

New Investment Policy of Taylor Maritime Investments Limited

Investment Objective

The Company's investment objective is to provide investors with an attractive level of regular, stable and growing income and the potential for capital growth through investing primarily in vessels, usually employed or to be employed on fixed period Charters.

Investment Policy

In order to achieve its investment objective, the Company will invest in a diversified Portfolio of vessels which will primarily be second-hand and which historically have demonstrated average yields in excess of the Company's target dividend yield from time to time and are capable of being acquired at valuations that are expected to be below long-term average prices or depreciated replacement cost.

It is intended that the Company will hold vessels through SPV(s) which will be wholly owned and controlled by the Company and may be held through an intermediate holding company. The Company may acquire vessels through asset purchases (in which case the vessel will be transferred to an SPV) or through the acquisition of the relevant vessel owning SPV. The Company may, in exceptional circumstances, also invest in vessels through joint ventures with other parties or other non-wholly-owned structures, although, in such circumstances, the Company will seek, wherever possible, to have a controlling interest. The Company may also acquire interests (including minority, majority and entire interests) in shipping businesses and companies ("Target Companies") whose business includes the ownership of vessels provided that no single such investment in a Target Company will exceed (i) 30 per cent of Gross Asset Value in the case of a minority investment and (ii) 40 per cent of Gross Asset Value in the case of an investment that confers majority or entire ownership and where such investment exposure shall be reduced to a maximum of 30 per cent of Gross Asset Value within 18 months of completion of an acquisition of an investment interest that takes the Company's total exposure to such investment to more than 30 per cent of Gross Asset Value. No single vessel in the relevant Target Company's portfolio of vessels shall represent more than 20 per cent of Net Asset Value.

The Company will pursue a balanced employment strategy, comprising short term Charters (less than 6 months), medium term Charters (more than 6 months) and long-term Charters (greater than a year) which will benefit from staggered renewals, with a view to flattening the income curve.

Investment Restrictions

The Company will observe the following investment restrictions calculated, where relevant, at the point of investment:

- no single total investment in a Target Company will exceed (i) 30 per cent of Gross Asset Value in the case of a minority investment and (ii) 40 per cent of Gross Asset Value in the case of an investment that confers majority or entire ownership in which case such investment exposure shall be reduced to a maximum of 30 per cent of Gross Asset Value (the "Scale Down") within 18 months of completion of an investment interest that takes the Company's total exposure to such investment to more than 30 per cent of Gross Asset Value (the "Longstop Date");
- no single vessel will represent more than 20 per cent of Net Asset Value;
- exposure to any one charterer will not exceed 25 per cent of Net Asset Value;
- exposure to the spot market, (being the market in which vessels are employed using single voyage employment contracts) will not account for more than 25 per cent of Net Asset Value;

- no investment will be made in cruise ships, passenger ships, Ro-Ros, tugboats and barges, offshore vessels, livestock carriers or ferries;
- no investment will be made in other closed ended investment companies; and
- no vessel will be registered under the laws of a country which is not included in the white list of the Paris Memorandum of Understanding (or the equivalent of this list) or if doing so would be contrary to any sanction or prohibition imposed by the United Nations, the United States, the European Union or the United Kingdom.

For the purposes of measurement of the proportionate exposure to a Target Company: (a) Gross Asset Value shall be measured by reference to the Gross Asset Value at the time of investment and, where the Scale Down applies, by reference to the Gross Asset Value at the Longstop Date; and (b) the investment (or where made in successive tranches, the relevant tranche of such investment) shall be valued at cost at the time of making that investment or tranche of investment (as the case may be).

References in the investment restrictions detailed above to “invest in” shall relate to the Company’s interest held through SPV(s).

Borrowing Policy

The Company does not intend to employ any long-term or structural borrowings, save in limited circumstances, such as, temporarily, on acquiring vessel owning entities which are leveraged with debt and prior to the post-acquisition repayment of such debt.

The Company does, however, expect to utilise short term borrowing, including but not limited to the Revolving Credit Facility, which the Group has entered into to assist with the acquisition of vessels, and the repayment of debt on certain vessels.

The Company’s aggregate borrowings (of whatever nature) shall not, in any circumstances, exceed the Maximum Aggregate Gearing Limit (as defined below).

The “Maximum Aggregate Gearing Limit” shall be 25 per cent of Gross Assets, save where the Company utilises acquisition financing to finance the acquisition of an interest in a Target Company in accordance with its investment policy, in which case it shall be a maximum of 40 per cent of Gross Assets.

Where the Company has entered into an acquisition finance facility or facilities and the Maximum Aggregate Gearing Limit is 40 per cent of Gross Assets, the Company shall reduce aggregate borrowings through vessel sales and cash generation such that the Maximum Aggregate Gearing Limit is returned to no more than 25 per cent of Gross Assets within 18 months of the entry into of such facility.

Hedging and derivatives

Shipping assets are generally valued in and earn USD. Therefore, there should be no material currency risk. However, the Company may make limited investments denominated in currencies other than USD including Sterling and Euros. In the event of the Company making such investments, the Company will use its judgement, in light of the Company’s investment policy, in deciding whether or not to affect any currency hedging in relation to any such investments.

In addition to interest rate and currency hedging (as described above) the Company (through its SPV(s)) with the approval of the Board may, exceptionally, enter into other shipping specialised hedging arrangements, such as bunker hedging against the cost of fuel exposure and hedging through Forward Freight Agreements (“FFAs”) against the freight market exposure.

Cash management

Pending investment, cash will be temporarily invested in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single -A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency.

The Company may appoint a suitably qualified service provider to undertake cash management if the Board considers it is in the best interests of Shareholders to do so.

Amendments to and compliance with the Company's investment policy

No material change will be made to the Company's investment policy without the approval of Shareholders by ordinary resolution.

In the event of a breach of the investment policy set out above, if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Company will seek to resolve the breach as soon as reasonably practicable.