



TAYLOR MARITIME
INVESTMENTS

Q4 Trading Update
Investor Presentation
21st April 2022

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Key Investment Attractions

Highly cash generative, attractive asset portfolio internally managed by an experienced team, with a favourable market outlook

- **Buoyant market dynamics** with strength set to continue for 2-3 years
- **Leading position in niche Handysize market** – flexible, versatile, offering best port accessibility
- **Proven strategy**
 - **Growth** through investment in highest quality Japanese vessels available, second-hand, at discount to long-term average prices and depreciated replacement cost with potential for capital appreciation
 - **Operating risk diversification** with optimal balance of charter pricing, longevity and earnings visibility delivering attractive yields, stable shareholder returns and NAV appreciation
 - Effective **recycling of capital** having acquired a 26.6% stake in Grindrod Shipping Holdings financed by asset sales at premium valuations
- **The transport of necessity goods coupled with prudent approach to leverage** creates stable earnings through-the-cycle and underpins dividend sustainability
- **Access to RCF and recycling of capital** through asset disposals enables TMI to selectively target accretive growth opportunities to enhance shareholder returns
- **Committed to integrating ESG** factors into all aspects of the investment process

Q4 Trading Update

Leading position in the Handysize market generating strong shareholder returns through the cycle

	Performance and track record	Financial stability and sustainability	Scale and Growth
Q4 END 31 MAR 22	<ul style="list-style-type: none"> During the quarter unaudited NAV per share grew from \$1.44 to \$1.74 Average annualized unlevered gross cash yield in excess of 24% Strong cash flow – net time charter revenue per day c.\$18,600 per ship at quarter end Three vessels agreed for sale at IRRs in excess of 100%. All vessels were IPO Seed Assets and are expected to complete in Q2 2022 	<ul style="list-style-type: none"> Third quarterly dividend declared (1.75 cents) and potential to pay an extraordinary dividend for the period from IPO to 31 March 2022 Final amount of legacy IPO debt repaid in January 2022; \$140m drawn on RCF (\$20m increase in quarter to close Grindrod stake) Clear ESG policy; TMI committed to net carbon zero by 2050 	<ul style="list-style-type: none"> c.22% increase in NAV per share since 31 December 2021 and c.78% since IPO in late May 2021 Completed acquisition of Grindrod stake bringing TMI's ownership to 26.6% At quarter end, Grindrod Shipping was trading at \$25.44 per share, TMI's stake contributed \$125m of NAV, an uplift of \$38m or c.44% over Q4; dividend yield from Grindrod c.16% on investment
New Financial Year POST 31 MAR 22	<ul style="list-style-type: none"> Current net TC rate of c.\$19,200 per day Since quarter end, two vessel sales completed and two vessel sales are pending and expected to complete within Q2 2022 Potential for selective asset disposals with asset value upside possible given inflation in newbuild prices and secondhand ships valued below Depreciated Replacement Cost 	<ul style="list-style-type: none"> FY21¹ baseline dividend cover c.4.0x (EBITDA less interest less docking CAPEX) Repayment of RCF from agreed asset sales and operating cashflow Comprehensive ESG report including initial GHG emissions report in the Annual Report in July 	<ul style="list-style-type: none"> Accretive growth opportunities will be selectively pursued with focus on enhancing shareholder returns Objective to increase market capitalization over time to improve liquidity and reduce fund costs

¹ TMI current Financial Year is from IPO date of 27 May 2021 to 31 March 2022

Operating Market - Global Shipping

- Accounts for **90% of global goods transport**

- The **lowest carbon intensity and cost-effective mode of transporting bulk goods** given commodity volumes and distances to be covered; **proactive stance** from sector participants for decarbonization and **commitment to zero carbon emissions by 2050**

- The **Handysize market accounts for 11.7% of the dry bulk sector (by dwt)**

- **Handysize market is differentiated** within global shipping by:
 - **Transporting necessity goods with consistent demand** correlated to GDP and population growth
 - **Relatively stable earnings with ability to maintain dividend yield** even at low point of recent cycle
 - **Constrained supply outlook with historically low order book** supporting potential for second-hand asset appreciation

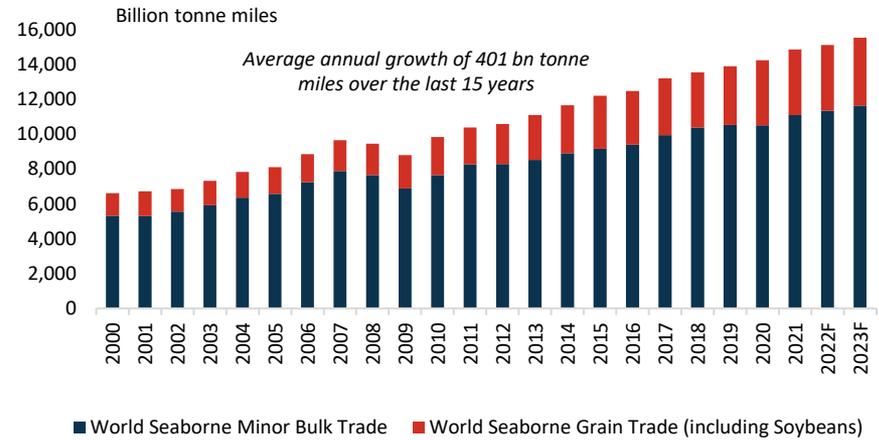
Market Dynamics - Demand: Positive Outlook Driven by Minor Bulk Growth

Core trades for our vessels are mostly necessity goods focused on minor bulks and grains

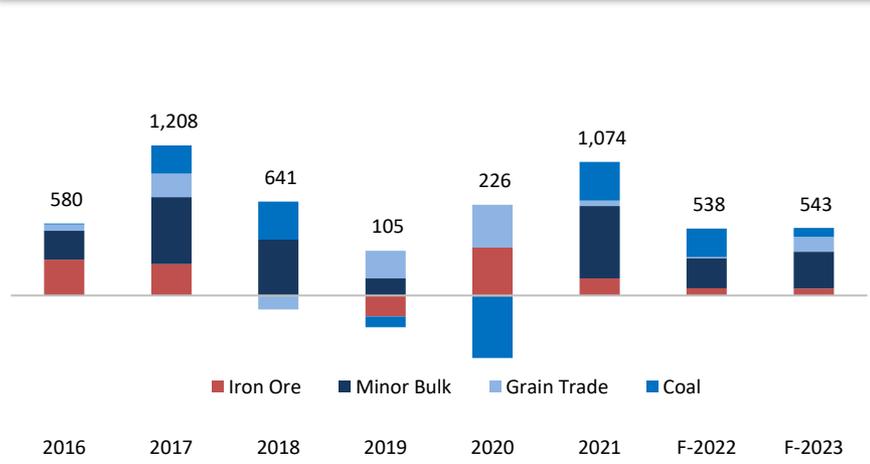
Commentary

- **Demand shaped by global population growth:** Fertilizer, food and building materials
- **Resilient:** Not dependent on discretionary spending; resilient in face of COVID
- **Rising opportunity from minerals and non-ferrous metal ores:** production and import/export growth of bauxite, manganese, copper, zinc and alumina
- **Positive dry bulk outlook:** 2022 dry bulk forecast tonne-mile demand expected to increase by 1.9%
- **Positive minor bulk outlook:** 2022 forecast 2.2% growth at a time when Handysize fleet growth is expected to be 1.7%, a firm demand - supply spread
- **Overlaid with sustained suppressed supply growth** (see next page)

Grain and minor bulk trade development (billion tonne miles)



Annual change in dry bulk demand (billion tonne-miles)



Source: Clarksons Research January 2022

Minor bulk demand (bn tonne miles) and handy fleet supply growth (dwt)

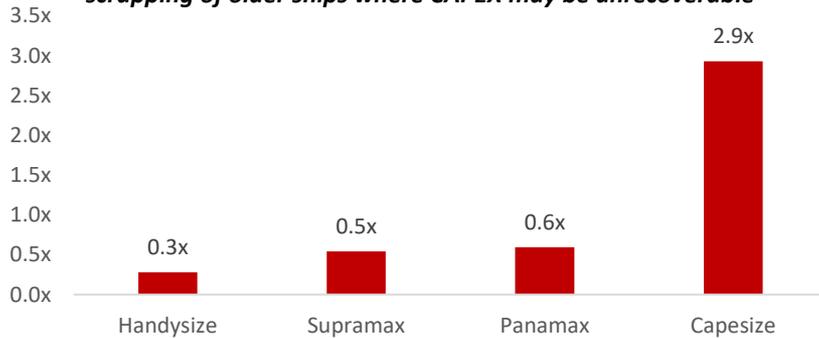


Market Dynamics – Supply: Growth Curbed, Ageing Fleet and Regulatory Pressure

Historically low order book and rare level of extended visibility of the orderbook to 2024 due to yards being full

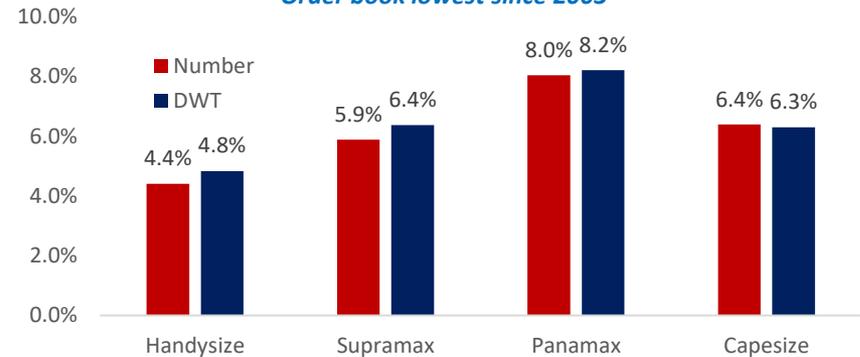
Order book as multiple of scrap pool (vessels >20 years old)

Incoming environmental regulations reducing supply: Expect increased scrapping of older ships where CAPEX may be unrecoverable



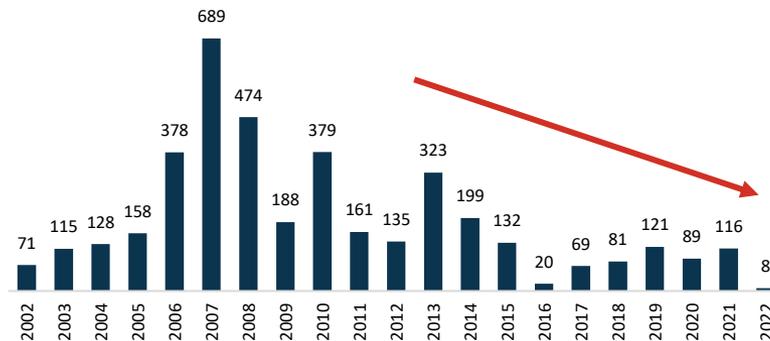
Order book (as % of dry bulk fleet segments)

Order book lowest since 2003



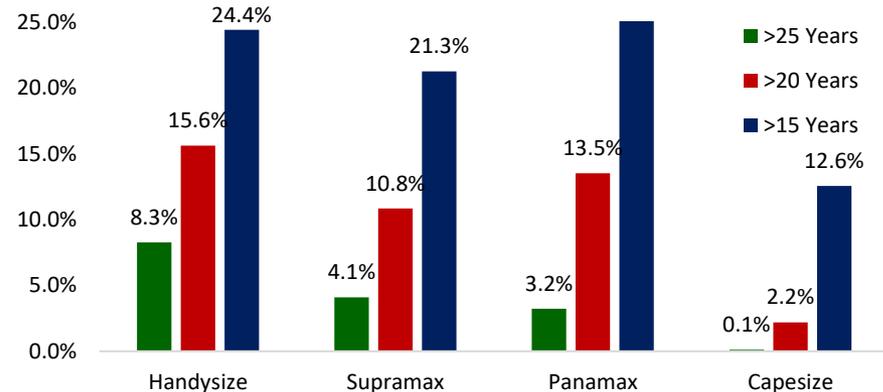
Number of Handysize new orders per year

Restrained new ordering: Any uptick in orders insufficient to disturb equilibrium due to reduced yard capacity, low margins for small ships, lack of financing, increased prices, and technological impasse



Fleet age profile (% of fleet by age group)

Ageing fleet: Fleet set for significant deletions



Source: Clarksons Research DBTO January 2022

*Vessel sizes: Handysize: 10-39,999 dwt and vessels built 2014 onwards 40-44,999 dwt, Supramax: 40-60k dwt and 60-69,999 dwt built 2000 onwards, Panamax: 60-100k dwt, Capesize: 100k+ dwt.

Strategic Priorities

- Continue to **focus on high quality second-hand, predominantly Japanese vessels** acquired at discount to long-term average prices and depreciated replacement cost

- Maintain **strategic balance of short, medium and long-term charters** that is most commercially advantageous to TMI optimizing charter pricing, longevity and visibility
 - **Manage earnings visibility and downside protection** – plan to **secure more long-term charters of >1 year** on about 50% of the fleet into the summer

 - Manage a **portion of the fleet on short to medium-term charters** to benefit from periodic imbalances to **optimize earnings/yield** and provide flexibility for **potential selective asset sales**

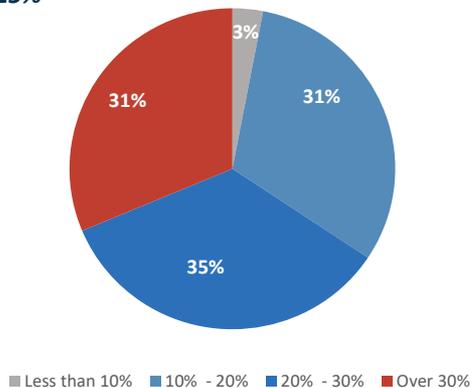
- Constantly assess **selective, accretive external growth opportunities** which enhance value for shareholders

Financial Characteristics - Current Portfolio Deployment¹

Yields remain strong at >25% gross with a net TC rate of c.\$19,200 per day

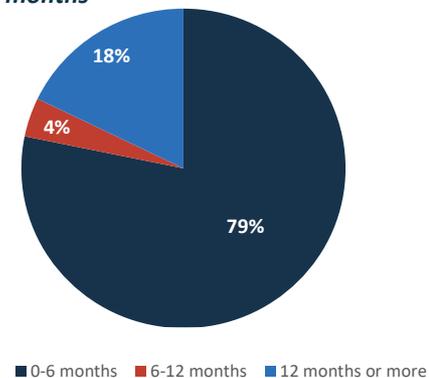
Average annualized unlevered gross cash yield

Avg yield: >25%



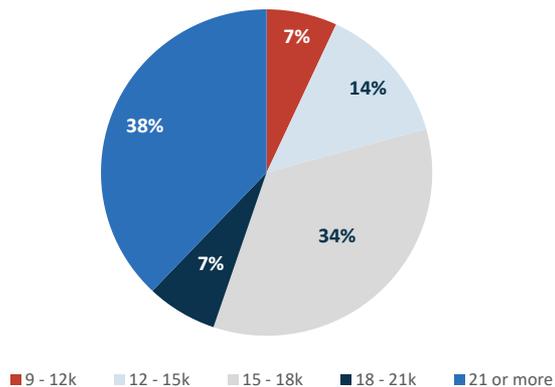
Fleet employment renewal

Avg duration: 7 months



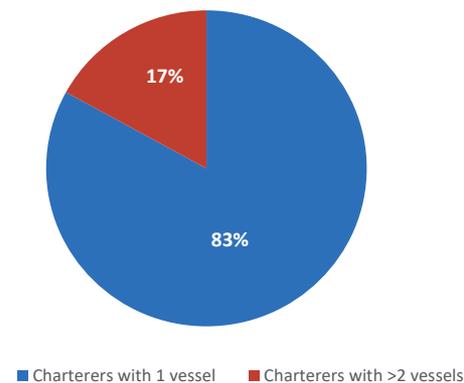
Net time charter rates per day

Avg net TC rate: c.\$19,200



Vessels by charterer

18 charterers currently



¹Figures updated post 31st March 2022

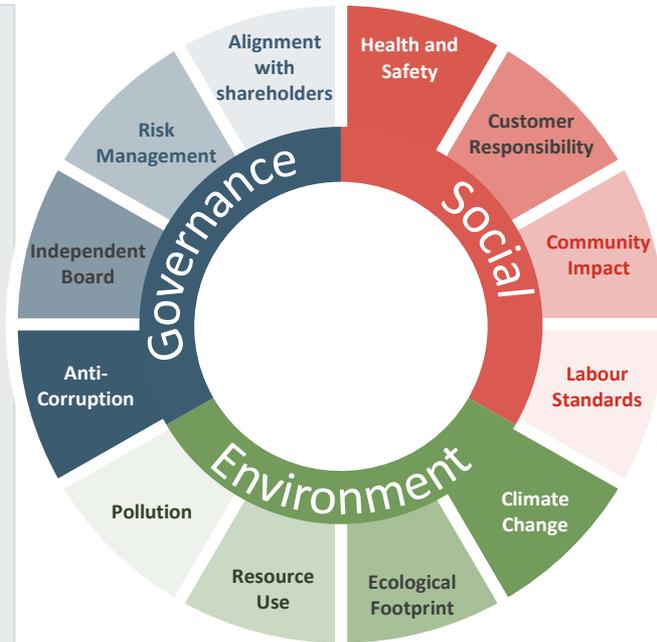
Acquisition of stake in Grindrod Shipping closed – complementary investment

- The Company completed the acquisition of a stake in Grindrod Shipping at \$18 per share in January bringing the Company's ownership to 26.6% (including previously announced open market purchases and share buybacks by Grindrod Shipping). The **overall average price achieved was \$17.60 per share**
- Based in Singapore, Grindrod Shipping is an international shipping company that owns an attractive, modern **fleet of 25 predominantly Japanese-built geared dry bulk vessels which are highly complementary to TMI's portfolio**
- The total investment cost was \$87m. The **acquisition was self-funded from two vessel sales for a combined \$42.8M of proceeds (representing IRRs of close to 100% on each vessel)** together with cash on balance sheet and short-term drawings on TMI's RCF
- At 31 March 2022, Grindrod Shipping's share price was **\$25.44 per share**, TMI's ownership stake contributed **\$125m of NAV at year end, an uplift of \$38m or c.44%**. The Company received a dividend of \$0.72 per share in March on its entire stake totaling \$3.5m representing an **annualised yield of c.16% on the investment**
- **Mr Paul Over, a highly experienced shipping executive, joined the Grindrod Shipping Board on 17 February 2022 as a non-independent non-executive director and representative for TMI**
- The acquisition is **consistent with TMI's strategy of seeking accretive growth opportunities** to increase shareholder returns and **demonstrates effective recycling of capital** for TMI shareholders

ESG - Committed to Initiatives to Integrate ESG Principles

TMI is committed to achieving a long-term target of net zero emissions by 2050 and to cross-industry efforts to achieve that target. Substantial technological advances are key for shipping industry – TMI has clearly defined initiatives with incremental progress made so far

- Independent, relevant experience and diverse Board of Directors
- Internalized investment management function – full alignment with shareholders
- The Company’s investment and ESG strategy is aligned to specified UN SDGs; ESG committee
- **Comprehensive reporting** – ESG report will be included in Annual Results due to be published in July 2022
- Adherence to the AIC Code of Corporate Conduct
- **Whistleblowing policy**
- Full anti-corruption compliance with US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act;
- Active membership of the Maritime Anti Corruption Network

- Proactive approach to crew safety and welfare: regular officers’ conferences, provision of extra onboard broadband internet during COVID-19
- Signatory to the Neptune Declaration campaigning to recognize seafarers as key workers and facilitate crew changes during COVID-19 crisis
- Charity: silver sponsor of the Mission to Seafarers’ ‘sustaining crew welfare’ campaign
- Industry engagement through memberships of the Hong Kong Shipowners Association, Intercargo



- Acquisitions aligned to TMI’s ESG commitment and focusing on vessels of relatively energy efficient design, built in Japan
- **Marine biodiversity:** TMI fleet fitted with Ballast Water Management Systems by end of 2022, except for one final vessel to be completed in 2023
- Investment Manager and Commercial Manager office operations targeting carbon neutral within 2022

- Ongoing preparation for compliance with IMO emissions regulations commencing 2023
- Measures underway to improve vessel carbon intensity, including retrofits at scheduled maintenance events, such as boss cap fins, pre-swirl ducts and advanced hull coatings

- Member of Getting to Zero Coalition, global alliance of 90+ companies collaborating to achieve net zero emissions by 2050 consistent with Paris Agreement goals
- TMI is completing a fleet wide rollout of data app EYESEA to map ocean plastic pollution. Founding member of “Eyesea” marine plastic cleanup initiative



Outlook – Market Outlook and TMI Future Growth

Further accretive growth opportunities will be pursued with a focus on enhancing shareholder returns. Given our positive market outlook, TMI continues to prioritise the geared segment. In parallel, TMI continually monitors adjacent segments for early indicators

Market Outlook

NEXT 3-6 MONTHS

- We expect Q2 strengthening depending on Covid restrictions in China – which we expect to be transitory – and as reflected by freight futures. Ukraine situation could lead to Russia grain exports being replaced by further afield sources increasing tonne-mile demand in 2H as North America grain season starts

NEXT 12 MONTHS

- We expect strong 2022 based on limited supply growth (1.7%) and healthy grain and minor bulk demand (2.2%). 2023 forecast negative net fleet growth of -2.3%. We continue to monitor the risk of macro uncertainties, in relation to inflation, recent China Covid lockdowns, Russia/Ukraine conflict and their impact on growth, trade flows and food and energy security

LONGER TERM

- Orderbook remains low; we currently see no significant change to underlying fundamentals until 2024 when yard availability may open up for Handysize deliveries

CHARTERING

- Continue to balance visibility and upside exposure, optimizing pricing of different charter durations
- We expect rates to begin to increase into the summer as North American grain season starts and once China Covid restrictions ease
- Intention to fix about 50% of the fleet on longer charters >1 year into the summer, substantially increasing cover into 2023 and 2024 (when new deliveries may increase). This also allows flexibility for possible asset disposals

Summary

Highly cash generative, attractive asset portfolio internally managed by an experienced team, with a favourable market outlook

- 1 **Leading position** in niche Handysize market
- 2 **High quality asset portfolio of 31 vessels**, largely Japanese built (including committed vessels)
- 3 **Strong cashflow profile from chartering strategy generating attractive yields** and growth to deliver shareholder returns
- 4 **Favourable market fundamentals in TMI's segment** expected to continue over the next 2 to 3 years, supporting earnings and **potential for capital appreciation**
- 5 Financially prudent approach, with **no long-term structural debt**
- 6 **Committed to initiatives which integrate ESG factors into all aspects of the investment process**

Appendix

Introduction – Key Facts

Summary

Structure

- Internally managed, Guernsey investment company
- London Stock Exchange listed / Premium segment
- USD denominated; USD and GBP share quotes

Fundraisings / M&A / Market Cap

- IPO \$160m offering (May 2021)
- Follow-on fundraise \$75m (July 2021)
- \$77.9m acquisition of 22.6% stake in Grindrod Shipping Holdings in December 2021
- Current market cap ~\$476m

Portfolio

- Well diversified portfolio comprising 31 dry bulk ships (including vessels contracted to sell)
- Average age of 11 years and remaining life of 17 years

Target returns

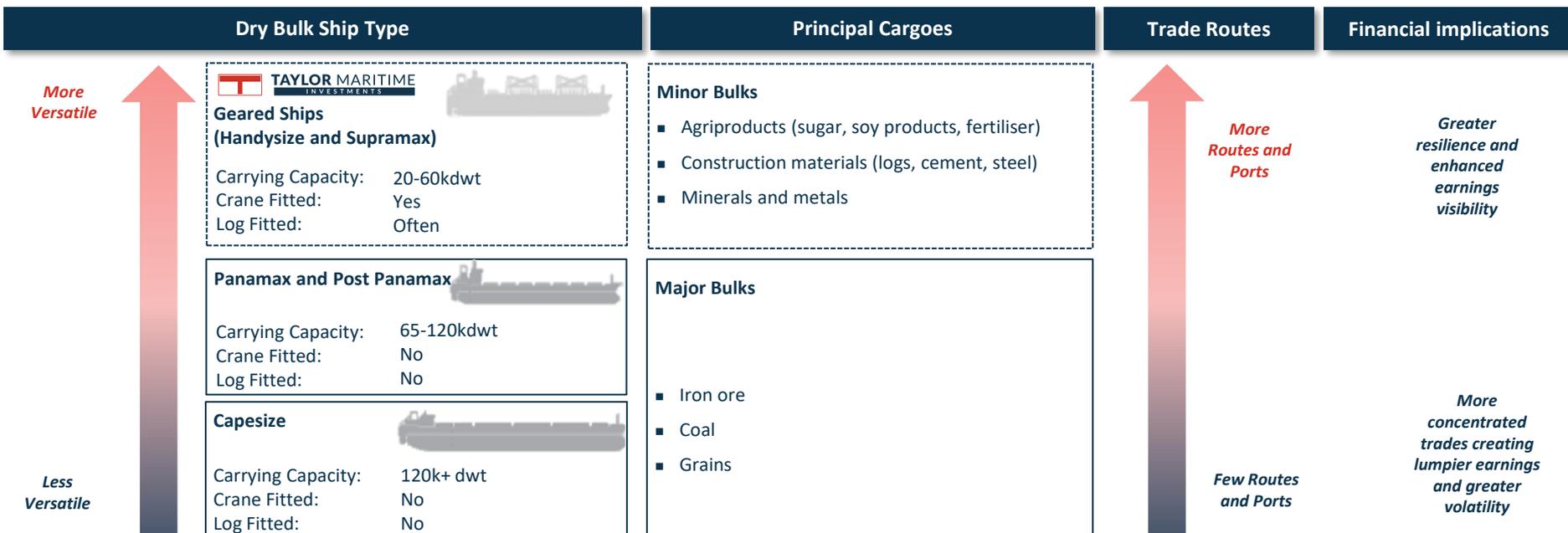
- 10-12% net total shareholder return per annum

Dividend policy

- Initial 7% p.a. target dividend yield paid quarterly
- Potential to pay extraordinary dividend

Operating Market - The Geared Shipping Sector

The workhorses of the shipping sector, geared vessels are differentiated by their versatility, flexibility and port accessibility



Taylor Maritime Investment's Market Characteristics

- Highly flexible vessel configuration
- Access to multiple ports and routes due to size and cranes
- Diversification of cargoes and customers
- Higher exposure to minor bulks where growth has outpaced major bulks
- Lower earnings volatility than other dry bulk sectors