



TAYLOR MARITIME
INVESTMENTS

Presentation to the Company Shareholders
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Transaction Overview

- 1. Summary**
- 2. Commercial Rationale**
- 3. Sources of Funding**
- 4. Pro-forma Debt Profile**
- 5. Amendment to TMI Investment Policy and Shareholder Approval**
- 6. Market Update**

Summary

TMI has announced a firm offer to acquire up to 100% of Grindrod Shipping.

Strategic Rationale

- This is the logical next step in our plan to take control of Grindrod Shipping, affording TMI significant benefits
- The Enlarged Group will have **increased scale, robust financials and capabilities** (see below)
- TMI and Grindrod have **complementary fleets** (improves TMI average fleet age and carrying capacity, whilst reducing average carbon intensity) – combined fleet will be 58 vessels (including 6 chartered in ships, 4 with purchase options, 53 vessels are Japanese built)

Purchase Price

- TMI's offer represents an aggregate value for Grindrod shareholders of **\$26.00 per share, with a \$21 per share cash offer price and \$5 per share special dividend from Grindrod Shipping – this values remaining Grindrod equity at \$305m (fully-diluted shares TMI does not already own)**, a premium of 15% vs 90-day VWAP¹
- Our weighted average cost for the shares will be \$23.89 per share at 100% ownership, providing an overall attractive entry point and a large fleet with minimal investment drag

Key Financials

- **Transaction is expected to be earnings accretive and NAV enhancing**

Funding

- **At 50.1% ownership, \$114m acquisition cost funded by cash on hand**
- **At 100% ownership, \$319m acquisition cost funded by \$144m cash on hand and \$175m acquisition debt**
- Nordea providing acquisition facility of \$208m (margin on max. projected drawn amount of approximately 3.1% plus SOFR)

Process and Timing

- **Timing is key** as TMI will participate in strong earnings environment expected to extend to the end of 2024
- The transaction requires certain changes to TMI's investment policy to be approved by ordinary resolution, including to temporarily increase debt to gross assets limit to 40%, with our commitment to bring it below 25% within 18 months
- The offer will have a minimum acceptance threshold of 50%+ and will be conditional on passing of the above resolution
- Subject to above and regulatory clearances, transaction expected to close in December

Commercial Rationale

The Proposed Transaction represents an exciting opportunity to combine Grindrod's operations with those of TMI to create a significant owner and operator of medium-sized dry-bulk ships.

- **Strong strategic, operational and financial rationale for the offer which represents the logical next move to consolidate TMI's existing 26% minority stake into a controlling stake** resulting in a combined fleet that benefits from a larger commercial footprint and economies of scale achievable in the management of a larger fleet
- The Company and Grindrod Shipping have highly complementary fleets and are a **natural fit – the combined fleet will comprise 58 geared vessels** (including six long term chartered in vessels, four of which have purchase options), majority Japanese built (53), with a lower average vessel age and enhanced ESG credentials in a segment characterised by attractive longer-term supply side fundamentals and supported by demand for necessity goods
- The enlarged group should benefit from further robustness that will providing **greater resilience and flexibility** as a differentiated shipping investment in the context of an uncertain macro environment and pending future incoming shipping regulations relating to the environment
- The proposed transaction is expected to be **NAV accretive and earnings enhancing**. It reflects the Company's strategy to deliver enhanced shareholder value with a commitment to reduce post transaction debt to ensure a **sustainable low leverage capital structure underpinning long term dividends and net asset value performance**
- **TMI's dividend policy is expected to remain unchanged** – target annual dividend yield of 8 per cent (on the Initial Issue Price) – and there is **potential for further growth** afforded by our greater scale and increased earnings power

Sources of Funding

TMI will fund the transaction from a combination of cash on the balance sheet and an Acquisition Facility. At the minimum threshold for the transaction to succeed, TMI does not need to draw additional financing. At 100% ownership, TMI expects to draw \$175m from its \$208m Acquisition Facility.

Ownership	50.1%	75.0%	92.5%*	100.0%
Cash from Balance Sheet \$m**	114	142	143	144
Acquisition Facility \$m	-	75	145	175
Total Sources \$m***	114	217	288	319

*Level at which squeeze out can be effected

**Including receipt of special dividend

***Includes up to \$14m deal costs

TMI only expected to draw down debt at just below 60% ownership.

Pro-Forma Debt Profile

At 100% ownership, TMI debt to gross assets increases to 40% at close, with a commitment to be below 25% within 18 months.

- Overall borrowings expected to be required to be reduced by **c.\$225m** to achieve target debt to GAV ratio of 25% after 18 months

- This is expected to be achieved through a combination of vessel sales and operating cashflow

- For example, TMI has already sold one vessel for **\$20m**, expected delivery mid November (in addition to above); a further vessel is being marketed for sale (**c.\$14m**)

- Contracted revenue should cover **c.\$30m** of debt repayment:
 - FY23 - \$19m of contracted free cashflow available to repay debt (51% fleet days fixed at \$18,850)
 - FY24 - \$11m of contracted free cashflow available to repay debt (19% fleet days fixed at \$17,285)

- If remaining TMI fleet days fixed at TCE \$15,000 (current market is higher than this) this should generate **c.\$60m** free cashflow for debt repayment to March 2024

Amendment to TMI Investment Policy - Shareholder Approvals

Ordinary Resolution required to approve change to TMI Investment Policy in accordance with Listing Rules.

- The proposed transaction requires approval from our shareholders in order to allow elevated gearing ratio on an exceptional basis. We will increase our max. aggregate borrowing to 40% of gross asset value for acquisition financing reducing to below 25% within 18 months

- We will also explicitly change investment policy to allow for acquisition of a shipping company with a single investment restriction of 40% of gross asset value reducing to below 30% within 18 months

- The investment policy changes require shareholder approval via an ordinary resolution at a General Meeting to be convened shortly

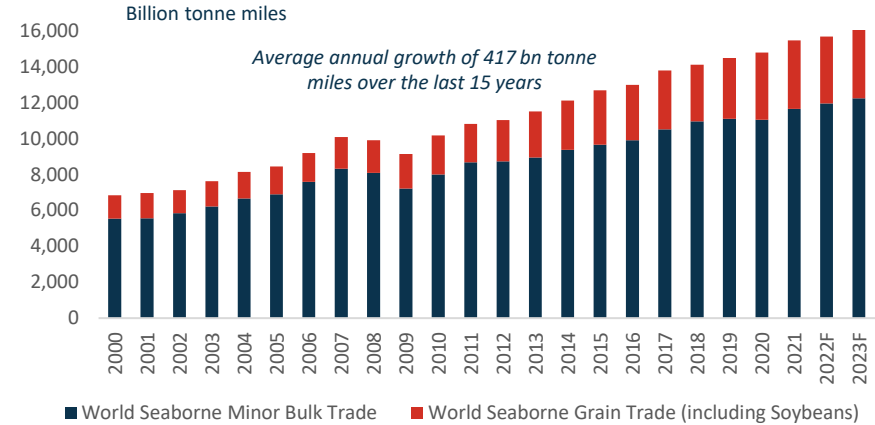
Market Dynamics - Demand: Positive Outlook Driven by Minor Bulk Growth

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

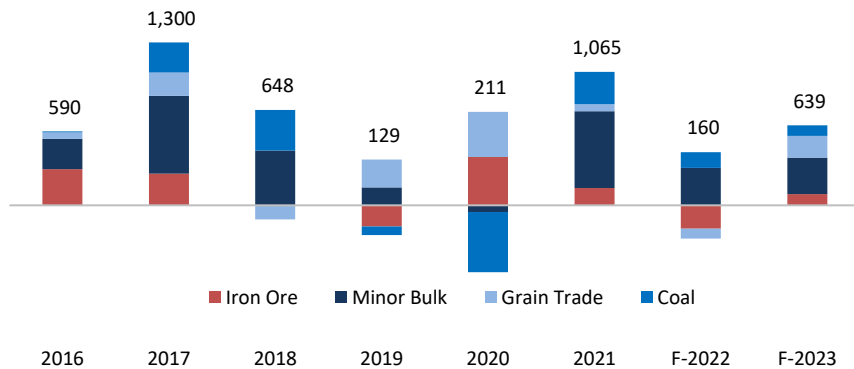
Commentary

- **Demand shaped by GDP and population:** 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 0.6% despite macroeconomic headwinds
- **Positive minor bulk outlook:** 2022 forecast of 2.6% growth followed by 2.4% growth in 2023
- **Overlaid with sustained suppressed supply growth** (see next page)

Grain and minor bulk trade development (billion tonne miles)

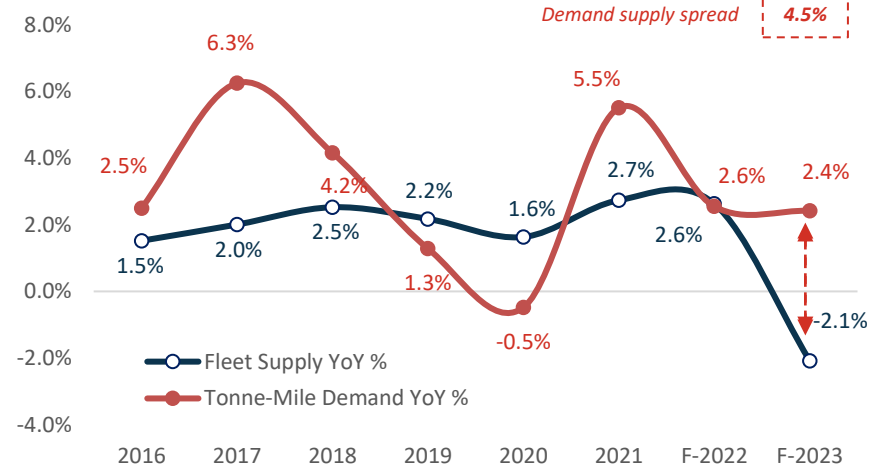


Annual change in dry bulk demand (billion tonne-miles)



Source: Clarksons Research October 2022

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

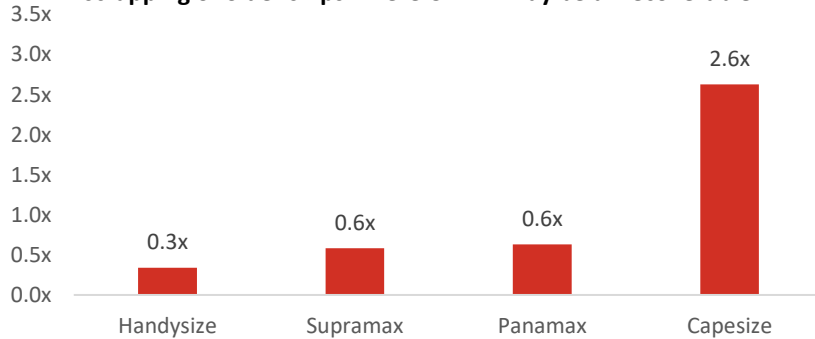


Market Dynamics – Supply: Growth Curbed, Ageing Fleet and Regulatory Pressure

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

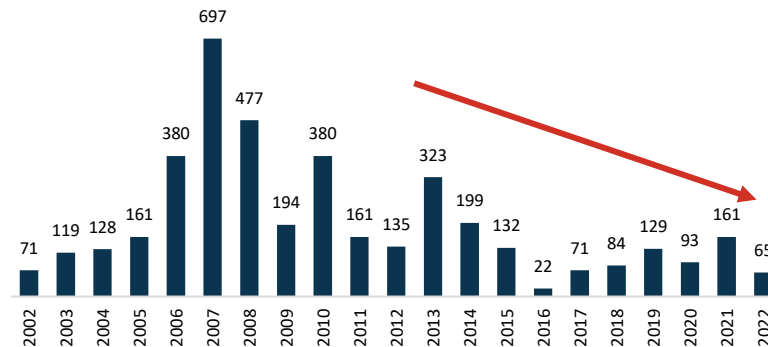
Order book as multiple of scrap pool (vessels >20 years old)

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



Number of Handysize new orders per year

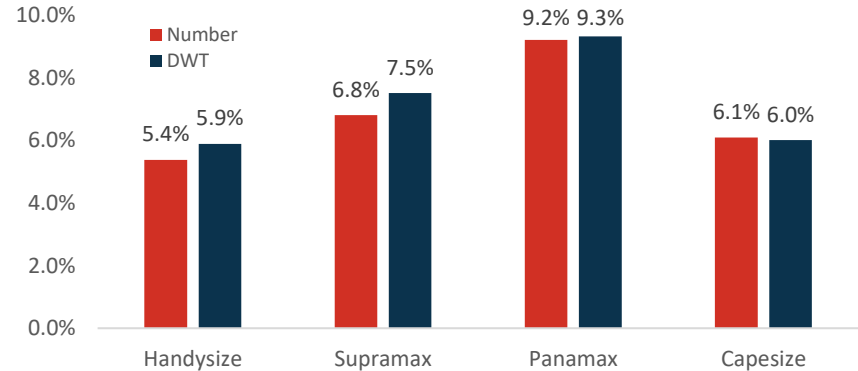
Restrained new ordering: Any uptick in orders insufficient to disturb equilibrium due to reduced yard capacity, low margins for small ships, lack of financing, increased prices, and technological impasse



Source: Clarksons Research September/October 2022

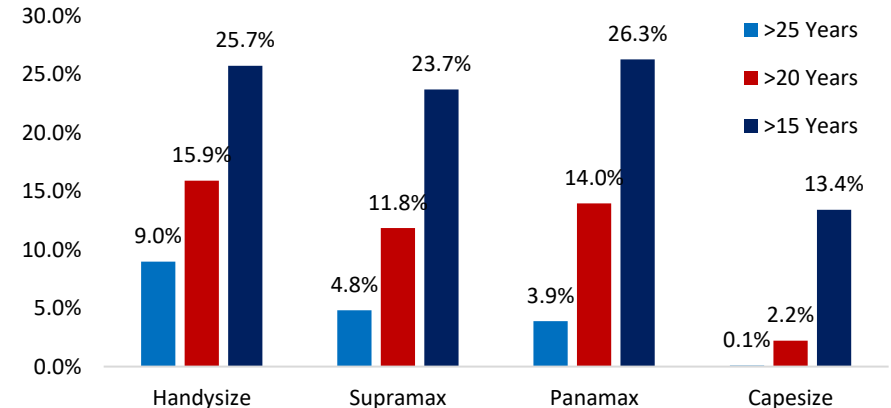
*Vessel sizes: Handysize: 10-39,999 dwt and vessels built 2014 onwards 40-44,999 dwt, Supramax: 40-60k dwt and 60-69,999 dwt built 2000 onwards, Panamax: 60-100k dwt, Capesize: 100k+ dwt.

Orderbook (as % of dry bulk fleet segments)



Fleet age profile (% of fleet by age group)

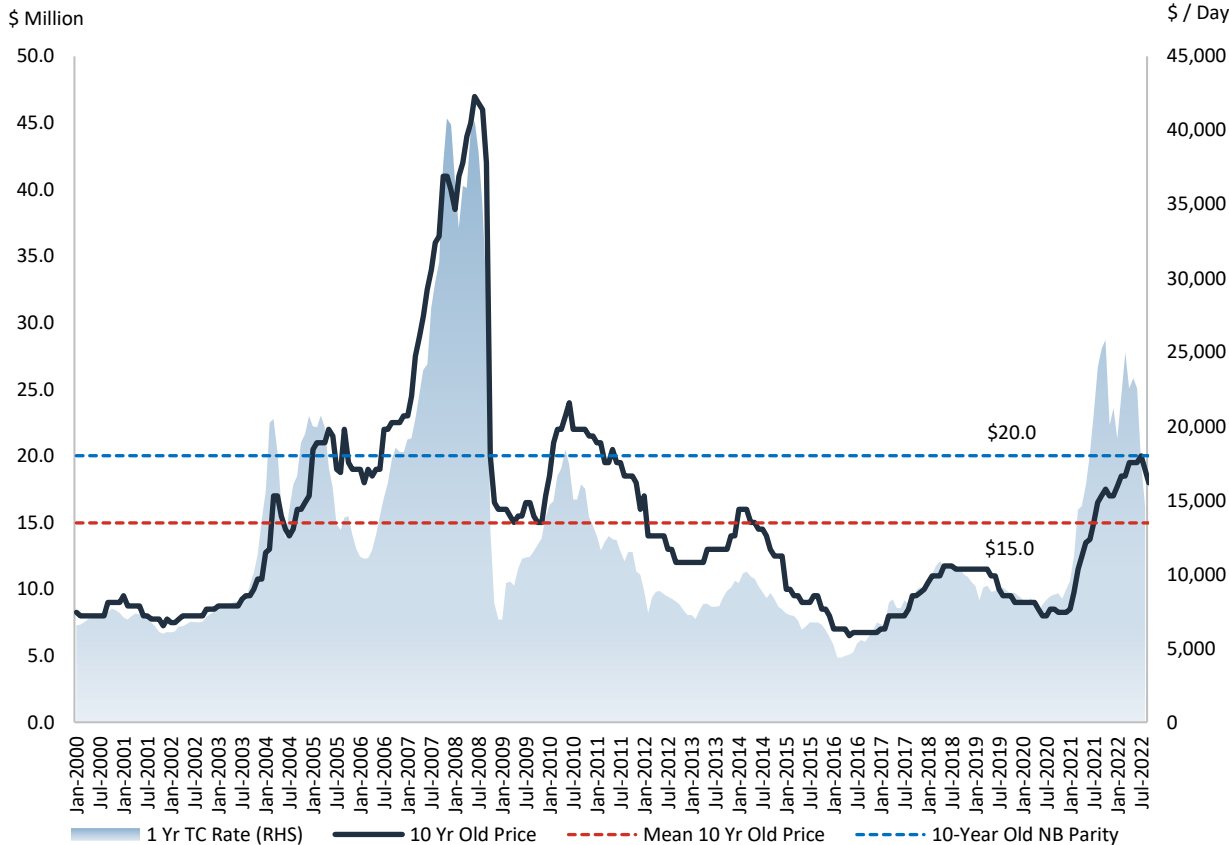
Ageing fleet: Fleet set for significant deletions



New Ordering Remains Subdued; Underpinning Secondhand Values

...and values expected to remain firm in light of favourable supply-demand dynamic to the end of 2024.

Handysize 10yr old ship prices versus depreciated replacement cost (DRC)



Depreciated Replacement Cost "DRC" calculation

Nominal 32k dwt Japanese high specification newbuild price⁽¹⁾ **\$28.8m**

Less: 10yrs straight-line depreciation (10yrs x \$0.9m) - based on 28yrs life⁽²⁾ **(\$8.8m)**

10yr old DRC = \$20.0m

Assumes depreciable value \$24.6m (\$28.8m nominal NB price less \$4.25m residual scrap value (\$567/LDT⁽³⁾ x 7,500 LDT).

Ship prices shown are based on Clarksons 10yr old benchmark for ships from top tier yards including Chinese ships.

The end of **September** prices for high quality/specification Japanese build ships is **\$18.0m**.

Note: DRC is the theoretical value of a 10yr old ship based on the newbuilding price, using an annual depreciation charge based on a 28yr life and residual scrap value. DRC is also known as Newbuild Parity (NBP)

(1) Derived from the newbuild price for a 38-40k dwt ship. Clarksons benchmark is \$30.0m, for a basic price before extras from top tier yards including Chinese ships. TM uses \$36.0m as the price quoted by Japanese shipyards for a high specification 40k dwt ship.

(2) Actual average scrapping age of Japanese built handysize bulk carriers is 31-32 years old since 2017. Excluding 2006-2008

(3) LDT is defined as light displacement tonne. The average scrap value for the last 5 years is \$650 (\$424/LDT)

Transaction Summary

This is the logical next step to achieve control of Grindrod Shipping.

- Complementary fleets generating defensive earnings and sustainable dividends, improving average vessel age and reducing carbon intensity

- Confers greater scale and robust financials; expected to be accretive on key metrics

- Clear path to achieving de-levering through operating cashflow and vessel sales improving average vessel age

- Supported by good fundamentals and historically good market expected to last until at least end of 2024

- TMI EGM to be convened shortly to approve change to investment policy; offer document to be sent to target shareholders thereafter with expected closing on or around December, subject to satisfaction of conditions

TMI and Grindrod Fleet Comparison

The TMI & Grindrod fleets are highly complementary, consisting of high-quality Japanese built tonnage

TMI Fleet					
No.	Type	DWT	Year Built	Age	Country of Build
1	Supramax	58,700	2012	10	Japan
2	Handysize	38,500	2011	11	Japan
3	Handysize	38,200	2012	10	Japan
4	Handysize	37,700	2020	2	Japan
5	Handysize	37,200	2012	10	Japan
6	Handysize	37,200	2012	10	Japan
7	Handysize	37,200	2012	10	Japan
8	Handysize	33,800	2004	18	Japan
9	Handysize	33,700	2011	11	Japan
10*	Handysize	33,600	2012	10	Japan
11	Handysize	33,200	2008	14	Japan
12	Handysize	33,200	2010	12	Japan
13	Handysize	33,200	2008	14	Japan
14	Handysize	33,100	2011	11	Japan
15	Handysize	32,600	2007	15	Japan
16	Handysize	32,300	2009	13	Japan
17	Handysize	32,300	2009	13	Japan
18	Handysize	32,200	2009	13	Japan
19	Handysize	32,200	2008	14	Japan
20	Handysize	32,100	2012	10	Japan
21	Handysize	32,100	2009	13	Japan
22	Handysize	31,900	2010	12	Japan
23	Handysize	31,900	2008	14	Japan
24	Handysize	31,900	2010	12	Japan
25	Handysize	28,400	2012	10	Japan
26	Handysize	28,400	2012	10	Japan
27	Handysize	28,300	2012	10	Japan

*Vessel held for sale

Grindrod Fleet					
No.	Type	DWT	Year Built	Age	Country of Build
1	Ultramax	62,700	2020	2	Japan
2	Ultramax	62,700	2020	2	Japan
3	Ultramax	61,500	2019	3	Japan
4	Ultramax	61,300	2019	3	Japan
5	Ultramax	61,300	2019	3	Japan
6	Ultramax	60,500	2017	5	Japan
7	Ultramax	60,500	2016	6	Japan
8	Ultramax	60,400	2016	6	Japan
9	Ultramax	60,300	2015	7	Japan
10	Ultramax	60,300	2015	7	Japan
11	Ultramax	60,300	2016	6	Japan
12	Ultramax	60,000	2014	8	Japan
13	Supramax	58,100	2016	6	Japan
14	Supramax	58,100	2015	7	Japan
15	Supramax	58,000	2014	8	Japan
16	Supramax	57,800	2015	7	Philippines
17	Handysize	37,700	2016	6	Japan
18	Handysize	37,700	2015	7	Japan
19	Handysize	37,700	2014	8	Japan
20	Handysize	33,400	2015	7	Japan
21	Handysize	33,400	2014	8	Japan
22	Handysize	33,100	2011	11	Japan
23	Handysize	33,100	2010	12	Japan
24	Handysize	32,800	2014	8	Japan
25	Handysize	32,700	2010	12	China
26	Handysize	32,600	2007	15	Japan
27	Handysize	32,500	2011	11	China
28	Handysize	32,200	2013	9	China
29	Handysize	32,100	2013	9	China
30	Handysize	28,200	2012	10	Japan
31	Handysize	28,200	2011	11	Japan