
£ or Sterling	the lawful currency of the United Kingdom